



COCONUT OIL: FROM KITCHEN STAPLE TO LUXURY

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INTRODUCTION

Once a principal commodity in South India for both culinary and wellness purposes, coconut oil is now shifting into luxury territory. As per Agmarknet (July 2025), prices of coconut oil reached ₹ 42,544 per quintal in Kerala an 18% rise in just one month which is a drastic change.

Price Trend of Coconut Oil in India: 2018-2025

In the last seven years, coconut oil prices in India have moved in sharp cycles. After peaking in Jan, 2018 with ₹21,801/quintal, the prices were stable for the next few years and dropped to ₹14,934/quintal in late 2022. A sudden hike was seen during Aug 2020, when prices spiked to ₹25,910/quintal which was a 46% jump in a single month and 52.94% jump in a year. This hike was driven majorly by the COVID 19 pandemic. But this was short lived and the prices corrected the very next month. After this hike and the extended decline seen in 2022-2023, prices recovered from Nov 2023. The year 2024 showed a steady rise from ₹16,134/quintal in Jan to ₹24,661/quintal in Dec. In 2025, the increase became drastic, with prices crossing ₹42,544/quintal by July, the highest levels ever recorded.

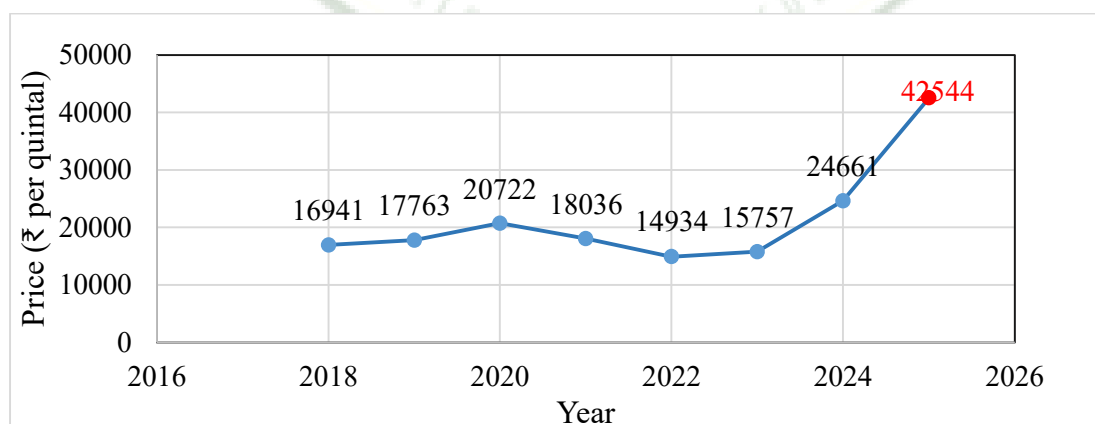


Figure 1. Coconut Oil Price Trend in India (2018-2025)

Image Source: Author's Compilation (2025); Data Source: Agmarknet (2025)



Figure 1. shows the data of Coconut oil prices in India of the past seven years. According to Agmarknet, prices peaked at around ₹20,722 per quintal in December 2020, and falling to a low of ₹14,934 in December 2022. A mild recovery was seen in December 2023, followed by a strong rise in December 2024, when prices reached to ₹24,661 per quintal. In July 2025, prices marked a record, more than doubling within 12 months to reach ₹42,544 per quintal. This steep rise reflects a combination of rising demand, falling supply, and global pressures, pushing coconut oil into the premium category when compared to other edible oils.

Consumer impact

The steep rise in coconut oil prices is affecting household budgets in Kerala, where the oil has long been a staple for both cooking and wellness. Consumers are now reconsidering their everyday choices, by switching to more affordable alternatives. “I will switch to the more affordable refined sunflower oil for everyday cooking and save coconut oil for dishes where its flavour is absolutely irreplaceable,” said Leelamma Cherian, who lives in Kerala (The Economic Times, July 2025).

Domestic Factors: Demand up, Supply down

1. **Rising demand** - The demand for coconut oil is steadily rising. It is now not only used for cooking but also for wellness, cosmetics, Ayurveda, and exports, because of its natural antimicrobial, antioxidant, and moisturizing benefits. Along with rituals and tradition, its use is also growing in urban homes, where people prefer natural and chemical-free products. At the same time, consumer preference in plant-based, non-GMO, and cold-pressed oils is further boosting the demand. Demand for products like coconut milk and flour is also growing, that even higher prices do not slow down consumption. Global health trends such as keto and paleo diets are also increasing demand for MCT oils made from coconuts.
2. **Falling Supply** - Farmers and agriculture officials in Tamil Nadu have identified an outbreak of stem bleeding and root wilt diseases, which has been worsened by heavy rainfall and poor soil health. As a result, coconut yield has dropped and now Kerala gets only half the usual supply from other states. Production in Kerala is under pressure due to older plantations and slow replanting cycles (Figure 2). These two issues create a problem in fresh coconut availability, which directly impacts oil extraction units across Southern India. Climate change adds to farmers’ troubles. In Karnataka,



especially Bengaluru, an unusually hot summer with long heatwaves increased demand for tender coconuts, reducing the amount available for oil making.

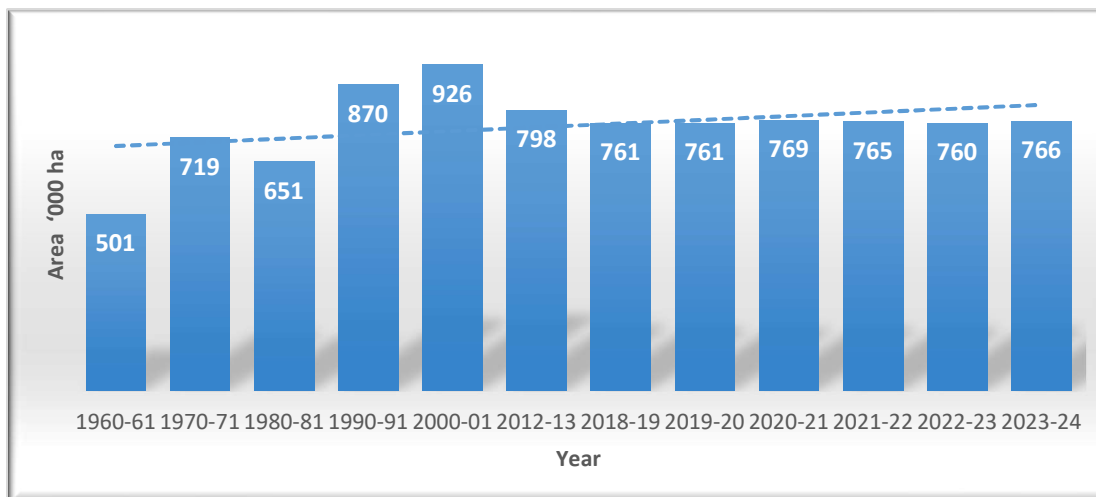


Figure 2. Gross area under coconut cultivation in Kerala

Image Source: Author's Compilation (2025); Data Source: <https://spb.kerala.gov.in/>

- Farmer Priorities** - Farmers are increasingly shifting to selling tender coconuts because they give faster returns and higher profits compared to mature coconuts. This trend is growing as many farmers prefer quick income compared to long-term gains from copra and oil production. As a result, only few mature coconuts are available for processing into copra and oil, which further reduces the amount of supply available in the market. The lower supply reduces the coconut oil production units and leads to higher prices for consumers.
- Policy Gaps** - Government measures such as import relaxations provide only a short-term solution. Without more consistent support for replanting old coconut trees, controlling pests, and giving farmers proper incentives, the industry continues to face problem. Because of these gaps, increasing production, maintaining steady supply, and managing prices become difficult, leaving farmers and consumers facing high costs.

Industry groups have also raised concerns. The Solvent Extractors' Association (SEA) recently urged the government to allow short-term imports of coconut oil and copra to stabilize prices, as domestic coconut oil prices have increased sharply over the past year. While this could



provide temporary relief, experts say that imports may not solve other big issues like low productivity, diseases, and climate pressures affecting India's plantations.

Global Pressures: El Niño & Export Policies

The Philippines and Indonesia, which supply over 70% of the world's coconut oil, are facing severe production challenges. The El Niño drought which happened on July 2023-June 2024 damaged flowering and fruiting. Coconuts usually take 12 months to mature, so the full impact is only now hitting global markets. Aging plantations and slow replanting are also limiting the yield. Indonesia may restrict raw coconut exports to protect the local supply. The Philippines has mandated coconut oil biodiesel blending, diverting oil from exports.

Price Comparison with Alternatives

Commodity	Prices (₹/quintal)
Groundnut Oil (Packed)	17,732.14
Mustard Oil (Packed)	17,822.13
Vanaspati (Packed)	14,490.86
Soya Oil (Packed)	13,788.34
Sunflower Oil (Packed)	15,371.81
Palm Oil (Packed)	12,380.55

Table 1. All India Average Wholesale Price (₹/Qtl.) As on 25/08/2025

Source: <https://fcainfoweb.nic.in/>

For Indian households, coconut oil has now become one of the most expensive edible oils, compared to the cost of other widely consumed options. In July 2025, coconut oil was selling at around ₹42,544 per quintal (Agmarknet, 2025). By comparison, groundnut oil and mustard oil is available in the range of ₹17000 per quintal, whereas sunflower oil and vanaspati are available in the range of ₹15,000 per quintal, soya oil and palm oil are even cheaper with ₹13,788 and ₹12,380 per quintal (Table 1). This price gap means that coconut oil is three to four times costlier than most alternatives, and nearly triple the price of groundnut oil, which itself has traditionally been considered a premium option in many Indian kitchens. Families in South India, where coconut oil is a tradition, are now reserving it for rituals and special



occasions while shifting daily cooking to sunflower or palm oil. If such a gap continues, coconut oil risks losing its role as a staple and may survive mainly as a cultural and premium product.

Coconut Oil Market Size and Share Forecast Outlook (2025 to 2035)

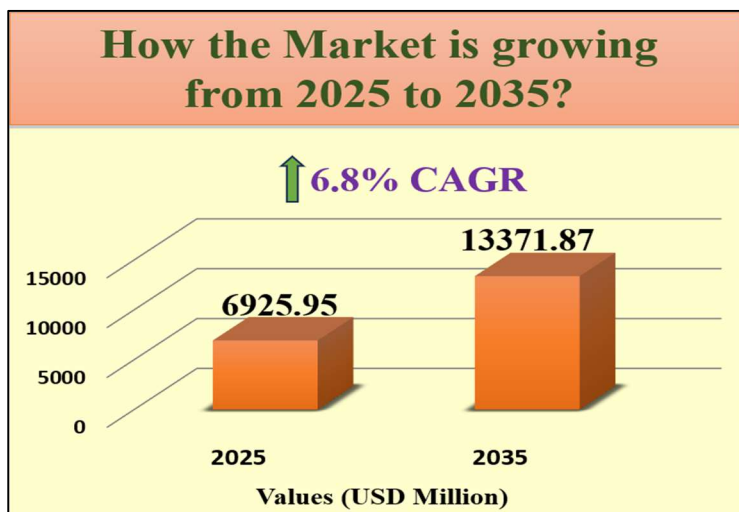


Figure 3. Projected Global industry value of Coconut Oil Market

Image Source: Author's Compilation (2025);

Data Source: <https://www.futuremarketinsights.com/reports/coconut-oil-market>

The coconut oil market is expected for steady growth between 2025 and 2035, by rising demand for natural, organic, and sustainable products across food, beauty, and wellness industries (Figure 3). The global coconut oil market is worth about USD 6,925.95 million in 2025 and is likely to double to USD 13,371.87 million by 2035, growing at a rate of 6.8% every year (Future Market Insights, 2025). This growth is led by consumer preferences for non-GMO, cold-pressed, and premium-quality oils, along with advancements in oil extraction and processing technologies.

The increase in adoption of healthier cooking oils, organic personal care products, and investments in sustainable coconut plantations are the primary market drivers. And also, innovations in oil purification, eco-friendly packaging, and energy-efficient processing are improving the product quality and margins. The availability of premium unrefined and cold-pressed oils is further increasing market penetration.



Regional Trends:

1. **North America:** There is a strong demand for organic, clean-label, and chemical-free coconut oil in food, cosmetics, and supplements. Keto and paleo diets are leading to the growth of MCT oils.
2. **Europe:** The demand for sustainably sourced oils in vegan foods, luxury skincare, and pharmaceuticals is increasing. Regulations supporting organic and eco-friendly products are increasing their use.
3. **Asia-Pacific:** The market is growing quickly because of more local production, rising exports, and people choosing traditional remedies. Countries like India, the Philippines, and Indonesia are the main suppliers.
4. **Latin America:** Coconut farming is growing in Brazil and Mexico, supported by the rising popularity of superfoods and nutrition-focused products.
5. **Middle East & Africa:** Demand is rising for premium oils that are halal-certified, especially in luxury wellness and dietary supplements.

What's Next for Coconut Oil?

Coconut oil's sharp increase in price is not just inflation, it's a complex story of climate, supply, farmer priorities, and global demand. Coconut oil prices are unlikely to reduce quick. New plantations take 3-5 years to mature, meaning fresh supply won't arrive anytime soon. Meanwhile, the strong demand from food, beauty, and wellness sectors keeps prices high. If households permanently switch to cheaper alternatives like palm and sunflower oil, then coconut oil will risk losing its place in the Indian kitchen. Unless policymakers and farmers act to boost productivity, high prices may remain the new normal.

It is also expected that the Coconut oil market will contribute to a good market valuation by 2035 and will continue to flourish in the future. Climate friendly farming methods, eco-friendly packaging, and blockchain for transparent supply chains will play a major role. At the same time, new products like bioactive coconut oil derivatives will create new opportunities. The coconut oil market will expand, and the companies that meet the consumer demands, introduce new ideas, and invest in good practices will be the ones to grow and success.

The question is no longer just about price, it's whether coconut oil remains a household staple or transitions into a true luxury.



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