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AN ECONOMIC ANALYSIS ON MARKETING OF GREEN TEA IN KANGRA DISTRICT OF HIMACHAL PRADESH

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ABSTRACT

The present study titled "An Economic Analysis on Marketing of Green Tea in Kangra District of Himachal Pradesh" focused on the marketing dynamics of green tea in the Kangra district, particularly in Baijnath block, which was purposively selected. The study aimed to analyze the economic aspects of marketing green tea through various channels. Data was collected from randomly selected villages and respondents, who were involved in green tea cultivation. The research revealed two major marketing channels: Channel-I, which involved the producer selling to a wholesaler, who then sold directly to the consumer, and Channel-II, where the producer sold to a wholesaler, then to a retailer, and finally to the consumer. In Channel-I, the producer's sale price was Rs. 790, with the net price received by the producer being Rs. 681, and the consumer paid Rs. 978 for the product. The total marketing cost in Channel-I was Rs. 182, with a marketing margin of Rs. 115 and marketing efficiency of 2.29%. In Channel-II, the sale price remained the same, but the consumer paid Rs. 1251, with total marketing costs of Rs. 246, a marketing margin of Rs. 324, and marketing efficiency of 1.19%. The findings indicated that Channel-I was more efficient in terms of marketing, with a higher marketing efficiency than Channel-II. The study also highlighted the substantial role of marketing costs, margins, and the price spread in the overall economic analysis of green tea marketing in the region.

Keywords: Green Tea, Marketing Channels, Kangra District, Marketing Efficiency, Price Spread.

INTRODUCTION

Green tea, derived from the Camellia sinensis plant, is a beverage renowned for its health-promoting properties and significant cultural importance. Unlike black tea, green tea undergoes minimal oxidation during processing, which helps preserve its natural antioxidants, primarily catechins, including epigallocatechin gallate (EGCG), known for their potential to combat free radicals and reduce oxidative stress. The beverage has been extensively studied for its potential to support cardiovascular health by improving cholesterol levels and enhancing blood flow. Additionally, green tea is associated with various metabolic benefits, such as promoting fat oxidation and aiding in weight management. It also possesses anti-inflammatory, anti-cancer, and antimicrobial properties, which contribute to its growing popularity as a functional food.

The consumption of green tea has been linked to improved brain function due to its moderate caffeine content, which, combined with the amino acid L-theanine, is believed to enhance focus and cognition without the jittery side effects often associated with higher caffeine drinks. Furthermore, its potential role in regulating blood sugar levels and improving insulin sensitivity suggests benefits for individuals with or at risk of type 2 diabetes. While these health benefits have been widely recognized, it is essential to consume green tea in moderation as excessive intake may lead to adverse effects due to its high caffeine content and presence of certain compounds like tannins. Overall, green tea remains a celebrated beverage for its numerous health advantages, making it a preferred choice for individuals seeking a natural, functional drink in their daily routine.

RESEARCH METHODOLOGY

The methodology employed in this study to select the district, blocks, villages, and respondents was a combination of purposive and random sampling. The district of Kangra was purposefully selected to minimize inconvenience and time constraints for the investigator. Within Kangra, Baijnath block was chosen due to the higher number of respondents involved in green tea cultivation. A comprehensive list of villages within the block was compiled, from which five percent were randomly selected, ensuring they had a significant number of green tea farmers. For the selected villages, a list of all green tea farmers was created and categorized into five landholding size groups: Marginal (less than 1 hectare), Small (1-2 hectares), Semi-medium (2-4 hectares), Medium (4-10 hectares), and Large (more than 10 hectares). From the list of 120 farmers, a random selection was made using proportionate random sampling. Additionally, to examine marketing costs, margins, price spreads, and efficiency, 10 wholesalers, 5 retailers, 5 farmers, and 5 consumers were chosen for detailed analysis. Primary data was collected through a well-structured schedule, while secondary data was sourced from books, journals, reports, and official records from district and block headquarters. Data was gathered using direct personal interviews and survey methods. The collected data pertains to the agricultural year 2024-2025. The statistical tools employed were used for data analysis and to present the results clearly and systematically.

Analytical Tools

1. **Cost of Marketing**

$$C = Cf + Cm1 + Cm2 + Cm3 + ... + Cmn$$

2. **Margin of Market**

$$AMI = Pri - (Ppi + Cmi)$$

3. **Spread in Price**

Marketing Cost + Market Margin

4. **Efficiency of Marketing**

$$= \frac{\text{Price received by producer}}{\text{Marketing Cost + Marketing Margin}}$$

RESULTS AND DISCUSSION

Table 1: Distribution of respondents based on their preference on marketing channel.

- ***Channel I:*** *Producer –Wholesaler- Consumer*
- ***Channel – II:*** *Producer -Wholesaler-Retailer-Consumer*

S. No.	Channel Type	No of respondent	Percentage (%)
1.	Channel – I	44	**45.00**
2.	Channel -II	66	**55.00**
Total		**120**	**100.00**

Table 1: The table presents the distribution of 120 respondents across two channel types. Channel I garnered responses from 44 individuals, representing 45% of the total sample, while Channel II received the highest number of responses, with 66 individuals, constituting 55% of the sample. This indicates a greater preference for Channel II, as it attracted the majority of respondents compared to Channel I. Although both channels exhibit notable engagement, the data suggests that Channel II is slightly more favoured or utilized by the respondents in this survey, with a higher proportion indicating its preference.

Table 2: Marketing cost, Marketing Margin and Marketing Efficiency in marketing of green tea through Channel I.

Channel-I: Producer –Wholesaler- Consumer

S. No	Particulars	Green Tea Value in Rs. / Box
1.	Producer sale price to Wholesaler	790
	Processing fee incurred by producer	**25**
2.	Cost incurred by the producer	
i	Transportation cost	17
ii	Loading / Unloading Cost	25
iii	Storage	31
iv	Wastage	-
v	Miscellaneous charges	11
	Total cost (i-vii)	**84**
Net Price received by producer		**681**
Wholesaler sale price to Consumer		**978**
3.	**Cost incurred by Wholesaler**	
i	Transportation cost	**28**
ii	Loading/ Unloading cost	**14**
iii	Storage	**4**
iv	Wastage	**3**
v	Weighmen cost	**10**
vi	Miscellaneous Cost	**14**
	Total (i-vi)	**73**
Margin of Wholesaler		**115**
A	**Total Marketing cost**	**182**
B	**Total Market margin**	**115**
C	**Marketing Efficiency**	**2.29%**

Table 2: The table provides a detailed analysis of the cost structure and pricing dynamics for green tea from producer to consumer. The producer sells a box of green tea to the wholesaler at Rs. 790, incurring a processing fee of Rs. 25 and additional costs (such as transportation, storage, etc.) totaling Rs. 84, resulting in a net price of Rs. 681 for the producer. The wholesaler then sells the box to consumers at Rs. 978, with Rs. 73 in associated costs and earning a margin of Rs. 115. The total marketing cost, which includes both producer and wholesaler costs, amounts to Rs. 182, while the market margin is Rs. 115. The marketing efficiency is calculated at 2.29%, reflecting the cost-effectiveness of the entire supply chain. This breakdown underscores the significant role of marketing costs and margins in determining the final price of green tea, while also highlighting that the producer's earnings are relatively modest in comparison to the total price.

Table 3: Marketing cost, Marketing Margin and Marketing Efficiency in the marketing of green tea through Channel II.

Channel – II: Producer -Wholesaler-Retailer-Consumer

S. No	Particulars	Green Tea
		Value in Rs. / Box
1.	Producer sale price to Wholesaler	790
	Processing fee incurred by producer	**25**
2.	Cost incurred by the producer	
i	Transportation cost	17
ii	Loading / Unloading Cost	25
iii	Storage	31
iv	Wastage	-
v	Miscellaneous charges	11
	Total cost (i-vii)	**84**
Net Price received by producer		**681**
Wholesaler sale price to Retailer		**954**
3	**Cost incurred by Wholesaler**	
i	Transportation cost	**23**
ii	Loading/ Unloading cost	**11**
iii	Storage	**3**
iv	Wastage	**2**
v	Weighmen cost	**7**
vi	Miscellaneous Cost	**11**
	Total (i-vi)	**57**
	Margin of Wholesaler	**107**
4	**Cost incurred by Retailer**	
i	Transportation cost	**32**
ii	Loading/ Unloading cost	**12**
iii	Storage	**3**

iv	Wastage	**10**
v	Weighmen cost	**11**
vi	Miscellaneous Cost	**12**
	Total (i-vi)	**80**
	Margin of Retailer	**217**
Retailer sale price to Consumer		**1251**
A	**Total Marketing cost**	**246**
B	**Total Market margin**	**324**
C	**Marketing Efficiency**	**1.19%**

Table 3: The table provides a comprehensive breakdown of the cost and pricing structure for green tea as it progresses through the supply chain from producer to consumer. The producer sells the green tea to the wholesaler at Rs. 790 per box, incurring a processing fee of Rs. 25 and additional costs of Rs. 84 (for transportation, storage, etc.), resulting in a net price of Rs. 681. The wholesaler, in turn, sells the product to the retailer at Rs. 954 per box, with Rs. 57 in associated costs and earning a margin of Rs. 107. The retailer then sells the product to the consumer at Rs. 1251 per box, bearing Rs. 80 in costs and earning the highest margin of Rs. 217. The total marketing cost, covering the producer, wholesaler, and retailer, amounts to Rs. 246, while the total market margin is Rs. 324. The marketing efficiency is calculated at 1.19%, reflecting the proportion of marketing costs relative to the total market margin and final consumer price. This data highlights the cost distribution and profitability across the supply chain, with a clear emphasis on the retailer's dominant share of the total margin, suggesting that the retailer plays a significant role in determining the final price and overall profitability.

Table 4: Marketing cost, Marketing margin and Marketing Efficiency in marketing of green tea in the study area.

S. No.	Particulars	Channel I Rs/Box	Channel II Rs/Box
A.	**Producer's Sale Price**	790	**790**
B.	**Net Price received by the producer**	681	**681**
C.	**Consumer's Purchase Price**	978	**1251**
D.	**Total marketing cost**	**182**	**246**
E.	**Total Marketing Margin**	**115**	**324**
F.	**Marketing efficiency**	**2.29%**	**1.19%**

Table 4: The marketing of green tea in the Kangra district of Himachal Pradesh involves two distinct marketing channels. In Channel-I, the producer's sale price is Rs. 790, and the net price received by the producer is Rs. 681 after accounting for processing and other costs. The consumer purchase price through this channel is Rs. 978. The total marketing cost in Channel-I amounts to Rs. 182, and the total marketing margin is Rs. 115. The marketing efficiency of Channel-I is calculated at 2.29%, indicating the cost-effectiveness of this supply chain. In Channel-II, the producer's sale price remains the same

at Rs. 790, with the net price received by the producer also Rs. 681. However, the consumer purchase price through this channel is higher at Rs. 1251. The total marketing cost in Channel-II is Rs. 246, with a total marketing margin of Rs. 324. The marketing efficiency of Channel-II is 1.19%, reflecting a lower level of cost-effectiveness compared to Channel-I. This comparison highlights that Channel-I has a higher marketing efficiency and lower costs, while Channel II, despite a higher consumer purchase price, results in a larger marketing margin, albeit with lower efficiency.

CONCLUSION

The study on the marketing of green tea in the Kangra district of Himachal Pradesh revealed notable differences between the two marketing channels. Channel-I, with a producer's sale price of Rs. 790 and a net price of Rs. 681 for the producer, demonstrated higher cost-effectiveness, as indicated by a marketing efficiency of 2.29%. The total marketing cost in this channel was Rs. 182, while the total marketing margin amounted to Rs. 115, suggesting a relatively efficient distribution process with lower consumer prices (Rs. 978). In contrast, Channel-II, while maintaining the same producer sale price and net price for the producer, exhibited a higher consumer purchase price of Rs. 1251. The marketing cost in Channel-II was Rs. 246, with a total marketing margin of Rs. 324. Despite the higher margin, Channel-II's marketing efficiency was lower, standing at 1.19%, indicating a less cost-efficient supply chain. This comparison highlighted that while Channel-II generated a larger margin, it did so at the expense of efficiency, resulting in higher costs for consumers. Overall, the findings underscored the importance of balancing marketing costs and margins in determining the optimal pricing strategy for green tea in the region. The study provided valuable insights into the dynamics of green tea marketing and its impact on both producers and consumers.

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