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An Economic Analysis of Production and Marketing of Medicinal Plants in Northern India

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Abstract

India is one of the hot spots in Medicinal and Aromatic Plants (MAPs) in the world. The wide diversity of MAPs potential is under explored with respect to few species and over exploited in case of few other species. India with its diverse resource base of medicinal plants on one hand and its ancient knowledge on Ayurveda medicine on the other hand has a great potential in the field of MAPs. In this regard, the paper mainly focuses on the economic profitability, marketing and resource use efficiency in relation to producing medicinal plants such as Safed Musli (*Chlorophytum borivillianum*), Mulhathi (*Cassia angustifolia*) and Sonamukhi (*Glycyrrhiza glabra*). The data was collected from farmers using purposive sampling and analysed using un-discounted cash flow techniques and Cobb-Douglas production function.

Mulhathi was found to be the most lucrative option among medicinal plants grown since gross returns over variable cost and net return from Mulathi was estimated to be Rupies (Rs.) 113 714 and Rs. 88 581, respectively, which is higher than for Safed Musli and Sonamukhi. The regression results demand use of one or the other inputs for maximisation of gross returns. However, the scope for increase is higher for Safed Musli than compared with Mulathi and Sonamukhi. In case of Safed Musli, the Marginal Variable Product (MVP) to Marginal Fixed Cost (MFC) ratio of land preparation, manure and fertilisers, interculture and hoeing and irrigation charges was more than unity, indicating scope for higher input use for enhancing gross returns. Similarly, Sonamukhi can increase manure and fertilisers and interculture and hoeing, and Mulhathi growers can increase manure and fertilisers for improving production levels.

Finally the market channel analysis proved that the higher the market players in a particular channel lower will be the producer's price. The study will give useful insights to the policy makers to generate the untapped potential of medicinal plants, prevent over exploitation and promote sustainable use of medicinal plants.

Keywords: Marketing, medicinal plants, northern India, production