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Marketing margins and price spread in the marketing of Greengram in Gadag district

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Abstract

Greengram (*Vigna radiata* L) belongs to the family Leguminosae and sub-family Papilionaceae. De Candolle (1986) stated that Greengram had been in cultivation in India and Nile Valley since ancient times. The multi-stage random sampling procedure was adopted to choose the sample respondents. Thus, the total sample size selected for the present study was 180. Tabular method of analysis was used in presenting the results of the study. A systematic analysis of costs and margins of various intermediaries involved in marketing of Greengram would help to know the various services rendered by these intermediaries and their economic performance in the marketing of Greengram. The price spread was one of the measures of market efficiency, as it indicated the increase in the price of a commodity and also changed hands from one intermediary to another in the marketing process. The price spread included marketing costs incurred and margins retained by various market functionaries in addition to the costs incurred on marketing of the produce by producer. The marketing costs and margins of different market functionaries were worked out as percentage to consumer's price for the effective comparison further the price received by producer and paid by the consumer provide the extent of spread in price.

Keywords: Greengram, marketing cost, marketing margin and price spread

Introduction

Green gram (*Vigna radiata* L) is belongs to the family Leguminosae and sub-family Papilionaceae and the earlier name of Green gram was *Phaseolus aureus* that has now been changed to *Vigna radiata*. It falls in the group of Asiatic Species of genus Phaseolus. The Green gram was domesticated in India, where its wild progenitor (*Vigna radiata* subspecies *sublobata*) occurs wild. Archaeological evidence has turned up carbonized Green gram on many sites in India. Areas with early finds include the eastern zone of the Harappan civilization in Punjab and Haryana, which dates back about 4500 years, and in South India modern in state named Karnataka it finds date back more than 4000 years. However in South India there are evidences for evolution of larger-seeded green gram about 3500 to 3000 years ago. And green gram were widely cultivated throughout India, Later cultivated green gram spread from India to neighbouring countries like China and Southeast Asia.

World

Green gram is widely grown in India (31.62 percent), Nigeria (6.05 percent), Brazil (5.34 percent), and China (4.70 percent). The crop extends to Canada (3.45 percent), Australia (2.16 percent), Mexico (1.96 percent) and USA (1.66 percent). The crop in India occupied an area of 3.42 million hectares (M.ha) and India produced 1.34 million tonnes grains in 2011-12 (www.faostat).

India

It is grown primarily during rainy (kharif) season almost in entire India and occupies nearly 80 percent of the total area under crop. The rabi crop amounts for the remaining 20 percent of the total area. The important states in India growing maximum green gram crop are Rajasthan, Karnataka, Maharashtra and Andhra Pradesh and they occupied 1.27, 0.40, 0.39 and 0.25 Mha respectively. The states growing lowest are Himachal Pradesh, Jammu and Kashmir, Assam and West Bengal and they occupied 0.0003, 0.0009, 0.007 and 0.019 Mha respectively in 2011-12. Greengram was practically a kharif crop in Rajasthan, Maharashtra, Gujarat, Madhya Pradesh and Karnataka and predominantly in Andhra Pradesh. Assam grows only Rabi crop and West Bengal grows the crop primarily during the Rabi season.

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The major Greengram growing district is Gadag district which stands in first position with the production of 13,944 tonnes and area of 70,316 hectares followed by Dharwad district with the production (8,432 T), area (26,350 ha) and Bagalkote district with the production of (4,883 T), area (51,675 ha), (Karnataka State at a Glance, 2011-12).

Although India has made significant strides in Green gram production, yet the progress has not been uniform and stable across the states leading to instability in Green gram production. This has affected the low-income people with inadequate diets because shortfall in supplies raises prices and thus reduce the purchasing power of those with small incomes. On the other hand, surpluses in production prove a boon to them in the form of lower prices and thus mitigate upward pressure on prices (Meller, 1981). However, the fluctuations in Greengram production have not only increased in the wake of rapid diffusion of new production technology, compared to earlier periods but also altered the causal relationship between growth and instability. This causal link between growth and instability and variability of agricultural outputs have been hypothesized by many researchers (Sen, 1967; Rao, 1975; Vyas, 1977 and Mehra, 1981).

Materials and methods

For studying marketing aspects three markets viz., Gadag, Shirahatti and Ron were chosen based on the size of the market. From each of the market, 45 village merchant, 45 wholesalers, 45 retailer and 45 dal miller were chosen and interviewed personally to elicit required information. The primary data from market intermediaries were collected by personal interview method by using pre-tested structured schedules prepared for the purpose.

Marketing Channels

Marketing channels are defined as the routes through which the producer sellers dispose-off their produce. Four main channels were noticed in the area, where farmers while selling their Greengram outputs adopted these marketing channels. They were

Channel-I: Producer → Village Merchant → Wholesaler → Retailer → Consumer

Channel-II: Producer → Commission Agent/trader → Wholesaler → Retailer → Consumer

Channel-III: Producer → Commission Agent/trader → Dal miller (Processor) → Wholesaler → Retailer → Consumer

Channel-IV: Producer → Commission Agent/trader → Dal miller (Processor) → Wholesaler → Retailer → Consumer

Results and Discussion

The results on marketing costs and margins of intermediaries involved in the marketing of Greengram in Gadag market in Channel-I was presented in the Table. The marketing Channel-I adopted in the marketing of Greengram (whole grain) indicated distribution of produce from Farmers to Village Merchants to Wholesalers to Retailers and finally to the Consumers.

The marketing costs and margins in Channel-I adopted in the distribution of Greengram showed the producers price of Rs 6166.50/ qtl and the ultimate price paid by the consumer Rs 8450.52/ qtl it was found that farmer as a producer played a limited role as marketer to the extent of preparing the produce for the market and transporting it to the nearest market and these incurred a cost of Rs 45.39/ qtl. Greengram hence, by

allowing the marketing cost incurred by producer actually received a net price of Rs 6121.11/ qtl of Greengram which accounted only 1.99 percent of the price spread.

The share in price spread by Village Merchant comprising the cost incurred (2.99 percent) and profit margin (7.87 percent). Similarly, the cost incurred by Commission agent/trader, Wholesaler and Retailers were Rs 126.38/ qtl, Rs 112.01/ qtl and Rs 146.05/ qtl respectively.

It was observed that Retailer in greengram added more to the price spread when compared to Wholesaler and Village Merchant in the marketing of greengram in Channel-I.

Channel II: This was the second important channel found for marketing of greengram (whole grain). Farmers supplied their produce to Commission Agent /Trader. The Commission Agent /Trader purchased their produce from farmers where the price was found to be more (Rs 6414.11/ qtl) than in Channel- I. The producer's share was worked out to be 75.90 percent, in channel- II all the intermediaries got less margin compared to channel- I. The margin retained by Commission Agent /Trader, Wholesaler and Retailer was recorded as Rs 548.96 (26.96 percent) Rs 459.43 (22.56 percent) and Rs 643.58 (31.60 percent).

Channel-III was adopted in the marketing of greengram (split dal) indicated distribution of produce from Farmers to Village Merchants to Commission agent, Dal miller (Processor), Wholesalers to Retailers and finally to the Consumers.

The marketing costs and margins in Channel-III adopted in the distribution of greengram showed the producers price of Rs 6166.50/ qtl and the ultimate price paid by the consumer Rs 9588.96/ qtl it was found that farmer as a producer played a limited role as marketer to the extent of preparing the produce for the market and transporting it to the nearest market and these incurred a cost of Rs 45.39/ qtl. Greengram hence, by allowing the marketing cost incurred by producer actually received a net price of Rs 6121.11/ qtl of greengram, which accounted only 1.33 percent of the price spread.

The share in price spread by Village Merchant comprising the cost incurred Rs 68.36 and profit margin (5.24 percent). Similarly, the cost incurred by Commission agent/trader, Dal miller (Processor), Wholesaler and Retailers were Rs 126.38/ qtl (16.04 percent), Rs 482.56 / qtl (17.66), Rs 135.45/ qtl (13.97) and Rs 156.86/ qtl (18.76) respectively. The overall price spread was Rs 3422.46 and producer's share in consumer's rupee was 64.31 percent.

Channel IV: This was the fourth important channel found for marketing of greengram (split dal). Farmers supplied their produce to Commission Agent /Trader. The Commission Agent /Trader purchased their produce from farmers where the price was found to be more (Rs 6414.11/ qtl) than in Channel- III. The producer's share was worked out to be 66.89 percent, in channel- IV all the intermediaries got less margin compared to channel- I. The margin retained by Commission Agent /Trader, Dal millers, Wholesaler and Retailer was recorded as Rs 548.96 (17.29 percent), Rs 604.44 (19.04 percent), Rs 478.22 (15.06 percent), and Rs 641.98 (20.22 percent).

By comparing the channel-I and channel- II with respect to marketing of greengram (whole), channel-II have more producer's share in consumer's rupee (75.90 percent) than channel-I (72.97 percent), and price spread was lowest in channel-II than channel-I, it show channel-II market is more efficient than channel-I market.

By comparing the channel-III and channel- IV with respect to marketing of greengram (split dal), channel-IV have more producer's share in consumer's rupee (66.89 percent) than

channel-III (64.31 percent), and price spread was lowest in channel-IV than channel-III, it show channel-IV market is more efficient than channel-III market.

Table 1: Marketing Costs and Margins of Greengram Channels-I

Sl. No	Particulars	Rs per Quintal	Marketing cost (%)
1	Producer price	6166.5	
2	Cost incurred by producer	45.39	1.99
3	Producers net price	6121.11	
4	Purchase price of village merchant	6166.5	
5	Cost incurred by village merchant	68.36	2.99
6	Sale price of VM	6414.11	
7	Profit margin of VM	179.25	7.86
8	Purchase price of Trader/ CA	6414.11	
9	Cost incurred by T/CA	126.38	5.53
10	Sale price of CA	7089.45	
11	Profit margin by T/ CA	548.96	24.07
12	Purchase price of Processor	--	--
13	Cost incurred by Processor	--	--
14	Sale price of Processor	--	--
15	Profit margin by Processor	--	--
16	Purchase price of Wholesaler	7089.45	
17	Cost incurred by Wholesaler	112.01	4.90
18	Sale price of Wholesaler	7660.89	
19	Profit margin by Wholesaler	459.43	20.14
20	Purchase price of Retailer	7660.89	
21	Cost incurred by retailer	146.05	6.39
22	Sale price of Retailer (Consumer price)	8450.52	
23	Profit margin by retailer	643.58	28.21
24	PSCR	72.97	
25	Price spread	2284.02	

Channel-I: Producer→Village Merchant → Wholesaler → Retailer → Consumer

Table 2: Marketing Costs and Margins of Greengram Channels-II

Sl. No	Particulars	Rs per Quintal	Marketing cost (%)
1	Producer price	6414.11	
2	Cost incurred by producer	68.45	3.36
3	Producers net price	6345.66	
4	Purchase price of village merchant	--	--
5	Cost incurred by village merchant	--	--
6	Sale price of VM	--	--
7	Profit margin of VM	--	--
8	Purchase price of Trader/ CA	6414.11	
9	Cost incurred by T/CA	126.38	6.21
10	Sale price of CA	7089.45	
11	Profit margin by T/ CA	548.96	26.96
12	Purchase price of Processor	--	--
13	Cost incurred by Processor	--	--
14	Sale price of Processor	--	--
15	Profit margin by Processor	--	--
16	Purchase price of Wholesaler	7089.45	
17	Cost incurred by Wholesaler	112.01	5.50
18	Sale price of Wholesaler	7660.89	
19	Profit margin by Wholesaler	459.43	22.56
20	Purchase price of Retailer	7660.89	
21	Cost incurred by retailer	146.05	7.17
22	Sale price of Retailer (Consumer price)	8450.52	
23	Profit margin by retailer	643.58	31.60
24	PSCR	75.90	
25	Price spread	2036.41	

Channel-II: Producer→ Commission Agent/trader →Wholesaler → Retailer → Consumer

Table 3: Marketing Costs and Margins of Greengram Channels-III

Sl. No	Particulars	Rs per Quintal	Marketing cost (%)
1	Producer price	6166.5	
2	Cost incurred by producer	45.39	1.33
3	Producers net price	6121.11	
4	Purchase price of village merchant	6166.5	
5	Cost incurred by village merchant	68.36	2.10
6	Sale price of VM	6414.11	
7	Profit margin of VM	179.25	5.24
8	Purchase price of Trader/ CA	6414.11	
9	Cost incurred by T/CA	126.38	3.69
10	Sale price of CA	7089.45	
11	Profit margin by T/ CA	548.96	16.04
12	Purchase price of Processor	7089.45	
13	Cost incurred by Processor	482.56	14.10
14	Sale price of Processor	8176.45	
15	Profit margin by Processor	604.44	17.66
16	Purchase price of Wholesaler	8176.45	
17	Cost incurred by Wholesaler	135.45	3.69
18	Sale price of Wholesaler	8790.12	
19	Profit margin by Wholesaler	478.22	13.97
20	Purchase price of Retailer	8790.12	
21	Cost incurred by retailer	156.86	4.58
22	Sale price of Retailer (Consumer price)	9588.96	
23	Profit margin by retailer	641.98	18.76
24	PSCR	64.31	
25	Price spread	3422.46	

Channel-III: Producer→ Commission Agent/trader → Dal miller (Processor) → Wholesaler →Retailer Consumer

Table 4: Marketing Costs and Margins of Greengram Channels-IV

Sl. No	Particulars	Rs per Quintal	Marketing cost (%)
1	Producer price	6414.11	
2	Cost incurred by producer	68.45	2.16
3	Producers net price	6345.66	
4	Purchase price of village merchant	--	--
5	Cost incurred by village merchant	--	--
6	Sale price of VM	--	--
7	Profit margin of VM	--	--
8	Purchase price of Trader/ CA	6414.11	
9	Cost incurred by T/CA	126.38	3.98
10	Sale price of CA	7089.45	
11	Profit margin by T/ CA	548.96	17.29
12	Purchase price of Processor	7089.45	
13	Cost incurred by Processor	482.56	15.20
14	Sale price of Processor	8176.45	
15	Profit margin by Processor	604.44	19.04
16	Purchase price of Wholesaler	8176.45	
17	Cost incurred by Wholesaler	135.45	4.27
18	Sale price of Wholesaler	8790.12	
19	Profit margin by Wholesaler	478.22	15.06
20	Purchase price of Retailer	8790.12	
21	Cost incurred by retailer	156.86	4.94
22	Sale price of Retailer (Consumer price)	9588.96	
23	Profit margin by retailer	641.98	20.22
24	PSCR	66.89	
25	Price spread	3174.85	

Channel-IV: Producer→ Commission Agent/trader →Dal miller (Processor) → Wholesaler →Retailer → Consumer

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