



Price Spread, Marketing Channel of Banana in Southern Tamil Nadu

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ABSTRACT

India is the largest producer of banana in the world. In India Banana ranks second next to Mango in area and production, occupying an area of about 83 lakh hectares with an annual production of 46.26 lakh tons. The important banana growing states are Maharashtra, Tamil Nadu, Andhra Pradesh, Kerala, Karnataka, West Bengal, Bihar and Gujarat. However, the present production of banana in the country is highly inadequate. It is estimated that, the present annual per capita consumption of banana in India is 50 kg per head which is very low compared with other progressive banana growing countries such as Jamaica, Congo, Equator, Kenya and Uganda. Thus there is an immense scope of increasing banana production in the country. Banana is cultivated in an area of over 8037 hectares in Tuticorin District. This district is one of the major cultivators of banana in the state next to Trichy district. Srivaikuntam and Tiruchendur Taluks are the major cultivators of banana in the district. A major portion of this crop is marketed to other districts / neighbouring state, Kerala.

The present study is to assessing the marketing channel of banana, two taluks namely Srivaikundam and Alwarthirunagari were selected for the study. We have interviewed 30 farmers [15 farmers of each block] and 20 intermediaries. There were three marketing channel through which banana was marketed in the study area. Banana is harvested and marketed throughout the year in the region. The banana producers can sell their produce either through pre harvest contract or commission agents and wholesaler. The retailers buy the banana from the above intermediaries.

Keywords: banana, marketing channel, price spread, commission agent, whole saler

Introduction

India is the largest producer of banana in the world. In India Banana ranks second next to Mango in area and production, occupying an area of about 83 lakh hectares with an annual production of 46.26 lakh tons. The important banana growing states are Maharashtra,

Tamil Nadu, Andhra Pradesh, Kerala, Karnataka, West Bengal, Bihar and Gujarat. However, the present production of banana in the country is highly inadequate. It is estimated that, the present annual per capita consumption of banana in India is 50 kg per head which is very low compared with other progressive banana growing countries such as Jamaica, Congo, Equator, Kenya and Uganda. Thus there is an immense scope of increasing banana production in the country. Banana is cultivated in an area of over 8037 hectares in Tuticorin District. This district is one of the major cultivators of banana in the state next to Trichy district. A major portion of this crop is marketed to other districts / neighbouring state, Kerala.

The banana industry is a very important source of income, employment and export earnings for major banana exporting countries, mainly in developing countries. To cope up with the increasing demands the area of banana cultivation is also expanding. In this situation it is necessary to study the prevailing banana economy in the study area. It was also found that growers face some specific problems in marketing. Hence, it was felt that it would be appropriate to make an in-depth study on banana, with the general objective is to examine the marketing aspects of banana which would pave way for the development of the same in Tuticorin district.

Market Channels

Channel 1

Producer → Pre harvest contractor → Wholesaler → Retailer → Consumer

Channel 2:

Producer → Commission agent → Wholesaler → Retailer → Consumer

Channel 3

Producer → Wholesaler → Retailer → Consumer

Marketing Cost for Banana in Different Marketing Channels

Price spread of banana in Market Channel I

The marketing cost of banana incurred by different intermediaries in different marketing channels

S. No	Particulars	Price/bunch	Percentage
Farmer			
1	Gross price received	130.00	62.95

Methodology

The present study is to assessing the price spread and marketing channel of banana, two taluks namely Srivaikundam and Alwarthirunagari were selected for the study. We have interviewed 30 farmers [15 farmers of each block] and 20 intermediaries.

Results and Discussion

Marketing Channel

There were three marketing channel through which banana was marketed in the study area. Hence, the price spread of different marketing channel was worked out and the results are presented in Tables 1. Banana is harvested and marketed throughout the year in the region. The banana producers can sell their produce either through pre harvest contract or commission agents and wholesaler. The retailers buy the banana from the above intermediaries. The following three marketing channels were identified in the study area:

Marketing channel is defined as path traced in the movement of banana from the primary producer to the ultimate consumer / user.

2	Harvest cost	-	
	Total marketing cost	-	
Pre harvest contractor			
1	Purchase price	130.00	62.95
2	Harvest cost	4.00	1.93
3	Loading and unloading	4.00	1.93
4	Transport charge	17.00	8.23
5	Weighing	1.50	0.72
6	Toll charges	1.00	0.48
7	Total marketing cost	27.50	13.31
8	Marketing margin	20.00	9.68
9	Sale price	177.50	85.95
Wholesaler			
1	Purchase price	177.50	85.95
2	Loading and unloading	3.50	1.69
3	Transport charge	2.00	0.96
4	Total marketing cost	5.50	2.66
5	Marketing margin	12.00	5.81
6	Sale price	195.00	94.43
Retailer			
1	Purchase price	195.00	94.43
2	Transport charge	2.00	0.96
3	Total Marketing cost	2.00	0.96
4	Marketing margin	9.50	4.60
5	Sale price	206.50	100
	Price paid by the consumer	206.50	100
	Price spread	76.50	37.04

Channel II and III with the value of Rs.35.50 and Rs.23.50. In channel I, pre harvest contractor obtain maximum percent in the total marketing margin. It is concluded that marketing channel III has least amount of marketing margin when compared to other channels.

Price Spread Analysis

The information on price spread in the banana marketing channel is provided in the tables through for all the three marketing channels through which banana were marketed.

Table 2: Price spread of banana in Market Channel II

S. No	Particulars	Price/bunch	Percentage
Farmer			
1	Gross price received	150.00	77.31
2	Harvest cost	4.00	2.06
3	Loading and unloading	4.00	2.06
4	Transport charge	10.00	5.15

5	Weighing	-	-
6	Total marketing cost	18.00	9.27
6	Net price received	132.00	68.04
Commission agent			
1	Commission charge	15 [10 %]	7.73
Wholesaler			
1	Purchase price	165.00	85.05
2	Loading and unloading	3.00	1.54
3	Transport charge	3.50	1.80
4	Marketing cost	6.50	3.35
5	Marketing margin	11.50	5.92
6	Sale price	183.00	94.32
Retailer			
1	Purchase price	183.00	94.32
2	Loading and unloading	-	-
3	Transport charge	1.50	0.77
4	Marketing cost	1.50	0.77
5	Marketing margin	9.50	4.89
6	Sale price	194.00	100
	Price paid by the consumer	194.00	100
	Price spread	44.00	22.68

Table 3: Price spread of banana in Market Channel III

S. No	Particulars	Price/bunch	Percentage
Farmer			
1	Gross price received	160.00	79.01
2	Harvest cost	4.00	1.97
3	Loading and unloading	4.00	1.97
4	Transport charge	10.00	4.93
5	Weighing	-	-
6	Total marketing cost	18.00	8.88
7	Net price received	142.00	70.12
Wholesaler			
1	Purchase price	170.00	83.95
2	Loading and unloading	4.00	1.97

3	Transport charge	3.00	1.48
4	Marketing cost	7.00	3.45
5	Marketing margin	13.00	6.41
6	Sale price	190.00	93.82
Retailer			
1	Purchase price	190.00	93.82
2	Loading and unloading	-	-
3	Transport charge	2.00	0.98
4	Marketing cost	2.00	0.98
5	Marketing margin	10.50	5.18
6	Sale price	202.50	100
	Price paid by the consumer	202.50	100
	Price spread	42.50	20.98

Conclusion

There were three marketing channel through which banana was marketed in the study area. Hence, the price spread of different marketing channel was worked out. Banana is harvested and marketed throughout the year in the region. The banana producers can sell their produce either through pre-harvest contract or commission agents and wholesaler. The retailers buy the banana from the above intermediaries. It could be observed that channel I have highest price spread Rs.76.50 because

the pre harvest contractor bears the entire cost of harvesting of banana. Channel III has the lowest price spread Rs.42.50. Since there is less number of market intermediaries.

Since, the banana producer has to think over the collective farming as well as to sell their produce with the value addition could unquestionably get higher price.

Reference

Farm survey, 2011