“AN ECONOMIC ANALYSIS OF PRODUCTION AND MARKETING OF ONION IN BHAVNAGAR DISTRICT OF GUJARAT”

ABSTRACT

Key words: Onion, Cost-Returns, Profitability, Resource use efficiency, Marketing cost & margin, price spread and Garrett’s ranking

The present investigation was undertaken with a view to study the cost and returns, resource use efficiency, price spread and constraints in production and marketing of onion in Bhavnagar district of Gujarat. The Bhavnagar district was purposively selected as it has the largest share (68%) in onion cultivation in the Saurashtra region. A total sample of 120 respondents was selected for the study. For studying price spread, eight functionaries from each category of onion market were randomly selected from Bhavnagar and Mahuva markets. The major analytical tools employed for the study were tabular analysis, cost concept, production function, price spread and constraints analysis.

The results indicated that the average total cost of cultivation per hectare of onion farms was Rs. 158678 which was the highest on large farms (Rs. 163056) and the lowest on marginal farms by (Rs. 151760). On an average, Cost-A (paid out cost) formed 69.18 per cent of total cost, while Cost-B accounted for 82.42 per cent of total cost. Out of total cost (Cost-C2), human labour cost ranked first (30.52%) followed by of planting material (11.78%). The average yield of onion per hectare was 299.56 quintal on sample farms which lead to Rs. 182280, Rs. 78219, Rs. 52590 and Rs. 64743 as gross income, farm business income, family labour income and farm investment income, respectively. The net profit per hectare over Cost-C2 was Rs. 24539. It varied from Rs. 22541 on marginal farms to Rs. 27751 on large farms. The average cost of production (Cost-C2) was Rs. 529.65 per quintal. The overall input-output ratio on Cost-C2 was about 1:1.15.

Resource use efficiency analysis revealed that manures & cakes, irrigation charges and plant protection chemicals have significant influence on the gross income with elasticities of 0.218, 0.115, and 0.104 per cent, respectively. The co-efficient of multiple determination (R^2) showed that 67.44 per cent of the variation in the gross income was accounted for by the independent variables included in the function. The sum of coefficients (∑b_i’s) was 0.564 which indicating diminishing returns to scale. The ratio of MVP to factor cost in case of all farms found to be the highest for
manures & cakes (3.81) followed by irrigation and plant protection chemicals which revealed underutilization of these resources.

The results of marketing revealed that the marketable surplus on sample farms was 98.54 per cent of total onion production. The highest quantum of production (57.89%) was sold through commission agent, followed by primary wholesalers. The onion growers paid the highest average total marketing cost of Rs. 57.27 per quintal of onion sold through commission agent followed by secondary wholesalers. On an average about 54.80, 19.39, 11.10, 9.41 and 5.31 per cent of total quantity of onion sold through Channel-IV (Producer - Commission agent - Primary Wholesaler - Processor), Channel-V (Producer - Primary wholesaler - Secondary wholesaler - Processor), Channel-II (Producer - Commission agent - Primary wholesaler - Retailer - Consumer), Channel-I (Producer - Local Merchant - Consumer) and Channel-III (Producer - Primary wholesaler - Retailer - Consumer), respectively. The producers got the highest net price per quintal in the Channel-IV. The marketing cost per quintal was the highest in the Channel-II (Rs. 319.00) while the marketing margin was the highest in Channel-I (Rs. 136.31) followed by Channel-V. The producer’s share in consumer’s rupee per quintal was the highest in Channel-I while marketing efficiency was the highest in Channel-I.

Unavailability of seeds of high yielding variety of onion was found to be the major production constraint while the problem of fluctuation in market prices was major marketing constraint. Different economic constraints faced by onion growers included high price of planting materials (Rank-I) followed by high price of pesticides.