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COST, MARGINS AND PRICE - SPREAD IN MARKETING OF GROUNDNUT

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ABSTRACT

An efficient marketing system for an agricultural commodity is in identified by the percent share which producer obtains in the price paid by the ultimate consumer. The marketing cost includes the charges of performing various marketing functions and market margins Market margins are the profits earned by different agencies engaged in marketing process of the commodity. Price spread can be known as the difference between the price paid by the consumer and the price received by the producer farmer for an equivalent quantity of produce. This article contain the brief information about the COST, MARGINS AND PRICE - SPREAD IN MARKETING OF GROUNDNUT.

KEYWORDS: Marketing cost, marketing margin, price spread, groundnut, marketing.

INTRODUCTION

An efficient marketing system for an agricultural commodity is in identified by the percent share which producer obtains in the price paid by the ultimate consumer. The marketing cost includes the charges of performing various marketing functions and market margins Market margins are the profits earned by different agencies engaged in marketing process of the commodity. Price spread can be known as the difference between the price paid by the consumer and the price received by the producer farmer for an equivalent quantity of produce. The knowledge of price spread in a market helps the policy makers in framing suitable policies to increase marketing efficiency and to reduce marketing cost as far as possible by deleting unwanted functionaries from the marketing system maintaining the services at the same level.

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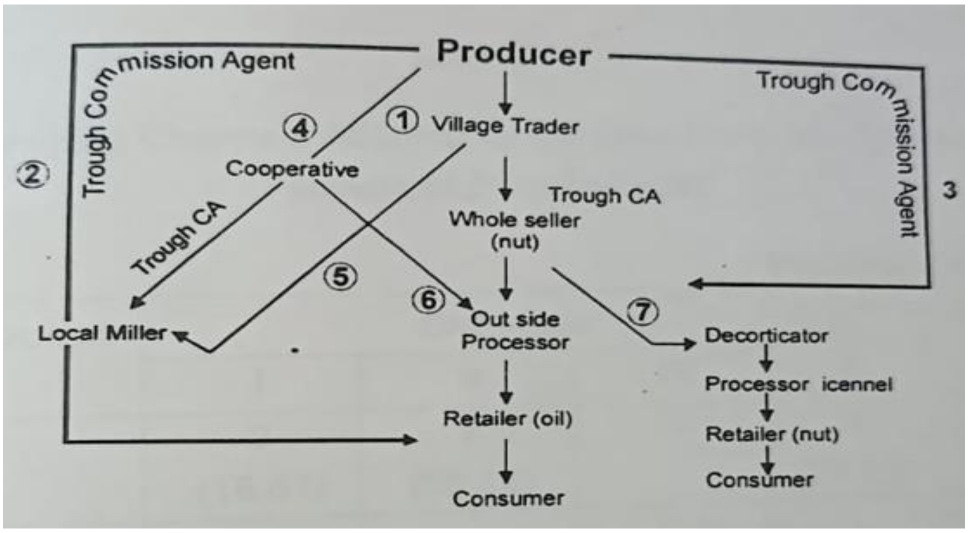
This chapter presents marketing costs, margins and price spread in marketing of groundnut crop through different channels. The study is based on the data collected from Gangapur City, Krishi Upaj Mandi, Distt. Sawai Madhopur.

The following different marketing channels are identified in groundnut marketing in area under study –



From the above identified channels only four following major channels were studied.

1. Producer Village trader Wholesaler (nut) outside processor- Retailer (oil) consumer
2. Producer - Local miller - Retailer (oil) – Consumer Producer - Wholesaler (nut) outside
3. Processor Retailer (oil) - consumer
4. Producer - Cooperative - local miller - retailer (oil) - consumer

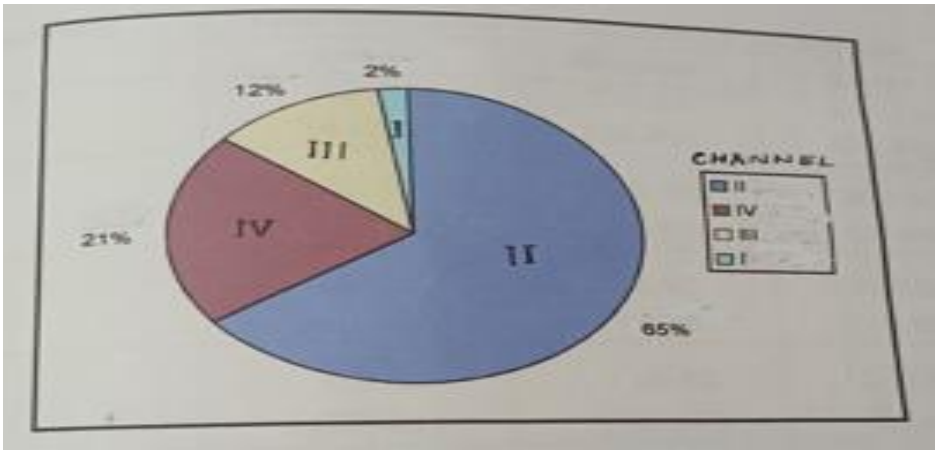
Above Table exhibits marketing channels adopted by the different sized selected farmers of zone I villages. Out of 36 selected farmers 63.89 percent adopted channel II, 19.44 percent adopted channel IV and II-II percent adopted channel III while only 5.56 percent farmers adopted channel I. Here it is appropriate to mention that cooperative sale in the area under study is through unstructured cooperatives. In 1995, when Tilam Sangh was in working, the structured and authorised cooperative 9 machinery was involved in purchasing of oil seeds for Tilam Sangh cooperative mill. Now this cooperative mill has closed its business but still village cooperative societies are involved in transaction of oil seeds for the common benefits of their members.

Table- Marketing channels Adopted by the Different Sized Selected Farmers of Zone II villages.

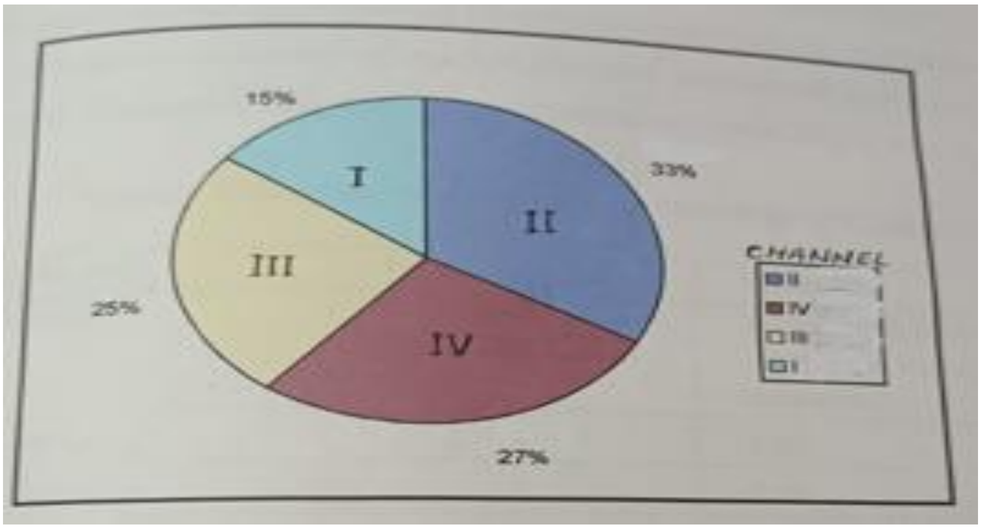
Size groups	Channels				Total
	I	II	III	IV	
Small	6 (50.00)	2 (16.67)	-	4(33.33)	12(100)
Medium	4(33.33)	3(2500)	2(16.67)	3(25.00)	12(100)
Large	3(25.00)	4(33.33)	2(16.67)	3(25.00)	12(100)
Over all	13(36.11)	9(25.00)	4(11.11)	10(27.78)	36(100)

Over all 36.11 percent farmers out of selected 36 farmers adopted channels I against 27.78 percent 25 percent and 11.11 percent who adopted channels IV, II and III respectively. It seemed that more or less equal weight was given to all the channels by the farmers of zone II village.

If it is analysed according to size groups, 50 percent small farmers adopted channel I followed by 33.33 and 25 percent small and large farmers, respectively. Only 16.67 percent small farmers adopted channels likewise 25 percent medium and 33.33 percent large farmers also adopted this channel. Channel IV was adopted by all the three size groups viz small medium and large. It is clear from the table that small sized farmers with their low surplus liked to sale their produce to village trader and cooperative while 75 percent large and 66.67 percent medium farmers sold their surplus in mandi and to cooperative.



Channel wise quantity, marketed by different size groups of zone I villages



Channel wise Quantity, marketed by different size groups of zone II villages

Surplus through channel I. The sale through channel III was made only by medium and large farmers and they offered 11.45 and 18.65 percent of the total marketed surplus, respectively.

MARKETING.COST: In regulated markets of the state the farmers and purchasers have to pay prescribed market charges in marketing of agricultural commodities including groundnut to market functionaries for utilising their services, Table no. 8.5 presents the list of market charges prescribed by Krishi Upaj Mandi Samitti, Gangapur City for various functions occurs in the sale of groundnut.

Cahannel I: In this channel, producer sells his produce in the village village trader r who sells the produce in mandi to wholesaler (nut) through commission agent and wholesaler sells the produce to out side processor er) The charges incurred by different functionaries for various functions per quintal of groundnut sale are exhibited.

The total marketing charges on groundnut sale per quintal were Rs 157.83. Which was shared Rs. 16.10 by village trader, Rs. 78.88 by wholesaler and Rs. 62.85 by outside processor. The wholesaler bore higher cost compare to village trader and processor. Processing charge. ransportation, taxes, commissions and market fee were the major items of marketing cost accounting for 25.28, 21.61, 15.21, 15.21 and 12.16 percent of total marketing cost respectively. The major cost items paid by the wholesaler were taxes (30.4 percent), commission (30.42 percent) and market fee (24.35 percent) while for processor it were processing charge (63.48 percent) and transportation (27.93 percent) The village trader borne transportation cost (70.93 percent) as major cost.

Channel II - Producer farmer directly sells groundnut to local miller in mandi through commission agent in this channel. Total cost through this channel were Rs. 131.74. Out of which Rs. 13.25 (10.05 percent) was born by the farmer and Rs. 118.49 (89.95 percent) by the local miller Processing charge, taxes, commission, market fee and transportation were major cost items sharing 30.29, 18.22, 18.22, 14.57 and 10.84 percent of the total cost, respectively. Transportation cost (64.68 percent) was the major cost item born by producer farmer followed by loading and unloading (24.15 percent) and weighing plus labor charges (11.17 percent).

Market Margins

Various market functionaries add their margins to the sale value of ne commodity as their reward for performing respective marketing function Table 811 exhibits the cost incurred and margins earned by various function www The margins ranged between Rs. 34.25 and Rs. 66.00 per quintal of poundnut pods in different channels, it was lowest in channel 1 (2.56 percent of processor's price) where in only one intermediary was involved, while in channel 1, where three middle men were involved, it was highest (482 percent of the processor's price). In channel III and IV where two ntermediates were involved the margin was 3.33 percent of the processor's price. Thus, it can be said that as the number of intermediaries increases n the channel, the margin also increases. Among the functionaries, miller earned a major share (2.12, 2.56, 2.30 and 2.44 percent of the processors price in channel I, II, III and IV respectively).

Wholesaler and village trader's margin ranged between 1.04 percent to 1.6 percent of the price received by the processor from the sale of oil and cake obtained from one quintal of groundnut pods. In channel IV cooperative society earned nominal margin (0.89 percent of the processor's price). The miller earned higher margin in channel III and IV compared to I and II channel.

Price spread

Price spread was calculated considering oil as the final product and is such processing cost was added to the total marketing cost. The processors sale value of oil and cake obtained from the processing of one quintal of groundnut pods was considered as the final price of groundnut. The results are exhibited in table 8.11. Here it should be noted that according to the survey of millers, 29 kilograms of oil and 43 kilograms of s obtained from the milling of one quintal of groundnut pods For smoothing and efficient milling. 6 percent pods are as such (corticated) cake is and with grain.

The producer's share in processor's sale price was 83.65 percent in channel I and remaining 11.53 percent and 4.82 percent were cost and nargin respectively. Village trader, wholesaler and miller got 1.60 percent, 1.10 percent and 2.12 percent margins, respectively. Producer got 87.60 producer share in the processor's sale price in channel II. The marketing cost and margins were 9.84 percent and 2.56 percent of processor's price in this channel. Miller received 2.56 percent margin.

In channel III, Producer share was 85.39 percent of the processors sale price. The marketing cost and margins were 11.27 and 3.33 percent of the terminal price. The margins received by wholesaler and processor were 1.04 percent and 2.30 percent of the processor's sale value, respectively.

In channel IV, producers got 87.03 percent share in the processors sale value. The total marketing cost and margins were 9.64 percent and 333 percent of the terminal price. Cooperative Society received 0.89 percent and miller received 2.44 percent margins.

Thus, among the above discussed channels, the maximum share got by producer in processors sale value in channel II (87.60 percent.) While minimum in channel I (83.65 percent). Marketing cost ranged between 9.64 to 11.53 percent and margins between 2.56 and 4.82 percent the final price.

(1) Majority of the selected farmers of zone I villages (63.89 percent) adopted channel II and offered 64.89 percent of their total groundnut surplus for sale through this channel. While 36.11 percent of total selected farmers of zone II villages adopted channel I and offered 27.4 percent of total surplus for sale and rest 27.78 percent, 25 percent and 11.11 percent farmers of zone II villages adopted channel IV, II and III, respectively and offered 24.9 percent, 33.09 percent and 14.6 percent of total groundnut surplus, respectively.

(2) Total cost of marketing in different channels ranged between Rs.130.68 and Rs. 157.83 per quintal of groundnut. The wholesaler shared 50 to 51 percent, miller about 40 percent, village trader 10.2 percent cooperative 9.54 percent and producer 8.5 to 10 percent of the total marketing cost in different channels. In channel II and IV, where miller is direct purchaser about 90 percent of the total marketing cost born by the miller.

(3) Processing charges, taxes, commission, transportation charges and market fee were major cost items, which together accounted for 89 to 92 percent of the total marketing cost.

(4) The miller received a margin of 2.12 to 2.56 percent, village trader 1.6 percent. Wholesaler 1.04 to 1.1 percent and cooperative 0.89 percent of the processor's sale price in different channels.

(5) Producers share in the processor's sale price was 83.65 percent, 87.60 percent, 85.39 percent and 87.03 percent in channel I, II, III and IV, respectively. Thus, producers received higher share by sale of groundnut through channel II.

(6) Transportation cost was the major cost item of the marketing cost born by the producer farmer. Thus, the price received by the farmer was affected by the cost of transportation of the groundnut from the point of production to point of sale (mandi). Hense, the Ho (4) is not accepted.

The producer's share of 83 to 88 percent in marketing of groundnut is considered reasonable due to processing cost involved for converting pods into oil. Thus, it can be inferred that reasonably efficient groundnut marketing system is prevailing in the study area.

A study by Sharma, J.L. (1993)' on soyabean in kota district of Rajasthan also agreed with 85 to 96 percent producer's share in processor's sale price. The study by Surya Prakash et. al (1979), in selected regulated markets of Karnataka also concluded that realisation of about 75 percent or more share by producer in consumers's rupee for commercial crops including groundnut was considered to be reasonable.

CONCLUSION

The article depended on concentrated enquiry of 100 ranchers of the chose towns in the block. It was inferred that, the level of attractive excess was expanded with the expansion in size of ranch. Negligible and little gathering of clocks sold higher amount of their produce through town dealer (channel - III). The maker's portion in customer's rupee diminished with expansion in number of Delegates. Gross advertising edge, promoting cost and shopper cost were expanded with expansion in number of mediators (I e. channel - I II and III), there is reverse connection between advertising proficiency and number of go-betweens in the advertising channel.

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