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## Constraints analysis in onion marketing faced by market intermediaries in Nashik district of Maharashtra

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#### Abstract

The present investigation was carried out to study constraints experienced by onion market intermediary's viz. wholesaler, retailer and exporter in Nashik district of Maharashtra state. Opinion survey was conducted to elicit the opinions, 5 wholesalers, 9 retailers and 5 exporters, regarding the constraints in marketing and export of onion. Garrett's Ranking Technique was applied for ranking these constraints. The major constraints analysed by the wholesaler and retailer in marketing of onion were high marketing charges/taxes (77.20) and poor infrastructure (73.40) respectively. Onion is export worthy commodity and exporter faced several constraints during export. Export policy uncertainty (MEP or subsidy) was found major constraint experienced by exporters with garret mean score of 82.00. The finding of the study indicate that there is need to call from Government and policy makers to pay attention on effective planning that would overcome the constraints experienced by intermediaries in marketing of onion.

**Keywords:** Onion, constraints, marketing, export, intermediaries, Maharashtra

#### 1. Introduction

Onion (*Allium cepa*) has an extensive culinary, dietary, therapeutic, trading, income and employment generation value. Onion is commodity of mass consumption and is grown almost all over the country mainly by small and marginal farmers as this is labour intensive crop. India ranks second after China having 1305.64 thousand ha. area and 22427.43 thousand metric tones production (Source: NHRDF, 2016-17) [6]. The three main seasons of *kharif* (monsoon), late *kharif* and *rabi* (winter) contribute 15%, 20% and 65%, respectively to the total onion production (Source: NHB, 2016-17) [5].

Maharashtra ranks first state in onion production with share of 30.03 per cent therefore it is called as 'onion basket of India' (Source: [www.apeda.com](http://www.apeda.com)). In Maharashtra, area, production and productivity of onion in year 20016-17 was 481.05 thousand ha, 6734.74 thousand metric tones and 14 ton/ha. Respectively (Source: NHRDF). The district of Nashik in Maharashtra accounts for the largest share in the production of onions in India. Nashik onion is not only consumed in the farthest corners of India, it is also exported to many countries.

Onion is a major item of agricultural exports, earning valuable foreign exchange to the country. Onion poses more problems as compared to other agricultural commodities due to seasonal and semi-perishable nature of onion; there are wide fluctuations in prices both month to month and year to year. It adversely affects the economy of the market intermediaries. In this regard, present study was conducted with an objective to know the constraints experienced by market intermediaries viz., wholesaler, retailer and exporter in marketing and export of onion in Nashik district of Maharashtra state.

#### 2. Methodology

The study was conducted in Nashik district of Maharashtra State during the year 2016-17. Maharashtra consists of 36 numbers of districts and onion is growing in all most all districts. Among these, Nashik district was selected purposively as having remarkable onion production in the state. Out of 15 blocks of Nashik district, Niphad and Yeola blocks were selected for the study because leading onion producing blocks and higher access to markets. For studying marketing aspects one APMC markets of Nashik viz; Lasalgaon was chosen based on the size of market for the onion crop. 2 per cent functionaries were selected for collection of data regarding marketing and constraints faced by market intermediaries. Altogether total in numbers market functionaries were viz.19, 5 wholesalers, 5 exporters and 9 retailers were

chosen for the study. A pre-tested structured interview schedule was used to collect the data from the respondents by personal interview method.

The collected details were analyzed using the Garrett's Ranking Technique. By using this technique, the order of the merits given by the respondents was changed into ranks by using the following formula:

$$\text{Percent position} = \frac{100 (R_{ij} - 0.50)}{N_j}$$

Where,

$R_{ij}$  = Rank given for  $i$ th item by  $j$ th individual

$N_j$  = Number of items ranked by  $j$ th individual

The percent position of each rank was converted to scores by referring to tables given by Garret and Woodworth (1969) [3]. Then for each factor, the scores of individual respondents were summed up and divided by the total number of respondents for whom scores were gathered. These mean scores for all the factors were arranged in descending order and constraints were ranked.

### 3. Results and Discussion

The findings of the present study as well as relevant discussion have been summarized under following heads:

#### 3.1 Major Constraints experienced by Commission agent/Wholesalers in marketing

The information in the Table 1 indicated that the onion commission agent /wholesalers facing several constraints in marketing of onion. The most important marketing problems faced by the wholesalers related to High marketing charges/taxes with mean score of 77.20 and therefore this problem was assigned first rank. A poor facility of drier (72.80) was another problem faced by wholesalers so this problem given second rank. The third rank was given to Erratic supply/Production (70.00) followed by competition from other wholesalers (57.00), poor road network(55.00), Lower price due to lower demand (52.00), mixing of different varieties (44.00), quality deterioration during storage (50.20), poor road network for transportation (41.82), Other infrastructure problems (38.60), poor quality supply (34.00), competition from importers (27.40) and lower supply(22.00) which were given fourth, fifth, sixth, seventh, eighths, ninth, tenth and eleventh ranks respectively.

**Table 1:** Major Constraints experienced by Commission agent/Wholesalers in marketing

SI. No.	Particulars	Garret mean score	Rank
1	High marketing charges/taxes	77.20	I
2	Poor facilities of drier	72.80	II
3	Erratic supply/Production	70.00	III
4	Competition from other wholesalers	57.00	IV
5	Poor road network	55.00	V
6	Lower price due to lower demand	52.00	VI
7	Mixing of different varieties	44.00	VII
8	Other infrastructure problems	38.60	VIII
9	Poor quality supply	34.00	IX
10	Competition from importers	27.40	X
11	Lower supply	22.00	XI

#### 3.2 Major Constraints experienced by Retailers in sale of onion

The information in the Table.2 indicated that the onion retailers facing several constraints in sale of onion to consumers. The most important problem faced by the retailers related to poor infrastructure with mean score of 73.40 and therefore this problem was assigned first rank. Competition from other retailers (71.40) was another problem faced by onion farmer so this problem given second rank. The third rank was given to competition from large organized retail chains (62.20) followed by lower price due to lower demand (55.80), government intervention in price (52.80), competition from imports (39.00), labour problem for grading and packing (52.46), quality deterioration during storage (50.20), other problems (34.00), lack of availability of market information at farm level (40.10), delay in sale and payment (36.88), poor quality supply (32.40) and lower supply (29.00) which were given fourth, fifth, sixth, seventh, eighths and ninth ranks respectively.

**Table 2:** Constraints experienced by Retailers in sale of onion

SI. No.	Particulars	Garret mean score	Rank
1	Poor infrastructure	73.40	I
2	Competition from other retailers	71.40	II
3	Competition from large organized retail chains	62.20	III
4	Lower price due to lower demand	55.80	IV
5	Government intervention in price	52.80	V
6	Competition from imports	39.00	VI
7	Other problems	34.00	VII
8	Poor quality supply	32.40	VIII
9	Lower supply	29.00	IX

#### 3.3 Major Constraints experienced by Exporters in export of onion

The information in the Table.3 indicated that the onion exporters facing several constraints in export of onion. The most important marketing problems faced by the exporters related to export policy uncertainty with mean score of 82.00 and therefore this problem was assigned first rank. Lower price due to lower world demand (76.60) was another problem faced by onion exporters so this problem given second rank. The third rank was given to competition from wholesalers (72.40) followed by lengthy government procedures (64.40), competition from other exporters (61.40), high port charges (58.60), poor port facilities (55.00), poor facilities of drier (53.20), poor road network (47.40), low domestic demand (45.00), mixing of different varieties(41.20), erratic supply/ production (37.40), problem of chemical residue (34.60), other infrastructure problems (34.20), poor quality production (23.80) and lower domestic production (16.20) which were given fourth, fifth, sixth, seventh, eighths, ninth, tenth, eleventh, twelfth, thirteenth, fourteenth, fifteenth and sixteenth ranks respectively. Export ban and arbitrary practice of fixing Minimum Export Prices (MEP) for onion often cost exporters in terms of losing their credibility in export markets as irregular suppliers. Fixation of MEP makes small exporters reluctant to export which sometimes leads to excess supplies in domestic markets, leading to low prices. Apart from this, despite the WTO and the Agreement on Agriculture (which focuses primarily on reduction of tariffs, increased market access, reduction in Aggregate Measure of Support in the form of

subsidies) subsidies continue as a result of which the expected gains have eluded developing countries like India (Competition Commission of India report, 2012) [2]. Therefore, Export policy uncertainty (MEP/subsidy) was ranked at first position with garret mean score 82.00.

Bangladesh, Malaysia, Sri Lanka and Middle East countries are consumers of the Indian onion which faces stiff competition from the variety grown in Pakistan, China and Iran as well which causes fall in price of Indian onion in world market. Apart from this, low productivity and poor quality of the produce as compared to the very high levels obtained in the advanced countries also reason for low demand by European countries. Imposition of non-tariff barriers like sanitary and phytosanitary (SPS) conditions on imports from developing countries and (Khunt, 2008 and Deshmukh, 2009) [4]. Lack of awareness and knowledge about the SPS measures and quality standards required to be adopted by the onion exporters. All these reasons lower the price of Indian onion in world market so lower price due to lower world demand was given at second rank (76.60).

Sometimes due to reason of MEP exporters not getting good price in international market whereas prices of onion in domestic market is good which gives stiff competition from wholesaler to exporters. Hence, competition from wholesalers was given to third rank (72.40). Exporters also have gone through several documentation procedures of government

while exporting which causes loss of time and money. Therefore, lengthy government procedure was ranked at fourth position (72.40). Competition from other exporters was ranked fifth position (61.40) because small exporters face competition from big one due to monopoly. Even though the MEP is fixed at very high levels, exporters manage to sell at prices below MEP through fake documents. This shows that in any case, some big traders benefit despite of high MEP. The freight rates in India are reported to be around 50 to 100 per cent higher than those prevalent in some other countries which does very little to improve our competitiveness. So, high freight charge was given to sixth rank with garret mean score 58.60.

The exporters have also expressed other problems in addition to the above listed problems but their intensity as well as the impact is of lower order which included poor port facilities with garret mean score of 55.00 (seventh rank), 53.20 poor facilities of drier (eighth rank), 47.40 for poor road network (ninth rank) low domestic demand with garret mean score of 45.00 (tenth rank), 41.20 mixing of different varieties (eleventh rank), 37.40 for erratic supply/ production (twelfth rank), 34.60 problem of chemical residue (thirteenth rank), 34.20 for other infrastructure problems (fourteenth rank), 23.80 poor quality production (fifteenth) and 16.20 for Lower domestic production (sixteenth rank).

**Table 3:** Major Constraints experienced by Exporters in export of onion

Sl. No.	Particulars	Garret mean score	Rank
1	Export policy uncertainty (MEP or subsidy)	82.00	I
2	Lower price due to lower world demand	76.60	II
3	Competition from wholesalers	72.40	III
4	Lengthy government procedures	64.40	IV
5	Competition from other exporters	61.40	V
6	High port charges	58.60	VI
7	Poor port facilities	55.00	VII
8	Poor facilities of drier	53.20	VIII
9	Poor road network	47.40	IX
10	Low domestic demand	45.00	X
11	Mixing of different varieties	41.20	XI
12	Erratic supply/ production	37.40	XII
13	Problem of chemical residue	34.60	XIII
14	Other infrastructure problems	34.20	XIV
15	Poor quality production	23.80	XV
16	Lower domestic production	16.20	XVI

#### 4. Conclusion

Onion is an important business to many market intermediaries. Due to urbanization and globalization, there is rise in demand for onion in both domestic and international market. Onion production is an eye irritating like onion itself as its production and prices remains not stabilized. Constraint such as labour scarcity, price fluctuation, yield risk, lack of market infrastructure and efficient marketing system, lack of access to credit, low export subsidy and high tariff barriers etc. result in low level of motivation to market intermediaries to practice onion marketing. There is need to proper institutional arrangements for minimizing the price uncertainty in order to avoid the higher price volatility of onion. This can be supported by introducing the minimum support price and export subsidy for onion also as in the other agricultural commodities. Beside this, effort should be also made to boost the export trade of onion by improving quality and quantity terms. Therefore, it is suggested that immediate steps should be taken to combat the constraints in marketing

and export, so that, market intermediaries of onion take better advantage in onion business.

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