# AN ECONOMIC ANALYSIS OF MARKETING OF TUBEROSE IN THIRUVANNAMALAI DISTRICT OF TAMILNADU

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***ABSTRACT: :*** *Marketing of tuberose have unique problems and these problems can be overcome by careful observation and by adopting suitable remedial measures. The demand for flowers is not also uniform and it has very little relationship to the supply of flowers. Keep in this view, the present study is undertaken with the following specific objectives (i) to identify different marketing channels in the study area and (ii) to work out the price spread of tuberose with marketing costs and margins at different levels of marketing and to offer policy suggestions. Pudupalayam block in Thiruvannamalai district was purposively selected for the study. The present study identified three different marketing channels and price spread analysis indicated that channel I was found to have highest net price received by the producer and lowest price spread when compared to the other two channels and the order of the efficient marketing channels were marketing channel I, marketing channel II and marketing channel III.*

***Key Words:*** *Tuberose Marketing, Price Spread, Marketing Efficiency*

## Introduction

Marketing of tuberose have unique problems as observed in the case of perishables like fruits and vegetables. These problems can be overcome by careful observation and by adopting suitable remedial measures. As tuberose flowers highly perishable and require utmost surveillance and speedy transport to big cities, where demand for them will be more. Apart from localization of market, any delay in disposal of flowers leads to heavy loss. During strikes and bandh, flowers are the worst affected commodities.

Effective marketing can be done with cold storage and by air conditioned trucks, but such expensive storage and transportation are neither available nor economical. The demand for flowers is not also uniform. It has very little relationship to the supply of flowers. Religious festive occasions may also interrupt the demand supply relationship, posing uncertainty in the marketing of flowers. Irrespective of demand, the supply of flowers remains constant, which makes the price to fluctuate widely.

Flower producers cannot sell flowers directly to consumers as it involves high risk, and also require more labour, skill and processing. This particular aspect makes involvement of intermediaries inevitable in flower marketing. Keep in this view, the present study is undertaken with the over all objective to address problems in the marketing of tuberose in Thiruvannamalai district and to elicit the possibilities and potentialities for improving the marketing of tuberose in the region.

## The specific objectives of the study are:

1. To identify different marketing channels in the study area and
2. To work out the price spread of tuberose with marketing costs and margins at different levels of marketing and to offer policy suggestions.

## Hypotheses

1. There exist different marketing channels for tuberose flowers.
2. Price spread of intermediaries and marketing efficiency of the marketing channels are different.

## Materials and Methods

### Choice of the Study Area

Tamil Nadu is one of the leading state in loose flowers as well as in tuberose production. Among the 31 districts of Tamil Nadu, Thiruvannamalai district is the major producer of tuberose and it stood first in area under tuberose Hence Thiruvannamalai district was selected for this study.

**Sampling Procedure**

**Pudupalayam block** in Thiruvannamalai district was purposively selected since the proportion of area under tuberose in this block was found to the highest among all the **blocks** present in the district. Moreover, the wholesale flower market for entire Thiruvannamalai district is located at Thiruvannamalai town is nearer to pudupalayam block was also selected for the study. Apart **from the farmers (30 farmers), the intermediaries such as wholesalers, commission agents and retailers operating** at Thiruvannamalai were listed and 10 intermediaries from each category were selected. In addition, thirty consumers were also selected for the price spread analysis.

**Period of the Study**

The primary data were collected from the sample respondents during the months of January-February. 2018 and the data collected were relating to the agriculture year of 2017-2018

**Collection of Data**

The selected sample farmers and intermediaries were personally contacted and the required primary data were collected through interview method by using the pre-tested interview schedule. The objectives and importance of the study were explained to the respondents briefly to solicit their co-operation.The data collection was carried out through personal interview using well structured and pre-tested interview schedule.

**Tools of Analysis**

**Price Spread Analysis**

Information on prices prevailed and the cost involved in marketing of cut flowers at different stages of marketing channel were collected from the farmers and traders. The cost of marketing included transport, loading and unloading, storage and other incidental expenses incurred for marketing the produce.

In the process of marketing of flowers, the difference between price paid by the consumer and the price received by the producer of flowers for an equivalent quantity was defined as "price spread". Data on profits of the various market functionaries involved in moving the produce from the initial point of production till it reached the ultimate consumer were collected. In this study, sum-of-average gross margin method was used in the estimation of price spread.

**Sum-of-Average Gross Margin Method**

The average gross margins of all the intermediaries were added to obtain the total marketing margin as well as the breakup of the consumer's rupee.

$$MT = \sum_{i=1}^{n} \frac{si-pi}{Qi}$$

Where,

| | | |
|---|---|---|
| MT | = | Total Marketing Margin |
| Si | = | Sale value of product for $i^{th}$ intermediary |
| Pi | = | Purchase value paid by the $i^{th}$ intermediary |
| Qi | = | Quantity of the product handled by the $i^{th}$ intermediary |
| I | = | 1,2,3.....n (Number of intermediaries involved) |

**Farmer's Share in Consumer Rupee**

The farmer's share in consumer rupee was calculated with the help of the following formula.

$$Fs = (Fp/Cp) \times 100$$

Where,

Fs = Farmer's share in consumer rupee (percentage)

Fp = Farmer's price

Cp = Consumer's price

**Marketing Efficiency**

Marketing efficiency is a measure of market performance. The movement of goods from producers to the ultimate consumers at the lowest possible cost consistent with the provision of service desired by the consumers is termed marketing efficiency.

According to Acharya (2003), an ideal measure of marketing efficiency, particularly for comparing the efficiency of alternate market channels should take into account all of the following:

(a) Total marketing costs (MC)
(b) Net marketing margins (MM)
(c) Price received by the farmer (FP)

(d) Prices paid by the consumer (RP)

Further, the measure should reflect the following relationship between each of these variables and the marketing efficiency.

1. Higher the (a), the lower the efficiency
2. Higher the (b), the higher the efficiency
3. Higher the (c), the higher the efficiency
4. Higher the (d), the lower the efficiency

As there is an exact relationship among the four variables, i.e. a + b + c = d, any three of these could be used to arrive at a measure for comparing the marketing efficiency.

The following measure is suggested by Acharya,

$$ME = FP \div (MC+MM)$$

## Results and Discussion

### Marketing of Tuberose

Marketing plays an important role in determining the levels of income and it is the final stage where the farmer converts all his efforts and investment into cash. In modem times farmers have become highly cost` conscious and their financial position will depend not only on returns they receive from a particular enterprise but, also the place where they are selling their produce for getting a remunerative price. Hence, it is important to analyze the marketing practices that are being followed and to identify the market intermediaries and channels of marketing.

The plucked flowers were brought by the farmers in large sacks and taken to the commission agents who fixed the Prices for the day. The prices varied and fluctuated a lot, depending on the weight of the produce of the day, the quality of the flowers, the day of the week, special events on the day etc. For instance, on Fridays and other festival days the prices went up because the demand for them was high on those days.

A part of the produce was also exported to the larger metros and abroad, especially to the Middle East. For exports, the flowers were sealed in special airtight packages. Domestic market was only focused and studied in this study. Since the flower's life was about 24 hours, its demand was highest in the morning when the buds were fresh and went significantly down by the end of the day, by the time the buds began to bloom. The remnants of the auctions were sold at dirt-cheap prices. The buds on the plant bloom a little after sunset, but when plucked, they bloom earlier.

### Domestic Marketing Channels of Tuberose

Following three domestic marketing channels were identified in Jothi flower market (Thiruvannamalai) which was the major market to which tuberose was marketed in the study area.

**Marketing Channel I**

Producer-Commission Agent-Retailer-Consumer

**Marketing Channel II**

Producer-Commission Agent-Wholesaler-Retailer-Consumer

**Marketing Channel III**

Producer -Wholesaler -Retailer -Consumer

The channel I, II and III were the important domestic channels in sale of tuberose for the farmers in the study area because major portion of the tuberose was marketed through these channels.(Fig.1.)

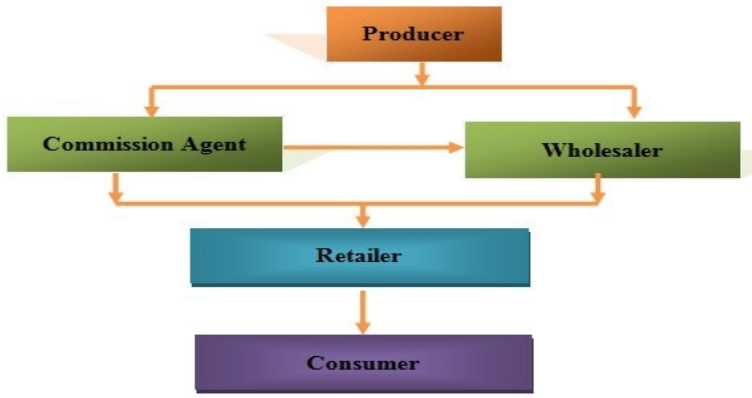


**Fig:1. Domestic Marketing Channel of Tuberose**

**Price Spread of Tuberose in Domestic Market**

This represented the difference between the net price received by the producer's (PNP) and the price paid by the ultimate consumer i.e., difference between Producer's Net Price (PNP) and Retailer's Selling price (RP).

From the table.1. it could be inferred that producer was getting net price of Rs 110. per kg Tuberose in channel I, Rs 135 per kg in channel II and Rs 130 per kg in channel III. The producers share in the consumer's price was found to be 68.75, 64.30 and 59.10 percent in channel I, II, III respectively. Price spread is higher in channel III (40.90 percent) and followed by channel II (35.71 percent) and channel I (31.25 percent) respectively.

**Table .1. Price Spread of Tuberose (Rs/Kg)**

| Sl.No | Particulars | Channel I | Channel II | Channel III |
|---|---|---|---|---|
| 1 | Producer Price | 110(68.75) | 135(64.30) | 130(59.10) |
| 2 | Marketing Cost | 10(6.25) | 25(11.90) | 25(11.36) |
| 3 | Marketing Margin | 40(25.00) | 50(23.80) | 65(29.54) |
| 4 | Price paid by Consumer | 160(100) | 210(100) | 220(100) |
| 5 | Price Spread | 50 (31.25) | 75(35.71) | 90(40.90) |
| 6 | Farmer share in consumer Rupee (%) | 68.75 | 64.30 | 59.10 |

Marketing cost incurred by the channel I was low (Rs.10/kg) because only two intermediaries (commission agent and retailers) were in the channel I. The *channel* II and Channel III perform with highest and same marketing cost (Rs 25/kg) because of more number of intermediaries in this channel. Consumers purchase the flowers from the retailers @ Rs 160/kg, Rs. 210/kg and Rs 220/kg in the channel I, channel II and III respectively.

**Farmer Share in Consumer Rupee (percent)**

The producer share in consumer rupee was found less in all the three marketing channels studied (59 percent to 68 percent). It was due to various marketing costs incurred in the marketing channels. Producer share in consumer rupee was comparatively high in channel I (68.75percent) compare to channel II (64.30 percent) and channel III (59.10 percent)

**Marketing Efficiency (ME)**

The ratio of the total value of goods marketed to the total marketing costs and marketing margin is considered as a measure of efficiency. The higher the ratio, the higher is the efficiency and vice-versa in Acharya's approach.

**Table .2. Marketing Efficiency of Tuberose**

| S:No: | Particulars | Channel I | Channel II | Channel III |
|---|---|---|---|---|
| 1 | Price received by farmer | 110 | 135 | 130 |
| 2 | Marketing cost | 10 | 25 | 25 |
| 3 | Marketing margin | 40 | 50 | 65 |
| 4 | Marketing Efficiency | 2.2 | 1.8 | 1.44 |

From the Table.2.it could be inferred that, Channel I (2.2) had higher marketing efficiency because of involvement of less number of middlemen in the marketing channel followed by channel II (1.8) and channel III (1.44). Channel I was the most efficient channel as the producer received highest share of consumer's rupee and the consumer paid lowest cost to the produce and the retailers incurred lesser marketing cost compared to other marketing channels in the study area.

**Conclusion**

The marketing channel and price spread analysis in the present study identified three different marketing channels in tuberose. Hence the first hypothesis that there exist different marketing channels for tuberose is accepted. The second hypothesis states that price spread of intermediaries and marketing efficiency of the marketing channels are different. Price spread analysis indicated that channel I was found to have highest net price received by the producer and lowest price spread when compared to the other two channels. The order of the efficient marketing channels according to Acharya and Agarwal method were marketing

channel I, marketing channel II and marketing channel III. Thus the second hypothesis that price spread of intermediaries and marketing efficiency of the marketing channels are different is proved.

From the results of the study, it was suggested that the existing marketing is a problem, it is needed to reduce the marketing margin of the intermediaries by developing a well communicated co-operative marketing system. For developing a more dynamic marketing channel in favour of the producer and intermediaries, another study program could be taken to generate information. The farmers and the intermediaries who had identified their own problems also provided some suggestions for overall improvement of the efficiency of the existing tuberose production and marketing system.

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