Marketing cost and marketing margin of wheat in Durg district of Chhattisgarh

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Abstract : An attempt has been made in this paper to examine the marketing cost and marketing margin of wheat in Durg district of Chhattisgarh state. The study was conducted in Durg district of Chhattisgarh state with forty farmers who were selected randomly from four villages and 10 wheat growers from each of the selected village considered to collect the required information. The primary data were collected from the wheat producers through personal interview method with the help of well prepare scheduled and questionnaire for the production and marketing year 2010-11. The simple mean and average method was used to work out the marketing cost and marketing margins in wheat trade. It was observed that farmers sale their produce to village traders 17.67 per cent and 3.12 per cent during the first and second quarter, respectively. The quantity sale to the wholesaler was observed as 33.08 per cent and 46.13 per cent in first quarter and second quarter, respectively. The marketing cost computed as Rs.5, Rs.19.90 and Rs. 61.40 per quintal in channel-I while it was observed as Rs. 17.18 and 61.40 per quintal in channel-II. Whereas the net marketing margin was computed as Rs.991, Rs. 64.10 and Rs.88.60 per quintal in channel-I while it was observed as Rs. 1055.82 and 95.62 per quintal in channel-II.

Key Words : Time of sale, Marketing cost, Marketing margin, Wheat marketing

View Point Article : Pallewar, Sarju, Shrey, Ravi and Bante, Ropan (2014). Marketing cost and marketing margin of wheat in Durg district of Chhattisgarh. *Internat. J. agric. Sci.*, **10** (2): 681-684.

Article History : Received : 26.11.2013; **Revised :** 20.04.2014; **Accepted :** 01.05.2014

INTRODUCTION

Wheat is grown on more land area worldwide than any other crop and is close third to rice and corn in total world production. Wheat is cultivated in about 120 countries of the world. China is the largest producer of wheat with annual production of 115.10 million tons during 2009 followed by India with a production of 80.80 million tons. Out of total (685.80 million tons) world's wheat production, 16.79 per cent is contributed by China followed by India (11.78 %) (Anonymous, 2009-10). The major wheat growing states of India are Uttar Pradesh, Madhya Pradesh, Punjab, Haryana and Rajasthan. These five states contribute about 90 per cent of total wheat production of country. India is the world's biggest consumer of wheat after China with annual domestic demand of about 70 million tons. Export of wheat in India is in

terms of quantity showed a sharp fluctuations. Sometimes India used to have large surplus for wheat export depending on the domestic production and stock management. Country exported 26.49 lakh tones of wheat during 2001-02 which remained highest till 2003-04 (40.93 lakh tons of wheat of a value of Rs. 2391.25 Crore). Thereafter, the export of wheat showed a sharp decline up to the year of 2006-07. Wheat trade was inversely affected in India due to violent fluctuations in area under and productivity of crop during the year of 2004-05 to 2006-07 (Anonymous, 2006-07).

Chhattisgarh is the state where paddy is the important crop during *Kharif* season which occupies about 90 per cent area during *Kharif* season while most of the area is kept fallow during *Rabi* season. In some of the pockets of the Chhattisgarh plain, wheat is being grown with one or two irrigation. The total area under wheat cultivation in the state is 0.17 million

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ha. having 0.21 million tonnes of production. The productivity of wheat in Chhattisgarh state is 1235 Kg. /ha (Anonymous, 2010), which is considerably less as compared to the productivity of wheat at National level (2907 kg/ha.). In agriculture production, marketing play an important role in enhancing the production of any produce. Only increase in production and sustainable agriculture are not enough for producer to get remunerative prices for their produce, but an efficient marketing system is also an important part to provide the remunerative prices to the producers, which encourage them to allocate more area under that crop which enhance production on the one hand and on the other, consumer get produce at reasonable prices. Looking to these facts, this paper attempts to examine the marketing cost and marketing margin of wheat trade in the study area.

MATERIAL AND METHODS

The area and production of wheat in Durg district is 0.029 million ha. (17.63 %) and 0.031 million tone (14.57 %), respectively. Durg ranked first in area while second in production after Surguja district. Therefore, Durg district was selected purposively for the study. Out of eleven tehsils, Saja and Bemetara tehsils combinedly constituted 0.013 million ha.

of area (44.85 %) and 0.017 million tone production (52.14 %) of the total district. Out of these two tehsil, one tehsil *i.e.* Bemetara was selected randomly for the study. Therefore, four villages namely Khilora, Otebandh, Pilaikura and Rajkuri were selected randomly for the study purpose, in order to collect the primary information related to this study. There were large numbers of wheat growers in these selected villages. From each of these selected villages, a proportionate sample of respondents was considered in order to make a number of respondents equal to forty. These farmers were classified into different categories based on their land holding *i.e.* marginal (up to 1.00 ha.), small (1.01 to 2.00 ha.), medium (2.01 to 4.00 ha.) and large (above 4.00 ha.).

RESULTS AND DISCUSSION

The results obtained from the present investigation as well as relevant discussion have been summarized under following heads :

Time of sale of quantity of wheat by farmers :

Time of sale of quantity of wheat by farmers is presented in Table 1. Table shows that the marginal farms sold their about 87 per cent of produce in first quarter to village traders

Table 1: Time of sale of quantity of wheat by farmers (quintal / farm)

Sr. No.	Category	Village trader			Wholesaler			Total
		I	II	III	I	II	III	
1.	Marginal	11.16 (86.99)	-	-	1.67 (13.01)	-	-	12.83 (100.0)
2.	Small	5.87 (31.52)	-	-	6.50 (34.91)	6.25 (33.57)	-	18.62 (100.0)
3.	Medium	2.30 (9.74)	3.39 (14.36)	-	10.23 (43.32)	7.69 (32.58)	-	23.61 (100.0)
4.	Large	5.42 (4.74)	-	-	37.29 (32.68)	71.42 (62.58)	-	114.13 (100.0)
	Average	6.22 (17.67)	1.10 (3.12)	-	11.65 (33.08)	16.25 (46.13)	-	35.22 (100.0)

Note: Figures in parentheses indicate percentage to total marketable surplus

Table 2 : Marketing cost incurred by different intermediaries in different channels (Rs./qt)

Sr. No.	Particulars	Intermediaries in channel-I			Intermediaries in channel-II	
		Producer	Village trader	Wholesaler	Producer	Wholesaler
1.	Transportation	–	7.40 (37.19)	40.00 (65.14)	6.18 (35.98)	40.00 (65.14)
2.	Loading/unloading	–	5.00 (25.12)	6.00 (9.78)	5.00 (29.10)	6.00 (9.78)
3.	Packaging	–	2.50 (12.57)	4.40 (7.17)	–	4.40 (7.17)
4.	Mandi fees	–	–	3.00 (4.89)	–	3.00 (4.89)
5.	Miscellaneous	5.00	5.00 (25.12)	8.00 (13.02)	6.00 (34.92)	8.00 (13.02)
	Total cost	5.00 (100.0)	19.90 (100.0)	61.40 (100.0)	17.18 (100.0)	61.40 (100.0)

Table 3: Marketing margin of different agencies in different channels (Rs./quintal)

Sr. No.	Particulars	Intermediaries in channel-I			Intermediaries in channel-II	
		Producer	Village trader	Wholesaler	Producer	Wholesaler
1.	Sale price	996.00	1080.00	1230.00	1073.00	1230.00
2.	Purchasing price	-	996.00	1080.00	-	1073.00
3.	Gross margin	-	84.00	150.00	-	157.00
4.	Marketing cost	5.00 (0.40)	19.90 (1.61)	61.40 (5.00)	17.18 (1.39)	61.40 (4.99)
5.	Net margin	991.00 (80.57)	64.10 (5.21)	88.60 (7.21)	1055.82 (85.83)	95.60 (7.78)

after harvesting the crop, followed by small farms 32 per cent, medium farms 10 and large farms 4.74 per cent of their total produce, on the other side, large farms sold their maximum quantity to the wholesaler *i.e.* about 63 per cent in second quarter followed by medium farms 43 per cent, small farms 35 per cent and marginal farms 13 per cent, respectively. Table further reveled that most of the farmers sold their produce (17.67 %) to village traders after just harvesting the crop in first quarter due to low marketable surplus and small quantity of produce while in case of quantity sold to the wholesalers was observed to be 46.13 and 33.08 per cent in second and first quarter, respectively.

Marketing cost incurred by different agencies :

Marketing cost incurred by the different intermediaries on different marketing operations is shown in Table 2. It can be seen from the table that per quintal marketing cost paid by the producers, village traders and wholesalers was computed as Rs.5, Rs.19.90 and Rs. 61.40 per quintal in channel-I while the marketing charges paid by the producers and wholesalers were estimated as Rs. 17.18 and 61.40 per quintal in channel-II. In the different marketing operations, transportation cost share was observed to be highest on which about 37 per cent and 65 per cent cost spent by the village traders and wholesalers in channel-I while it was about 36 per cent in channel-II, spent by the producer.

Expenditure on miscellaneous items was computed about 25 per cent and 13 per cent in channel-I, whereas the producers spent about 35 per cent on the same items in channel-II. In the marketing operation, loading/unloading operation has the important share of the marketing cost. A share of about 25 per cent and 10 per cent of total marketing cost spent by the village traders and wholesalers in channel-I and 29 per cent cost spent by the producers in channel-II, respectively on the said operation. The efficient use of means of transportation and distance covered by the farmers may inferences the transportation cost. In the study area, most of the farmers sale their produce to the wholesaler directly due to less distance of market from village as well as relatively higher price realized from wholesalers.

Marketing margins of intermediaries in different channels:

The marketing margins of intermediaries in different channels of Durg district are shown in Table 3. In channel –I the producers sold their produce to the village trader in the village itself at the rate of Rs. 996 per quintal for their convenience. Farmers received Rs. 991 per quintal which is 80.57 per cent of the price paid by wholesalers. The village trader's sale this produce to the wholesalers at the rate of Rs. 1080 per quintal after spending Rs.19.90 per quintal as marketing cost and received the gross margin as Rs. 84 per quintal. Village traders received net margin as Rs.64.10 per quintal which is about 5.21 per cent of the price paid by

wholesalers. The wholesaler bought the wheat at the rate of Rs. 1080 per quintal from village trader and sold it at the rate of Rs.1230 per quintal in Durg market. The wholesaler incurred Rs. 61.40 per quintal as marketing cost and received net margin as Rs.88.60 per quintal which is 7.21 per cent of the price paid by wholesaler. The total marketing cost is estimated as Rs. 86.31 per quintal in this channel- I. In channel II the producer sold wheat to the direct wholesalers at the rate of Rs. 1073 per quintal. The producer paid Rs. 17.18 per quintal as the marketing cost for different functions like transportation, labour charges etc. The producer received Rs.1055.82 per quintal which is the 85.83 per cent of price paid by the wholesaler. The wholesaler sold this produce at Durg market to the wholesaler at the rate of Rs. 1230 per quintal and realized Rs. 95.60 per quintal as net margin after spending Rs. 61.40 per quintal as marketing cost for different marketing functions. The total marketing cost was worked out as Rs. 78.58 per quintal in this channel-II.

Conclusion :

Efficient marketing system provides incentives to producers to increase the production. Therefore, this study was carried out. The study conclude that the time of sale of produce was observed highest at marginal farms about 87 per cent to village traders, while it was observed about 63 per cent to whole sellers in second quarter. The total marketing cost was Rs. 5, Rs. 19.90 and Rs. 61.40 in channel – I and Rs. 17.18 and Rs. 61.40 in channel – II, respectively. Marketing margin was computed as Rs. 991, Rs. 64.10 and Rs. 88.60 per quintal in channel – I and Rs. 1055.82 and Rs. 95.60 per quintal in channel – II, respectively.

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