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Marketing pattern of areca nut in Tumkur district of Karnataka

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Abstract
Karnataka is the potential Areca nut growing state in the country. As per data of 2018-19 Karnataka holds 464582 hectares of area with annual production of 620348 MT. In the State Tumkur district is a leading and highly depending of plantation crops (coconut and Areca nut). In this context present study planned to worked out the major marketing channels and constraints involved in marketing of Areca nut as a broad objective. The study finds that in studied areas three major marketing channels for Areca nut were used. In all the three channels a lot of market intermediaries were found involved during marketing of the produce. The study further observed that the price spread was higher in channel 3 (Rs. 48468.76) due to large number of middlemen involvement. The producers 'share in consumer rupee was recorded higher in channel 2 (50.26%) & also higher market efficiency (2.06) in this channel. It was identified that in all three marketing channels processors are involved in secondary processing. The study finds some of the powerful constraints i.e. middlemen, lack of technical knowledge, improper infrastructure and price fluctuations in marketing of Areca nut. Hence, the study has suggested to improve the marketing system in the study areas and growers able to get the expected price for their produce.

Keywords: Marketing, areca nut, growers, Tumkur, Karnataka

Introduction
Areca nut is not a native crop of India. It is commonly believed to be native to Philippines or Malaysia where it is cultivated in different varieties. It is a tropical crop which grows from West Indies to East coast of Africa, Bangladesh, China, Sri Lanka and Malaya. Actually, it was from South East Asia that the crop spread to Asia and India where it is cultivated as a cash crop. Production of Areca nut in India is predominantly in the coastal areas within the range of 400 km from the coast line and few non-coastal states of India are also growing the areca nut crop like Tripura, Nagaland, Mizoram, and West Bengal. India is the largest Areca nut growing country in the world. Karnataka and Kerala are the major Areca nut growing regions in India, together accounting for 70% of the country's area and production. As per data of 2017-18, Karnataka was the largest producer of Areca nut in the country with the production of 517 thousand MT, followed by Kerala (130 thousand MT), Assam (77.90 thousand MT) and Meghalaya (24.99 thousand MT). Karnataka cultivating the Areca nut plantation under 254 thousand hectares of land, followed by Kerala (98 thousand ha), Assam (80 thousand ha) and Meghalaya (16.90 thousand ha)(Source: Ministry of Agriculture and Farmers Welfare, Govt. of India. (ON1955). In 2017-18, India earned about 22,88,691 lakh Rs. value of output from the Areca nut. It includes the major states like Karnataka (1650418 lakh Rs.), Kerala (246792 lakh Rs.), Assam (217874 lakh Rs.), West Bengal (68062 lakh Rs.) and Tamil Nadu (35265 lakh Rs.).[Source: Ministry of Statistics and Implementation, Govt. of India. (ON2395)]

The Areca nut demand pattern was also found increasing rapidly by the appearance of new products like Gutkha, pan masala, etc. By this reason the farmers get benefited by the remunerative prices and also resulted in expanding the growing areas in non-traditional plain (Maidan) parts as well as in irrigated zones of Karnataka and some other states also.

In Karnataka, around 2.54 lakh hectares area under the cultivation of Areca nut plantation (nearly 51%. of total India's) and producing about 5.17 lakh MT of Areca nut (62% of total nation's) in 2019-20. In the state, Shivamogga, Dakshin Kannada, Davanagere, Tumkur, Chikmagalur and Uttara Kannada are the potential districts where Areca nut is grown at a significant levels. These districts closely comprise third - fourth th of total area and total production of the Areca nut in the state. (Source: Indiastat.com)

The scenario of consumption indicated that its consumption spread all over the country. Before 1980s, the raw form of Areca nut was consumed through the preparation of traditional Tambulam or Beeda. Up to 1965 the production level was not able to meet even the domestic demand. Development of value gained areca nut products like Gutkha and Scented Supari, etc. have given a real enhancement to an Areca nut economy in India. By value-addition the development of post farm enterprises through increment in consumption by all groups of people taken as a shape of prospects. Through processing, the consumers choice were enhanced, as a result of which the areca nut consumption increased mainly in north Indian states like, Maharashtra, Uttar Pradesh, Gujarat and Delhi. Areca nut finally reaches consumers probably in the processed value-added form like, Scented Supari, Gutkha and Beeda. The value added products reach at final destination by various intermediaries such as wholesalers, co-operative societies, traders, processors and others. It is necessary to ascertain the farmers share in the final price that the consumers pay for the value gained areca nut products.

As per the various literatures reviewed on the marketing aspects of this crop showed that Areca nut marketing is well organized in Karnataka with compared to other Areca nut producing states. The literature also indicates that marketable surplus of Areca nut is around 93 percent and it is marketed through the regulated markets, co-operative societies, and other private traders. The value chain denotes the relationships existed between the actors involved directly & indirectly as a stakeholder and take fruitful action with the goal of adding value in every stage of the value chain. Probably the value chain of areca nut includes the unions of growers (cooperatives, collective and producer's organization), distributors, processors, traders, regulatory and support institutions. These people are struggling hard to get their mutual needs and to achieve their desired goals. They incur energy, time and resources to meet their target on continuous basis during the process of marketing and addition in value chain.

With above background this study planned to analysed marketing pattern & supply chain of Areca nut under the broad objectives of to identify different marketing channels, price spread, constraints, etc. to explore the possibilities of higher producers share in consumers rupee of Areca nuts farmers in the sampled areas.

Methodology

The study based on mainly primary data that was collected through various round survey. The surveyed of the market was done through a pre-tested, well structured questionnaire and information were collected from various marketing centers, wholesalers, retailers, traders, cooperative societies etc,. An effort was also made to evaluate the value addition in aracanut with the help of the data collected from the farmers involved as intermediaries. In this context 30 market intermediaries were interviewed. Marketing costs and margins, price spread, Marketing efficiency, Producer's share in consumer rupees, value chain map etc were worked out and presented in different sections. The break up of various sampled intermediaries were 5 Trades, 6 Wholesalers, 6 Pre-Harvest Contractors, 2 Cooperatives, 4 Itinerant traders, 3 Processors and 4 Retailers.

To work out the marketing cost, marketing margin, price spread, producer's share in the consumers rupee in the marketing channel & efficiency was done from Acharya and Agarwal (1987) equations:-

$$Ps = (Pp \div Cp) \times 100$$

Where, Ps = Producer's share in consumer's rupee, Pp = net producer's price and
Cp = Consumer's price

Results and Discussion

Marketing Channels

The study identified three prominent channels through which a large amount of Aracanut produce passes from producers to the consumers. The identified channels are:-

Channel 1: Producer- trader- wholesaler- processor- wholesaler- itinerant trader- retailers- consumer.

Channel 2: Producer- co-operatives- processors- wholesalers- itinerant trader- retailers--consumers

Channel 3: Producer- pre-harvest contractors- traders- wholesalers- processors-wholesalers- itinerant traders- retailers- consumers.

The above identified channels revealed that the third channel is longest channel followed by the channel 2 and channel 3. The channel wise flow of produce presented in table 1

Table 1: Marketing of Areca nut under different channels by sample planters: (In Percent)

Channel	Small Planters	Semi Medium Planters	Medium Planters
Channel- 1	42.00	58.00	50.00
Channel- 11	33.00	42.00	50.00
Channel- 111	25.00	00.00	00.00
Total	100.00	100.00	100.00

***Source*:** Primary level data collected from the planters.

The table 1 cited below showed that the small planters sale 42 percent of the produce through channel 1 followed by channel 2, 33 percent and by channel 3 only 25 percent. In case of Semi medium planters about 58 percent of the produce sold through channel 1 and 42 percent through channel 2 but no produces passes through channel 3. The table again showed that the medium planters were found using channel 1 and channel 2 and 50 percent each channel passes the produce from producers to consumrs. In channel 3 only small planters sale their produce 25 percent and rest semi- medium & medium were found not using the channel 3. The table given below is self explanatory.

The above table showed that the third marketing channel is very special marketing channel in this study area because of involvement of some pre-harvest contractors, these contractors made the channel very lengthy in nature.

Price Spread in Areca nut marketing

Price spread in the marketing of Areca nut analyzed and presented in table number 2.

Table 2: Price Spread in the marketing of Areca nut in study area

Sl. No.	Particulars	Channel 1	Percent	Channel 11	Percent	Channel 111	Percent
1	Farmers selling price (Rs.)	40000	48.47	41000	50.89	34000	41.22
	Marketing cost of farmers	561.40	0.68	510.07	0.63	00.00	00.00
2	Pre harvest contractor purchase price	00.00	00.00	00.00	00.00	34000	41.22
	Market cost of pre-harvest contactor	00	00	00	00	3,007.78	3.64
	Margin for contractor	00	00	00	00	3,475.50	4.21
3	Trader purchase price	40,561.40	49.15	00	00	40,483.30	49
	Trader's marketing cost	2,031.31	2.46	00	00	2,068.31	2.50
	Margin of Trader	1,924.50	2.33	00	00	1,892.35	2.29
4	Wholesaler's purchase price	44,517.21	53.94	00	00	44,443.96	53.89
	Marketing cost	1,368.00	1.65	00	00	1,380.00	1.67
	Margin of Wholesalers	1,113.00	1.34	00	00	1120.00	1.35
5	Co-operatives purchase price	00	00	41,510.07	51.53	00	00
	Marketing cost	00	00	1,741.25	2.16	00	00
	Margin of co-operatives	00	00	1,955.00	2.42	00	00
6	Processor purchase price	46,998.21	56.95	45,206.32	56.12	46,943.96	56.92
	Marketing and processing cost	708.5+11,250	14.49	708.5+11,250	14.84	708.5+11,250	14.50
	Margin of processors	9,335.00	11.31	9,335.00	11.58	9,335.00	11.31
7	Wholesaler purchase price	68,291.71	82.75	66,499.82	82.55	68,237.46	82.74
	Marketing cost	1,425.50	1.72	1,415.00	1.75	1415.50	1.71
	Margin for wholesalers	2,316.70	2.80	2,312.50	2.87	2310.30	2.80
8	Itinerant trader purchase price	72,033.91	87.28	70,227.32	87.18	71,963.26	87.26
	Marketing cost	2255.00	2.73	2270.00	2.81	2250.00	2.72
	Marketing margin	2100.00	2.54	2120.00	2.63	2100.00	2.54
9	Retailers purchase price	76,388.91	92.56	74,617.32	92.63	76,313.26	92.53
	Marketing cost	1280.50	1.55	1,080.50	1.34	1,280.50	1.55
	Margin of Retailers	4,855.00	5.88	4,855.00	6.02	4,875.00	5.91
	Retail price of the product	82,524.41	100	80,552.82	100	82,468.76	100
	Price Spread	42,524.41	----------	39,552.82	----------	48,468.76	---------
	Farmers Share In Consumer's Rupee	47.79%		50.26%		41.22%	
	Total Market Cost	20,880.21		18,465.25		23,360.60	
	Total Market Margin	21,644.20		20,577.50		25,108.15	
	Marketing Efficiency	1.94		2.06		1.70	

***Source*:** Primary level data collected from the planters and market intermediaries.

The above table 2 indicates that the process of areca nut marketing, the intermediaries participating in the channel to provide a variety of services in order to make more money. The size of the intermediary's margin was used to gauge the marketing system's effectiveness.

Marketing margin is the addition of total profit gained by the different kinds of middlemen involved in the movement of the produce from the point of production center to the ultimate consumer. Marketing margin for unit quintal of areca nut in three different kinds of marketing channels are represented in the table 2 by the proof of table it would be realized that, the third marketing channel shows the highest marketing margin (25,108.15 Rs), although it was Rs.21,644.20 And Rs.20,577.5 Per quintal in channel 1 and channel 2 respectively.

In all the three marketing channels the processors are involved to do the secondary processing. These processors are those who gave higher degree of value addition to the podi and churu Areca nut. In which, the farmers also involved in the activities of processing of Areca nut. The final consumers received the podi and churu Areca nut from the retailers in the retail outlet shops. Constraints in the production and marketing of areca nut were collected and analyzed. The details are hereunder:

Table 3: Marketing constraints faced by producers

Sl. No	Constraints	Garrett Mean score	Rank
1	High intervention of marketing middlemen	60.75	1
2	High fluctuation in price	51.91	2
3	Lack of adequate infrastructure and processing facilities	51.45	3
4	Delay in payment	46.08	4
5	Poor transportation facility	39.79	5

Table 3 revealed that, most of the areca nut growers responded that regular involvement of marketing middlemen which was given first rank with a Garrett Mean score of (60.75). After the time of harvesting the middlemen are trying to communicate with the farmers with regard to selling and buying of the produce. Due to non-availability of technical knowledge and skilled workers the growers have to depend entirely on the market intermediaries. High instability in prices were also the major problem faced by the areca cultivators in the marketing aspect with a Garrett Mean score of (51.91) it was may be due to the entrance of bulk quantity of the produce to the market at the same interval, some depraved climatic factors, mismatch between the demand and supply of the produce, graded items all these unpredictable reasons cause the higher fluctuations in the marketing of the produce. With the Garrett Mean score of (51.45) the lack of adequate infrastructure and processing facilities ranks third given by the areca nut producers. Other constraints like delay

in payment of the produce and poor transportation facility also affect the marketing of produce at a considerable level.

Table 4: Marketing constraints faced by intermediaries

Sl. No	Constraints	Garrett mean score	Rank
1	Commercial grading and cleaning	62.25	1
2	Low margin	50.50	2
3	Market fluctuation	48.50	3
4	Lack of information	45.50	4
5	Transportation problem	43.25	5

The above table 4 indicates that the market intermediaries also faced constraint during the marketing. Market intermediaries are those persons who are involved in the chain link between the producers and the final consumers. They are helpful for the value addition and movement of the produce. They are faced the commercial grading and cleaning as a prime constraint faced by them with the Garrett mean score of (62.25). A large number of areca growers unable to recognize the commercial grading of their own produce. In the same lot they blend the superior and inferior quality of the produce. Because of that reason they fetch lesser price of their produce. By using manual lab ours, the process of ordinary grading was done by hand picking. But commercial grading separates the different nuts based on their quality. So, the intermediaries like wholesalers and cooperative societies had incurred more cost on different types of machines. Solution for this constraint is to commence and educate the farmers in trading classes. The middlemen facing the transportation problem. Due to rise in transportation cost regularly leads to increase in the marketing cost and it extends the price spread in the marketing chain. Lack of perfect market information also affect the intermediaries at the some extent.

Summary and Conclusion

In the study area it was registered that there are three marketing channels were prominently utilized in the marketing of areca nut. In all these three chains there were a lot of intermediaries involved to increase the length of the marketing chain. Out of these three-marketing channel the price spread was higher in case of channel III (48,468.76Rs/-) compared channel I (42,524.41Rs/-) and channel II (39,552.82 Rs/-). Channel III consist of large number of middlemen. So, the producer's share in consumer's rupee was higher in case of channel II (50.26%). We can able to observe the higher marketing efficiency in case of second channel (2.06) in which the chain length was very short than that of channel I (1.94) and channel III (1.70). In the value addition concept, in all the three marketing channels the processors are involved to do the secondary processing. These processors are the those who gave higher degree of value addition to the podi and churu areca nut. In which the farmers also involved in the activity of processing of areca nut. The final consumers received the podi and churu areca nut from the retailers in the shops.

There are some constrains which all the growers faced in the marketing of areca nut. In the prospect of areca nut marketing, most of the areca nut growers reported that regular involvement of marketing middlemen which was given first rank with a Garrett Mean score of 60.75. After the time of harvesting the middlemen are trying to communicate with the farmers with regard to selling and buying of the produce. Due to non-availability of technical knowledge and skilled workers the farmers have to depend on the market intermediaries. Next to that the major problems are high price fluctuation, lack of adequate infrastructure and processing facilities with the Garrett mean score of 51.91 and 51.45. Few constraints also faced by the intermediaries A huge number of areca growers unable to recognize the commercial grading of their own produce. In the same lot they blend the superior and inferior quality of the produce. Because of that reason they fetch lesser price. By using manual labours, the process of ordinary grading is done by hand picking. So, with the Garrett mean score of 62.25 they are facing it as a major problem. The other constraints experienced by the intermediaries are lower margin and the fluctuation in the market with the Garrett mean score of 50.50 and 48.50.

Suggestions and policy implications

It was observed that a huge difference between the grading process of areca nut at market sector and production sector, there is a necessity to give education to the growers with regard to commercial processing. If the proper grading technique was followed before marketing, then it will be likely to realize better price in the market. So, the government has to start and connect the commercial grading system at the farm level and to maintain the fixed grade specifications. The vast number of middlemen operating at various phases of the marketing process has impacted grower's bargaining strength. By decreasing the number and role of middlemen, this type of victimization can be avoided through electronic media and through proper marketing facilities. Areca nut growers must be made aware of all prevailing programs of the schemes related to the crop through effective use of extension machinery and print media. Attention should be given by directorate of extension, Government of Karnataka.

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