Research Article

Price spread in marketing channels of wheat in Latur district of Maharashtra

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SUMMARY : The study was conducted for estimation of price spread in different channels of wheat production in Latur district of Maharashtra. For the study, about 96 wheat growers were randomly selected with area under wheat was stratified into three groups like small (<0.40 ha), medium (>0.40 to <0.80ha) and large (>0.80ha) from eight villages of Renapur tehsil of Latur district. Five wholesalers, five village retailers and five town retailers were selected to investigate marketing cost and marketing margin in wheat marketing. The data pertained for year 2011-12. The results revealed that, price paid by consumer was the highest as Rs 1818.72 in channel-III (P-W-TV-TC) in which producer's share in consumer's rupee was 87.41 per cent and price spread was found to be Rs 229.02. In channel-II (P-VR-VC) price paid by consumer was found to be Rs 1659.43 in which producer's share in consumer's rupee was 95.43 per cent and price spread was Rs 75.88. In channel-I (P-VC) price paid by consumer was Rs 1601.91 in which producer's share in consumer's rupee was 98.74 per cent and price spread was found to be Rs 20.25. Thus, in absolute term, net price received by producer was the highest in channel-III followed by that of in channel-II and channel-I.

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BACKGROUND AND OBJECTIVES

Stability in price of wheat has remained an important goal for the planners and policy makers. In recent years, it has received considerable attention of researchers due to the high inflation of food items. Most of the study examined producer's share in consumer's rupee, the marketing cost and marketing margins in foodgrain marketing. Marketing cost depends on several factors, including the type of commodity, nature of functioning necessary in marketing and the distance of the marketing place from the farm. (Dagar and Kumar, 2012). On small farm wheat production is taken for consumption to family and surplus quantity is sold in market. Medium farm wheat grower is growing the wheat crop for both consumption and marketing purposes. The large farm wheat grower is taking higher production for marketing. India is the second largest producer of wheat in the world. In

Maharashtra wheat is grown in 7 lakh hectares with average productivity of 13.2 quintals per hectare. In Latur district the area under of wheat crop is 42600 hectares with production of 63100 tonnes and productivity is 14.82 quintals per hectare in 2010-11. It is assumed that production of wheat is deficit in Latur district. Hence, surplus of wheat is marketed in the district. About 60 per cent of wheat production has been consumed by urban consumers while 25 per cent purchased by village consumers in the district. Remaining 15 per cent can be retained by wheat producer for family consumption and seed purpose. After harvesting, small farmers are selling wheat to village either retailers or directly to consumer. Medium farmers are selling some quantity of wheat to either wholesaler or village retailers. It is important to note that large farmers are storing the produce for more than six months and selling to either wholesalers or town retailers. All

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channels of wheat are equally important with respect to time, quantity and price of wheat in the market. By considering these aspect, the present study of wheat marketing has been undertaken.

RESOURCES AND METHODS

Multistage sampling design was adopted in selection of district, tehsils, villages and wheat growers. In first stage, Latur district was purposively selected on the basis of higher area under wheat. In second stage, on the basis of area under wheat crop, Renapur tehsil of Latur district was selected for the present study. In third stage, from the tehsil, eight villages were selected on the basis of the highest area under wheat cultivation. The selected villages in the tehsil were namely, Bhokrambha, Faradpur, Kamkheda, Motegoan, Pangoan, Poharegoan, Sindhgoan and Talni. In the fourth stage, from each village, list of wheat growers with area under wheat was stratified into three groups like small (<0.40 ha), medium (>0.40 to <0.80ha) and large (>0.80ha). From each strata, four wheat growers were selected randomly. Thus, from 8 villages, 96 wheat growers were selected equal distribution of 32 wheat growers in each of the groups. The cross sectional data were collected from 96 wheat growers with the help of pre-tested schedule for the year 2011-2012. In all five wholesalers, five village retailers and five town retailers were selected for present study. The required data were collected by personal interview method with the help of pretested schedule. The data were analyzed by tabular method like mean and percentage method. The existing marketing channels were observed like channel-I (producer

– village consumer), channel-II (producer - village retailer - village consumer) and channel-III (producer -wholesaler - town retailer - town consumer). Thus, three marketing channels were used for estimating price spread in wheat marketing of Latur district of Maharashtra.

OBSERVATIONS AND ANALYSIS

The findings of the present study as well as relevant discussions have been summarized under following heads.

Production, retention and marketed surplus of wheat:
Production, retention and marketed surplus of wheat through different channels were calculated with respect to small, medium and large farms and are presented in Table 1. It was observed that wheat production increased with an increase in farm size. At overall level, production of wheat was obtained to be 14.81 quintals. It was observed that share of retention for home consumption was highest as 24.60 per cent on small farm followed by that of 14.76 per cent and 10.67 per cent on medium and large farms, respectively. At overall level, share of retention for consumption was 15.60 per cent. The share of marketed surplus in channel-I and channel-II decreased with an increase in farm size. At overall level, share of marketed surplus was 16.68 per cent and 8.24 per cent in channel-I and channel-II, respectively. The share of marketed surplus in channel-III was increasing with an increase in farm size. At overall level, the share of marketed surplus was 60.84 per cent. The share of total marketed surplus in channel-I, channel-II and channel-III increased with an increased in farm size. At overall level, the share of total

Table 1: Production, retention, marketed surplus and marketing of wheat through different channels (q/farm)

	Particular	Size of wheat farm			
		Small	Medium	Large	Overall
1.	Wheat farm (ha)	0.28	0.45	0.83	0.52
2.	Wheat production (q)	7.56(100.00)	13.55(100.00)	23.33(100.00)	14.81(100.00)
3.	Retention for consumption (q)	1.86 (24.60)	2.00 (14.76)	2.49 (10.67)	2.31 (15.60)
4.	Marketed surplus in channel-I (producer-village consumer)	2.11 (27.11)	2.58 (19.04)	2.73 (11.70)	2.47 (16.68)
5.	Marketed surplus in channel-II (producer-village retailer- village consumer)	1.02 (13.49)	1.16 (8.56)	1.48 (6.34)	1.22 (8.24)
6.	Marketed surplus in channel-III (producer-wholesaler-town retailer-town consumer)	2.57 (33.99)	7.82 (57.71)	16.63 (71.28)	9.01 (60.84)
7.	Total marketed surplus (4+5+6)	5.70 (75.40)	11.56 (85.31)	20.84 (89.32)	12.70 (85.75)

Table 2: Costs of marketing incurred by producer (Rs/q)

	Particulars	Channel-I (P-VC)	Channel-II (P-VR-VC)	Channel-III (P-W-TR-TC)
1.	Packing charges	6.37 (31.43)	6.39 (30.42)	6.33 (7.37)
2.	Loading charges	6.19 (30.55)	6.49 (30.88)	6.08 (7.07)
3.	Transport charges	-	-	23.55 (27.42)
4.	Unloading charges	4.44 (21.93)	4.67 (22.24)	4.47 (5.20)
5.	Weighing charges	3.26 (16.10)	3.46 (16.10)	3.55 (4.13)
6.	Commission charges	-	-	41.91 (48.80)
7.	Cost incurred by producer	20.25 (100.00)	21.01 (100.00)	85.89 (100.00)

Figures in parentheses indicate percentage to total

marketed surplus was 85.75 per cent.

Cost of marketing incurred by producer :

Cost of marketing incurred by wheat producer was calculated and is presented in Table 2. The cost incurred by producer was Rs. 85.89 per quintal in channel-III followed by that of Rs. 21.01 per quintal in channel-II and Rs. 20.25 per quintal in channel-I. In channel-III, proportionate expenditure was the highest on commission charge as 48.80 per cent followed by that on transportation cost (27.42 %) and packing cost (7.37 %). In channel-II, the loading cost was as high as Rs. 6.49 per quintal with share of 30.88 per cent of total cost. Packing material cost was Rs. 6.39 per quintal with its share of 30.42 per cent. In regard to channel-I, packing material cost was Rs. 6.37 per quintal with its share of 31.43 per cent to total cost, followed by loading cost which was Rs. 6.19 per quintal with its share of 30.55 per cent.

Cost of marketing incurred by wholesaler :

Cost of marketing incurred by wholesaler was calculated and is presented in Table 3. Cost incurred by wholesaler was found to be Rs 36.21 per quintal in which the share of market fee was 35.17 per cent followed by that of

Table 3 : Costs of marketing incurred by wholesaler

	Particulars	Rs/q
1.	Labour charge	9.10(25.13)
2.	License charge	0.76(2.10)
3.	Shop tax	1.20(3.30)
4.	Electronic charge	0.97(2.67)
5.	Communication charge	1.33(3.67)
6.	Storage charge	0.69(1.90)
7.	Depreciation on repair on fixed asset	0.33(0.90)
8.	Interest on fixed asset	0.59(1.64)
9.	Market fee	12.73(35.17)
10.	Losses	8.51(23.50)
11.	Costs incurred by retailer	36.21(100.00)

Figures in parentheses indicate percentage to total

Table 4 : Costs of marketing incurred by village retailer and town retailer Rs/q

	Particulars	Channel-II (P-VR-VC)	Channel-III (P-W-TR-TC)
1.	Labour charge	6.74 (43.96)	10.80 (39.39)
2.	License charge	1.07 (6.98)	1.25 (4.56)
3.	Shop tax	0.91 (5.94)	0.87 (3.17)
4.	Electronic charge	0.66 (4.31)	0.92 (3.35)
5.	Transportation charge	-	7.49(27.32)
6.	Storage charge	0.67 (4.37)	0.98 (3.57)
8.	Depreciation on repair on fixed asset	0.37 (2.41)	0.95 (3.46)
9.	Interest on fixed asset	0.41 (2.67)	0.38 (1.39)
10.	Losses	4.50 (29.35)	3.79 (13.82)
11.	Costs incurred by retailer (VR and TR)	15.33 (100.00)	27.42 (100.00)

Figures in parentheses indicate percentage to total

Table 5 : Price spread in wheat marketing (Rs/q)

	Particulars	Channel-I (P-C)	Channel-II (P-VR-VC)	Channel-III (P-W-TR-TC)
1.	Net Price received by producer (Producer's share in consumer's rupee)	1581.66 (98.74)	1583.55 (95.43)	1589.70 (87.41)
2.	Cost incurred by producer	20.25 (1.26)	21.01 (1.27)	85.89 (4.72)
3.	Price paid by wholesaler	-	-	1675.59 (92.13)
4.	Cost incurred by wholesaler	-	-	36.21(1.99)
5.	Margin of wholesaler	-	-	31.80 1.75)
6.	Price paid by village retailer	-	1604.56 (96.69)	-
7.	Cost incurred by village retailer	-	15.33(0.92)	-
8.	Margin of the village retailer	-	39.34(2.37)	-
9.	Price paid by town retailer	-	-	1743.60 (95.87)
10.	Cost incurred by town retailer	-	-	27.42 (1.51)
11.	Margin of the town retailer	-	-	47.70 (2.62)
12.	Price paid by consumer	1601.91 (100.00)	1659.43(100.00)	1818.72 (100.00)
13.	Marketing cost	20.25 (1.26)	36.34 (2.19)	149.42(8.22)
14.	Marketing margin	---	39.34 (2.37)	79.50 (4.37)
15.	Price spread	20.25 (1.26)	75.88 (4.57)	229.02 (12.59)

(Figures in parentheses indicate percentage to total)

labour charges (25.13 %) and losses (23.50 %) and so on. Thus, this implied that market fees, labour charges and losses were dominant item of cost.

Cost of marketing incurred by village retailer and town retailer:

Costs of marketing incurred by both retailers were calculated and are presented in Table 4. The results revealed that cost incurred by town retailer was Rs 27.42 per quintal followed by village retailer (Rs 15.33 per quintal). In channel-III, the share of labour charge was as high as 39.39 per cent followed by transport charge (27.32 %). In regard to channel-II, the share of labour charge was also as high as 43.96 per cent followed by losses (29.35 %) and so on.

Price spread in different channels in wheat marketing:

Per quintal marketing cost, margin and price spread in wheat marketing through three marketing channels were estimated and are presented in Table 5. Results revealed that in channel-I, price paid by consumer was Rs. 1601.91 per quintal in which producer's share in consumer's rupee was 98.74 per cent. While share of expenses incurred by producer was 1.26 per cent. In other words, marketing cost was Rs 20.25 per quintal but marketing margin was absent. Thus spread was found to be Rs 20.25. In regard to channel-II, it was also evident from the table that price paid by consumer was Rs. 1659.43 per quintal in which producer's share in consumer's rupee was 95.43 per cent, while that of expenses incurred by producer was Rs 21.01 per quintal followed by expenses incurred by village retailer (Rs 15.33 per quintal) and the margin of village retailer (Rs 39.34 per quintal). Marketing cost was Rs 36.34 per quintal and price spread was found to be Rs 75.88 per quintal. In regard to channel-III, it was also evident from the table price paid by consumer was Rs. 1818.72 per quintal in which producer's share in consumer rupee was 87.41 per cent, while that expense incurred by wholesaler was Rs. 36.21 per quintal followed by that of retailer (Rs 27.42 per quintal). It is also important to note that net margin of retailer was Rs. 47.70 per quintal followed by that of wholesaler (Rs. 31.80 per quintal). Marketing cost was Rs. 149.42 while marketing margin was Rs.79.50 per quintal. In this way price spread found to be Rs. 229.02 per quintal.

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