

## AN ECONOMIC ANALYSIS OF LAC MARKETING IN KANKER DISTRICT OF CHHATTISGARH

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## ABSTRACT

Lac is recognized as a high value cash crop and management of its marketing plays a vital role for better returns. The present paper examines the marketing costs and price spread in marketing of lac in the state of Chhattisgarh. District Kanker has been selected purposively for the present study. Data on marketing costs, margins and constraints in lac marketing is collected from lac growers, market functionaries and manufacturers. The lac grower received ₹ 75 per kg, which amounts to 86.15 per cent share in consumers' price. The primary purchaser's margin was ₹ 260 per quintal (2.99 per cent of consumers' price) and incurred ₹ 63 per quintal on marketing cost (0.72 per cent of consumers' price). The total marketing cost paid by the wholesaler was ₹ 743 per quintal (8.53 per cent of consumers' price). The wholesaler's marketing margin was ₹ 140 per quintal (1.61 per cent of consumers' price). 'Arhat' charges were 3 per cent of the transacted amount. There was tremendous scope to increase the profitability of lac growers in the study area by adopting proper marketing and processing techniques.

**Key words:** Lac marketing, Lac growers consumer's price, Profitability.

## Introduction

India is the leader in production and export of lac in the world. Major states engaged in lac cultivation in India are Chhattisgarh, Jharkhand, Madhya Pradesh, West Bengal and Maharashtra contributing around 95 per cent of national lac production. Lac is a natural resin secreted by an insect *Kerria lacca* (Kerr.) which thrives on the tender twigs of specific host trees viz., palas (*Butea monosperma*), ber (*Zizyphus mauritiana*), kusum (*Schleichera oleosa*), *Ficus* spp. Lac resin is a natural biodegradable product and finds wide utility in commerce and industry. Three natural, renewable, non-toxic and eco-friendly products derived from lac are resin, dye and wax. The national production of lac was 17,175 tons during 2008-09. Lac cultivation plays an important role in the farmers' economy in remote and under-developed areas of Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, West Bengal, Orissa, and parts of Uttar Pradesh, Andhra Pradesh, Gujarat and NEH region. It is a very remunerative crop, paying high economic returns to the farmers and also foreign exchange to the country through its export. The export earning from lac and lac products during the year 2010-11 was around 211.13 crores (Pal *et al.*, 2012). India export lac to more than 50 countries and top fifteen countries in terms of value are Germany, ARE, Pakistan, Indonesia, Bangladesh, USA, Jordan, Canada, UK, Italy, Kenya, New Zealand, Japan, Netherland and France.

Kabra (1983) made the following observations on lac marketing scenario in India i) The behaviour of

exporters concentrated on the value, rather than the quantity, which tended to reduce the demand for lac, ii) The sticklac prices are largely determined by manufacturer-exporter. It is done by backward working of prices and iii) Shellac manufacturer-exporter did little to plough back the profits in R&D or development of internal demand for lac. Due to dependency of lac industry on overseas market, these exporters controlled the domestic market. Thus, the marketing scenario mostly depended on the interests of these lac manufacturer-exporters. There appears to be some change in this situation due to a significant growth in the domestic consumption of lac. A dynamic equilibrium needs to be established to ensure that the price and supply do not adversely affect any of these markets. Prakash (2003) reported that major constraint in marketing of minor forest produce is collection in small quantity by traditional methods, marketing in raw form without grading and standardization, lack of price intelligence in the major markets, no notification for sale in unregulated markets of India and lack of basic infrastructure constraints like transport, storage and processing are the major bottlenecks which hinders in efficient marketing of these produce. Beohar (2003) has identified three important marketing channels for marketing of (i) producer/collector-consumer (ii) producer-retailers and (iii) producer-wholesalers. More than 85 per cent NWFPs were passed/disposed through second channel. The marketing cost of NWFPs was too low because tribals spent their free time for collection of NWFPs particularly when they have no agricultural work.

Lac growers receive 86.15 per cent share in consumer's price of their produce while margin of primary purchaser and wholesaler's was only 2.99 and 1.61 per cent respectively.

