

STUDY ON MARKETING PROBLEMS OF CINNAMON QUILLS IN THE MATARA DISTRICT

R. P. S. S. Jayampathi¹, C. Sivayoganathan², J. K.
Lindara³, T. Geretharan¹

¹Department of Agricultural Economics, Faculty of Agriculture,
Eastern University, Sri Lanka

²Department of Agricultural Extension, Faculty of Agriculture,
University of Peradeniya, Sri Lanka

³Department of Export Agriculture, Labuduwa, Akmeemana,
Galle, Sri Lanka

ABSTRACT

Cinnamon is one of the major spices important in export economy. More than 90 percent is exported from the total production. There is a stagnant market in terms of export quality and value particularly for its value added products. Eventually, the average retail price of cinnamon products has also become stagnant despite of short-term fluctuations. Further, the grower's involvement in producing quality cinnamon products is drastically diminishing. A field survey was conducted covering 50 cinnamon farmers in three divisional secretariats in Matara district during 2007 to examine the marketing problems of the cinnamon farmers in the District.

The study revealed that there were several marketing problems of cinnamon farmers such as shortage of skilled labour, low labour productivity, very high cost of harvesting and processing, use of inappropriate technology, traditional management of processing and grading, lack of market information to the growers, lack of knowledge about quality requirements, inadequate government subsidies, lack of entrepreneurial skills of the growers and low profitability. Development of appropriate machinery, training of peelers, creating awareness of proper sanitary standards, provision of necessary institutional support, elimination of middlemen involvement and supply of subsidised credit facilities are recommended to improve cinnamon industry.

Key words: Cinnamon, Marketing, Matara

INTRODUCTION

Spices are important commodities both in domestic and overseas markets. Spices including spice-based essential oils contributed about 0.6 percent to the total Gross Domestic Product (GDP) and about 2 percent to the total foreign exchange earnings by generating Rs.9, 707 million in 2006. Its share in the total agriculture foreign exchange earnings was about 9 percent (Central Bank, 2006). Commercially important cinnamon species is *Cinnamom verum* Presel. It is an evergreen perennial belonging to the family Lauraceae.

It has been reported that the area under cinnamon cultivation in Sri Lanka in 1980 was about 16,000 ha. (Moore, 1978). Cinnamon at present is the most important spice and the predominant export agriculture crop in Sri Lanka in terms of foreign exchange earning. At present there are about 27,440 hectares of cinnamon land distributed mainly in the Southern Province of Sri Lanka. Cultivated extent has increased during the last 10 years. About 85,000 families and 150,000 labour units are actively involved in cinnamon cultivation. (Department of Export Agriculture, 2005)

The main producing districts of cinnamon are the Galle, Matara, Hambantota and Kalutara districts. Other producing areas are the Central Province, Sabaragamuwa Province and Uva Province. The concentration of the cultivation in these areas is historical and is mainly due to conductive nature of soil and climate for cinnamon. The marketing agents of cinnamon are concentrated in the main producing areas (Senarathe, 2000). The objective of the study was to examine the marketing problems of the cinnamon farmers and suggest ways and means of improving cinnamon industry.

METHODOLOGY

There are fourteen Divisional Secretariat Divisions in the Matara district. Among them Kamburupitiya, Hakmana and Mulatiyana Divisional Secretariat Divisions were selected according to the extent of cinnamon cultivation. Primary data collection for the study was through a survey research and personal interviews using a structured questionnaire. The questionnaire was designed to seek information related to marketing problems with respect to cinnamon quills production in Matara district. A code book was prepared and data were analyzed descriptively using tables, charts, frequencies and percentages. Statistical package for social

sciences (SPSS) and MS Excel software packages were used for statistical analysis.

RESULTS AND DISCUSSION

Generally, marketing problems include the problems associated with transforming, storing and transporting agricultural products, supply of agricultural inputs and information to the farmers.

Harvesting and processing

Harvesting and processing of cinnamon is considered as a skilled job. In this study 94 percent of respondents used hired labour for the harvesting and processing and rest 6 percent used family labour for this purpose. Most of the growers (84 percent) were paid at the rate of 50 percent of income for processing. Rest 16 percent of growers were paid 33 percent of the income to the labour as labour cost.

Time of harvesting decide by the farmers

It was found that the time of harvesting decide by the farmers depended on several factors. Majority (70 percent) of growers depended on the labour availability to determine the time of harvesting.

Table 01. Factors affecting time of harvesting (% Responding)

Factors	Percent
Economic status of farmer	14
Maturity of sticks	6
Market price	10
Labour availability	70

Some of the respondents (14 percent) determined the time of harvesting according to the current economic status of their family, 10 percent of the respondents determined their time of harvesting according to the current market price. Only 6 percent of farmers were determining their time of harvesting on the basis of the correct maturity stage of the cinnamon sticks. It was clear that 94 percent of respondents were not considering the correct stage of maturity at the time of harvesting. It would result in poor quality of quills products and low return to the farmer.

Quality of products

It was found that one of the major marketing problems was quality of the product. Difficulties to attain the required level of standard are due

to poor weather condition and high moisture content of quills, use of low cost processing technology, small scale nature of the production, harvesting of immature sticks, inadequate scraping of outer bark, improper grading and overuse of sulphur (S) in the storage.

Drying of quill products

It was found that almost all the farmers were using drying under shade to reduce the moisture content in the quill product. It would not provide regular drying of the product. Survey results reveal that 20 percent of farmers in the study area dried the product 7 days. Some of them dried for 6 days. But, majority of farmers (62 percent) dried the product only 5 days. Almost all the farmers dried the early product properly before storage.

Majority (80 percent) of farmers did not properly dry their last peel product before selling. They believe that if the last peel products were dried properly, weight of the final bulk would be reduced. Therefore, they mixed the last improperly dried quills with the properly dried stored quills before selling. It would result in the incorporation of the high moist quills with the properly dried quills. Finally, reduction of the quality would be the result.

On the other hand, absence of instrument to measure the moisture content of the quill was another constraint. All the farmers in the study area used sensing by hand to detect the moisture content of the product. It would result in difficulties in controlling of the moisture content of the quills thus bringing lower income to the farmer.

Sanitary condition of the peeling shed and quill product

Since the quill product of the cinnamon is consumed directly, the sanitary condition of the product is the most important quality parameter. Existing sanitary condition of the peeling shed and quill product is shown in the figure 01.

It was found that majority (68 percent) of respondents had poor sanitary condition of their processing shelter and final products. Only 12 percent of respondents had normal sanitary condition and 8 percent of respondents had the good sanitary condition of their processing shelter and final products. It was observed that most of the quill products were contaminated with the impurities such as hairs, cigarette filters, sand, soil, insect, body parts of the insects, plant leaves, mould and excreta of the mammalian etc. It has led to reduction of the quality of the final product at the export market.

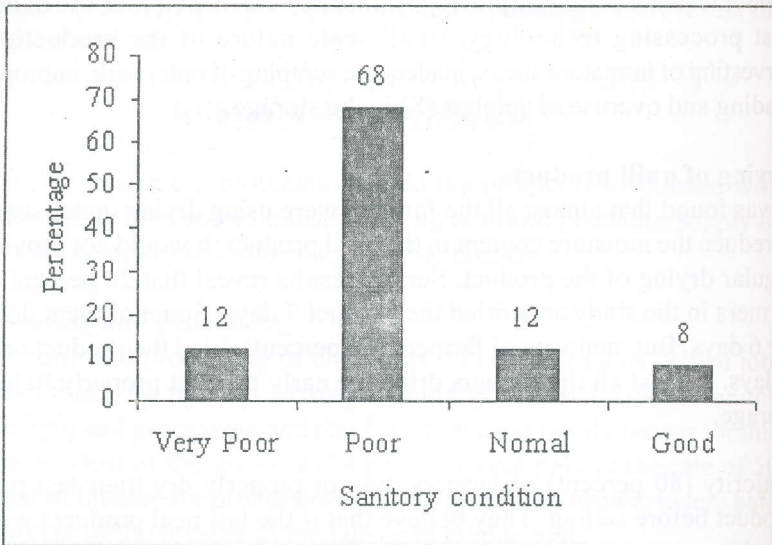


Figure 01: Percentage distribution of farmers by sanitary condition of the peeling shad and quill product

Improper grading

Majority of farmers (92 percent) were not practicing any grading before selling the quill product. They fetched the bulk of products as “mahakurundu”. Only 8 percent of the respondents graded the quill product as “heenkurundu” and “mahakurundu”. According to the DEA (2005), there are 10 grades of quill products mainly under the category of grade Continental, Mexican and Hamberg. However, the farmers in the study area were not practicing those grades. Since product price varies according to grades, farmers were unable to obtain the maximum profit from their product due to improper grading.

Weighing and pricing

The study revealed that 68 percent of the cinnamon farmers had poor attitudes towards the weighing and pricing method of the buyers. Village collectors and traders in the semi-urban market did many malpractices such as incorrect weighing and unfair pricing method to keep high profit margin. In the case of weighing, collectors and traders deducted some weight called tar weight and moisture weight from the original weight of the quills. Even if farmers produced the good quality cinnamon, collectors and traders were practicing this incorrect weighing method.

On the other hand, the malpractices of the growers such as immature harvesting, improper processing and adding of impurities to obtain higher income had become common marketing problems.

Storage of the quill products

It was found that 75 percent of the farmers had sufficient storage facilities. But, long term storage condition would result in drastic reduction of weight and aroma of the product. Further, it was found that majority of the farmers (86 percent) applied excess SO_2 smoking at storage according to their own experience to maintain the colour and prevent mould growth. This would lead to contamination of the product with excess amount of sulphur and finally would reduce the quality of quills.

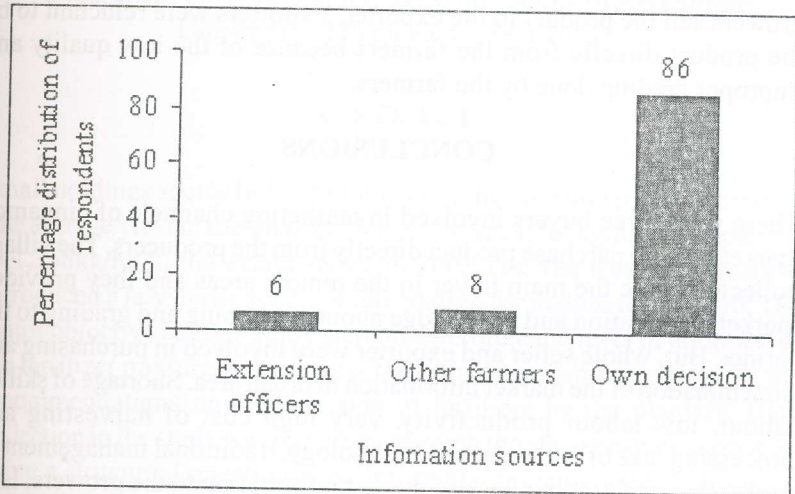


Figure 02: Distribution of farmers by information sources on application of sulphur at storage

Labour productivity in cinnamon industry

Low labour productivity was also a common problem in cinnamon marketing. The growers who cultivated comparatively large extent and growers who had cinnamon land far away from their residences were completely depending on hired labour. They were not in a position to supervise closely the work of the labour including the harvesting and processing; because most of them were living far away from the cultivated lands. The labourers completed the processing of cinnamon as early as possible while staying at the processing shelters in the cinnamon plantations. Therefore, these respondents obtained not only lower yield but also had to bear comparatively higher cost of production. Shortage of skilled labour and lack of training had led to low labour productivity and very high cost of harvesting and processing of cinnamon quills resulting in low profit margin.

Marketing channel

It was found that there were three main marketing channels in cinnamon marketing. The dispersed nature of the cinnamon holdings curtails the market access for many rural growers. Therefore, to avoid the high transport cost, majority of farmers (68%) sold their product to the village collectors other than transporting their product to the whole seller and exporter in urban area. A few (26%), particularly large holders and the growers who are living closer to the urban area transport their product to the whole seller in order to obtain high price. Only 6% of cinnamon growers sell the product to the exporter. Exporters were reluctant to buy the product directly from the farmers because of the low quality and improper grading done by the farmers.

CONCLUSIONS

There were three buyers involved in marketing channels of cinnamon marketing who purchase product directly from the producers. The village collectors were the main buyer in the remote areas and they provided market information and knowledge about processing and grading to the farmer. But, whole seller and exporter were involved in purchasing and dissemination of the market information in urban area. Shortage of skilled labour, low labour productivity, very high cost of harvesting and processing, use of inappropriate technology, traditional management of processing and grading, lack of market information to the growers, lack of knowledge about quality requirement, inadequate government subsidies and lack of entrepreneurial skills of the growers and low profitability were identified as the main marketing problems of cinnamon farmers in the Matara district.

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