

# An Analysis of Marketing Channels and Price Spread of Chrysanthemum in Chikkaballapura District of Karnataka

## Abstract

Chikkaballapura district is known for flower production and it stands forth in area and production of chrysanthemum production in Karnataka (2016-17). An attempt has been made in this study to assessing major marketing channels. The study also attempts to determine the price spread in major marketing channels. The study is based on the primary and secondary data. The total sample size comprised of 60 farmers also selected 20 market intermediaries for the study. In Chikkaballapura three major marketing channels were identified namely Channel I: Producer → Commission agent → Wholesaler → Retailer → Consumer. Channel II: Producer → Pre-harvest Contractor → Commission agent cum Wholesaler → Retailer → Consumer. Channel III: Producer → Village trader → Retailer → Consumer. About 65.00 per cent of the producer used Channel-I followed by channel-II (28.33 per cent) and remaining through channel-III (6.67 per cent). Price spread in channel-II is high (Rs. 8,985) as compared to Channel-I (Rs. 5,922) and producers share in consumer rupee is high in channel-I (58.51 per cent) which is considered to be better marketing channel as compared to channel-II (47.72 per cent). Proper market structure needs to be created to the floriculture crops in the study area and Chrysanthemum flower need to put under the list of notified commodities and commission charges taken from producer can be strictly prohibited.

**Keywords:** Marketing channels, Price spread

Comment [Y1]: 65%

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## 1. Introduction

Floriculture is an important agribusiness gaining commercial importance in the vital scenario of Indian agriculture. The flowers which are more important in cut flower trade such as are orchid, rose, carnation, chrysanthemum and gladiolus. Most of these flowers are grown under

protected conditions and also under open field condition. About 308.87 thousand hectare of area was under floriculture cultivation in 2017-18. The production of flowers was 1,805.82 thousand MT of loose flowers in number and 704. thousand MT of cut flowers in 2017-18.

In southern India, chrysanthemum flower grown mostly in farm open field conditions to supply to the market as loose flowers for religious ceremonies, for garlands and ladies' hair decoration. Yellow coloured flowers are preferred the most in the south region where in north various hues of red, purple, yellow and white flowers grown in large scale. During the year 2015-16 the total production of cut flowers and lose flowers of chrysanthemum in India was 185.24 metric tonnes and 14.94 metric tonnes respectively, across 20.09 thousand hectars of total cultivated area (indiaistst.com).

In Chikkaballapura district fresh flowers were being cultivated over an area of 2151 hectares (2016-17) of which marigold stood first (706 ha) followed by chrysanthemum which occupied second place (416 ha), rose (394 ha), crossandra (216 ha), gladiolus (214 ha) and other flowers. Area under chrysanthemum cultivation in Chikkaballapura district was 427.79 hectare with 5,919.29 tonnes of flower production with productivity of 6.69 tonnes/hector during 2017-18. Chrysanthemum flower forms an important flower crop of the district and promotes livelihood to the larger sector of the farming community. The total area under this crop is increasing year by year in the district. This flower crop is very often subjected to wide price fluctuations in the domestic markets. There is no systematic organizing flower market like other fruits and vegetables markets.

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## 2. Materials and methods:

The current study was conducted on the basis of primary data and secondary data. Primary data was collected from 60 chrysanthemum growing farmers, two taluks were selected for study in Chikkaballapura district of Karnataka based on highest area under

Comment [Y5]: Find synonym for this word.

chrysanthemum production, Chikkaballapura taluk and Gowribidanur taluk were found highest area under production and 30 farmers from each taluks chosen for the study. In addition, constraints respecting production and marketing of chrysanthemum were also collected from these sample farmers. For gathering data on marketing aspects, 20 market intermediaries were selected randomly from markets of Chikkaballapura and Gowribidanur. The primary data which refers to the agricultural year 2018-19 were obtained from the sample respondents and market intermediaries through a personal interview with the help of pre-tested structured schedule prepared for the purpose.

Secondary data like general information of Chikkaballapura district, land utilization pattern, rainfall, humidity, area and production of chrysanthemum etc., were collected from the district official website and visiting Department of Horticulture Chikkaballapura district.

### **3. Results and discussions:**

Descriptive statistics used to assess the marketing channels and price spread over major marketing channels in marketing of chrysanthemum in Chikkaballapura District. The results pertaining to the available marketing channels in marketing of chrysanthemum in Chikkaballapura District is presented in the Table 1.

#### **3.1 Marketing channels adopted in marketing of chrysanthemum**

In the study area two marketing channels were identified, and marketing cost, price spread was computed to understand the marketing of chrysanthemum. The sample respondents marketed chrysanthemum through the following channels.

- a. **Channel I:** Producer → Commission agent → Wholesaler → Retailer → Consumer
- b. **Channel II:** Producer → Pre-harvest Contractor → Commission agent cum Wholesaler → Retailer → Consumer
- c. **Channel III:** Producer → Village trader → Retailer → Consumer

Farmers in the study region choose different channels for marketing. The channels chosen by the farmers vary from season to season. In Chikkaballapura district, two predominant types of marketing channels were identified.

In the Channel-I commission agents receives the produce from the producer and sell the produce to wholesaler. The wholesalers will transport the commodity to distant markets or nearby markets and sell to the wholesaler or retailers. About 39 farmers (65.00 %) sold through this channel as shown in Table 1.

Here producer himself has to transport the produce to the market place with his own transportation cost and he should sell the produce by giving certain amount of money as commission to the person who moves the produce to the next level of channel who is wholesaler or retailer.

In channel-II, pre-harvest contractor arrives to farm and makes contract with the producer who made payment to the producer after deducting the service charges. As per information collected from the respondents only 28.33per cent of them were following this channel (Table 1).

Pre-harvest contractor visits the farm just before the season and makes the contract with the grower. The cost of harvesting, picking and other expense are borne by the pre-harvest contracture who arrives at a unanimous decision about the payment. Farmers had good opinion about pre-harvest contractor due to their timely financial assistance and pinioned that the labour risk could be transferred by following this channel.

In Channel-III producer will sell the produce to the village trader who comes to the village to procure the flowers on the field itself only after the harvest. As respondents said only 6.67 per cent of the chrysanthemum growers follow this channel has they have less land holding and unavailability of transportation facility (Table 1). The village trader pays the amount on the day itself or he may delay for some extent.

### **3.2 Price spread in major marketing channels of chrysanthemum in Chikkaballapura district**

The price spread is one of the measures of marketing efficiency. It indicates the extent of

increase in the price of a commodity as it changes hand from one intermediary to another in the marketing channel. The price spread comprises of marketing cost incurred by different market intermediaries and their profits margin. As flowers are perishable in nature so the price spread will be higher, as a result of which consumer has to pay a higher price, while the producer doesn't receive a higher share in consumer's rupee. Here, price spread was studied to know the share of marketing costs and margins of Chrysanthemum marketing.

Price spread in Chrysanthemum marketing under major marketing channels is presented in Table 2. The price spread is major indicator of marketing efficiency and performance. It revealed that the net producer's share in consumer rupee was found to be more in channel-I (58.51 %) in contrast with channel-II (47.72 %). Correspondingly the net price received by the producer per quintal of Chrysanthemum was high in Channel-I (Rs. 8350 per quintal) compared to channel-II (Rs. 8,200 per quintal). The price spread was considerably high in channel-II (Rs.8,985 per quintal) in contrast to channel-I (Rs. 5,922 per quintal). In the channel-II margin of Pre-harvest contractor was less (Rs. 370 per quintal), whereas commission agent cum wholesaler's margin is Rs. 1760 per quintal and retailer's margin was high (Rs. 2800 per quintal). Similarly, in channel-I, the margin of commission agent was Rs. 1200 per quintal, for wholesaler it was Rs. 1650 per quintal and retailer with Rs. 2792 per quintal respectively.

In both channels all intermediates keep large margin in selling produce to next, so the producers share in consumer's rupee differs based on number of intermediates involved in each. The chrysanthemum growers using channel-I realized higher share in consumer rupee and lower price spread is recorded compared to channel-II. This is because of marketing channel with fewer number of market intermediaries in channel-I. Hence, Channel-I is considered to be better marketing channel as compared to channel-II.

#### 4. Conclusion:

##### **Strategies to improve the marketing of chrysanthemum**

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Proper facilities towards marketing is need to be developed in some part of the study area and further, there is a need to establish regulated market for floriculture crops like of fruits and vegetables. Chrysanthemum flower need to put under the list of notified commodities and commission charges taken from producer can be strictly prohibited.

UNDER PEER REVIEW

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**Table 1: Major marketing channels for chrysanthemum marketing in Chikkaballapur district.**

(n=60)

Sl. No.	Channels	Number of intermediaries involved	No of farmers sold through the channel	Percentage
1.	I	Producer → Commission agent → Wholesaler → Retailer → Consumer	39	65.00
2.	II	Producer → Pre-harvest Contractor → Commission agent cum Wholesaler → Retailer → Consumer	17	28.33
3.	III	Producer → Village trader → Retailer → Consumer	4	6.67
<b>Total</b>			<b>60</b>	<b>100.00</b>

**Table 2 : Price spread in Chrysanthemum under major marketing channels**

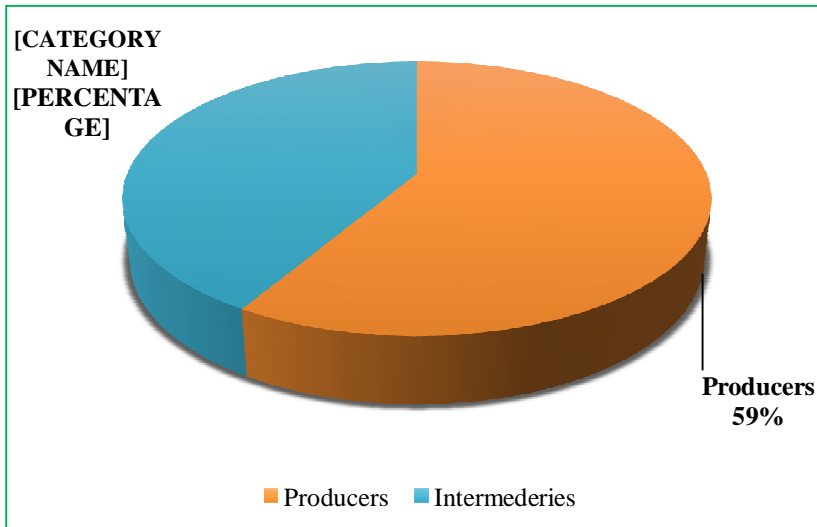
(Rs. Per Quintal)

Sl. No.	Particulars	Channel-I	Channel-II
<b>1.</b>	<b>Producer</b>		
	Gross Price received	12,000	-
	Marketing cost	3,650	-
	Net price	8,350	8,200
<b>2.</b>	<b>Pre-harvest contractor</b>		
	Purchase price	-	8,200
	Marketing cost	-	2,350
	Profit margin	-	370
	Sale price	-	10,920
<b>3.</b>	<b>Commission agent</b>		
	Commission charge	1,200	-
	Marketing cost	350	-
	Profit margin	1,200	-
	Sale price	8,350	-
<b>4.</b>	<b>Wholesaler</b>		
	Purchase price	8,350	-
	Marketing cost	670	-
	Profit margin	1,650	-
	Sale price	10,670	-
<b>5.</b>	<b>Commission agent cum wholesaler</b>		
	Purchase price	-	10,920
	Marketing cost	-	790
	Profit margin	-	1,760
	Sale price	-	13,470
<b>6.</b>	<b>Retailer</b>		
	Purchase price	10,670	13,470
	Marketing cost	810	915
	Profit margin	2,792	2,800
	Sale price	14,272	17,185
<b>7.</b>	<b>Price spread</b>	<b>5,922</b>	<b>8,985</b>
<b>8.</b>	<b>Producer's share in consumer rupee (%)</b>	<b>58.51</b>	<b>47.72</b>

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Source: Primary data.

**Fig. 1: Producer's share in consumer rupee in channel- I**



**Fig. 2: Producer's share in consumer rupee in channel- II**

