

Coriander Value Chain Analysis

KOTA and BARAN, Rajasthan

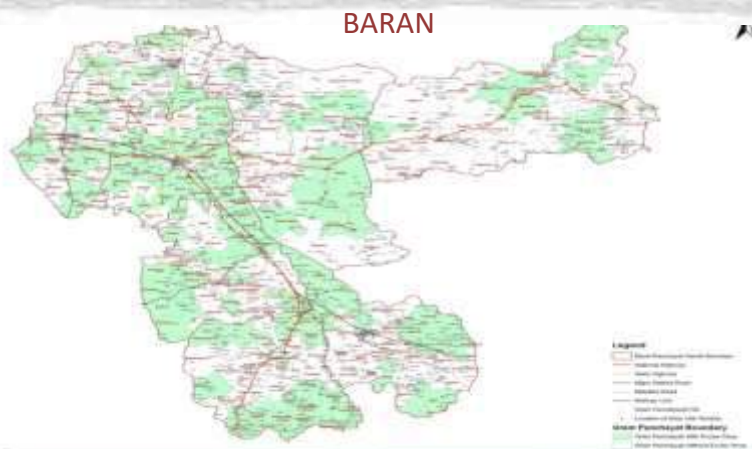


Project Area : Kota and Baran

KOTA



BARAN



Kota and Baran farmers usually grow Soybean, Paddy in Kharif season In Rabi, farmers grow Wheat, Chana, Coriander, Peas, Garlic and Mustard. Farmers in areas with availability of water grow paddy.

•Farmer Centrality: **Around 80% land area in Kota and Baran is under Soybean cultivation in Kharif season. Similarly, In Rabi, season 30% area is in Kota is under coriander cultivation,** Mustard and Wheat cover 40-50% of total cultivated area, whereas Garlic occupies around 15% area.

•**Abundant Marketable Surplus:** Farmers sell almost 75%- 85% of their produce as against any other crops like wheat which has almost 50%-60% of market surplus

Indicators	Kota	Baran
Total Blocks	8	4
Blocks Selected	Khairabad, Sultanpur, Sangod, Itawa	Anta, Baran, Kishanganj, Chhipabarod
Total Rural Cultivators – Census 2011 (in Selected Blocks)	180,920	2,21,130
No of SHGs (in Selected Blocks)	5910	6535
No of Village Organizations (in Selected Blocks)	4433	5185
No of SHG members (in Selected Blocks)	67945	76411

Baran	S.No	Rangdar are	Crops	Rabi (MT)	Kharif (MT)
	1.		Wheat	502852	0
	2.	Basis of their color	Soya-bean	0	244541
	3.		Rapeseed & Mustard	116710	0
	4.		Coriander	40000	0
Kota	S.No		Crops	Rabi (MT)	Kharif (MT)
	1.		Paddy	0	295851
	2.		Wheat	420284	
	3.		Soya-bean	0	144625
	4.		Rapeseed & Mustard	64848	0
	5.		Coriander	29067	0

State-Commodity-SECTOR –AT A GLANCE

PRODUCTION STATISTICS

- Kota and Baran are the major districts of Rajasthan known for high quality coriander
- Khairabad, Ramganj mandi and Nahargarh are leading blocks in terms of production
- From March'21-May'21 the average daily arrival of coriander was 10,000 Qtl. In Ramganj mandi alone
- Kota and Baran constitute 20% and 35% of total coriander production in the state, respectively.

Seasonality

Coriander is sown as Rabi crop in Rajasthan. The crop is sown in the second fortnight of November and harvesting begins in the beginning of February. It is a short duration crop. Thus the month of March- April are peak of harvesting and period of supply glut. From May onwards supply is reduced and almost 80% of the marketable surplus is sold by the farmers before May.

POPULAR VARIETIES

Badami, Eagle, Scooter and Rangdar are major varieties of coriander which are typically classified on the basis of their color

Crop	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Groundnut	H	H										S

LANDHOLDING PATTERN

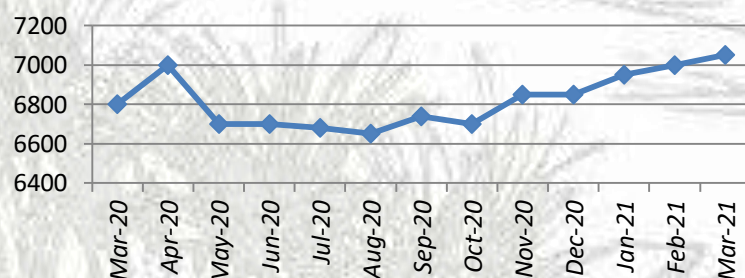
Landholding and Farmer Profile

Operational Land Holdings in the districts	% of Operational Land Holdings in Kota	% Land Area in Kota	% of Operational Land Holdings in Baran	% Land Area in Baran
Marginal (<1 Ha)	51.6%	30.1%	45.3%	35.5%
Small (1-2 Ha)	17.5%	17.6%	21.2%	17.8%
Medium (2-4 Ha)	18.1%	16.9%	19.9%	25.6%
Large (>4 Ha)	12.8%	35.4%	13.6%	21.1%



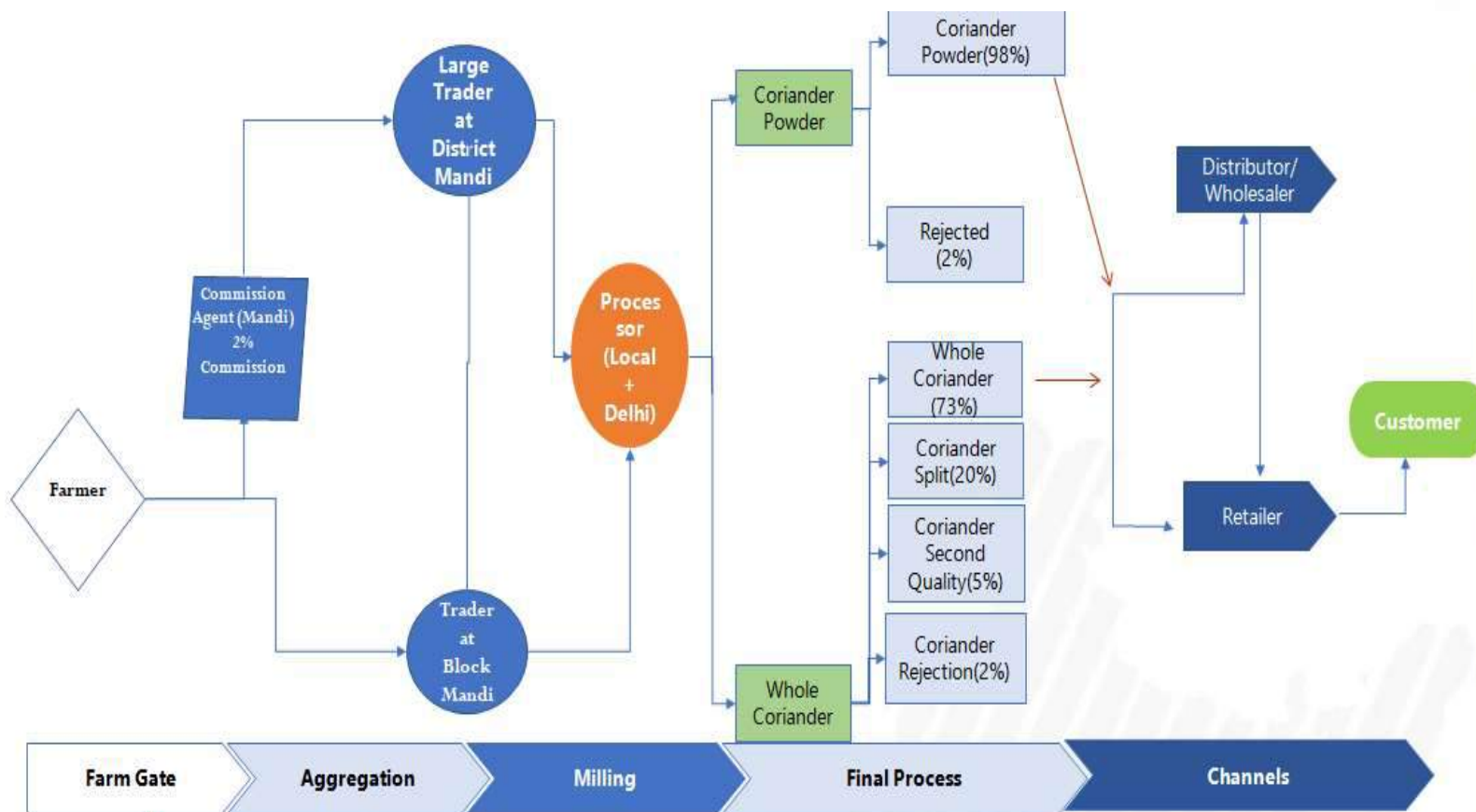
Economic Importance

Coriander Prices



Value Chain

Activities and Stakeholders



Explain Value Chain in words (in summary)

The post harvest Coriander Value chain involves multiple stakeholder starting from Village Level Aggregator (VLAs) , Traders and Processors .Multiple factors such as price, logistic, transparency and accessibility effect selling decision of farmer., therefore VLAs who predominantly belong from same village or nearby villages can command higher volumes from farmer. Around 80% of farmers prefer selling in mandi due to large number of buyers. Commission agents facilitates the process of auctioning. Most of the commission agents also work as trader who can stock large quantities in their warehouses and also have good networking with large scale processors.

The next important stakeholder in the supply chain are processors / Millers. Processing of coriander is done to make coriander powder which is then either marketed directly to consumer or sold to large FMCG companies.

Farmer can command between 30%-35% of the final price in the value chain.

Observations & Transaction Cost Analysis

Value Chain Gaps

In the existing value chain, it has been observed that farmers are at the bottom of value chain and have very low share in consumer rupee in value added products. Some of the weakness / gaps in the Value Chain are:

Arbitrary price Discovery : The buyer has access to various markets and price points compared to the farmer, hence has an information advantage over the farmer. NCDEX and APMC mandi play major role in price discovery of commodity. Farmer doesn't have access to platform like these. Also, lack of information regarding prevailing prices , arrivals etc. force farmers to sell in the village itself.

Payment terms: Different channel pays them differently but none of them pays them promptly and without reminders. In order to realize payment at point of sale, farmers have to take cut of 1% of price of commodity.

Other transaction costs incurred in selling her produce: To make her produce sales worthy, the farmer is expected to pack them in PP or gunny bags, transport them to the nearest market or mandi and take arbitrary cuts on account of foreign material, moisture and any other arbitrary cut that the buyer is able to enforce. The high transaction cost often forces farmers to liquidate their produce to VLAs at whatever price being offered by them.

Crop vulnerability to lots of soil borne diseases – Due to lack of good agriculture practices like crop rotation and soil management in the region the crop is vulnerable to a lots of insect pest and diseases specially the soil borne disease

Irrigation facility – The agriculture in the region is predominantly rainfed & the region often faces drought like situation. Due to untimely rain farmers often miss the timely sowing. Also, production is preferably done only on those part of landholdings which are connected to any source of irrigation leading to low overall acreage production.

Underdeveloped Extension Services – Farmers in the region lack different types of extension services like on field demonstration, training on good packages & Practices, transfer of technology, nutrient and insect pest management etc.

CROP		Coriander	
Description		Block Mandi	Local Mandi
A	Distance from Village (in kms)	40	7
B	Price Offered to the Farmer	6500	6300
C	Transaction Cost(Per Qtl.)		
1	Transportation Cost	166	56
2	Deduction for quality @ 0.5%	32.5	31.5
3	Extra material deduction @0.5%	32.5	32.5
4	Hamali	14	14
5	Sweeping Labour Deduction @0.2%	13	12.6
6	Primary Cleaning Rent	10	10
7	Farmers own expenses on food, tea etc	22.22	0
8	Travelling Cost of farmer	11	0
9	Opportunity cost/ wage loss for a day	100	100
TOTAL Transaction Cost (Rs/Qtl)		401	256
Net Realization		6099	6044

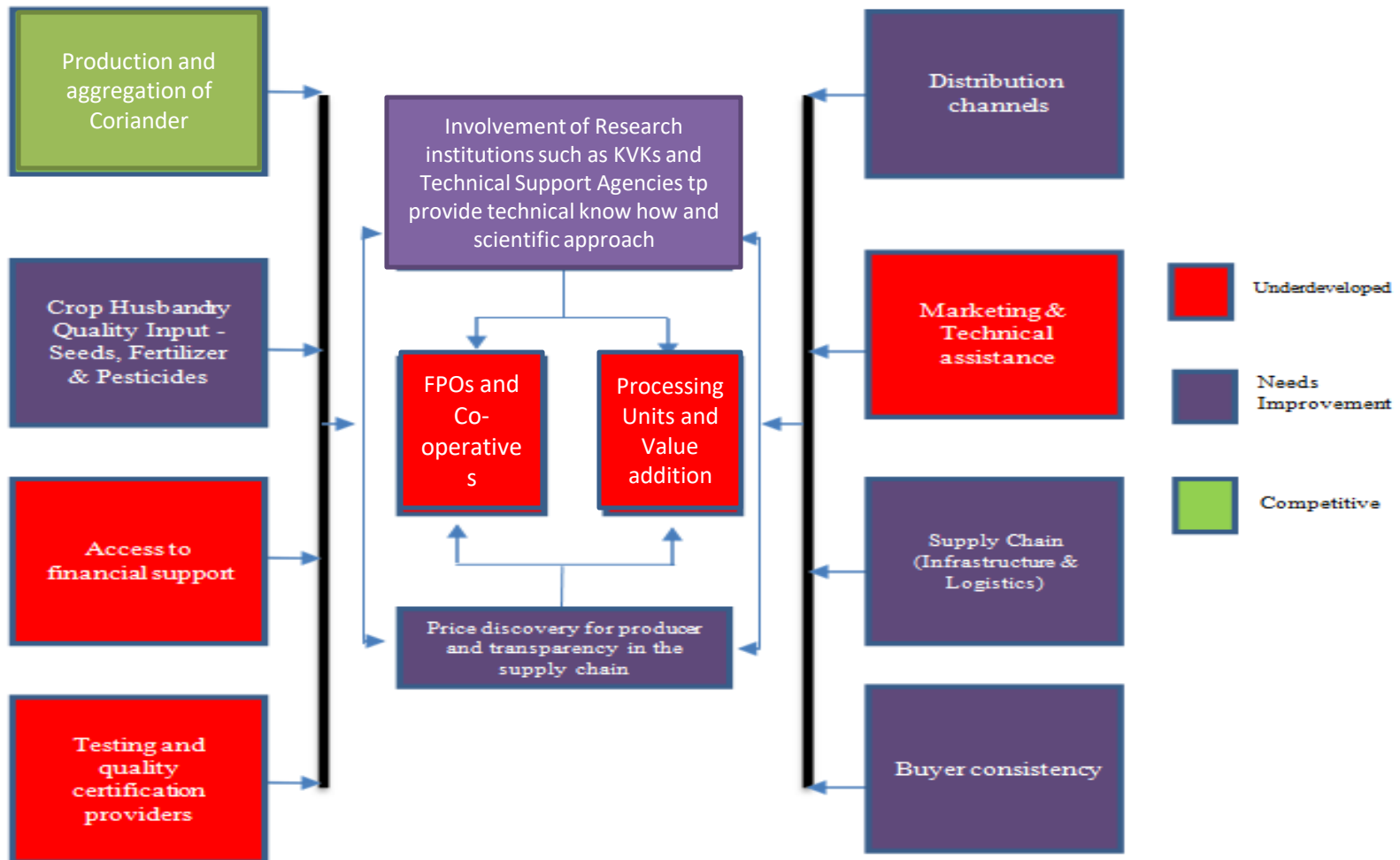
Transaction Cost Analysis

Source : Field Data

The farmers incur transaction cost of around Rs.250-350 per quintal while selling through the existing channel. The transaction cost consists of all the direct and indirect expenses which the farmer bears when he / she uses a channel to sell their produce. The major components in transaction cost in case of Groundnut in the region are mainly the transportation, different malpractices at Mandi and Discount for cash payment.

A detailed transaction cost analysis reveals that farmer incurs maximum cost through direct sales channel while selling into the major markets in the region. Although the returns are higher in this case but risk and associated transaction cost are also high leading to low net realization. The least transaction cost is when the farmers sell to village level aggregators, but the associated returns are also less in this case. Hence a model of low transaction cost and appreciable returns can be of benefit for the farmers.

Potential Point of Interventions



Potential point of Intervention in the existing value chain of Coriander is at the Aggregation and Processing level. Identified value chain gaps and transaction cost analysis suggests that there is enough opportunity to be captured at Village Level Aggregators, trader and miller level in order to reduce the transaction cost of farmers and in turn increase the net realization.

There is a scope for establishment of setting up of FPC that procures from its member shareholders at the village level through transparent system in place, processes and market the produce under the brand of PC thus increasing farmers share in consumer rupee in value added products.

Furthermore, there is a scope of reducing cultivation cost through FPCs by undertaking joint input sourcing activities for seeds, fertilizers, pesticides etc. under the umbrella of Producer Company.

Food For Thought.....

Farmer Producer Organizations

1. **Capacity Building:** Strengthening farmer capability through agricultural best practices for enhanced productivity.
2. **Quality Inputs:** Ensuring access to and usage of quality inputs, credit and other services at affordable prices for enhanced production.
3. **Storage:** Invest and operate community storage and drying facilities.
4. **Value Addition:** Facilitate tie up with processors for value addition of the produce.
5. **Market Linkage:** Facilitating access to fair and remunerative markets including linking of farmers to marketing opportunities through

Opportunities in Value Addition

1. Opportunities in the region exist for development of Garlic value chain
2. In the recent years farmers have shifted to cultivation of garlic due to higher prices.
3. But there is risk of volatile market prices in case of Garlic, which was identified as a gap.
4. The risk can be mitigated by providing proper storage facilities and access to markets.
5. The storage risk is associated with Garlic because of the perishability of the crop.
6. With proper storage practices the perishability of the crop can be enhanced.

For More Details

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