Research Paper Management

Market Structure for Sale of Vegetable/Fruit Seeds in Krishnagiri District: A Micro Level Study

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ABSTRACT

[Tamil Nadu is one of the leading horticulture States in India contributing 7.7 percent to the national horticultural production with 5.7 percent of the national level area. The horticultural crops contain remarkable potential for export earnings in the State. Horticulture is now recognized as being an important driver for economic development, poverty reduction and improved nutrition for populations in developing countries. Krishnagiri District is more suitable for cultivation of Horticulture crops by way of its moderate climate, high altitude and fertility of the soil, therefore, in this study examines market structure for sale of vegetable seeds at the dealer level in the three Panchayats]

KEYWORDS

1.1 Introduction

Tamil Nadu is one of the leading horticulture States in India contributing 7.7 percent to the national horticultural production with 5.7 percent of the national level area. Tamil Nadu has been blessed with diversified agro-climatic conditions, suitable for a wide range of horticulture crops like fruits, vegetables, spices, plantation crops, flowers and medicinal plants. A large extent of wastelands and underutilized lands are available in the State for horticulture development. The crop diversification technique has been advocated to boost production and productivity of horticultural crops. The horticultural crops contain remarkable potential for export earnings in the State. Cardamom and pepper are important species of Tamil Nadu, Plantation crops of Tamil Nadu are coffee and tea and they are traditionally exporting products. Flowers have small areas in Tamil Nadu but the monetary value of production per hectare is very large. Palmarosa and indigo are cultivated in negligibly small areas, mostly for export.

Horticulture is now recognized as being an important driver for economic development, poverty reduction and improved nutrition for populations in developing countries. Increasingly success stories are becoming known, from flowers in Kenya, to onion production in Senegal, to agro-tourism in Jamaica, to dragon fruit in Vietnam, to high value vegetables, fruit, medicinal herbs and aromatic plants in India and Egypt. While recognizing barriers to increased exports and access to major international markets do exist, it is also well understood that there are real opportunities for enhanced local, regional, national and intra-continental trade that has the potential to enhance income to small and medium sized farmers. By keeping the above-cited views in mind, this study examines market structure for sale of vegetable seeds at the dealer level in the three Panchayats;

1.2 Methodology

Krishnagiri District is more suitable for cultivation of Horticulture crops by way of its moderate climate, high altitude and fertility of the soil, therefore, in this study selected Krishnagiri District of Tamilnadu. From selecting Krishnagiri District of Tamilnadu, three important vegetable/fruits growing Panchayats namely, Krishnagiri, Soolagiri and Vapanapalli were selected based on the area under vegetable and fruit crops in the respective Panchayats of Krisinagiri District of Tamilnadu. A multistage random sampling technique was employed. The sample size selected for this study, 80 sample observations from Krishnagiri Panchayat, 75 from Soolagiri Panchayat and 75 from Vepanapalli Panchayat respectively. Thus, totaling 230 sample observations selected from the whole Krishnagiri District of Tamilnadu. The sampling covered farmers, dealers, wholesaler and retailers to probability proportional to sample size.

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1.3 Market structure for sale of vegetable/fruit seeds

The collected primary data is applied to analyse the market structure for sale of vegetable/fruit seeds in the study area. The result of analysis is explained with the help of Percentage and Lorenz coefficient.

(i) Concentration of vegetable/fruit seed dealers in Krishnagiri Panchayat

Table 6.14 shows 11 per cent of the total number of firms handled 3.21 per cent of the total value of sales of vegetable/fruit seeds in the market of Krishnagiri Panchayats. The extent of market power concentration was computed with the Lorenz co-efficient of inequality. In this Panchayat, while around 11 per cent of dealers handled around 3.21 percent of sales of vegetable/fruit seeds, half of the total number of dealers accounted for around 28.36 per cent of sales. However, as the table reveals around 77.78 percent of the total number of dealers handled around 59.92 percent of the total sales and around 88.89 percent of the total number of the dealer's handled around 79.41 per cent of the total sales. As such, the concentration in seed marketing was not noticeable. This is confirmed by the low value of Lorenge Coefficient i.e., 0.287.

Table 6.14
Size distribution of dealers and coefficient of inequality in vegetable/fruit Seed market in Krishnagiri Panchayat

Size of firms (lakhs)	Percentage of firms	Percentage of sales	Cumulative percentage of firms	Cumulative percentage of sales
0-3	11.11	3.21	11.11	3.21
3-6	22.22	11.80	33.33	15.02
6-9	16.67	13.34	50.00	28.36
12-15	11.11	10.98	61.11	39.34
15-18	16.67	20.59	77.78	59.92
Above 18	11.11	20.59	100.00	100.00
Value of Lorenge Coefficient i.e., 0.287				

Source: Computed

(ii) Concentration of vegetable/fruit seed dealers in Soolagiri Panchayat

Table 6.15 presents size distribution of vegetable/fruit seed dealers in Soolagiri Panchayat. In this Panchayat, while 10 percent of the dealer handled around 2.78 percent of sales, 50 percent handled around 26.25 per cent sales and 80 percent of the total number of dealers handled around 61.53 percent of total sales. In this market concentration was slightly high (i.e Lorenge Coefficient of inequality = 0.309).

Table 6.15
Size distribution of dealers and coefficient of inequality in the vegetable/fruit seed market in Soolagiri Panchayat

Size of firms (lakhs)	Percentage of firms	Percentage of sales	Cumulative percentage of firms	Cumulative percentage of sales
0-2	10	2.78	10	2.78
2-4	20	9.31	30	12.08
4-6	20	14.17	50	26.25
6-8	20	21.94	70	48.19
8-10	10	13.33	80	61.53
Above 10	20	38.47	100	100
Value of Lorenge Coefficient i.e., 0.309				

Source: Computed

(iii) Concentration of vegetable/fruit seed dealers in Vepanapalli Panchayat

Table 6.16 gives the picture of size distribution of vegetable/fruit seed dealers in Vepanapalli Panchayat along with the extent of their handling of sales. For this Panchayat, 16.67 percent of the dealers handled around 4.68 percent of sales of vegetable/fruit seeds, 41.67 percent of the dealers handled around 20.64 percent of sales. However, table reveals that 75.00 percent of total number of dealers handled around 58.26 percent of total sales and around 91.67 percent of total number of dealers handled around 84.16 percent of total sale. The Lorenge coefficient of inequality happened to be 0.286 indicating low concentration of market power in the hands of seed dealers.

Therefore above discussion that the extent of market power concentration of vegetable/fruit seeds dealers in the study area is highly significant as per the results of Lorenge coefficient.

Table 6.16
Size distribution of dealers and coefficient of inequality in vegetable/fruits seed market in Vepanapalli Panchayat

Size of firms (lakhs)	Percentage of firms	Percentage of sales	Cumulative percentage of firms	Cumulative percentage of sales
0-2	16.67	4.68	16.67	4.68
2-4	16.67	8.93	33.33	13.61
4-6	8.33	7.03	41.67	20.64
6-8	16.67	16.67	58.33	37.31
8-10	16.67	20.96	75.00	58.26
10-12	16.67	25.90	91.67	84.16
Above 12 8.33 15.84 100.00 100.00				
Value of Lorenge Coefficient i.e., 0.286				

Source: Computed

1.4 Conclusion

It could be concluded from discussion that the Market structure was studied using the concept of Lorenge coefficient of inequality. The distribution of firms in different size groups was analyzed by working out the percentage of the firms in each group and their sales. Market is considered more competitive or market concentration is supposed to be lower when the Lorenge coefficient of inequality gets smaller. It can be seen from results that Lorenge coefficient of inequality for Krishnagiri Panchayat was low (0.287) indicating lower concentration of market power with vegetable seed dealers in the Panchayat. It could be seen from results shows that the market power concentration of vegetable seed dealer in Soolagiri Panchayat was slightly larger than for Krishnagiri Panchayat as the Lorenge coefficient for former was slightly larger (0.309). The coefficient of inequality for Vepanapalli Panchayat was 0.286 indicating low concentration of market power with seed dealers. From the above discussion, it is clear that the values of Lorenge coefficient of inequality were fairly low for each of the three Panchayats As such the vegetable seed dealers did not have much market power concentration. The results indicated that the market power was not highly concentrated with dealers in the study area. The vegetable seed dealers had competitive shares in the total sales of seeds. The seed supply system of cabbage is from other parts of the country, this exposes the producer to different problems. Like, lack of on time planting, to purchase low quality seeds, unfair price quotation, therefore there is a need to start with the production of cabbage seeds in Krishnagiri District either at private or cooperative level and/or create strong and institutional linkage with those that can produce best quality seeds and can provide on time with fair price. On top of this pest and disease occurrences should be managed, before they cause a destructive impact on production.

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