Environment & Ecology 29 (3B) : 1659—1663, 2011
 ISSN 0970-0420

Economic Analysis on Marketing of Marigold Flower in Ranaghat Region of West Bengal

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Abstract

Marigold flower is much demanded for use in worship purpose in West Bengal. But it is usually cultivated in some region only and marketed through various channels. It is observed that there is much inter-channel variation in producer's share out of retail price and marketing cost and profit reaped by the intermediaries. Producer's share and marketing margin depicts the efficiency of channel-I (producers → wholesaler → retailer → flower users) and dominance of channel—I in transacting higher volume of flower. The size of operational holding is found to have least effect on the marketing system.
Key words : Marigold, Economic analysis, Marketing.

In West Bengal, marigold is commercially grown in Ranaghat region of Nadia district. Marigold is extensively used in religious and social functions, in one form or another. It is quite popular among gardeners and flower dealers because of its easy culture and wide adaptability. Flower of marigold can be obtained during larger part of the year. Mitra (1) have found that in tuberose cut flower marketing, producer's get about 55% of consumer's rupee irrespective of channels studied. But in sticks, producer's share of consumer's rupee has declined to about 48% in channel—I and 52% in channel—II. Mandal (2) in his study has found that total marketing margin is worked out to be Rs 8.52 which is 47.36% of consumer's rupee in tuberose and trader's profit has ranged between 58 to 64% of marketing margin. But in sticks marketing margins have ranged between Rs 10.79 i.e. 49.31% of consumer's rupee and trader's profit between 79 to 82% of the marketing margin. He has further observed that retail prices of cut flowers, consumer's prices are lower in Kanchrapara market compared to Cacutta market but the converse is true for flower sticks. Kumar (3) stated that India ranks first in Asia in production export of flower. Mullickghat in Calcutta of West Bengal is the biggest wholesale flower market of India. In West Bengal itself the per year transaction of flower amount to Rs 15 to 17 crores. From this market flowers are destined to Bhubaneswar, Tata, Patna, Lucknow and Allahabad. Flowers are also exported to different places of Bangladesh, Pakistan, and Singapore and Middle East countries. Raj Kishor and Yadav (4) have concluded that marketing efficiency can be improved by provision of cheaper and efficient transport and storage facilities, extension services, credit facilities, provision of grading and standardization and means of communication in the study as well as in the distant markets. A study of the marketing system of a product is necessary to an understanding of the complexities involved and the bottlenecks with a view to providing efficient services in the transfer of products from producers to the ultimate consumers. Marketing of flowers is an important aspect. Flower markets are poorly organized, unregulated and limited in numbers. Flower prices are highly related with its durability, fragrance and quality. Furthermore, due to poorly developed post harvest technology and lack of alternative uses flowers are more risky enterprise. Inefficient functioning of the markets adversely affects both producer-sellers and consumers. This research was made to study some economic aspects of marketing of marigold. The specific objectives of the study are to identify the various marketing channel of marigold, to analyze the price spread and marketing margin of marigold functional analysis of marketing margin of marigold, and to study the marketing efficiency in the market-

Table 1. Price spread and marketing margin of marigold flower (Rs/kg).

Particulars		Group—I		Group—II		Group—III		Overall	
		Ch.—I	Ch.—II	Ch.—I	Ch.—II	Ch.—I	Ch.—II	Ch.—I	Ch.—II
1.	At producer's level								
a.	Cost of production	18.84	18.84	20.25	20.25	21.89	21.89	20.05	20.05
b.	Cost of marketing	2.76	0.64	2.85	0.61	2.88	0.58	2.82	0.61
i.	Packing	0.35	0.35	0.36	0.36	0.38	0.38	0.36	0.36
ii.	Loading and unloading	0.32	-	0.34	-	0.34	-	0.33	-
iii.	Transportation	1.42	-	1.45	-	1.48	-	1.44	-
iv.	Spoilage	0.29	0.29	0.25	0.25	0.20	0.20	0.25	0.25
v.	Miscellaneous	0.38	-	0.45	-	0.48	-	0.43	-
c.	Producer's profit	8.85	6.00	9.30	6.32	10.10	6.70	9.31	6.28
d.	Price received by producer	30.45	25.48	32.40	27.18	34.87	29.17	32.18	26.94
2.	At commission agents level								
a.	Cost of marketing	-	3.66	-	3.82	-	3.86	-	3.76
i.	Packing	-	0.40	-	0.42	-	0.42	-	0.41
ii.	Loading and loading	-	0.56	-	0.60	-	0.60		0.58
iii.	Transportation		2.02	-	2.09	-	2.12	-	2.07
iv.	Spoilage	-	0.30	-	0.33	-	0.34	-	0.32
v.	Miscellaneous	-	0.38	-	0.38	-	0.38	-	0.38
b.	Commission agent's profit	-	3.09	-	3.30	-	3.88	-	3.36
c.	Price received by C.A.	-	32.23	-	34.30	-	36.92	-	34.06
3.	At wholesaler's level								
a.	Cost of marketing	1.68	1.74	1.79	1.87	1.83	1.92	1.75	1.83
i.	Packing	0.28	0.28	0.27	0.28	0.28	0.28	0.28	0.28
ii.	Storage	0.45	0.48	0.44	0.49	0.45	0.50	0.45	0.49
iii.	Spoilage	0.32	0.35	0.38	0.40	0.40	0.44	0.35	0.39
iv.	Helping hand	0.28	0.28	0.30	0.30	0.30	0.30	0.29	0.29
v.	Miscellaneous	0.35	0.35	0.40	0.40	0.40	0.40	0.38	0.38
b.	Wholesaler's profit	1.80	1.80	1.72	1.72	1.65	1.65	1.74	1.74
c.	Price received by wholesalers	33.93	35.77	35.91	37.89	38.35	40.49	35.67	37.78
4.	At retailer's level								
a.	Cost of marketing	249	2.49	2.55	2.55	2.52	2.52	2.52	2.52
i.	Packing	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
ii.	Loading & loading	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48
iii.	Transportation	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
iv.	Spoilage	0.32	0.32	0.30	0.30	0.30	0.30	0.31	0.31
v.	Storage	0.19	0.19	0.24	0.24	0.21	0.21	0.21	0.21
vi.	Miscellaneous	0.35	0.35	0.38	0.38	0.38	0.38	0.37	0.37
b.	Retailer's profil	1.08	1.24	1.04	1.16	1.13	0.99	1.08	1.15
c.	Price received by retailer	37.50	39.50	39.50	41.50	42.00	44.00	39.27	41.27
5.	Marketing margin	18.66	20.66	19.25	21.25	20.11	22.11	19.22	21.22

ing of marigold.

Methods

The study is primary based on micro level farm and market survey analysis. Multistage sampling is followed to select the farmers and market intermediaries. A total of two hundred flower growers are selected from twelve mouzas belonging to Ranaghat—I, Ranaghat—II, Hanskhali and Haringhata blocks of Nadia district. District and blocks are selected purposively. Theree mouzas from each block, based on acreage and volume of flower production are selected purposively. Based on the operational holding, all the flower growers are classified into three size groups and ultimate flower growers are selected on the basis of probability proportional to number. The study is based on the data related to the agricultural year 2003—04.

The flower growers and local assemblers avail

the Dhantala, Purnanagar and Naukari markets and these three wholesale markets are selected for the study. Birnagar and Badkulla belonging to Nadia district are selected as retail markets. Thirty local assemblers or commission agents, thirty wholesalers, i.e. 10 from each wholesale market and 50 retailers, i.e. 25 from each retail market were selected for the study.

In study area it is found that the following two channels are dominant in transecting marigold flower and hence studied. *Channel—I* : Producers → Wholesalers → Retailers → Flower users, *Channel—II* : Producers → Commission → Wholesalers → Retailers → Flower users agent.

To examine the marketing, efficiency of marigold flower, conventional, Shepherds, Acharya's and Composite Index were used. For computing composite index following three indicators were considered : Producer share out of retail price—I_1, marketing cost, —I_2, margin of the middlemen —I_3. Composite Index Ranking (R) = (Ri/N), Where Ri = Total value of ranks of all indicators and N = Number of indicators.

Results and Discussion

The results observed from the analysis of primary data are presented under three topics, i.e. price spread, functional and efficiency of marketing system in the marketing of marigold flower.

Price Spread in the Marketing of Marigold

It is reported by various researchers that marketing cost varies with the volume of transaction, which is influenced by size of operational holding. Costs involved at various marketing stages and profit reaped by different intermediaries are presented in Table 1.

It was observed and opined by majority of flower growers that out of the dominant channels, about 65% of marigold flower is transacted through channel—I and 30% through channel —II. Table 1 shows that irrespective of size group, more than 50% of cost incurred is required for transporting the flower to the wholesale market. Besides packaging and loading and unloading, spoilage is also crucial. It has consumed about 9% of marketing cost at producer's level in channel—1 and about 41% in Channel—II. But in value term there is no variation in spoilage between the channel though it is inversely related with the size of operational holding.

At commission agents level which exists only in channel—II, transportation cost is noted to be the most expensive cost item. However, inter-size variation in cost of marketing is not marked. Price received by commission agent is noted to increase with the increase in size of holding which has increased their profit margin.

At wholesaler's level, cost of marketing is found to increase with the increase in operational holding. This has reduced the profit of the wholesaler. Storage and spoilage are noted to be the other expensive items. Irrespective of size of operational holdings, it is observed that channel—II is found to be a bit expensive. This is mainly because of higher cost incurred towards storage and spoilage.

At the retail level, variation in cost of marketing between the channels is absent. However, inter-size variation in marketing cost is noted. Marketing cost is noted to be higher for the second size group. This may reflect the optional volume of flower transacted.

Table 2. Channelwise and size groupwise functional analysis of marketing margin of flower marigold (Rs/q).

Particulars	Group—I		Group—II		Group—III		Overall	
	Ch.—I	Ch.—II	Ch.—I	Ch.—II	Ch.—I	Ch.—II	Ch.—I	Ch.—II
1. Packaging	0.93	1.33	0.93	1.36	0.96	1.38	0.94	1.35
2. Loading & unloading	0.80	1.04	0.82	1.08	0.82	1.08	0.81	1.06
3. Helping hands	0.28	0.28	0.30	0.30	0.30	0.30	0.29	0.29
4. Transportation	2.27	2.87	2.30	2.94	2.35	2.97	2.30	2.92
5. Storage	0.64	0.67	0.68	0.73	0.66	0.71	0.66	0.70
6. Spoilage	0.93	1.26	0.93	1.28	0.90	1.28	0.92	1.27
7. Miscellaneous	1.08	1.08	1.23	1.16	1.26	1.16	1.17	1.13
8. Trader's profit	2.88	6.13	2.76	6.18	2.78	6.53	2.82	6.25
Total	9.81	14.66	9.95	15.03	10.01	15.41	9.91	14.97

Table 3. Marketing efficiency in marketing of marigold flower.

	Method/rank	Group—I		Group—II		Group—III		Overall	
		Ch.—I	Ch.—II	Ch.—I	Ch.—II	Ch.—I	Ch.—II	Ch.—I	Ch.—II
1	Conventional method	1.42	1.72	1.38	1.69	1.38	1.74	1.40	1.71
	Rank	2	1	2	1	2	1	2	1
2	Shepherd's method	5.41	4.63	5.49	4.69	5.81	4.95	5.54	4.73
	Rank	1	2	1	2	1	2	1	2
3	Acharya's method	2.82	1.69	2.97	1.78	3.20	1.86	2.96	1.76
	Rank	1	2	1	2	1	2	1	2
4	Composite ranking performance indicator								
i.	Producer's share	73.84	62.89	74.81	64.02	76.17	64.98	74.76	63.80
	Rank	1	2	1	2	1	2	1	2
ii.	Marketing cost	6.93	8.53	7.19	8.85	7.23	8.88	7.09	8.72
	Rank	1	2	1	2	1	2	1	2
iii.	Middlemen profit	2.88	6.13	2.76	6.18	2.78	6.53	2.82	6.25
	Rank	1	2	1	2	1	2	1	2
	Composite rank	1	2	1	2	1	2	1	2
	Final rank	1	2	1	2	1	2	1	2

Inter-size as well as inter channel variation in retail price and retailer's profit is observed.

Functional Analysis in the Marketing of Marigold Flower

Functional analysis identifies important components in the marketing system. Size group wise and channel wise component wise marketing cost is presented in Table 2.

Table 2 shows that trader's profit is the most important function, which accounts for 28% of marketing margin in channel—I and the corresponding figure in channel—II is about 42% . The higher percentage is mainly due to presence of commission agent in the system. However, inter size group variation is negligible. Next expensive component in the system is noted to be transportation cost, which accounts for about 23% in channel—I and 19% for channel—II. The data show absence of inter size variation and presence of inter-channel variation in this cost component. The next important item is the miscellancous cost which includes market fee and octroi as inter size and inter channel variation is nil are included in miscellaneous item. Besides packaging, spoilage has increased the marketing margin. Inter channel variation in the magnitude of spoilage shows that addition of intermediary in the system increases the quantum of spoilage. This is clearly reflected as there is no inter size variation in the magnitude of this item.

The result of functional analysis highlights the least effect of variation in the size of operational holding in the marketing margin. But inclusion of additional intermediary increases the marketing margin of marigold flower in the sample area. This may be one of the reason for higher flow of flower and use by flower producer through channel—I.

Marketing Efficiency

Efficiency denoted in terms of ratio suggests that higher the ratio, the higher the marketing efficiency. The higher marketing efficiency indicates better marketing system. Marketing efficiency measured by different methods is presented inTable 3.

Table 3 exhibits that size of operational holding has least effect on the efficiency of marigold flower marketing. Whereas, flower enrouted through different channels influences the marketing system. Conventional method indicates that channel—II is efficient than channel-I. But Shepherd's method, Acharya's method, composite ranking method suggest otherwise. Higher efficiency of channel—I is explained by composite ranking method. It is observed that flower grower enrouting their flower through channel—I fetches higher share out of retail price and operates with lower marketing margin. Results of the study highlights that inclusion of an intermediary has increased the marketing margin and lowered the producer's share out of price paid by the flower user.

This has affected efficiency of marketing system.

Conclusion

Marigold flower has a wide use because of its demand for worship purpose. Inter size group variation in producer's share out of retail price, marketing cost and profit reaped by the intermediaries is not marked. But inter-channel variation is noteworthy. Producer's share and marketing margin clearly depicts the efficiency of channel—1 and dominance of the channel in transacting higher volume of flower. It is also clear from the analysis that size of operational holding has least effect on the marketing system.

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