Original Research Article

An Economic analysis of okra marketing in Siddipet district of Telangana

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ABSTRACT

Aim: The present study aims to analyse the marketing pattern of okra in Siddipet district of Telangana state.

Study design: Only primary data was used for carrying out the study and it pertained to the kharif season of the agricultural year 2019-20. 3 mandals were purposively selected from Siddipet district and from each mandal 2 villages were selected, thus making a total of 6 villages. From each village, 9 okra growers were randomly chosen to collect the primary data through personal interview. In addition, a sample of 7 wholesalers, 7 commission agents, 13 retailers were also chosen randomly for obtaining the data required for carrying out the present study.

Methodology: Marketing costs, margins, producer's net price, producer's share in consumer's rupee, price spread and marketing efficiency were computed to analyze the data.

Results: Three channels were found for the marketing of the produce *viz.,* Channel 1 (Producer – Consumer), Channel 2 (Producer – Retailer – Consumer) and Channel 3 (Producer – Commission agent – Wholesaler – Retailer – Consumer). Among the various identified channels, Channel 1 was found to be the efficient one with the highest marketing efficiency index of 21.22 followed by channel 2 and channel 3 with indices of 3.18 and 1.08 respectively.

Conclusion: Reduction in the number of market intermediaries between producer and consumer could improve the efficiency of marketing of okra.

Keywords: Marketing channel; okra; marketing efficiency

1. INTRODUCTION

India is bestowed with a wide range of agro climatic conditions which promote the production of numerous vegetables and as such India is placed at second position, behind China, in terms of vegetable production with an estimated produce of 197.23 million tonnes from an area of 10.97 million hectares of land during the year 2020-21. Among the various vegetable species, okra is one of the major vegetable being cultivated in an area of 5.4 lakh hectares and with an estimated produce of 6.49 million tonnes. [1]. Despite their national importance, okra farmers still do not obtain remunerative returns from the marketing of their produce which is a matter of concern. Under the existing marketing practice, before the produce reaches to the end user, it has to be handled and passed through a long chain of various intermediaries and as a result of which the producers are getting an insignificant share of consumers' rupee. Thus, working out the price spread provides an opportunity to know the difference between the price received by the farmer and price paid by the consumer. Therefore, evaluating the profitability of marketing will help to make cultivation and exchange more remunerative. With this background, the present study aims to analyse the various identified marketing channels of okra in terms of their efficiency.

2. MATERIAL AND METHODS / EXPERIMENTAL DETAILS / METHODOLOGY

The present study is conducted in Siddipet district of Telangana state. Only primary data was used for carrying out the study and it pertained to the kharif season of the agricultural year 2019-20. 3 mandals were purposively selected from the district *viz.,* Chinnakodur, Mulugu, Siddipet rural. From each mandal two villages were again purposively selected and thus making a total of 6 villages *viz.,* Chinnakodur, Machapur, Chilla sagar, Narsampalle, Chinna gundavalli and Raorukal. From each village, 9 okra growers were randomly chosen to collect the data required for the study. In addition, a sample of 7 wholesalers, 7 commission agents, 13 retailers were also chosen randomly. The primary data was thus collected from both okra growers and middlemen through personal interview method employing pre tested schedules. The collected data was analysed using appropriate statistical tools which are mentioned below:

2.1 MARKETING COST

The total cost incurred on marketing by producer and various intermediaries involved in sale and purchase of the commodity till it reaches the ultimate consumer was taken under this head.

MC = Cf + Cm1 + Cm2 + Cm3 + …….. + Cmi

Where, MC = Total cost of marketing of the commodity

Cf = Cost incurred by the producer

Cmi = Cost incurred by the i th middleman

2.2 MARKETING MARGIN

Marketing margin included the profit gained by a particular middleman after adjusting the marketing loss during handling and transit. Thus the margin of middlemen is computed as below [2]:

Middlemen margin (MM) = gross price (sale price) - price paid (cost price) - cost of marketing

2.3 PRODUCER'S NET PRICE

The net price received by the farmer is computed as the difference between gross price received by the farmer and marketing costs incurred during harvesting, grading and transit of the produce. Thus producer's net price is computed as follows:

NPF = GPF – CF

Where, NPF is the net price received by the farmers (Rs/t)

GPF is the gross price received by the farmers (Rs/t)

CF is the cost incurred by the farmers during marketing (Rs/t)

2.4 PRODUCER'S SHARE IN CONSUMER'S RUPEE

It is the percent share of consumer's rupee received by the farmer. If Pc is the consumer's price and Pf is the producer's price then the producer's share in consumer's rupee (Ps) can be expressed as follows:

Ps = (Pf / Pc) * 100

2.5 PRICE SPREAD

Price spread is computed as the difference between price paid by the consumer and the net price received by the farmer for an equivalent quantity of farm produce.

Price spread = Consumer's price - Producer's net price

2.6 MARKETING EFFICIENCY

The marketing efficiency of the channel (ME) is computed as follows [3]:

ME = NPF / (MC + MM)

Where, ME is the marketing efficiency index

3. RESULTS AND DISCUSSION

The results of the study revealed three major channels involved in the marketing of produce to the consumer. They are as follows:

a. Channel 1: It is the direct marketing channel and do not involve any market intermediaries. (Producer – Consumer)

b. Channel 2: In this channel the produce is marketed through the supermarket agencies located in the district. (Producer - Retailer - Consumer)

c. Channel 3: In this channel the produce is marketed through the regulated markets located in the district. (Producer – Commission agent – Wholesaler – Retailer – Consumer).

3.1 CHANNEL 1 (PRODUCER – CONSUMER):

It is the direct marketing channel without involving any intermediaries in the marketing of produce. The sample farmers were selling their produce in the model rythu bazaar which was established in the recent years. This channel was found to be most efficient one with the highest marketing efficiency of 30.26 and greater share of producer in terms of consumer's rupee (96.80%). This result was found to be in accordance with the findings of Ajay Tegar [4]. The price spread of the channel and other details such as the marketing costs incurred by the producer are given in table 1.

Table 1: Price spread in channel 1

S.No.	Particulars	Amount (Rs./t)	Percent share in consumers rupee
1	Gross price received	40222.22	100.00
2	Marketing costs		
	a. Transportation	1266.67	3.15
	b. Bagging	20.00	0.05
	Total marketing costs of producer	1286.67	3.20
4	Net price received	38935.55	96.80
5	Price spread	1286.67	
6	Producer's share in consumer's rupee (%)	96.80	
7	Marketing efficiency	30.26	

3.2 CHANNEL 2 (PRODUCER – RETAILER – CONSUMER):

The present channel involves the supermarket agency for marketing the vegetables. This is the most organised marketing chain among the three identified channels as it involved efficient methods of marketing practices. The net price received by the farmer in this channel was found to be Rs. 30,171.43 per tonne. This channel was also found to be the efficient one as indicated by marketing efficiency index of greater than one (3.48) and greater share of producer in terms of consumer's rupee (77.69%). The price spread of the channel as well as the marketing costs of producer and retailer is given in table 2.

Table 2: Price spread in channel 2

S.No.	Particulars	Amount (Rs/t)	Percent share in consumers rupee
1	Producer		
	A) Gross price received	31142.86	80.20
	B) Marketing costs		
	a) Transportation	951.43	2.45
	b) Bagging	20.00	0.05
	Total marketing cost of producer	971.43	2.50
	C) Net price received	30171.43	77.69
2	Retailer		
	A) Selling price	38833.33	100.00
	B) Purchase price	31142.86	80.20
	C) Marketing costs		
	a) Transportation	400.33	1.03
	b) Bagging	272.50	0.70
	c) Salaries for permanent staff	306.94	0.79
	d) Rent for building/premises	80.83	0.21

	e) Electricity charges	17.13	0.04
	f) Market fee	311.43	0.80
	Total marketing cost of retailer	1389.16	3.58
	D) Margin	6301.31	16.23
	E) Price spread	8661.90	22.31
	F) Producer's share in consumer's rupee (%)	77.69	
	G) Marketing efficiency	3.48	

3.3 CHANNEL 3 (PRODUCER – COMMISSION AGENT – WHOLESALER – RETAILER – CONSUMER):

It is the longest channel among all the three identified channels. All the respondents involved in this channel marketed their produce in the integrated market of Siddipet district. In this channel, both the marketing efficiency and the share of producer in terms of consumers rupee are lower when compared with the other two channels due to the involvement of more number of intermediaries when compared with the other two channels. These results were found to be in accordance with Kala *et al.* [5]. The details regarding the marketing costs of various actors and the price spread are given in table 3 and table 4 respectively.

Table 3: Total marketing costs in channel 3

S.No.	Particulars	Amount (Rs/t)	Percent to total cost
Costs incurred by producer			
1	Transportation	739.09	20.82
2	Hamali (labour) expenses	120.00	3.38
3	Bagging	20.00	0.56
4	Commission agent's fee	2374.55	66.88
5	Market fee	296.82	8.36

6	Others (specify)	0.00	0.00
7	Total	3550.46	100.00
Costs incurred by commission agent			
1	Transportation	0.00	0.00
2	Bagging	0.00	0.00
3	Labour charges	63.81	83.96
4	Rent for building/premises	10.88	14.32
5	License fee	1.31	1.72
6	Others (specify)	0.00	0.00
7	Total	76.00	100.00
Costs incurred by wholesaler			
1	Transportation	100.00	21.58
2	Labour charges	51.13	11.04
3	Rent for building/premises	10.23	2.21
4	Market fee	296.82	64.06
5	License fee	5.14	1.11
6	Others	0.00	0.00
7	Total	463.32	100.00
Costs incurred by retailer			
1	Transportation	300.00	5.82
2	Rent for building/premises	3857.14	74.79
3	Salaries	1000.00	19.39
4	Others	0.00	0.00
5	Total	5157.14	100.00
Total marketing costs		9246.92	

Table 4: Price spread in channel 3

S.No.	Particulars	Amount (Rs/t)	Percent share in consumers rupee
1	Producer		
	a) Gross price received	29681.82	62.96
	b) Marketing costs	3550.46	7.53
	c) Net price received	26131.36	55.43
2	Commission agent		
	a) Commission	2374.55	5.04
	b) Marketing costs	76.00	0.16
	c) Margin	2298.55	4.88
3	Wholesaler		
	a) Selling price	34714.29	73.64
	b) Purchase price	29681.82	62.96
	c) Marketing costs	463.32	0.98
	d) Margin	4569.15	9.69
4	Retailer		
	a) Selling price	47142.86	100.00
	b) Purchase price	34714.29	73.64
	c) Marketing costs	5157.14	10.94
	d) Margin	7271.43	15.42
5	Total marketing costs	9246.92	19.61
6	Total marketing margin	14139.13	29.99
7	Price spread	21011.50	

8	Producer's share in consumer's rupee (%)	55.43
9	Marketing efficiency	1.12

4. CONCLUSION

The study revealed that increase in the market intermediaries would lead to decrease in the marketing efficiency of the channel and thereby reducing the producer's share in consumer's rupee. To mitigate this problem and improve the profits of producer, marketing practices like e-NAM need to be encouraged and mandis have to be accessed to the portal so that farmer can target the best price.

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