

Producer's share in consumer rupee in marketing of fresh banana

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ABSTRACT

The present investigation was conducted in Wardha district of Maharashtra to examine the producer's share in consumer rupees its and market efficiency. The study was based on primary data obtained from 45 banana growers, 10 commissions agents, 10 wholesales and 10 retailers. Descriptive statistics was used to analyse the data. The study revealed that there were only one major channel of marketing involving commission agent, wholesalers and retailers through which the fresh banana moved from producers and consumers. This channel was found to less share to producers in consumers rupee (42.40%) and efficient with an market efficiency index of 2.32. The analysis of price spread and marketing margins revealed that 243.60/tonne, while wholesalers accounted for 380/tonne and retailers accounted comparatively more for 2357.51/tonne. The price spread was higher at the stage retailing presumably due to higher marketing costs and profits.

KEY WORDS : Consumer rupee, Marketing margins, Producer share, Price spread, Market efficiency, Marketing intermediaries

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Marketing helps producer in disposal of produce ensuring reasonable returns for his hard work. Production process is not complete until the produce reaches the hands of final consumer, marketing efficiency depends largely on the costs, margins and producer's share in consumer's rupee. An efficient marketing system is a pre-requisite for ensuring remunerative price to the growers.

India is one of the leading banana producers in the world. Maximum production of banana is in Tamil Nadu followed by Maharashtra and Andhra Pradesh. The production is also higher in Tamil Nadu followed by Maharashtra.

Banana is one of the most important fruit crops grown in both tropical and sub-tropical regions comprising Kerala, Karnataka, Gujarat, Orrisa, Bihar, Eastern U.P., West Bengal, Assam and North Eastern States with considerable socio-economic and cultural importance. Keeping this in view the above study was undertaken with the following objectives.

- To identify distribution channels.
- To determine costs and margins of various market intermediaries.
- To study the price spread and to compute market efficiency of distribution channels.

METHODOLOGY

The present study was conducted in Wardha district of Maharashtra. Wardha district is in eastern part of Maharashtra. Wardha district has very congenial climate and soil suitable for banana cultivation. Among banana growing districts of the state, Wardha district was selected for the study. This forms the first stage of sampling procedure. Banana is being cultivated in megar two talukas and remaining six talukas least cultivated of Wardha district. However, larger area is concentrated in Seloo and Wardha talukas. Hence, Seloo taluka was selected for the study which formed second stage of sampling procedure. Further, the observation of researcher is leading villages in banana cultivation were randomly selected. This was the third stage of sampling. Form each village, 3 banana growers were selected thus marking a total sample of 45. The sample farmers were then post classified

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into large, medium and small growers. The primary data were collected from the sample growers through personal interview with the help of pre-tested and well structured schedule. The data included, general information, disposal pattern of bananas, cost of marketing, channels etc. Marketing intermediaries such as commission agents (10), were chosen from the local Seloo market and Wholesalers (10), Retailers (10) were chosen from the others markets. A separate schedule was prepared for collecting information involved in marketing of banana. The schedule included information on quantity handled, price paid, price received, costs, margins etc. Personal interview method was adopted to ensure that the data were reliable, comprehensive and precise. The data were analysed using descriptive statistics like average and percentages.

ANALYSIS AND DISCUSSION

The experimental findings of the present study have been presented in the following sub heads :

General characteristics of sample growers :

The general characteristics of the sample growers is given in the Table 1. The study covered 45 growers spread over 15 villages in Seloo taluka of Wardha district. The average family size of banana growers was 7 members in case of large farmers, 6 members in case of medium farmers and 5 in case of small farmers. The total land holding of banana growers was in order of 14.28 ha., 6.02 ha. and 2.69 ha. in case of large, medium and small farmers, respectively. The proportion of

area under banana cultivation was in the order of 13.94 per cent, 23.26 per cent and 21.56 per cent, respectively in case of large farmers, medium and small farmers. The age of banana growers was in order of 56 years, 52 years and 48.33 years, respectively in case of large, medium and small farmers. The variety of banana grown in study area was in order of Shrimanti, Nanded and Basrai respectively in case of large, medium and small farmers. The production of banana tonnes/ha. was in order of 10.69 tonnes/ha., 10.38 tonnes/ha. and 8.30 tonnes/ha. respectively in case of large, medium and small farmers. The economics life span of banana was found to be 29.56 years in the study area. On an average 760.68 plants/ha. and price of banana 3533 Rs./tonnes.

General information regarding marketing intermediaries :

The general information on marketing intermediaries engaged in marketing of banana is given in Table 2. The average age of commission agents was in the range of 38-65 years. On an average, the commission agents had 17 years of experience in this line of business. They were engaged for all most 7 months in a year. The wholesalers were in the age group of 45-65 years while the retailers were relatively younger (35-50 years) as compared to the wholesalers. The retailers were busy throughout year. They buy banana in requisite and smaller quantities from the wholesalers and sell to consumers directly. Retailers are the last link in the chain of marketing of banana. They are the personal representatives of final consumers. Wholesalers on the other hand, buy in

Table 1 : General characteristics of sample farmers

Particulars	Large (n=15)	Medium (n=15)	Small (n=15)
Family size (Numbers)	7	6	5
Age (years)	56	52	48.33
Land holding (ha.)	1.99 ha	1.40 ha	0.58 ha
Percentage of banana to total land holding	13.94%	23.26%	21.56%
Variety grown	Shrimanti	Nanded	Basrai
Production of banana, tonnes/ha.	10.69 tonnes/ha.	10.38 tonnes/ha.	8.30 tonnes/ha.
Number of plants per ha		760.68 / ha	
Economic life span (years)		29.56	
Price of banana Rs./tonnes		3533 Rs./tonnes	

Table 2 : General characteristics of market intermediaries

Sr. No.	Particulars	No.	Age	Experience in business	Period of business in a year
1.	Commission agents	10	38-65	17	7
2.	Wholesalers	10	45-65	20	10
3.	Retailers	10	35-50	14	12

Table 3 : Marketing intermediaries in banana marketing

Particulars	Units	Channel	Total
Banana growers	Number 45	45	45
Quantity sold	Tonnes	4051	4051

large quantities and sell to retailers. They have all the required basic infrastructure to deal with large quantities viz., transportation, storage, labour force etc.

Distribution channels :

The marketing channels consists of various marketing agencies performing functions in a sequence as the banana produce moves from the growers to final consumers. There are only one major marketing channel through which banana moves to consumers from producers :

Producer → Commission Agent → Wholesalers → Retailer → Consumer

In the channel, producers sold their produce to the commission agent. Commission agent arrange all marketing facilities to producers and wholesalers. In this channel the marketable surplus of banana was disposed of through wholesalers in the market. This indicates that banana growers preferred this channel.

Marketing cost :

The details of marketing cost incurred by the grower is given in the Table 4. The large growers had incurred considerable amount and expenditure in marketing towards commission and Dulai charges. The share of commission charge was 44.87 per cent amounting to Rs. 88.60 per tonnes followed by Dulai costs accounting for 34.87 per cent or Rs. 68.85 per tonnes. Miscellaneous expenses was the least item of the total marketing cost with Rs. 40 per tonnes or 20.26 per cent. Thus, on an average banana had incurred 197.45 Rs. Per tonne towards marketing of banana.

Particulars	Value	Per cent
Commission	88.60	47.87
Dulai	68.85	34.87
Misc.	40.00	20.26
Total	197.45	100.00

The details of marketing cost incurred by commission agent indicated that they spent about Rs. 195.38 per tonne towards marketing of banana which consisted of interest on their investment was highest at Rs. 84.79 per tonne constituting 43.40 per cent. Next in order was shop rent cost amounting to Rs. 59.24 per tonne sharing about 30.32 per cent of the total marketing cost. Labour, electricity, telephone, stationary and miscellaneous expenses together came to Rs. 74.80 per tonne accounting for 26.28 per cent.

The cost incurred by the wholesaler as evident from Table 6 was Rs. 666.91 per tonne of which transportation (42.64 per cent) charges alone formed a major component. The other important costs were commission, interest on investment, shop rent, labour, electricity etc. which together came to 382.53

per tonne constituting 57.36 per cent. The retailer is the last link in the distribution channel. He incurred on an average an expenditure of Rs. 1200.50 for marketing one tonne of fresh banana of this major portion went towards Hamali at Rs. 600 next in order were transportation and market fee charges.

Particulars	Per tonne	Percentage
Interest on investment at 12 %	84.79	43.40
Shop rent	59.24	30.32
Labour	37.03	18.95
Electricity	14.81	7.58
Telephone bill	11.85	6.07
Stationary	7.41	3.79
Miscellaneous	3.70	1.89
Total	195.38	100

Particulars	Per tonne	Percentage
Transportation	284.38	42.64
Commission	155	23.24
Un - loading + loading	90	13.50
Shop rent	74.06	11.10
Interest on investment at 12 %	29.62	4.44
Electricity	11.85	1.78
Labour	22	3.30
Total	666.91	100.00

Marketing margins :

The marketing intermediaries incur expenditure for the services rendered by than in the process of moving fresh bananas from growers to ultimate consumers. While doing so, they make profits to sustain in the business. The marketing margins in the context of banana marketing is determined as the difference between the banana grower's price and the price paid by the ultimate consumer. The margins throw light on the efficiency with which banana market is functioning in the study area. The marketing margins have been estimated by aggregating the margins of various marketing intermediaries using the following formula :

$$MM = \sum_{i=1}^n \frac{Sp - Pp}{Q}$$

- Sp = Sale price of produce
- Pp = Purchase price of produce
- Q = Quantity sold
- n = number of intermediaries

An examination of the marketing costs and margins in the major channels will enable to understand the buying and selling activities of banana in a better manner. It may be noted

that in marketing channel, the gross price received by the producer was Rs. 3533 per tonne and this constituted 42.40 per cent of the retail price. The farmer does incur costs for transportation (Dulai) up to roadside (Banana Garden to roadside). The costs incurred by the grower for the Commission, Dulai and Miscellaneous functions was in order of Rs. 197.45 constituting 2.37 per cent of the retail price. The net price received by the grower was Rs. 3335.55 which constituted 40.03 per cent of the retail price. The marketing cost of commission agents was Rs. 195.38 which included the interest on investment, shop rent, labour, electricity, telephone, stationary etc. The marketing costs of wholesalers was Rs. 1046.91 constituting 12.56 per cent of the retail price. He sold the produce to retailers at an average price Rs. 4775.29 per tonne. The retailers marketing cost was Rs. 1200.50, while his margins were Rs. 2357.51 forming 28.29 per cent of the final price.

Table 7 : Cost incurred by retailers in marketing of banana (Rs./tonne)

Particulars	Value	Per cent
Hamali	600	49.98
Transportation	500	41.65
Market fee	60	4.99
Personal expenses	40.50	3.38
Total	1200.50	100.00

Table 8 : Price spread in banana marketing

Particulars	Amount	Per cent
I. Producer		
Gross price	3533	42.40
Marketing cost	197.45	2.37
Net price	3335.55	40.03
II. Commission agent		
Purchase price	3533	
Costs	195.38	2.34
Profit margin	243.60	2.92
Sale price	3728.38	
III. Wholesaler		
Purchase price	3728.38	44.74
Costs	666.91	8.00
Profits margin	380.00	4.56
Sale price	4775.29	57.30
IV. Retailer		
Purchase price	4775.29	
Costs	1200.50	14.41
Margins	2357.51	28.29
Sale price to consumer	8333.30	
Price spread	4997.75	
Producer share		42.40

Market efficiency :

Market efficiency is defined ratio between output and input. It is essentially the degree of market performance. The market efficiency is composed of technical and economic efficiency. Technical efficiency relates to handling of produce at various levels of marketing and economic efficiency relates to cost effectiveness of delivering the produce to consumers. The market efficiency (ME) was determined by using Acharya's approach. Table 9 portrays the details of market efficiency.

Table 9: Market efficiency (Rs./tonne)

Particulars	Channel
Consumer's price / retail price	8333.30
Marketing cost's	2260.24
Marketing margins	2981.11
Producer's price	3533
Market efficiency by Acharya's method (MME)	2.32

Growers share :

The banana grower's share in consumer's rupee does not remain constant. Higher the grower's share higher is the market efficiency and *vice versa*. It refers to the price received by the banana grower and is expressed as percentage of the ultimate consumer's price. It has been determined by using the following formula :

$$Gs = \frac{Gp}{Cp} \times 100$$

where,

Gs = Grower's share

Gp = Grower's price

Cp = Consumer's price

The producer's share in the consumer rupee was 42.40 per cent. This testifies to the fact that the banana growers should sell their produce in local market which assures them better price.

Price spread :

An efficient market is essential for increasing agricultural production as this assures reasonable returns to farmers efforts and sacrifices. The efficiency of marketing system is judged based on the size and price spread of a commodity. Lower price spread indicates greater marketing efficiency while higher price spread refers to the difference between the producer's price and consumer's price. For studying price spread, the costs and margins of various intermediaries have to be ascertained at various levels of marketing. The price-spread computed for fresh banana as indicated in the Table 8 came to Rs. 4997.75. The price spread was higher at stage of retailer due to higher costs and profits of retailers.

Conclusions :

The study revealed that banana growers were following only one marketing channel involving commission agent through wholesalers for disposal of their produce. Wholesalers disposal of produce to various retailers then retailers sell the produce direct to consumers. The efficiency test by Acharya's approach testified that with index of 2.32. The higher marketing cost incurred in fourth stage (retailer) and higher marketing margins incurred again in fourth stage. So, comparatively banana growers incurred low price (42.40 %) or share in consumer rupee in marketing of fresh banana in study area.

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