An economic study of marketing of rapeseed mustard in district Lakhimpur Kheri, U.P., India

Abstract

An attempt has been made in this study to examine the economic analysis of marketing of rapeseed-mustard. The study was conducted in "Palia Kalan" blocks in Lakhimpur Kheri district of U.P. State, India. Only those regulated market where the farmers of selected village used to sale their produce were considered for the present inquiry i.e. Palia kalan market is selected to collect the required information on the marketing aspects for the present study. The data were collected by survey method with personal interview from the respondents to the help of pre tested schedules. Secondary data were obtained from official record, reports and bulletins. The two type of marketing channel identified in the study area were Channel-I: Producer – Consumer, Channel-II: Producer – Wholesaler – Retailer– Consumer. The marketing cost of mustard is higher in channel-II(Rs.91.00) as compared to channel-I (Rs.30.00).The producer's share in the consumer's price is higher in channel-I (99.25) percent compared to channel-II (94.80) per cent respectively.

Keyword: Marketing, marketable surplus, producer's share in consumer's price, constraints.

Introduction

India is greatest economy of edible economy in the world and ranking the third position after USA and China. It occupies a distinct position in the term of area under oil seed and also in term of diversity in cultivated oil seed. India is the world largest producer of groundnut, sesamum, peanut and Niger, second largest producer of caster and safflower as well as producer of rapeseed mustard and linseed.

During a major part of the nineteenth century and even earlier India has been an important exporter of vegetable oils and ghani manufactured oil had an important place in the international oil trade. However, in the later part of the last century its ghani industry faced severe competition from the western mill industry and consequently India lost much of the foreign market and instead become an importer of edible oils/oilseeds to meet the growing domestic demand for human consumption and other purpose.

Rapeseed mustard is the most important edible oil. The oil content of seed in different forms range 30-48 per cent. The oil obtain is the main cooking medium in northern India and cannot be easily replaced by another edible oil. The seed and oil are used as condiment in the preparation of pickles and for flavouring curries and the oil cakes is mostly used as a cattle feed. As regard the per capita available edible oil it was 6.10 kg per annum considering the problem of oil crises. The Government have taken steps by merging to centrally sponsored scheme, namely, national oil seed department project and oilseed production thrust project 1986-87 and 1989-90 into single scheme oilseed production program (OPP) in 1990-91. In addition technology and mission on oilseeds (TMO) established in May, 1986 and have directed toward harnessing the best of production, processing and management technology for accelerating self-sufficiency.

India holds a premier in the global oilseed scenario accounting for 19.3 per cent of the area and 11.10 per cent of the total production. The estimate area, production and yield of rapeseed mustard in the world was 5745.52 million ha, 6796.72 million tones and 1160 kg per hectare respectively. India accounts for 23 per cent and 10 per cent of the total acreage and production of mustard (USDA2016).

Rapeseed mustard crop is mainly grown in northern states of India viz. Uttar Pradesh, Punjab, Haryana, MP, Rajasthan, and west Bengal all of which account for more than 90 per cent of the total area under this crop Rajasthan with state produced 32 lakh tonnes of production and largest producer of rapeseed mustard while UP stand 2nd in order with the total production of 6.8 million tonnes during 2015-16 there scope for higher coverage under Toria as a short period in U.P.

In U.P the main rapeseed mustard growing district are Agra, Kanpur, Etawah, Faizabad, Allahabad, Lakhimpur Kheri and Farrukhabad. The Lakhimpur Kheri occupies an area about 27347 ha with account for 3.94 % of total cropped area the area and production is 19010 metric tonnes (district statistical bulletins). The main region responsible for this stagnation may be the poor management and growing of crop under unirrigated and other abnormal condition beside the crop is grown in marginal and sub marginal farmers the farmers are not in position to adopt the full package of practices in cultivation as recommended by Agricultural scientists.

Methodology

The research study was being undertaken during the year 2017-2018 in Lakhimpur Kheri district of Uttar Pradesh. The study comprises of 50 Sample farmers by following a multi stage stratified random sampling technique. From Lakhimpur Kheri district, one block (Palia kalan) was selected randomly. A separate list of villages falling under the jurisdiction of the selected blocks was prepared and five villages from Palia kalan block making a total of five villages were selected randomly. From each village, 10 farmers were selected randomly from the list making a sample size of 50 for the study. The selected farmers were stratified into three groups viz. marginal (0 to1 ha), small (1 to 2) and medium (2 ha and above) respectively, based on the study area under land holding of respondents. The classes were divided by using mean and standard deviation and the data was analysed by calculating frequency distributions and percentage.

Marketable surplus: Marketable surplus refers to the surplus available for disposal with the producer left after his requirement of family consumption payment of wages in kind, feed, seed wastage etc.

$$MS=TP-TR$$

Where, TP=Total Production

TR= Total Requirements

Producer's share in consumer's price: The term "producer's share in consumer's price" denotes the net amount received by the producer out of the consumer pay for the commodity and it is calculated in percentage. The formula has been explained as following:

$$PS = Pf/Pr \times 100$$

Where, PS = Producer share's in consumer rupee

Pf = Net Price received by producer

Pr = Price paid by consumer

Results and Discussion:

In this aspect an attempt has been made to study the different channels through which producer sell his marketable surplus. The producer's share in consumer's price, marketing cost and the marketing margins of middle man like, whole

sellers and retailers have also been worked out. In the study area the following channels of mustard were found under operation.

Channel-I: Producer-Consumer
Channel-II: Producer -Wholesaler - Retailer -consumer

Channel - I: Producer – Consumer

This channel is better than all the marketing channels because, in this channel cultivator directly sells his produce to the consumers and get the maximum share of his produce, but this may be done on a very limited scale due to absence of large number of buyers in the village market. In a village market almost all farmers/producers and only a few labours who needs to purchase mustard/oil for mainly consumption purposes.

Channel - II: Producer -Wholesaler - Retailer - Consumer

In this channel the producers directly sell their produce to wholesaler who sells to retailer in town and city and in last to consumers.

Marketable surplus

Marketable surplus refers to the surplus available for disposal with the producer left after his requirement of family consumption payment of wages in kind, feed, seed wastage etc. The marketing surplus of mustard on the different size groups of holdings has been presented in Table-1.

Table -1: Marketable surplus under different size of groups.

Particular	Size groups(in ha)			Average
	0-1	1-2	2 & above	
Total area under mustard (in ha)	10.78	20.10	35.5	22.12
Total production (q/ha)	164	310	583	352.33
Total quantity retained (q/ha)	25.00 (15.24)	14.00 (4.51)	11.00 (1.88)	16.66 (4.72)
Marketable surplus(q/ha)	139.00 (84.76)	296.00 (95.49)	572 (98.12)	335.66 (95.28)

(**Note:** Figure in brackets shows the respective percentage.)

Table-1 reveals that marketable surplus increases with increasing the size of holding ***i.e.*** 139.00 quintal (0-1 ha) 296.00 quintal (1-2 ha) and 572.00quintal (2 and above) with 84.76 per cent, 95.49 per cent and 98.12 per cent respectively.

Table -2: Distribution of marketable surplus of mustard through various marketing channels under different size group of farms.

S. No.	Size group of the farms (in ha)	Quantity distribution (in qt. channel)		Total
		I	II	
1	0-1	6.95(5)	132.05(95)	139.00
2	1-2	14.80(5)	281.20(95)	296.00
3	2 & above	25.74(4.5)	544.26(95.5)	572.00
	Total	47.49(4.74)	57.51(95.75)	1000.00

Table -2 reveals the largest quantity of marketable surplus (95.75per cent) was marketed through channel-11followed by channel l (4.74per cent). Marginal and small farmers disposed 5 per cent of their produce in channel-I whereas large farmers dispose largest part of their produce in channel-II.

Producer's share in consumer's price :

The term "producer's share in consumer's price" denotes the net amount received by the producer out of the consumer pay for the commodity and it is calculated in percentage. The formula has been explained as following:

$$PS = \frac{Pf}{Pr} \times 100$$

Where,

PS = Producer share's in consumer rupee
Pf = Net Price received by producer
Pr = Price paid by consumer

Table-3; details of marketing costs and margins of rapeseed mustard under different marketing channels (Rs/qt).

S.No.	Particulars	Marketing cost and margins under different marketing channels	
		I	**II**
A.	**Producers**		
1.	Transportation	20	20
2.	weighing	3	3
3.	Palledari	5	5
4.	Others	2	2
	Sub-total of marketing cost	30.00	30.00
B.	**Wholesaler**		
1.	Transportation	-	15
2.	Market fee	-	10
3.	Weighing	-	3
4.	Palledari	-	5
5.	Storage	-	5
6.	Others	-	3
	Sub-total of marketing cost		41.00
	Marketing margin of wholesaler		66

C.	Retailer		
1.	Transportation	-	12
2.	Palledari	-	5
3.	Others	-	3
	Sub-total of marketing cost		20
	Marketing margins of retailer		92
	Gross total of marketing cost	30.00	91
	Gross total of margins	-	158.00

Table -3 shows that marketing cost paid by producer/ intermediaries under different marketing channels and margins of intermediaries in Rs. per quintal. The table shows that the total marketing costs was highest in channel II (Rs.91) followed by channel-I (Rs.30**)** respectively. Total margins of all intermediaries in channel-II Rs.158 whereas channel-I has no any middle man's margin, because producer sell direct his produce to consumer. Retailer's margin was the highest it was Rs.92 respectively. While wholesaler received Rs 66 as margin in mustard marketing in channel - II.

Table -4: Producer's share in consumer's price.

S.No.	Particulars	Channel-I		Channel-II	
		Value (Rs)	Per cent	Value (Rs)	Per cent
A.	**Producer**				
1.	Sale price	4000	100	-	-
2.	Marketing cost	30.00	0.75	-	-
3.	Net price received by producer	3970	99.25	-	-
B.	**Wholesaler**				
1.	Purchase price	-	-	4000	

2.	Marketing cost	-	-	41	1.02
3.	Margin	-	-	66	1.65
4.	Sale price	-	-	4107	
C.	**Retailer**				
1.	Purchase price			4107	
2.	Marketing costs			20	0.47
3.	Margin			92	2.18
4.	Consumer purchase price	4000	100	4219	100
	Producers share in consumer's price Rs (per cent)		99.25		94.80

The Table -4 discloses that producer's share in consumer's price was the highest in channel-I (99.25 per cent) followed by channel-II (94.80 per cent) respectively. The producer's share in consumer's price was the highest in channel-I because producer directly sell their produce to consumer. In absolute form the highest price was received by producer in channel-I (Rs. 3970.00) because producer sells mustard directly to consumer and there were no any intermediary in this channel. Retailer got maximum margin in channel-II.

Constraints:

Forced sale Problem: The producers in general sold there at unfavourable place and an unfavourable time and usually got low price. The various reasons as noticed for forward sale such immediate money needed for payment of rent and storage facility is needed.

Problem of market: During the investigation the following market problems were noticed in the Paliya Kalan market of district Lakhimpur Kheri.

- The commission agents though employed by the producer seller were more inclined towards buyer and favoured them at the expense of producers.

- In fixation of price the role of producer seller was negligible.

- Monopoly of the mustard producers in the market especially in respect of price settlement on the basis of seed.

- Even weigh men favoured the purchasers manipulating against the producer seller.

- Payment to producer seller was generally delayed as six month.

Farmers do not got optimum price level Generally small and marginal farmers sale his small produce at village or local market i.e. they do not get optimum price for his producer.

Suggestions:

- Grading and standardization of mustard must be arranged.
- Payment for producers should be made immediately.
- Co-operative societies must come forward to take steps to install mustard processing units and providing higher percentage to the mustard growers in the consumer's price.
- Adequate training program of the field workers at all the levels may be conducted to transfer the existing production technology.

Conclusion

It may be concluded from the present study that the marketing cost of mustard is higher in Channel-II (Rs. 91.00) as compared to channel-I (Rs. 30.00). The producer's share in the consumer's price is higher in Channel-I 99.25 per cent compared to Channel-11 94.80per cent. Channel-I was more effective than channel II, due to less total marketing cost and overhead expenditure so the Producer share's in consumer rupees was less on channel I, whereas the involvement of intermediate agencies was more on channel II, therefore the marketing efficiency of channel I was better than the channel II.

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