CHAPTER IV

MARKETING OF BANANA - A FUNCTIONAL ANALYSIS

The cost of cultivation based on the category of farmers, geographical area, the variety of banana and the return on banana have been discussed in the previous chapter. The channels of distribution and the various functions associated with the marketing of banana are discussed in this chapter.

A channel of distribution for a product is the route taken by the title to the goods as they move from the producer to the ultimate consumer or industrial user. A channel always includes both the producer and the final consumer of the product as well as all the agent and merchant middlemen involved in the transfer.¹

A channel is the pipeline through which a product flows on its way to the consumer. The manufacturer puts his product into the pipeline or

marketing channel and various marketing people move it along to the consumer at the other end of the channel.

A marketing channel thus performs the work of moving goods from producers to consumers. It overcomes the critical time, place and possession gaps that separate goods and services from those who would use them.

**Channel levels**

Marketing channels can be characterized by the number of channel levels. Each middle man who performs some work in bringing the product and its title closer to the final buyer constitutes a channel level. Since both the producer and the final consumer perform some work, they are part of every channel. The length of the channel depends on the number of intermediaries in the channel.

A zero level channel consists of the manufacturer selling directly to the consumers. It may be through door to door selling or mail order business or through their own retail shop. A one-

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level channel contains one selling intermediary such as retailer. A two-level channel contains the wholesaler and a retailer in the consumer market. In a three-level channel the number of intermediary are three viz., wholesalers, auctioneers and retailers.

Banana, being a perishable commodity, requires an efficient distribution system to facilitate easy and quick delivery to the customers. Efficient distribution needs multiple channels.

Multiple channels are nothing but the different channels used for the distribution of the same product. Depending on the place of demand the channel used for marketing of banana may differ. If the demand is in the very place of production either zero level or single level or two-level channel is used. If the demand is in the nearest town, three-level channel is used by utilising the services of auctioneers in addition to the services of wholesalers and retailers.

In some places the services of auctioneers are replaced by the service of institutional agencies like Co-operative Marketing Societies, Regulated Market so as to enable the growers to
market their bunches at the minimum cost.

If demand is in a distant market the number of intermediaries involved in the channel of distribution is increased. The pre-harvest contractor is the first link with the grower and he in turn sells the fruits directly to some wholesalers or through auction.

The role of institutional agencies like marketing societies and regulated markets is limited. In Jelgoan district of Maharashtra State, the producers co-operative society undertakes the responsibility of marketing. In Tamilnadu Regulated Market performs the function of auctioneers in places like Polur and Chengam of Thiruvannamalai Sambuvarayar district and in Kattuputhur of Thiruchirapalli district. The taluk Co-operative Marketing Society both in Kulithalai and Musiri taluks of Thiruchirappalli district performs the function of auctioneers. The channel for banana in the neighbouring Thanjavur (undivided) district is different from that of Tiruchirappalli district. No institutional agency is involved in the distribution of banana in Thanjavur (undivided)

district. Only limited auction centres are there for banana that too in places like Thiruvaiyyaru, Thanjavur, Kumbakonam, etc. During the Pongal season, i.e., in the month of January, the producers bring their bunches to village shandies and sell them either through direct sale or through auction. But after the Pongal the local demand is meagre and hence they have to depend more on preharvest contractors, or traders of the nearby town. Thus the number of intermediaries are more in banana trade and the following are the various channels available for distribution of banana (This is shown in Diagram 7).

1. Growers - Consumers
2. Growers - Wholesalers and/Retailers-Consumers
3. Growers - Auctioneers - Wholesalers and/Retailers-Consumers
5. Growers - Co-operative marketing society/Regulated Market-Wholesalers and/Retailers-Consumers.

Channel Members

Channel members are those who are involved in the chain of distribution. They are as follows:
DIAGRAM 7

CHANNELS OF DISTRIBUTION OF BANANA

GROWERS

PRE-HARVEST CONTRACTORS

AUCTIONEERS

R.M.

C.M.S.

WHOLESAVERS

RETAILERS

CONSUMERS
7. Consumers/users.

**Growers**

Cultivators of banana are the growers, Banana being the cash crop, growers after meeting their own consumption, which will be very meagre, sell the excess quantity in the market. But the surplus can not be sold in the place of production. Only limited number of bunches can be sold directly to the users and in some cases through retailers.

For the sale of the remaining bunches the growers depend on preharvest contractors, auctioneers, wholesalers, and institutional agencies like Co-operative Marketing, Society and Regulated Market.

**Pre-harvest contractors**

A preharvest contractor is one who enters into a contract with the grower well in advance of the harvest to buy the bunches of banana at an agreed price. They have a unique position in agricultural marketing especially in marketing of
perishable commodities. They in turn sell to wholesalers either directly or through auctioneers. They play a vital role in marketing of flowers, citrus, orange, guava, mango, banana, etc.

In banana trade there are three types of preharvest contractors 1. Contractors who enter into an agreement with the producers 15 days to 30 days before harvest 2. Contractors who enter into a contract with growers 3 to 4 months ahead of harvest and the contractors who enter into an agreement with the growers sufficiently earlier i.e., 8 to 10 months ahead, which means in the beginning of II ratoon crop.

The first type of contractors have no risk, or liability. Any damage to the bunches due to any reason is a loss to the producer. Contractor is liable for payment of the agreed price only for the bunches cut till the end of the agreement date. Bunches which are not fully matured are sold by the growers separately to the third parties.

The second set of contractors normally enter into a contract immediately after the flowering stage. Price is fixed for the entire expected yield based on the number of matured plants. Since such contract is finalized in the second ratoon crops they can also cut the leaves.
The contractor unlike the first type has to take care of the garden and has to bear the loss if any arising out of gale/wind, etc.

The third set of contractors enter into an agreement immediately after the harvest of first ratoon crop with the condition that the entire field is to be given to them till the end of the next season so as to enjoy the income from the sale of leaves also. This is common in second ratoon crops. This method of contract is popular only in Thiruvaiyaru of Tanjore district and not in Trichy district. It is similar to a lease of a standing banana crop and the profit and risk to the contractor will be comparatively more.

But in Thirchirappalli district the first set of contractors are common. They also purchase the bunches even after the agreed date at a price depending on market conditions. They sell either directly to wholesalers, or in a distant market like Kerala through auction.

The services of the pre-harvest contractor are indispensable particularly in remote villages, where there are no auction centres or wholesalers.

They buy the bunches in bulk in the garden
itself and make payments immediately to the growers.

They relieve the growers from the burden of transportation of bunches as they buy them in the garden itself.

Pre-harvest contractors provide assured marketing to the growers. Further the growers are relieved from the risk of inadequate demand.

Auctioneers

Auctioneers are traders who assist the growers in the sale of the product through open auction. The buyers have to pay the price to the auctioneer. The auctioneer will pay the amount to the grower after deducting his commission, municipal tax and unloading charges. In Tiruchirappalli district the auction is conducted by the private traders in Gandhi market Tiruchi, Nochiam, Thottiam, Kulithalai etc..

Institutional Agencies

Institutional agencies include the Kulithalai co-operative Marketing Society, Kulithalai, the Musiri co-operative marketing Society, Musiri and the Regulated Market at Kattuppthur. The Kulithalai Marketing Society, Kulithalai
conducts auction at Kulithalai and Lalapet.

The Co-operative marketing Society Musiri conducts auction in Thottiam. The marketing society conducts auction only twice in a week.

The regulated market at Kattuputhur was established in 1983 exclusively for banana trade. They also conduct banana auction twice in a week. The growers patronage to the regulated market has increased over the years.

Wholesalers

The wholesaler of banana is one who buys in bulk and sells mostly in bulk. Occasionally he sells in smaller lots to the consumers also. In banana trade the wholesalers buy directly from growers in few cases. In certain other cases they act as preharvest contractors, and pay advance to the growers which enables them to get the produce at a cheaper price. There are wholesalers who send banana to distant markets at a pre-determined price. They also sell in auction in the distant markets like Madras, Bangalore, etc.. Apart from this, wholesalers of distant markets like Salem, Athur, Bangalore, Coimbatore, etc., visit the auction centres at Kulithalai, Lalapet, and Kattuputhur. The wholesalers
within the town may buy from the auction centres and resell them to other small traders. They also sell directly to the consumers. No distinction is made between a wholesaler and retailer except on the volume of sales.

Retailers

Retailers in banana trade refer to the traders who sell in smaller quantities to the consumers. Retailers include petty traders, pavement vendors and street vendors. Petty traders have fixed shops. Pavement vendors conduct the business having their shop in the pavements near temple premises, bus stands and hotels where the floating population will be more. Street vendors carry banana in head loads or by carts and sell at the doors of the consumers living in residential colonies and near factories.

Consumers

Consumers and users are the last link in the chain of distribution.

Marketing functions

Marketing functions are closely related and
difficult to be isolated. For instance, inadequate transportation may necessitate more storage facilities and vice versa.

Cutting.

The first marketing operation i.e., cutting is carried out either by the grower or by the preharvest contractors. The grower besides bearing the cost of cutting has to bear the additional cost of bringing the bunches from the garden to the road side if he prefers to sell them to the wholesalers.

Packing of banana depends upon the distance of transportation and the variety to be marketed. Sometimes the bunches are transported unpacked. If packing is necessary plastic sheets, paper, straw and banana leaves are used.

Unpacked bunches

In the strict sense it is not to be considered as a method of packing at all. Dry banana leaves are placed in the floor of the vehicle to avoid damage to the fruits in the lower portion of the bunches. For safe transportation and to minimise the chance of damage due to handling, the bunches are also bundled using dry banana leaves.
Keeping two bunches one above the other upside down and packing as one bundle strongly with banana leaves is also done.

**Use of plastic coverings**

Keeping each bunch in a plastic bag so as to delay the time of ripening of fruit and easy handling is also common.

**Enclosure of bunches in paper or straw**

This is another method of packing. In this method to avoid damage to the bunches during the transit, paper waste or straw are used as enclosures.

**Packing in boxes**

This method of packing banana, in boxes is used only for foreign despatches. The cost of packing and packing materials add to the cost of banana. Hence this method is not practised in inland trade.

In the area under study both traders and growers use only dry banana leaves for packing and for using them as enclosure of bunches while transporting for long distance. For movement of hill banana the hands of banana are separated from the
bunch and they are packed in baskets made of bamboo peel. Such baskets are used as they are very light.

**Assembling**

The assembling function of banana marketing is mostly performed by the growers themselves. The growers sell their bunches to the wholesalers either in the garden or in the roadside near the garden in the case of sale to distant traders. Quite a few growers sell their bunches through private auctioneers, due to the proximity to the cultivating place. Some others sell their banana through regulated market or through Co-operative marketing society. Still a few other growers sell their bunches to distant markets in Kerala when there is a possibility to get higher prices. In addition to the above said four methods, quite a sizeable number of farmers who reside far away from the market sell through pre-harvest contractors due to the assured marketing for their produce.

**Transportation**

Heavy dependence on road transport is a common feature in banana marketing. The exorbitant
transport cost, unsafe delivery, higher cost of loading and unloading in the case of railways are the reasons for preference of road transport.

Bunches of banana are also transported either by headload or by bicycle, bullock cart, tractors, depending upon the weight and number of bunches to be sold.

Out of 130 growers who require transport service 31 per cent of the growers mostly small and marginal farmers depend upon human labour and bicycles and the remaining respondents use the services of either bullock cart or lorries or tractors for transporting their bunches to markets.

Different modes of transport are used by the growers and traders depending upon the distance, the ability to pay and the need for quick transportation of bunches of banana. It is essential to preserve the quality of fruits while they are in transit. The method of vacuum pre-refrigeration for long distance transport of fruits will remove the handicap of growers in marketing their bunches and in disposing their bunches at higher prices.

Financing

Finance is absolutely essential to banana
growers not only for marketing efficiently but even for cultivation. Non availability of adequate finance may cut down the cultivation expenses, finally resulting in poor yield, small size and inferior quality. This in turn will create the problem of marketing. Further, growers are in need of finance for cutting of bunches, packing, loading, transportation, etc.. Absence of adequate credit from organised agencies forces the growers to dispose their bunches of banana through the pre-harvest contractors at unremunerative prices quoted by them. The problem of finance is common to traders also. But most of the wholesalers and contractors are able to manage with their own funds or get trade credit. The retailers especially street vendors, borrow from money lenders at exorbitant rate of interest and find it difficult to repay both the principal and the interest.

Storage

Storage has become a major problem with regard to agricultural products in developing countries. Between 5 and 10 percent of the world food grains production (5 percent representing about 50 million tons) is lost because of faulty storage, most of it in countries which are short of fund and
can least afford it. These losses alone would be sufficient to feed 400 million extra people. Where lack of ability to store discourages buyers, the adverse effect on farmer's returns is a strong deterrent to increased production.

Although bananas are agricultural produce, they do not form part of essential food in all places. But as a commercial crop especially when the area under banana cultivation is expanded they are bound to fetch huge returns to many growers. Therefore the feasibility of storing the bunches must be thought of to enlarge the scope of distribution.

Experiments were made by the Agricultural College and Research Institute (now known as Tamilnadu Agricultural University) Coimbatore on common and detached hands of Dwarf cavandish banana with single and double coatings of wax emulsions and application of paraffin wax at the cut ends of the bunch stem.

The results of the experiment showed that storage life can be extended from 7 days to 25 days by using refrigerated storage (58° ± 1°F). If dipped

in 12% wax emulsions prior to storing in refrigeration the storage life can be extended even upto 30 days. But the bunches are to be harvested in a slightly prematurelyed state and to be kept in cold storage within 12 hours of cutting.

Similarly the detached hands of banana ripen within 5 days in room temperature and reach the 'full ripe' stage after 18 days in cold storage. Double coating of 12% emulsions on the detached hands could preserve the fruits for 5 days more in room temperature and 10 and 12 days more in refrigerated storage. The cost involved in such treatment is around Rs.15/- per ton (around 6000 fingers/40 bunches). Even if the cost escalation is taken into account it would not be more than Re.1/- per bunch and it is within the reach of even a marginal farmer. But what is required is the adequate cold storage facilities within the reach of the growers. That means it should involve only minimum transport cost, handling charges, rent for storage, etc.

It should be under the ownership and control of public authorities like central/state warehousing corporation. Only recently the government

1. Sadasivan. R., Indian Horticulture July-September 1971,
felt the importance of such cold storage. According to Mr. Ku. Pa. Krishnan, the Minister for Agriculture in Tamilnadu, a cold storage plant for banana would be established in Tiruchirappalli district. The national Dairy Development Board had come forward to bear the entire capital out-lay of 2 crores. This would be a boon to the banana growers of Trichy District.

**Standardisation and Grading**

Standardisation is a process by which a standard already decided is attained. It is not possible in the case of agricultural products as there is no uniformity with regard to natural properties available from the soil. The features of these properties vary from one farm to another and from season to season. So also in the case of banana. The size of the fruits depends on the fertility of the soil, climate, irrigation, fertilizer application, etc.. Even in the same garden in the same season, there is difference in the number of fruits in each bunch and there is difference in size also.

Therefore natural products cannot be

1. Indian Express dt. 22.11.1992 p.5.
standardised. But it can be assorted or grouped on the basis of some common features. This process is known as grading. It is the process of sorting individual specimen of a given product of the standard grades or classes to which they belong.

The method of grading of banana is not scientific particularly in private auction shops, where the bunches are arranged horizontally one above the other. This is done for want of adequate space. But the bunches kept at the bottom cannot be seen and the exact size cannot be ascertained by the trader.

While grading in addition to the size and number of fruits, if weights are also considered as in the case of Bombay and Kerala, it would be more beneficial to the growers to have a higher return.

The analysis made in this chapter clearly indicates the various channels available for distribution of banana and the functions associated with marketing of banana.