

Domestic marketing and international trade of Indian small cardamom: current scenario and future strategies



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INTRODUCTION

- Indian small cardamom was once export oriented, but currently export intensity of production reduced due to increase in domestic market.
- Present study analyses domestic marketing system, export performance and integration of Indian and international markets of small cardamom.

METHODOLOGY

Data:

- Domestic market (Primary data), Indian & international prices (1980-81 to 2017-18) and Export (1970-71 to 2017-18)

Statistical tools:

- Domestic Market performance: Marketing cost, margin, price spread and efficiency
- Price formation and transmission: Co-integration analyses and Causality tests
- Export performance: Growth and instability analyses, Diversification indices.

RESULTS

Table 1 Marketing channels

I	II	III	IV
Producer	Producer	Producer	Producer
↓	↓	↓	↓
Village trader	Auctioneer	Village trader	Auctioneer
↓	↓	↓	↓
Auctioneer		Auctioneer	
↓	↓	↓	↓
Wholesaler	Wholesaler	Exporter	Upcountry wholesaler
↓	↓	↓	↓
Retailer	Retailer	Retailer	Retailer
↓			
Consumer	Consumer	Consumer	Consumer

Table 2 Market efficiency

Channels	I	II	III	IV
Marketing cost (₹)	140.88	128.48	250.38	189.08
Marketing margin (₹)	480.12	308.22	1470.62	997.62
Producer's share	61.88	75.00	30.94	51.06
Marketing efficiency	1.59	2.75	0.57	1.01

Figure 1 Export growth rate

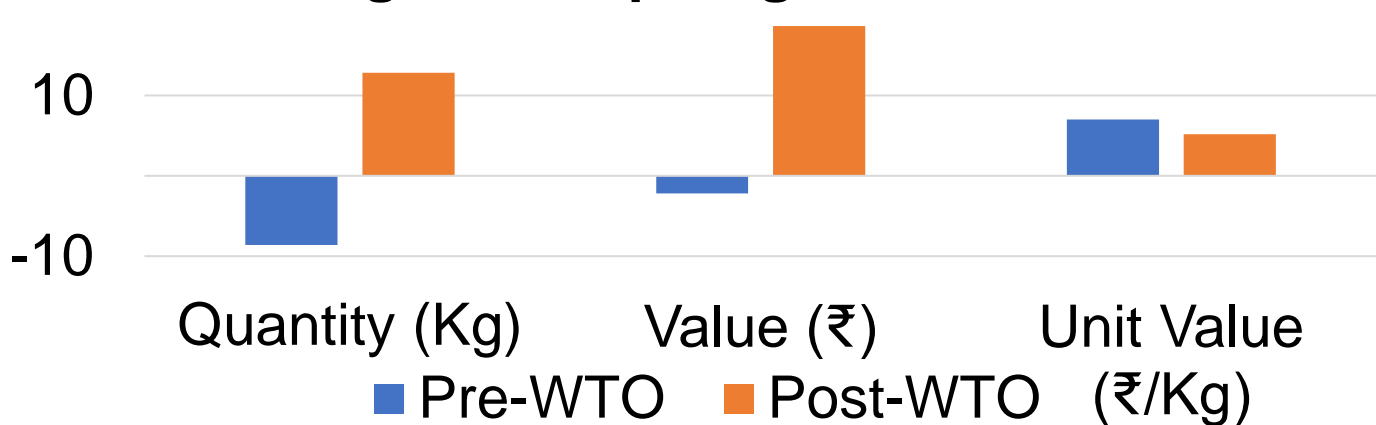


Table 3 Export diversification

Year	HI
Pre-WTO (1970-1994)	52.62
Post-WTO (1995-2018)	63.20

Figure 2 Export instability

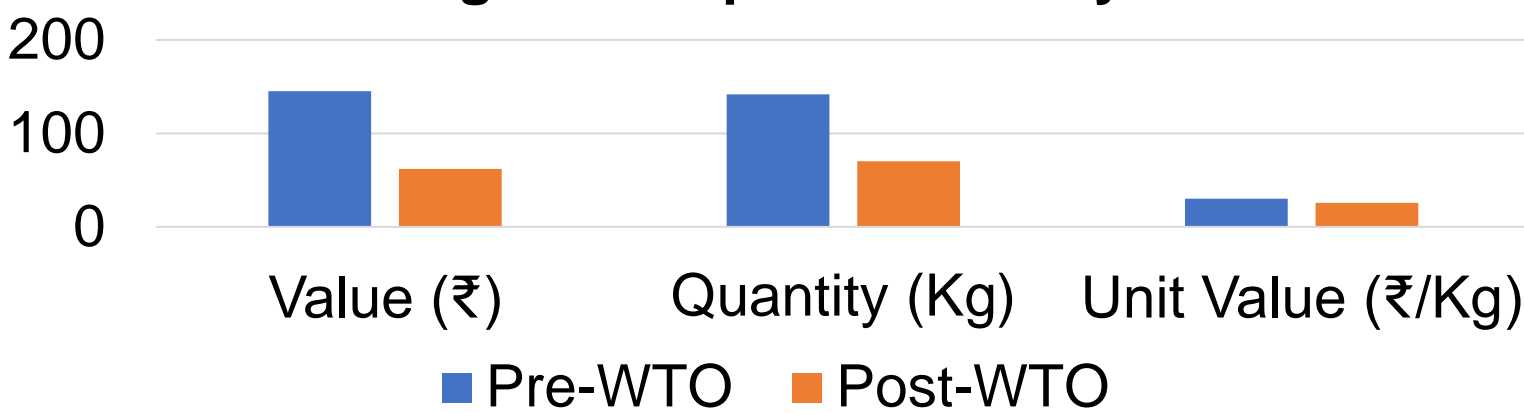


Table 4 Co-integration and Granger Causality tests

(c: co-integration and x: no cointegration)

Price series	Pre-WTO (1983-1994)	Post-WTO (1995-2018)
International and domestic-ungraded	X	C
International and domestic-graded (AGEB)	-	C

Price series	Post-WTO	Price series
International market	→	Domestic market (ungraded)
		Domestic market (graded - AGEB)

CONCLUSION

Major marketing challenges:

- Domestic market: High concentration of market power, lack of transparency in price setting and re-pooling.
- International market: Comparatively higher price of Indian small cardamom and residual pesticide content.

Measures to be taken

- Crop specific price stabilization mechanism, transparency and faster payment in e-auction system, effective ban on toxic chemicals at the national level.

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