

Analyzing Factors Impacting Cocoon Pricing in Hindupur Market of Andhra Pradesh

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Abstract:

The present study entitled “Analysing factors impacting cocoon pricing in hindupur market of Andhra pradesh” was undertaken mainly to probe deeper investigation into the economic aspects of marketing of silk cocoons. The study was undertaken in satya sai district as it ranks first in the area under mulberry crop production and having two regulated cocoon markets i.e. kadiri and hindupur. When compared to the other market in case of arrivals, there was some degree of seasonality observed with in the year with respect to arrivals as well as prices.

Prices and arrivals were strongly correlated at Hindupur market and weakly correlated in case of kadiri market. Both the conventional analysis and functional analysis were applied for the analysis of data and the results were presented below. Production activity is under taken throughout the year in the state. silk cocoons cannot be stored for more than one week. so, traders take advantage at the rulers option and fix a low price. The produce is marketed only in the regulated markets so the traders can easily control the fixing of the price. This study is undertaken to know the present cocoon price determining factors and suggest measures to be taken to help the poor cocoon producing farmers in getting appropriate prices for their produce. Though, the price of silk products are increasing, the price of cocoons are not increasing at the same pace. There must be a balance in the price trends between silk cocoon and silk products.

Keywords: Silk, cocoon, marketing, Hindupur, Andhra Pradesh, seasonality.

Introduction:

Sericulture is an agro based labour intensive industry which provides gainful employment to the rural unemployed youth and helps to uplift the socio economic status of the small and marginal formers. The economic advantages of sericulture industry lies in its high employment potential with low investment. Mulberry creates employment to 12 persons throughout the year. Among them 65% of employees were women directly supporting a greater role of women in development it requires low gestation period and continuous to yield for 15 to 16 years with little expenditure on maintenance. It gives higher returns unlike other agricultural crops.

Andhra Pradesh is second largest raw silk producer in India next to Karnataka. In view of potentially of the sector to develop the farming community to uplift rural economy the Government of Andhra Pradesh is assisting the farmer and entrepreneurs to take up sericulture activities in the state.

Market is a regular gathering of people for the purpose and sale of provisions livestock and other commodities a cocoon market is a place where the buyers and sellers are required to transact cocoons by open auctions under the regulations of law.

Silk cocoons being a perishable commodity they should be sold soon after harvesting. To help and protect the cocoon producing farmers from the exploitation of middleman and private market operators the government of AP enacted a law namely Andhra Pradesh silkworm seed and cocoon control act 1956. Establishment of cocoon markets are done under the above act in 1956. All transactions involving the sale and purchase of cocoons in market shall be by open auction, the payment of the price shall be in cash or other mode and the sil cocoons shall be sold by weight as required by or under the AP weights and measures and enforcement act 1958.

Methodology

For the purpose of study, the secondary data of production and price of cocoons are collected from the annual reports and monthly reports of the hindupur market government of AP. The data was tabulated and analysed with the help of statistical tools like mean, standard deviation, coefficient of variation for this study.

Monthly average prices and early average prices were taken into consideration for the wider study of the produce and prices fluctuations. Four years data is collected for the study to trace the option downs in productions and prices behaviour in hindupur market.

Objectives:

- To analyse the cocoon price behaviour in hindupur market.
- To analyse the cocoon price trend in hindupur account market.
- Plot the relationship between production and price of cocoons.
- To find out any replaceable means which will suit well for the fixation of cocoon prices.
- To analysis the effect of environmental conditions and rituals regarding the fluctuations and production of silk cocoons..

Cocoon markets functioning in AP:-

In order to avoid exploitation of middleman and private market operators in cocoon market, the Government of Andhra Pradesh passed an act named as the Andhra Pradesh silkworm seed and cocoon control act 1956. Accordingly all activities of silk and cocoon are done under the shadow of this act. Thus the cocoon markets are established to subserve the following functions

- To provide a convenient marketing place for buyer and seller
- To announce publicly the prevailing market rates for raw silk in the silk exchanges.
- To provide the incentive for sorting of cocoons and marketing them at rates corresponding to the quality.
- To encourage cash transactions, correct weightment and fair dealings.

Regular procedure of transaction:

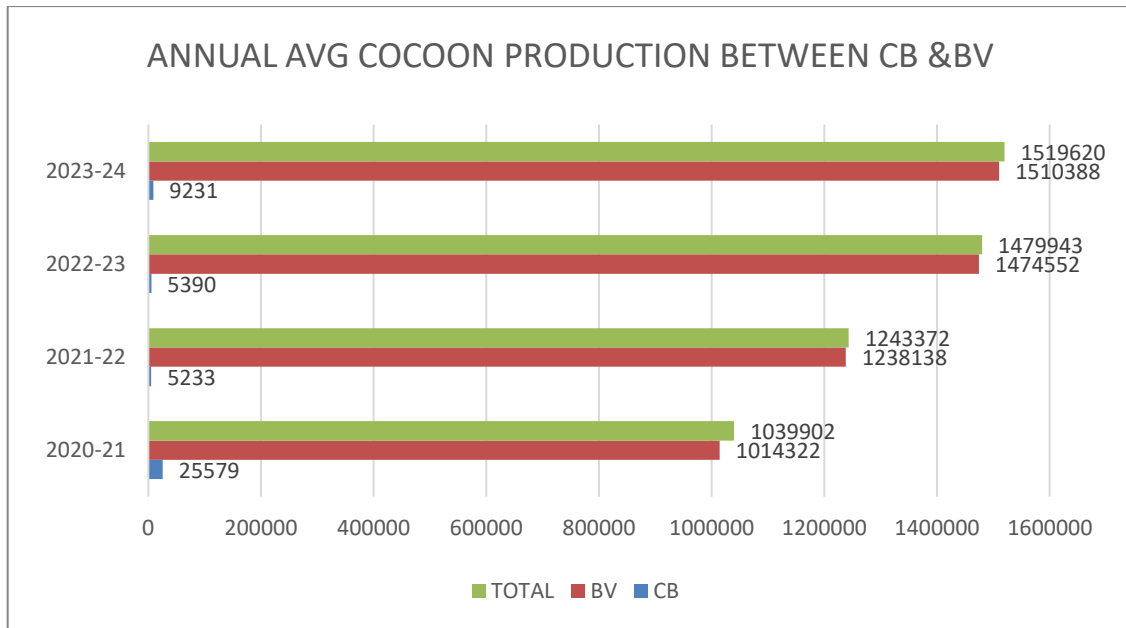
- No person shall or agree to sell, purchase or agree to purchase at any other place except in the notified cocoon market.
- Both farmer and rearer should have licence issued by department of sericulture, government of Andhra Pradesh to transact accounts cocoons.
- Cocoons produced by any licence rearer should be transacted only at Government markets.

- Rearer is free to sell in any cocoon markets in the state, wherever he likes.
- First, the cocoons brought by the farmer to the cocoon market issued a bidding slip in triplet. After the completion of auctioning, in the triplet one will be issued for reeler or LSPS, one is issued to rearer, one is kept by the marketing official.
- Immature cocoon lots will be rejected by the department personnel.
- Department personnel will inspect each lot for quality and fix base price on visual examination.
- Cocoons are kept on the stands provided for auctioning.
- Reelers or LSPs will start building in presence of market officials and rearer.
- Recently some class 1 market cocoons markets have adopted e-auctioning of cocoons, which gives more transparency and publicity in cocoon transaction.
- The highest bidder will have to take the approval of rearer of that lot, in presence of market officials and put their respective consent signature.
- In case the farmer is not satisfied with the price of he can opt for second auctioning.
- If the both the parties agree, the cocoons will be wide in presence of reeler and farmer and put their signatures on the bidding slips for weighing.
- The reelers has to deposit in cash the total amount incurred for cocoons purchased and 1% percent market fee on the total transaction.
- The rearers in turn gets the money from specified counters in the market the officials pay to the rare by deducting one person market fee on total transaction.

Cocoon production:-

- Silk cocoon quality depends on the quality of mulberry leaf. Mulberry leaf is a sole food plant for silkworms. If the mulberry leaves production increases then their cocoon production also increases. More observingly, the period between June to January, cocoon production increases. It is the main reason for gradual rise in the price trends of cocoons. Usually farmers rear two types of silkworms, they are bivoltine and cross breeds. Bivoltine cocoons will be high in quality and long in filament length.

TYPES OF COCOONS	2020-21	2021-22	2022-23	2023-24
CB	25579	5233	5390	9231
BV	1014322	1238138	1474552	1510388
TOTAL	1039902	1243372	1479943	1519620



Pricing:

The price of silk cocoons will be influenced by number of factors. Some of them are as follows ...

Weight:

- Weight of a cocoon is an important commercial factor. Because, it indicates how much raw silk can be reeled from it .
- The weight of a cocoon is influenced by the silkworm species ,rearing season and conditions during harvest.

Quality:

- The quality of the cocoon is an another important factor.
- Some quality parameters include the shell percentage ,the average filament length and the percentage of defective cocoons.

Type of silkworm:

- The type of silkworm that produced the cocoon is also a factor. For example, cocoons from the mulberry silkworm are generally considered to be the best and most expensive, while cocoons from other silkworm cross breeds are yellowish and usually cheaper.

Place of origin:

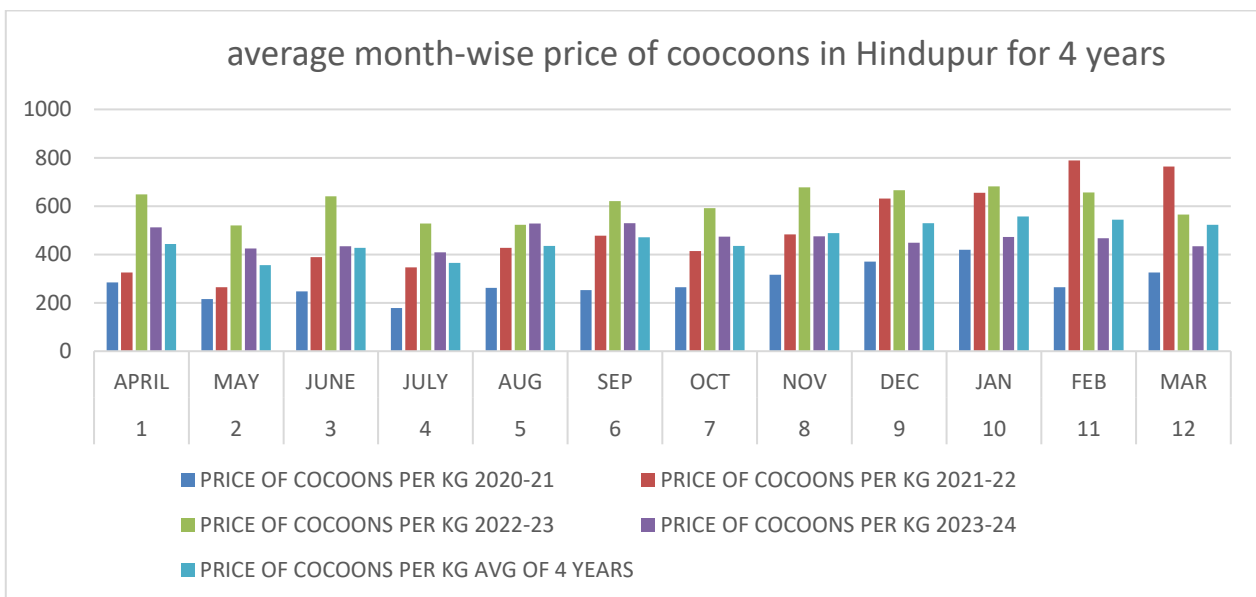
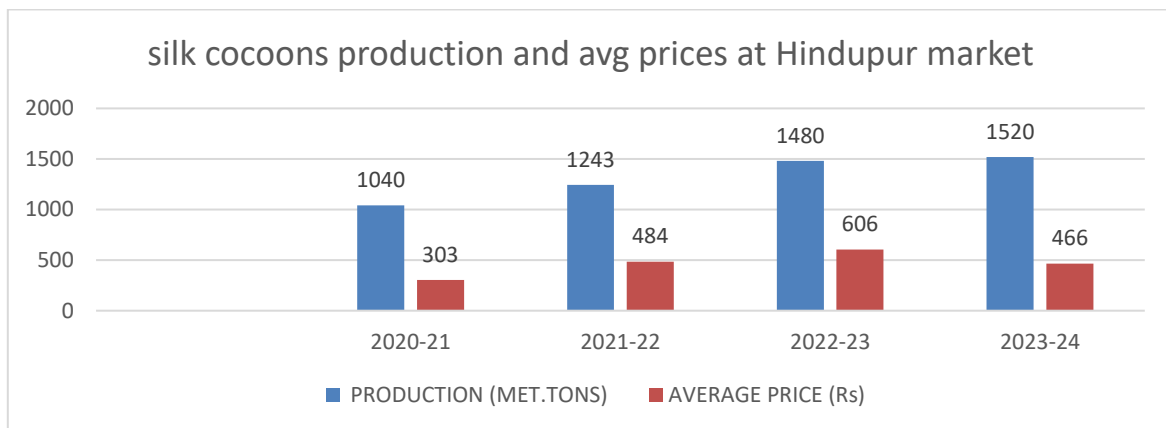
- The location where the cocoon was produced is also a factor.
Generally prices variation observed due to demand and supply .there is an inverse relation of production and price in market.

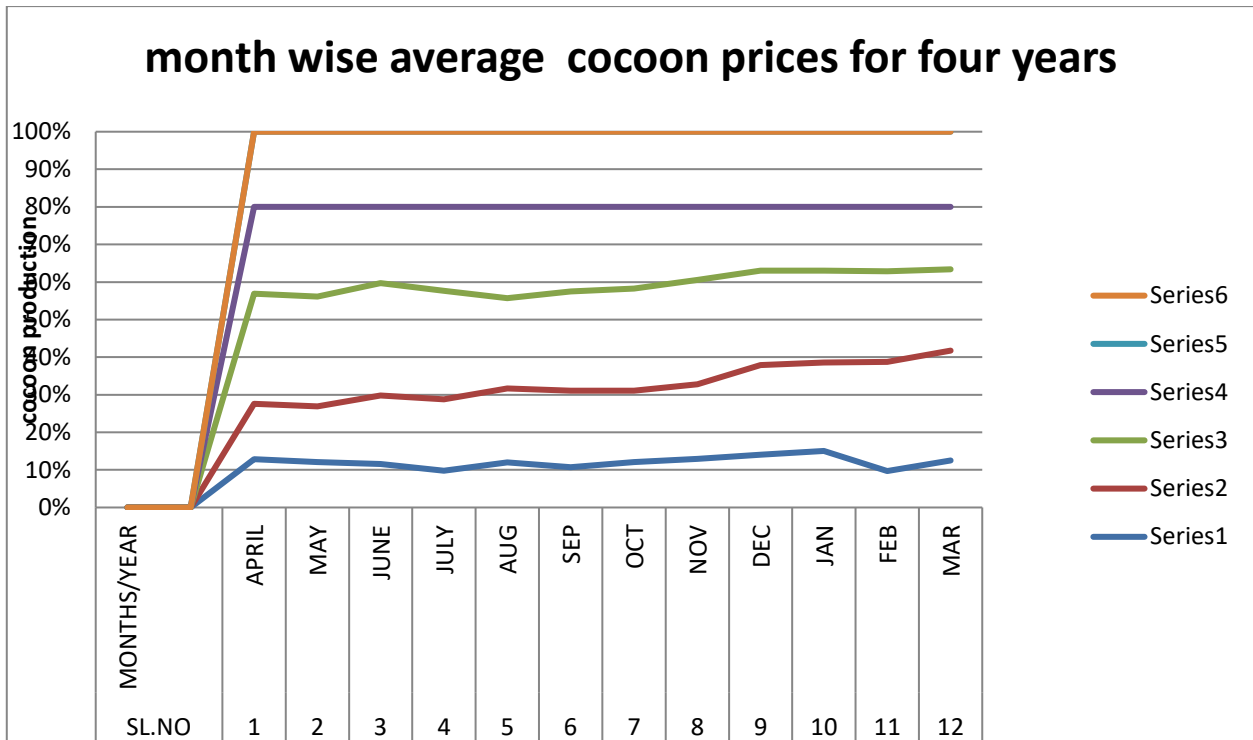
Price variation:

- Cocoons price is not fixed in the market. Price variance is mainly influenced by demand and supply in the cocoon market.
- It is influenced by productivity, no of farmers involved in farming at particular period of time. It is varied based on the rearing month also.

SL.NO	MONTHS/YEAR	PRICE OF COCOONS PER KG					AVG OF 4 YEARS
		2020-21	2021-22	2022-23	2023-24		
1	APRIL	284	326	649	512	442.75	
2	MAY	215	264	520	425	356	
3	JUNE	248	389	640	434	427.75	
4	JULY	179	347	528	409	365.75	
5	AUG	262	428	523	528	435.25	
6	SEP	253	478	621	530	470.5	
7	OCT	264	414	591	474	435.75	
8	NOV	316	483	678	475	488	
9	DEC	371	631	666	448	529	
10	JAN	419	655	681	473	557	
11	FEB	264	789	656	467	544	
12	MAR	326	764	565	434	522.25	

*Annual reports of Hindhupur cocoon market ,dept of sericulture, Government of Andhra Pradesh.





Conclusion:

There are many reasons for fluctuations in the production of cocoons and their prices. The reasons behind the variances in the price trends are due to mainly environmental conditions ,seasonal based, rituals linked and others. Geographically, Hindupur cocoon market is attracting the two states farmers to sell their produce.Though, the cocoon production level has been increased in the recent years, there is still a wide gap between the yield obtaining and production level actually possible with the existing new technologies as practiced by the progressive farmers.

There is a common link in between the production trends and average prices of cocoons in the Hindupur market. Generally, In January month of every year,we can observe top prices of cocoons per kg. In July month,there were very steeper lower prices when compared to all over the financial year average cocoon prices.Here,the most common reasons for these particular month wise price variations are due to seasonal changes, deviations in both the rearing and the reeling sectors due cultural rituals and festives.

When we take January month, it is in the winter season. Farmers generally reaps higher returns by rearing the silkworms in October, November, December, January months. Because, it is environmental friendly season for silkworm rearing. Particularly ,reeling sector in hindupur and its surroundings wasprofessionally occupied by muslim community. During the winter season, there were no any bigger cultural festives,they ultimately involve in the reeling fulfilledgedly for raw silk production. there is a balance in between demand and supply during this season.

In turn with July month, we observe the least prices. It is influenced by the rainy season rearing activities, where we can observe frequent environmental changes and ultimately, rearing be affected by various contagious diseases and thereby causing the crop loss and low productivity least quality cocoons. It ultimately effects on the fall of cocoon prices. Another reason for constant fall of prices during may, june, july also related to muslim festives like ramzan and bakrid. During his period ,they

prefer to do rojas and prayers regularly for one month tenure. Hence, they reduce their physical works for a while.

Above mentioned are some of the driving forces for fluctuations in cocoon prices in the Hindupur market. The rate of growth in the sericulture depends on the way farmers respond to dynamic market conditions, as they are the final decision makers concerning the allocation of land and other resources and supply of farm produces. Remunerative and stable cocoon prices plays a crucial role in increasing its production. On the other hand, wide price fluctuations disincentivize the farmers from making large-scale investments to improve productivity.

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