



Research Paper

## Market variability and price integration in major banana markets of India

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**ABSTRACT :** The banana (*Musa* sp.) is the second most important fruit crop in India next to mango. It ranks first in production and third in area among fruit crops. Information on market integration and variability will help farmers in adjusting their production in a way, so that they could sell their produce at a time when the prices are reasonably high in the market. This study has twin objectives of examining the variability pattern of market arrivals of banana and relationship between arrivals and prices in major markets of India viz., Delhi, Mumbai, Bangalore, Kolkata and Ahmedabad. Study revealed that among the selected markets, maximum arrivals were noticed in Delhi markets followed by Mumbai, Bangalore, Kolkata and Ahmedabad. Further, there are not much fluctuations in arrivals throughout the year in selected market except Delhi. However, the price trend over twelve years revealed high fluctuations in prices of banana in Delhi and Kolkata markets compared to Mumbai, Bangalore and Ahmedabad markets. Further, generally prices were higher in the month of January to April and lower during September to December. The correlation coefficient reveals negative relationship between arrivals and prices in Mumbai, Kolkata and Delhi markets in corresponding months indicating the increase in arrival leads to decline in banana price and it was significant in Mumbai market. In case of Ahmedabad and Bangalore markets, positive relationship was noticed indicating increase in arrivals leading to increase in price and *vice versa*. Result on market integration indicated that the integration of Ahmedabad market with Bangalore and Mumbai markets were significant. Further, Bangalore market significantly integrated with Mumbai market. The other selected markets were not integrated with each other and in some markets they were integrated poorly. This might be due to non-movement of produce from one market area to another market mainly because of high perishable nature of produce. Impact of arrival on the prices was found higher in Ahmedabad and Bangalore markets while, it was found negative for Delhi, Kolkata and Mumbai markets.

**KEY WORDS :** Instability, Market integration, Price behaviour

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### INTRODUCTION

Banana is a very popular fruit due to its low price and high nutritive value. It is consumed in fresh or cooked form both as ripe and raw fruit. Banana and plantains are grown in about 120 countries. India leads the world in banana production. An increasing trend has been observed in world banana production. The per annum growth in production revealed that the higher growth in production was noticed in China followed by India, Indonesia and Philippines.

### Supply scenario:

Although banana is cultivated in all the states, the major banana growing states are Maharashtra, Tamil Nadu, Gujarat, Karnataka, Andhra Pradesh, Bihar, Madhya Pradesh, Assam, West Bengal and Kerala. Production is highest in Maharashtra followed by Tamil Nadu, Gujarat, Karnataka and Andhra Pradesh.

### Demand scenario:

Population growth, improving per capita income, demographic change, urbanization and globalization of food