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Breaking the Middlemen Chain: How Jasmine Farmer Groups Can Secure Fair Prices

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SUMMARY

Jasmine (Jasminum spp.) is a high-value floricultural crop central to India's cultural and economic life, yet farmers often receive only 49–52% of the final consumer price due to exploitative middlemen and lengthy supply chains. This popular article examines how middlemen exploit jasmine farmers through below-MSP pricing, quality manipulation, and high commission charges (up to 52% of marketing costs). Evidence shows that farmer groups particularly Farmer Producer Organizations (FPOs) can increase net returns by ₹7,254–8,133 annually and achieve 8–8.4% higher profit margins through collective marketing, direct consumer sales, and contract farming. The article provides actionable strategies for jasmine farmer groups to bargain better, reduce post-harvest losses (20–30%), and access premium markets.

INTRODUCTION

Jasmine known as *Madhurasira* (sweet-tasting) in Sanskrit and *Gandhap* in Tamil is more than a fragrant flower in India. It luminates temple rituals, adorns weddings, fuels the perfume industry, and supports millions of smallholder farmers. Tamil Nadu alone contributes nearly 80% of India's jasmine output, with Madurai, Dindigul, Theni, Coimbatore, and Erode as major production hubs. Yet behind this cultural treasure lies a harsh economic reality: farmers often sell jasmine at ₹200–250/kg during peak season while consumers pay ₹600–3,000/kg during wedding/lean seasons. The widening gap reflects systemic middlemen exploitation. Commission agents buy produce below the government's Minimum Support Price (MSP), deliberately downgrade quality with inspector collusion, and capture 52% of total marketing costs.This article explains how middlemen exploit jasmine farmers and, more importantly, how farmer groups can break free through collective action, direct marketing, and modern value chain integration.

The Structure of Middlemen Exploitation in Jasmine Markets

How Middlemen Capture Value

The jasmine supply chain typically follows this path:

Stage	Actor	Share of Consumer Price
1	Farmers (producers)	49.36%
2	Commission agents	0.50%
3	Wholesalers	15.52%
4	Retailers	6.47%
5	Processors/exporters	8.04%

Farmers receive the **lowest share** (49.36%) despite bearing production risks, while redundant middlemen lengthen the supply chain and charge higher markups without adding value.

Common Exploitation Tactics

Below-MSP Purchasing: Commission agents buy jasmine below the government-set MSP, exploiting farmers' urgent need to sell perishable flowers.

Quality Manipulation: With government inspector collusion, middlemen deliberately declare quality "below standard" to justify lower prices.

High Commission Charges: Commission agents charge up to 52% of total marketing costs, severely reducing farmer profits.

Price Volatility: Jasmine prices fluctuate hourly (₹600–3,000/kg), with seasonal variation reaching 140.06% in December. Farmers lack market information and cannot time sales strategically.

Post-Harvest Wastage: Lack of cold storage and improper handling causes 20–30% wastage, further reducing farmer income.

"Farmers don't always sell because they want to; they sell because middlemen exploit their need for quick sales, offering prices that barely cover production costs".

Why Farmer Groups Are the Solution

The Power of Collective Action

Individual jasmine farmers lack bargaining power, market information, and infrastructure. However, when farmers organize into Farmers Producer Organizations (FPOs) or cooperatives, they gain:

Benefit	Impact
Collective bargaining	Better price negotiation
Direct market access	Highest marketing efficiency (3.07) with no middlemen
Credit access	Improved infrastructure and input supply
Aggregation & grading	Reduced post-harvest losses
Institutional sales	30% higher buying price than middlemen

Research shows FPO members earn **₹7,254–8,133 higher annual net returns**, with 4.6–4.8% higher ROI and 8–8.4% higher profit margins than non-members.

Evidence from Jasmine Value Chain Studies

A 2025 study in Tamil Nadu found that marketing efficiency was highest in Channel IV (3.07), where jasmine was directly marketed to consumers without middlemen. This channel demonstrates that eliminating intermediaries significantly transforms farmers' efforts into income.

Similarly, Balaji *et al.* (2023) studied FPOs in Tamil Nadu and revealed strategies to improve farmer incomes by enabling collective marketing, better price negotiation, and access to credit and infrastructure.

Practical Strategies for Jasmine Farmer Groups

1. Form or Join a Farmer Producer Organization (FPO)

Steps to establish an FPO:

- Register under the Companies Act (Section 8) or as a cooperative
- Minimum 10 farmers for registration; 300+ members for viability
- Elect a board of directors from farmer members
- Access government subsidies and institutional credit

FPOs can perform activities currently done by middlemen: aggregation, grading, transport, and market linkage.

2. Adopt Direct-to-Consumer Marketing

Channel IV (direct consumer sales) shows the highest marketing efficiency. Farmer groups can:

- Set up **community marketing places** and collection centers
- Sell at **local auctions** (like CDP auction market in Khulna)
- Establish **farm-gate sales** during peak harvesting seasons
- Create **brand identity** for fragrant, high-quality jasmine

3. Pursue Contract Farming and Off-take Agreements

Contract farming addresses the problem of too many intermediaries receiving surplus without adding value. Benefits include:

Guaranteed market eliminating uncertainty

30% higher buying price than middlemen

Technical guidance on pruning, nutrient management, and pest control

Example: In Zimbabwe, farmers linked to Montgomery Canners received 30% higher prices through off-take agreements, transforming their household income.

4. Implement Off-Season Production

Jasmine prices vary dramatically by season:

Season	Months	Price Range (₹/kg)	Price Index
Peak season	March–June	200–250	582 (lowest)
Wedding/lean season	October–February	600–3,000	1683 (December)
No yield	November–December	—	140.06% variation

A "Jasmine Cluster" mission should evolve measures for off-season production through:

Timely pruning techniques

Integrated nutrient and pest management

Protected cultivation technologies

5. Reduce Post-Harvest Losses

With 20–30% wastage due to lack of cold storage, farmer groups should:

- Invest in **community cold storage** units
- Implement **proper grading** standards
- Train members in **post-harvest handling**
- Develop **small-scale processing units** for garlands and essential oils

6. Integrate All Supply Chain Participants

Research suggests integrating all activities of involved participants farmers, intermediaries, banks, NGOs—to ensure smooth, fair, and profitable marketing. Farmer associations should deal with other stakeholders collectively to improve bargaining power.

Challenges and How to Overcome Them

Major Constraints Facing Jasmine Farmers

Challenge	Description
Labour scarcity	Daily harvesting difficulties
Institutional credit	Limited access for small farmers
Pest management	High pest and disease issues
Transport costs	High diesel-operated tubewell costs
Price fluctuations	Violent daily/hourly price changes
Extension support	Lack of technical guidance

Source: Tejasri N (2021); Kaviarasan (2015); Thulasiram and Sivaraj (2020)

Solutions Through Collective Action

Shared Infrastructure: FPOs can collectively invest in cold storage, transport, and processing units.

Group Credit: Farmer associations can access institutional credit more easily than individual farmers.

Extension Services: Government and NGOs should provide technical guidance to farmer clusters on pruning, nutrient management, and pest control.

Market Information Systems: Technology platforms can help farmers access real-time price information, reducing middlemen's information asymmetry.

CONCLUSION

Middlemen exploitation in the jasmine market remains a critical challenge, with farmers receiving only 49.36% of the consumer price while commission agents capture 52% of marketing costs. Through deliberate quality downgrading, below-MSP purchasing, and price manipulation, intermediaries deprive farmers of fair returns. However, farmer groups offer a proven pathway to fairness. FPOs increase annual net returns by ₹7,254–8,133, achieve 8–8.4% higher profit margins, and enable direct marketing with the highest efficiency (3.07). Strategies include forming FPOs, adopting direct-to-consumer sales, pursuing contract farming, implementing off-season production, reducing post-harvest losses, and integrating supply chain participants. The future of jasmine farming depends on **collective action**. As one farmer in Zimbabwe stated: *"In the past, middlemen robbed us of our hard work. Now, with a reliable market, we are hopeful"*. Indian jasmine farmers can achieve the same hope and the fair prices they deserve by organizing, innovating, and breaking the middlemen chain together.

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