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## Study on the impact of various factors affecting the prices of mustard and its derivatives in domestic markets of India

KULDEEP CHOUDHARY, V.S. KULKARNI, R.A. YELEDHALLI AND CHIDANAND PATIL

See end of the article for authors' affiliations

Correspondence to :

**KULDEEP CHOUDHARY**  
Department of Agribusiness  
Management, University of  
Agricultural Sciences,  
DHARWAD  
(KARNATAKA) INDIA

### ABSTRACT

A study has been conducted on the impact of various factors affecting the prices of mustard and its derivatives in domestic markets of India. There was positive and significant relation of mustard seed and mustard oil prices to the prices of other oilseeds *i.e.* groundnut, soybean and crude oil palm, thus affecting the prices directly in the domestic market. It was also stated that the raw mustard seed was not much utilized, however demand mainly came from the processing sector which calls for heavy demand thus affecting the mustard to the larger extent. The results clearly indicated positive and highly significant relation between mustard seed parameters to mustard oil spot prices in the domestic market. The high significance was indicated by the fact that nearly 37 per cent of the vegetable oil import was accounting for mustard oil as a result of heavy demand in the domestic market. Normally the prices of mustard oil reaches peak during November and December and either falls or remains stable during the other months. The positive and highly significant relation indicated that there was perfect competitive market structure of the markets while negative relationship showed the imperfect competitive market structure of the markets.

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**Key words :** Dependent variables, Independent variables, Mustard oil

## INTRODUCTION

Mustard belongs to the family *Brassicaceae* and genus *Brassica*. Mustard (*Brassica juncea*) seeds are known by different names in different places *e.g.*, sarson, rai or raya, toria or lahi. Mustard is the most important source of edible oil. The oil content of the seeds of different forms ranges from 30 to 48 per cent. The oil is mainly used as a cooking medium in northern India and cannot be easily replaced by other edible oils.

Mustard crop occupies an important position in the farming system of India. It is highly paying crop of the dry region. Mustard is rich source of fat and edible oil which have various uses. India ranks third in the production of mustard in the world contributing about 16per cent of the world production. In India, acreage under mustard has been 6.43 million ha during 2009-10. It is grown widely in seven major states namely, Rajasthan, Uttar Pradesh, Haryana, West Bengal, Madhya Pradesh, Gujarat and Assam, accounting for 92 per cent of total production. Rajasthan is one of the major oilseed producing states in India. The production of mustard in the Rajasthan is 27 lakh tones

from an area of 23.25 lakh ha during 2009-10. It occupies first position in area and production of mustard in the country, which accounted for 36.15 per cent area and 45.60 per cent production, respectively during the year 2009-10.

Prices of mustard seed and oil in India have experienced a significant amount of volatility, which has been problematic for the government, industrialists and the farmers, as they fight to stabilize commodity revenue. When revenues are high, they tend to distort fiscal responsibility. When revenues fall, they reduce government revenues, drive mass unemployment, increase national debt and undermine health and education spending.

Realizing the importance of mustard in the domestic markets, it was found worthwhile to study the impact of various factors affecting the prices of mustard and its derivatives in domestic markets of India.

## MATERIALS AND METHODS

### Nature and sources of data:

The domestic prices of mustard seed, mustard oil,