

CHAPTER II

THE MARKETING OF VEGETABLES IN THE RETAIL MARKET

Source

For this exercise I have classified the vegetables into those which are "locally produced" and those which are "imported" from other places outside Sekinchan. Each type will be discussed separately, unless otherwise stated.

One point must be clarified here. Both the terms "local" and "imported" are not descriptions of a rigid nature. For certain vegetables which are imported still there may be some which are supplied by local farmers, and vice versa.

LOCAL SEKINCHAN VEGETABLES

Such vegetables are short season ones, requiring only a few months to grow. A large proportion of the vegetables are grown on the padi-fields during the off-season periods (April-September approximately) after the harvesting of the main-season padi crop. They include chilly, cucumber, guerd, "knangkong" (*Ipomoea reptans*), lady's finger, leek, long-beans, mustard, salad, snake-guerd, spinach, and tomatoes. Chilly is of the large variety. Local tomatoes are of the small-whitish type, of a poorer quality than the large-reddish variety from the Cameron Highlands.

Transportation

These vegetables are brought direct to the market by the farmers themselves. At times the stall-holders may go to the farms. Bamboo baskets are the chief form of container used.

Purchases and finance

Each stall-holder may receive supplies from as many as eight farmers in a day. Purchases are always paid for in cash, which may amount to about \$40.00 a day. Credit payments, although practiced, is rather an exception. The finances of the stall-holders are necessarily liquid for the money is constantly used in circulation.

Every few weeks the stall-holders may lend out money to needy farmers. The amount varies but not more than \$70.00 a time.

One stall-holder claimed to have lent out \$200.00 recently to a farmer who needed the money to buy urea, tools and insecticides. Repayments will normally be made after the forthcoming padi harvest, usually at a higher rate, but for which the stall-holder denied the inclusion of "interest".

Processing and grading

This aspect should not be overemphasised for it forms only a complementary part in relation to the stall-holders daily tasks. Among the process involved will be the elimination of leaf defects and insect parasites. In the case of chili the green and ripened forms have to be separated.

Quantity of vegetables handled

In this survey daily variations in the volume of vegetables handled will not adequately show the required changes in business trends; nor would monthly observations suffice for the problems of poor memory arises.

An alternative method is by making use of differences in the volume of vegetables handled for two seasons: "season vegetables" and "non-season vegetables". The basis of the discussion is this: padi in Sekinchan is grown during two periods (a) main season crop from October to March approximately and (b) off-season crop from April to September, better known as double-cropping. For vegetables the seasons and the months are reversed, the season vegetables grown during the months of April to September and the non-season vegetables during October to March. Such a basis is used because vegetables are mainly grown on padi lands and the advent of double-cropping will reduce the supply of vegetables considerably.

In this exercise a representative month from each of the two seasons will be used to show variations in vegetable production.

Production of vegetables during the "non-season" have generally dropped. In the case of tomatoes the drop was caused by consumers preference for imported ones, and farmers thought it more imperative to cultivate other crops. Yet commodities like "kangkong", guard and leek are only slightly affected for they are mainly grown on government lands. Spinach is a home back yard cultivation, thus accounting for the increased production.

TABLE I

QUANTITY OF LOCAL VEGETABLES HANDLED MONTHLY IN MARKET
PERTAINING TO A STALL-HOLDER *

VEGETABLES	SEASON	NON-SEASON
Chilly -ripened	1200 kt.	300 kt.
-green	600	450
Cucumber	200	150
Guord	100	100
Kangkong	600	600
Lady's finger	800	600
Leek	180	180
Long beans	1200	750
Mustard	1500	900
Salad	900	600
Snake guord	200	100
Spinach	150	250
Tomatoes	100	-

* There are 20 vegetable stalls, but only 17 are occupied. At the time of interview there are only 7 stall operators (each having 2 - 3 stalls at his disposal). We managed to interview all of them. But as it is my opinion that the scope of their business are similar, a reference to one only will suffice, for it will be quite representative.

The introduction of double-cropping of padi has greatly affected vegetable cultivation, as shown by the following figures. (Figures refer to Sekinchan only).

Year	Acreage under cultivation	
	Vegetables	Chilly
1963	1800 acres	420 acres
1964	1600	350
1965	900	40
1966	750 ^(a)	10 ^(a)

(a) estimated

Source: Agricultural Department, Tanjong Karang.

Every year a further reduction in acreage occurs, as a result of increased emphasis on padi. However as double-cropping of padi was introduced only in April 1965, other factors pertaining to the weather and prices must also be responsible.

Prices charged

There is no fixed method by which vegetables are priced in the market. But it is not entirely true to say that prices are charged arbitrarily. The stall-holders buy the products from the farmers at the usual prices, as in the case of long-beans, 20 cents a kati. If the vegetables are of good quality the farmers may bargain for a better price, but the stall-holders usually have the last word. In order to cover both his operating expenses and expected remunerations for services rendered, the stall-holder will add 10 cents extra. Thus the pricing system is simple and straightforward.

During the "non-season" prices of vegetables rose or fell by 5 - 20 cents (excluding the abnormal rise in the price of ripened chilly, caused by the substantial fall in production). Considering the drop in supplies one can expect the prices of vegetables to fluctuate more violently. Fortunately this is not so. Vegetables represent only a small portion of the consumers' daily purchases. With any rise in price there is always the possibility of substituting one type for another. Any price rise may lead to customers buying less.

TABLE 2

TRANSACTION PRICES OF LOCAL VEGETABLES IN RETAIL MARKET

VEGETABLES	SEASON		NON-SEASON	
	Farm price	Retail price	Farm price	Retail price
Chilly -ripened	15 c/kt	35 c/kt	60 c/kt	90 c/kt
-green	10	20	30	50
Cucumber	15	20	15	20
Guord	30	40	30	40
Kangkong	8	15	8	15
Lady's finger	10	20	15	25
Leek	20	30	20	40
Long-beans	20	30	15	20
Mustard	18	25	20	25
Salad	35	40	30	40
Snake guord	15	20	15	20
Spinach	12	15	15	20
Tomatoes	25	40	45 ^(a)	60 ^(a)

(a) Refer to prices of imported tomatoes.

IMPORTED VEGETABLES

These vegetables are those not easily cultivated in Sekinchan (for climatic reasons). Also growth requires a longer period than is allowed by the short "non-season" period. Such vegetables come from many places. But Kuala Lumpur is the common collecting centre.

Transportation

There are about four transport companies supplying Sekinchan market with vegetables. These companies are based in Kuala Lumpur. Every day their agents will call at the market (among other places) to deliver vegetables as well as to take on fresh orders from the stall-holders. The prices at which such products are sold to the stall-holders will depend on the prevailing prices in Kuala Lumpur. Transport charges for vegetables of all kinds are £1.50 per pikul (100 katis) from Kuala Lumpur to Sekinchan market.

Purchases and finance

A stall-holder buys or rather orders an average of \$40.00 worth of vegetables a day. These orders are normally through a single transport agent.

Payments are in cash. But at times of cash shortage credit will be asked for, payments of which have to be settled within three days.

Processing and grading

Imported vegetables arrive well-processed, and for products like tomatoes and chilly, graded as well.

Quantity handled

With regards to imported vegetables there is relative constancy in the quantity handled in the market, in the sense that the amount brought in does not fluctuate to any considerable degree.

In Table 3 a comparison is made in the quantities of vegetables handled during the two above-mentioned seasons. Actually this comparison is not very good for the production of vegetables in other places is not necessarily affected by the same factors as found in Sekinchan. Perhaps the effect is somewhat indirect: with a lesser quantity produced in Sekinchan, more will be imported.

Price charged

Table 4 shows the transaction prices for imported vegetables as available in the Sekinchan retail market. It appears that prices for imported vegetables have risen more than that of prices for locally produced ones. Perhaps this is due to an increase in costs in production. Furthermore such vegetables are confronted by much marketing expenses. Thus at every stage - wholesale, agent, and retail - there is the tendency for prices to be increased to cover marketing costs and expenses.

For purposes of illustration let us observe the price spread for a kati of cabbages (kubis), from the moment it left Kuala Lumpur until it is sold to the ultimate consumer.

Cabbages

Kuala Lumpur wholesale price		30 cents per kt.
Transportation in (K.L. - Sekinchan)	1½	
Agents operating profit margin	2½	4
Price at which retailer buys		34
Retailer's gross profits margin		6
Retail price		40 cents per kt.
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Similar analysis can be made for the other products.

TABLE 3

VARIATIONS IN MONTHLY ARRIVALS OF IMPORTED VEGETABLES
PERTAINING TO A STALL-HOLDER

VEGETABLES	SEASON	NON-SEASON
Brinjals -round	400 kt.	400 kt.
-long	1000	1000
Cabbage	600	600
Chilly	1200 ^(b)	1000
Ginger	120	80
Guord	900	450
Lemon	45	60
Onion leaves	90	90
Salted mustard	400	400
Soup leaves	60	60
Tomatoes	750	1000
Turnips	1800	1200 ^(a)
White mustard	450	450

(a) It is surprising that the quantity imported for turnips (songknang) has declined. This should not be the case for the commodity is much demanded by ngg and rojak sellers. Perhaps a drop in production at source may account for this. (b) The figures for small chilly (chabal lada) may seem enormous, especially for a "hot" commodity. Yet this is so, and according to a stall-holder the amount bought may exceed 80 kt. a day or 2400 kt. a month during the fasting month.

TABLE 4

AVERAGE DAILY PRICES OF IMPORTED VEGETABLES

VEGETABLES	SEASON		NON-SEASON	
	Whole Sale Price	Retail Price	Whole Sale Price	Retail Price
Brinjals -round	7 e/kt	20 e/kt	18 e/kt	30 e/kt
-long	10	20	18	30
Cabbage	15	30	34	40
Chilly	50	70	60	70
Ginger	25	40	25	40
Guord	24	35	38	45
Lemon	45	60	65	80
Onion leaves	60	80	70	1.00
Salted mustard	20	40	30	50
Soup leaves	40	60	55	80
Tomatoes	30	40	45	60
Turnips	15	20	10	15
White mustard	18	25	22	30

Storage

There is a complete lack of storage facilities. When the market closes for the day the vegetables are left on their respective stalls, covered only with newspapers and canvass cloths. In spite of the enclosed nature of the buildings there has been a spate of thievery in recent weeks. Furthermore a far bigger menace in the form of rats is ever present and attempts to get rid of them have not succeeded so far. This rat menace affects the business of the stallholders as well as present a danger to health.