



Marketing cost, market margin and price spread in fig

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ABSTRACT

Three marketing channels were noticed in sale of fig *viz.*, Channel-I: Producer –Consumer, Channel-II Producer-Commission agent-Retailer-Consumer and Channel-III Producer-Commission agent-Wholesaler-Retailer-Consumer. Quantity sold through Channel-III was higher. Per quintal marketing cost incurred by producer was worked out to be Rs. 617.53 which was high because of heavy charges by commission agent followed by transport and packing material. From the various items of the marketing cost, major contributing factors were commission charges which was highest (40.75 per cent) followed by packing material (22.93 per cent), transport charges (17.54 per cent) and grading and packing charges (10.67 per cent). Marketing cost incurred by wholesaler in Mumbai market, retailer in Mumbai market and retailer in Pune market was Rs. 79.30 /quintal, Rs. 588.24 /quintal and Rs. 463.01 /quintal, respectively. The total marketing cost incurred by retailer was more because of high transport charges and more losses during transport. Price spread of fig in Pune and Mumbai markets have been studied. In the process of marketing of fig in Pune and Mumbai markets, producers were getting only 64.29 per cent and 51.80 per cent of the consumer's rupee, respectively. The rest of the rupee was swallowed by the market expenses incurred by producer, expenses and margins of retailer in Pune market and Mumbai markets.

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INTRODUCTION

Fig is perishable commodity and its very small portion is consumed by the farm families, therefore farmers have more marketable surplus. In specialized farming, the producers who are in a position to adjust their production to demand, reap the maximum benefit of the market. The element of time is an important factor in marketing of agricultural produce in general and fruits and vegetables in particular. The marketing possibilities of the perishable commodities like fruits and vegetables depend very largely on the rapidity with which they can be transported to the market. Efficient marketing should be such that the produce should reach the consumer in good state without damage, with less cost and within a short time after the produce is harvested.

METHODOLOGY

The study was conducted in twelve villages of Purandar and Bhor Tehsils of Pune district of Maharashtra. The data were collected from 60 respondents from sampled villages of both the Tehsils of Pune district and different market

intermediaries included in fig marketing with the help of well-constructed and pre-tested schedule.

Objectives :

The present study has been undertaken to estimate the marketing cost, market margin and price spread in fig marketing.

RESULTS AND ANALYSIS

The findings of the present study as well as relevant discussion have been summarized under the following heads:

Marketing channels in fig in selected markets:

It was found that per farm total marketable surplus of producer was 53.73 quintals. Out of that, total retention was 2.6 quintals which accounted 4.84 per cent and the marketed surplus was 51.13 quintals which accounted 95.16 per cent of the total produce. The following important channels in fig marketing have been identified with reference to the selected market, *i.e.* channel I Producer

Key words : Fig, Marketing, Market margin, Consumer's rupee, Price spread

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Table 1: Marketwise and grade wise disposal quantity by sample household (per farm)

Sr. No.	Particulars	Total quantity (q)
1.	Local market	
	Total quantity marketed	3.44(6.73)
	a. Grade B	1.01(1.98)
	b. Grade C	2.43(4.75)
2.	Pune market	
	Total quantity marketed	11.84(23.15)
	a. Grade A	7.83(15.31)
	b. Grade B	4.01(7.84)
3.	Mumbai market	
	Total quantity marketed	35.85(70.12)
	a. Grade A	23.78(46.51)
	b. Grade B	12.07(23.61)
	Total marketed quantity	51.13(100.00)

(Figures in parentheses indicate the percentage to total)

–Consumer, channel II Producer-Commission agent-Retailer-Consumer and channel III Producer-Commission agent-Wholesaler-Retailer-Consumer. It was revealed that the quantity sold through channel-I, channel-II and channel-III were 3.44 quintals, 11.84 quintals and 35.85 quintals, respectively. They had graded their produce on the basis of size. The total produce graded and marketed was 51.13 quintals (Table 1).

Marketing cost of fig:

From Table 2, it is revealed that per quintal net price realized at the overall level was Rs. 3299.14 with per quintal price received was Rs. 3,916.67. The net price realized for 'A' grade fruits was Rs. 3634.2 and Rs. 4738.2 in Pune and Mumbai markets, respectively. The average price received in Mumbai market was highest followed by Pune and local market. It was found that only low quality fruits were sold in local markets. The net price realized in both in Mumbai and Pune markets fetched

higher prices because of grading and their channels.

At the overall level, per quintal marketing cost worked out was be Rs. 617.53. It was high because of heavy charges by commission agent followed by transport and packing material. From the various items of the marketing cost, major contributing factors were commission charges which was highest (40.75 per cent) followed by packing material (22.93 per cent), transport charges (17.54 per cent) and grading and packing charges (10.67 per cent).

Market intermediaries:

The various intermediaries involved in marketing of fig are wholesalers and retailers.

Wholesalers:

Wholesalers play the role of commission agent as well as broker. They have got key position in fruit marketing. Some wholesalers have their own stalls in Mumbai markets. They purchase the produce from commission agents or directly from the producers.

Retailers:

Retailers reap a maximum profit in fruit trade. Their share in consumer's rupee was higher. Retailers are the traders who either own a stall or hawks. These are spread all over the markets in cities and towns. They buy the produce from wholesalers early in the morning and sell it out during the remaining day. Small producers also perform the function of retailers and receive better price to their produce in a nearby local markets. It is from Table 3 that total marketing cost incurred by wholesaler in Mumbai market, retailer in Mumbai market and retailer in Pune market was Rs. 79.30 /quintal, Rs. 588.24 /quintal and Rs. 463.01 /quintal, respectively. Labour charges incurred by wholesaler in Mumbai market, retailer in Mumbai market and retailer in Pune market was Rs. 10.00 /quintal, Rs. 21.19 /quintal and Rs. 30.00 /quintal, respectively.

Table 2 : Per quintal cost of marketing and net price realized in different markets through various channels (Rs./q)

Markets	Channels	Grade	Grading and packaging charges	Packing material cost	Transport charges	Commission charges	Postage	Hamali/Tolai	Total marketing cost	Average price received	Net price realized
Local	I	B	47.2						47.2	3000	2952.8
		C	43.86						43.86	2500	2456.14
Pune	II	A	82.56	249.84	99.94	359.77	11.91	61.78	865.8	4500	3634.2
		B	55.97	100	50	280	11.75	61.78	559.5	3500	2940.5
Mumbai	III	A	84.86	250.03	250.03	600.08	14.3	62.5	1261.8	6000	4738.2
		B	80.81	249.93	249.93	269.93	13.95	62.48	927.03	4000	3072.97
Overall			65.89	141.63	108.32	234.96	8.65	41.42	617.53	3916.67	3299.14
Per cent			10.67	22.93	17.54	40.75	1.40	6.71	100.00		

Table 3 : Marketing cost incurred by different intermediaries (Rs./quintal)

Sr. No.	Particulars	Wholesaler (Mumbai market)	Retailer (Mumbai market)	Retailer (Pune market)
1.	Labour charges	10.00 (12.61)	21.19 (3.60)	30.00 (6.48)
2.	License charges	0.28 (0.35)	0.00 (0.00)	0.00 (0.00)
3.	Shop tax	0.79 (1.00)	0.85 (0.15)	0.00 (0.00)
4.	Electricity charges	2.58 (3.25)	0.00 (0.00)	0.00 (0.00)
5.	Communication charges	2.83 (3.57)	22.20 (3.77)	0.00 (0.00)
6.	Transport charges	10.25 (12.93)	22.20 (3.77)	60.64 (13.10)
7.	Depreciation	1.08 (1.36)	0.92 (0.16)	1.28 (0.28)
8.	Interest on fixed assets	1.77 (2.23)	3.94 (0.67)	2.30 (0.49)
9.	Loss	49.72 (62.70)	516.94 (87.88)	368.79 (79.65)
	Total marketing cost	79.30 (100.00)	588.24 (100.00)	463.01 (100.00)

License charges incurred by wholesaler in Mumbai market was Rs. 0.28 /quintal. Shop tax incurred by wholesaler in Mumbai market and retailer in Mumbai market was Rs. 0.79 /quintal and Rs. 0.85 /quintal, respectively. Electricity charges incurred by wholesaler in Mumbai market was Rs. 2.58 /quintal. Communication charges incurred by wholesaler in Mumbai market and retailer in Mumbai market was Rs. 2.83 /quintal and Rs. 22.20 /quintal, respectively. Transport charges incurred by wholesaler in Mumbai market, retailer in Mumbai market and retailer in Pune market was Rs. 10.25 /quintal, Rs. 22.20 /quintal and Rs. 60.64 /quintal, respectively. Depreciation by wholesaler in Mumbai market, retailer in Mumbai market and retailer in Pune market was Rs. 1.08 /quintal, Rs. 0.92 /quintal and Rs. 1.28 /quintal, respectively. Interest on fixed assets by wholesaler in Mumbai market, retailer in Mumbai market and retailer in Pune market was Rs. 1.77 /quintal, Rs. 3.94 /quintal and Rs. 2.30 /quintal, respectively.

Price spread:

After harvesting, fig passed through several agencies before it reached to the final consumer. Each intermediary,

through whom fig passes is bound to change for his services performed and also margin he expects in that transaction. Therefore it is worthwhile to examine as to what share of the rupee paid by the consumer is received by the producer.

From Table 4, it is stated that the net price received by producer per one kg of fig in local, Pune and Mumbai market was Rs.27.05, Rs.32.87 and Rs. 39.06, respectively. The consumer's price for the same produce in local, Pune and Mumbai market was Rs. 27.5, Rs. 51.03 and Rs.75.38, respectively. Per kilogram cost of marketing of fig in local, Pune and Mumbai market were Rs. 0.45, Rs. 7.13 and Rs.10.94, respectively. In Pune market, the retailer's margin was to the extent of Rs. 5.3, which accounted 10.37 per cent of the consumer's price. In Mumbai market, the margin of wholesaler and retailer were 4.05 and 6.08, respectively. This means that the wholesaler and retailer have secured 5.37 per cent and 8.07 per cent of the consumer's price. Mali *et al.* (2006) worked out the marketing pattern and price spread of *Ber* and More (2007) economics of production fig in Maharashtra.

It is thus clear that in the process of marketing of fig

Table 4 : Price spread in local, Pune and Mumbai markets (per kg)

Sr. No.	Particulars	Local market	Pune market	Mumbai market
1	Net price received by the producer	27.05 (98.36)	32.87 (64.29)	39.06 (51.80)
2	Expenses incurred by producer on marketing	0.45 (1.64)	7.13 (13.94)	10.94 (14.51)
3	Purchase price of wholesaler	-	-	53.99 (71.62)
4	Marketing cost of wholesaler	-	-	0.79 (1.05)
5	Margin of wholesaler	-	-	4.05 (5.37)
6	Purchase price of retailer	-	41.21 (80.60)	63.42 (84.13)
7	Marketing cost of retailer	-	4.63 (9.05)	5.88 (7.80)
8	Margin of retailer	-	5.3 (10.37)	6.08 (8.07)
9	Consumer's price	27.5	51.03 (100.00)	75.38 (100.00)

(Figures in parentheses indicating per cent to the consumer's price)

in Pune and Mumbai markets, producers were getting only 64.29 per cent and 51.80 per cent of the consumer's rupee, respectively. The rest of the rupee was swallowed by the market expenses incurred by producer, expenses and margins of retailer in Pune market and expenses by producers, wholesalers and retailers and margins of wholesaler and retailer in Mumbai market.

Conclusion:

Following general conclusion emerged from the present study:

- The total marketing cost incurred by retailer was more because of high transport charges and more loss during transport.
- Per quintal marketing cost incurred by producer worked out to be Rs. 617.53.
- Marketing cost incurred by retailer in Mumbai market was higher.
- In the process of marketing of fig in Pune and Mumbai markets, producers were getting only 64.29 per

cent and 51.80 per cent of the consumer's rupee, respectively.

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