

A STUDY ON COSTS OF MARKETING AND PRICE SPREAD OF APPLE IN BARAMULLA DISTRICT OF JAMMU AND KASHMIR.

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Abstract

Indirect marketing is a most common practice among the different growers in Jammu and Kashmir. The study is conducted about the marketing costs of producers, commission agents, forwarding agents, wholesalers, and retailers in the marketing of apples. In district Baramulla of Jammu and Kashmir the apple growers have to pay different costs for selling their product. Simple percentage method was used to analyze the different marketing costs.

Introduction

Recently, the efficiency of marketing of fruits and vegetables has been played a vital role in India. While as lacking of marketing channels and poor marketing infrastructure are the cause of high marketing costs and fluctuating consumer prices. The cultivators are mostly depend on middlemen for marketing their produce especially apple growers. In order to minimize the price risks by preventing unnecessary price instability a well structured market system is compulsory for efficient allocation of productive resources.

The cost of harvesting of produce and the movement of that produce to the farm gate is included in the cost of production. Thus, the first marketing cost incurred is produce preparation. This includes plucking, transporting, sorting, and grading. The second cost mostly faced by the producers is packaging. For packaging the produce growers used cardboard boxes, which may be less than one percent of the marketing cost, for sophisticated wooden boxes for direct marketing of fruits to consumers in terminal markets, which accounts much more.

In developing countries where local markets are disjointed, a localized crop insufficiency can lead to famine in the area. In general, the widening of marketing chain and complex of markets the higher are the marketing costs. Therefore a comparison of producer prices with retail prices is a poor indicator of marketing efficiency as it does not take into account the costs concerned in moving produce along the marketing chain from

producer to consumer. If a producer lives 20 km away from a terminal market they will normally receive a higher share of the final price than those who live 200 km away, because of lower transport costs.

Methodology

The study is based on both primary as well as secondary data. Primary data were collected from 155 respondents; in block Sopore of District Baramulla, out of those 35 are producers, 25 Commission agents, 25 Forwarding agents, 25 Wholesalers, and 25 are retailers. The secondary data were collected from reputed journals, books, libraries, and various websites. For analyzing the data sample percentage method was used.

Analysis and interpretation

TABLE 1.1

Cost incurred by the Producer in the Marketing of Apple Based on the two Channels of Distribution

<i>Particulars</i>	<i>channel-I</i>		<i>channel-II</i>		<i>both the channels</i>	
	<i>cost (per box)</i>	<i>percentage</i>	<i>cost (per box)</i>	<i>percentage</i>	<i>cost (per box)</i>	<i>percentages</i>
Packaging costs	38	31.93	35	31.53	36.5	35.96
Transport costs	8	6.72	8	7.21	8	7.88
Loading and unloading cost	2	1.68	2	1.81	2	1.97
Commission	71	59.66	66	59.45	55	54.19
Total	119	100	111	100	101.5	100

Source: Primary Data

Table 1.1 reveals that the cost incurred by the producer in marketing one box of apple have worked out to 119 in channel I and to be 111 in channel II with an overall average of 101.5 of costs per box.

Regarding the various costs in the Marketing of Apple in Channel I, the commission costs have a major share of 59.66 per cent in the Total Marketing Costs, followed by cost

of Packaging 31.93 per cent, Transport cost 6.72 per cent and 1.68 per cent of loading and unloading.

Further the costs of commission to the Market have a major share in the Channel II and have accounted 59.45 per cent of the Total Marketing Costs, followed by the packaging costs with share of 31.53 per cent, 7.21 per cent of transport costs and 1.81 per cent of loading and unloading respectively.

An analysis depicted that the marketing costs incurred by the producers in the Marketing of Apple was found to be smaller in channel I and little higher in channel II. The commission charge was found to be higher in channel I as compared to channel II. Thus, it is concluded that the lesser amount of packaging costs and commission charge have resulted in the lower level of Marketing Costs.

TABLE 1.2

Costs Incurred by the Commission Agents in the Marketing of Apple

<i>SI.No</i>	<i>Particulars</i>	<i>Costs (per box)</i>	<i>percentages</i>
1	Head load to road	2	1.37
2	Transport costs	82	56.09
3	Commissions	60	41.04
4	Mundi association	0.20	0.14
5	Loading and unloading	2	1.36
	Total	146.2	100

Source: Primary Data

The above table depicts the Marketing Costs incurred by the Commission Agent was 146.2 per box of Apple. However among the different costs involved in the Marketing of Apple, the Transport Costs have a major share of 56.09 per cent, followed by commissions with 41.04 per cent, head load to road with 1.37 per cent, loading and unloading 1.36 per cent and mundi association with 0.14 per cent respectively.

TABLE 1.3**Costs Incurred by the Forwarding Agents in the Marketing of Apple**

<i>Sl.No</i>	<i>Particulars</i>	<i>Costs (per box RS)</i>	<i>Percentages</i>
1	Head load to road	2	1.73
2	Transport costs	75	64.26
3	Commissions	37	31.70
5	Loading and Unloading	2.50	2.14
	Total	116.7	100

Source: Primary Data

Table 1.3 exhibits the total marketing costs incurred by the forwarding agents per box of apple was Rs 116.7. The transport costs have a major share of 64.26 per cent, followed by commission charge of 31.70 per cent, 2.14 per cent loading and unloading and 1.73 per cent head load to road respectively. It has been revealed that the marketing costs of forwarding agents was found less as compared to the costs incurred by the other intermediaries.

TABLE 1.4**Costs Incurred by the Wholesalers in the Marketing of Apple**

<i>Sl.NO</i>	<i>Particulars</i>	<i>Costs (per box)</i>	<i>Percentages</i>
1	Transport	115	97.05
2	costs	0.50	0.42
3	Mundi association	3	2.53
	Loading and unloading	118.50	100
	Total		

Source: Primary Data

Table 1.4 shows the details of marketing costs of apple incurred by the wholesalers per box of apple was Rs 118.50. Among the various costs transport costs have a major share of 97.05 per cent followed by loading and unloading with 2.53 per cent and mundi association with 0.42 percent respectively.

TABLE 1.5**Costs Incurred by the Retailers in the Marketing of Apple**

SI.NO	Particulars	Costs (per box)	Percentages
1	Transport costs	25	86.21
2	Loading and unloading	4	13.79
	Total	29	100

Source: Primary Data

Table 1.5 reveals the total marketing costs incurred by the retailers was Rs 29 per box of apple marketed. Moreover transport costs have a major share of 86.21 per cent and 13.79 per cent loading and loading. The cost of marketing incurred by the retailer was lowest as compared to the costs incurred by the other intermediaries.

TABLE 1.6**Price Spread in Apple Cultivation in the study area**

Particulars	Channel-I		Channel-II	
	Cost (per box)	Percentage	Cost (per box)	percentage
Producer				
Net Price Received	550	40.67	590	40.64
Marketing Costs	119	9.79	111	8.20
Gross Price Received	669	49.54	661	28.1
Commission Agent				
Price Paid	669	49.43		
Marketing Costs	146.2	10.80		

Marketing Margin	47.5	3.51		
Price Received	862.7	63.74		
Forwarding Agent				
Price Paid	862.7	63.74	661	48.84
Marketing Costs	116.7	8.62	116.7	8.62
Marketing Margin	58.3	4.31	125.2	9.25
Price Received	1037.7	76.67	902.9	66.71
Wholesaler				
Price Paid	1037.7	76.67	902.9	76.67
Marketing Costs	118.50	8.75	116.5	8.60
Marketing Margin	71.2	5.26	207.9	15.36
Price Received	1227.4	90.69	1227.4	90.69
Retailer				
Price Paid	1227.4	90.69	1227.4	90.69
Marketing Costs	29	2.14	29	2.14
Marketing Margin	97	7.16	97	7.16
Price Received (Price paid by the consumer)	1353.4	100	1353.4	100

Source: primary data

It is revealed from the table 1.6 that the producer's share in the price paid by the consumer has been calculated to be 40.67 per cent under channel I and 40.64 per cent under channel II. It is due to the fact that the producer sells his output to the commission agents under channel I. The marketing costs incurred by the producer in channel I has been higher as compared to channel II.

The commission agent has got a margin of 3.56 per cent in the consumer's price when he has purchased the apple directly from the producer (channel I). The forwarding agent has received a margin of 4.31 per cent in the consumer's price and his marketing cost was found to be 8.62 per cent of the consumer's price.

The wholesaler has earned a margin of 5.26 percent in the consumer's price and the marketing cost was found to be 8.75 per cent of the consumer's price. Further the retailer has earned a margin of 7.16 percent in the consumer's price. The marketing costs were found to be 29 which has accounted for 2.14 per cent of the consumers price. When the retailer has purchased the apple from the commission agents, he has to pay the commission charges.

Conclusion

The study concludes that regarding the producer, the commission have a major share of 59.66 per cent in the Total Marketing Costs, followed by Cost of Packaging 31.93 per cent, Transport Cost 6.72 per cent and 1.68 per cent of loading and unloading. The intermediates are facing high Transport Costs during the marketing of apples. Further, it has been found that Price Spread varies between the respondents and costs of marketing are high due the more involvement of intermediates in the market.

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