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Marketing cost, margin and price spread of maize in Aurangabad district of Maharashtra, India

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Abstract
One of the most adaptable developing crops, maize can grow in a variety of agro climatic settings. Because it has the largest genetic yield potential of all the cereals, maize is referred to as the "queen of cereals" internationally. A multistage sampling design was used for the current study. 60 Maize growing cultivators from the Aurangabad region were chosen for this study. With regard to marketing study, three types of marketing channels were determined *viz*, (Channel-I) Producer-Consumer, (Channel-II) Producer-Retailer- Consumer) and (Channel-III) Producer-Wholesaler-Retailer-Consumer). The result revealed that, the average maize farm was 0.66 hectares. It was clear from the result that, maize production on farm was 59.14 quintals. It was also observed that, the quantity of maize retained for home consumption was 3.01 quintals. Quantity of maize sold through channels-I, Channel-II and channel-III were quintals per farm 12.41, 18.92 and 24.80 quintals, respectively. Total marketed surplus was 56.13. It was observed from the result that, the highest quantities of maize were marketed through channel-III. With regard price spread study, three types of marketing channels were determined in which highest price spread seen in Channel III (427.09) followed by Channel II (293.26) and Channel I (58.08) respectively.

Keywords: Maize, marketing cost, margin, price spread

Introduction
The economy of India is based mostly on agriculture and related industries, making agriculture the backbone of the country. 70 per cent of the population is incidentally dependent on agriculture, which provides a major source of income for 67 per cent of the overall population, especially in rural regions. Among the cereal crops farmed in the state, maize is a significant source of food grain, therefore it competes with other crops for available land. In India, the majority of the maize crop roughly 47 per cent is utilized as chicken feed. Of the remaining yield, 13 per cent is used as feed for animals and food for humans, 12 per cent for industrial uses, 14 per cent for the production of starch, 7 per cent for processed foods, and 6 per cent for export and other uses. Due to strong demand from international markets, it traded strongly in February and March of 2021 compared to their prior months, but in April, it displayed a poor and mixed pattern compared to their similar time in 2020. In this paper we study the cost, returns, margin and price spread of maize crop in Aurangabad district of Maharashtra.

Materials and Methods
The study was predominantly based on primary data. Marketing channels reveal that how produce passes through different agencies from producer to ultimate consumer. Multistage sampling design adopted in selection of district, tehsil, villages and Maize cultivator. Vaijapur, Gangapur and Lasur market purposively selected because most of the Maize produce from the study area are marketed in the market. In the study area following prominent channels were observed in the marketing, Producer to Consumer, Producer to Retailer to Consumer, Producer to Wholesaler to Retailer to Consumer. The data pertained to the year 2020-21.

Statistical Tools applied: Frequency, Percentage, Average

Result and Discussion
1. Production, retention and marketed surplus of maize
Per farm production, retention, marketed surplus and marketing of maize through different marketing channels were calculated and presented in Table 1. The result revealed that, the average maize farm was 0.92 hectares. It was clear from the result that, maize production on farm was 59.14 quintals.

It was also observed that, the quantity of maize retained for home consumption was 3.01 quintals. Quantity of maize sold through channels-I, Channel-II and channel-III were 12.41, 18.92 and 24.80 quintals, respectively. Total marketed surplus was 56.13 quintals. It was observed from the result that, the highest quantities of maize were marketed through channel-III.

Table 1: Per farm production, retention and marketed surplus of maize

Sr. No	Particulars	Maize farm
1	Maize farm size (ha)	0.92
2	Production of maize (q)	59.14
3	Retention of maize for consumption (q)	3.01
4	Marketed surplus in channel-I (q) (Producer-Consumer)	12.41 (22.10)
5	Marketed surplus in channel-II (q) (Producer-Retailer-Consumer)	18.92 (33.70)
6	Marketed surplus in channel-III (q) (Producer- wholesaler-Retailer-Consumer)	24.80 (44.20)
7	Total marketed surplus(q)	56.13 (100)

2. Marketing cost of maize incurred by different intermediaries

2.1 Marketing cost incurred by producer

Per quintal marketing cost of maize with respect to various items incurred by producer in different marketing channels were calculated and presented in Table 2. The result revealed that, in channel-III, cost incurred by producer was higher as ₹.85.67 followed by ₹.79.96 in channel II and ₹.58.05 in channel I. Proportionate expenditure on individual items showed that, transportation charges was the highest as (76.03 per cent) followed by packaging charges (15.40 per cent), unloading charges (4.32 per cent), loading charges (4.25 per cent) in channel-I. Similarly, proportionate expenditure on transportation charges was the highest as (56.51 per cent) followed by commission charges (23.67 per cent), packaging charges (12.26 per cent), loading charges (3.11 per cent), unloading charges (2.66 per cent) and weighing charges (1.78 per cent) in channel-II. Similarly, proportionate expenditure on transportation charges was (53.21 per cent) followed by commission charges (21.26 per cent), packaging charges (18.81 per cent), unloading charges (2.69 per cent), loading charges (2.45 per cent) and weighing charges (1.58 per cent) in channel-III.

Table 2: Marketing cost incurred by maize producer in different channels

Sr.no.	Particulars	Channel-I (Producer-Consumer)	Channel-II (Producer-Retailer-Consumer)	Channel-III (Producer-Wholesaler-Retailer-Consumer)
1.	Transport charge	44.13 (76.03)	45.19 (56.51)	45.59 (53.21)
2.	Loading charges	2.47 (4.25)	2.49 (3.11)	2.10 (2.45)
3.	Packaging charges	8.94 (15.40)	9.80 (12.27)	16.12 (18.81)
4.	Unloading charges	2.51 (4.32)	2.13 (2.66)	2.28 (2.69)
5.	Weighing charges	-	1.43 (1.78)	1.36 (1.58)
6.	Commission charges		18.92 (23.67)	18.22 (21.26)
	Total	58.05 (100)	79.96 (100)	85.67 (100)

2.2 Marketing cost incurred by wholesaler

Per quintal marketing cost of maize incurred by wholesaler with respect to various items in different marketing channels were calculated and presented in Table 3. In regard to marketing cost incurred by wholesaler in channel-III was ₹ 94.46 per quintals. Proportionate expenditure on transport charges was the highest as (51.84 per cent) followed by commission charges (19.74 per cent), packaging charges (18.10 per cent), loading charges (2.68 per cent), unloading charges (2.68 per cent), losses (2.41 per cent), weighing charges (1.48 per cent), license charges (0.74 per cent) and market fee (0.3 per cent) in channel-III.

Table 3: Marketing cost incurred by wholesaler in channel-III (₹/q)

Sr. No	Particulars	Channel-III
1	Transport charges	48.93 (51.79)
2	Loading charges	2.54 (2.68)
3	Packaging charges	17.10 (18.10)
4	Unloading charges	2.54 (2.64)
5	License charges	0.70 (0.74)
6	Weighing charges	1.40 (1.48)
7	Commission charges	18.65 (19.74)
8	Market fee	0.32 (0.33)
9	Losses	2.28 (2.41)
	Total	94.46 (100)

(Figure in parenthesis is the percentage to the cost incurred by wholesaler)

2.3 Marketing cost incurred by retailer

Per quintal marketing cost of maize incurred by retailer was calculated and presented in table 4.10. Cost incurred by retailer in channel-III was higher as ₹ 26.96 followed ₹ 24.79 in channel-II. Proportionate expenditure on transportation charges was highest as (73.69 per cent) followed by losses in marketing (11.86 per cent), license charges (5.17 per cent), storage charges (5.00per cent), market fee (2.59 per cent) and

shop tax (1.69 per cent) in channel-II. Proportionate expenditure on transportation charges was the highest as 73.07 per cent followed by losses 12.75 per cent, license charges 4.98 per cent, storage charges 4.74 per cent, market fee charges 2.53 per cent and shop tax 1.92 per cent in channel-III.

Table 4: Marketing cost incurred by retailer (₹/ha)

Sr. No.	Particulars	Channel-II	Channel-III
1.	Transport charges	18.27 (73.69)	19.70 (73.07)
2.	License charge	1.28 (5.17)	1.34 (4.98)
3.	Shop tax	0.42 (1.69)	0.52 (1.92)
4.	Storage charges	1.24 (5.00)	1.28 (4.74)
5.	Market fees	0.64 (2.59)	0.68 (2.53)
6.	Losses	2.94 (11.86)	3.44 (12.76)
	Total	24.79 (100)	26.96 (100)

(Figure in parenthesis is the percentage to the cost incurred by retailer)

3. Price spread in maize marketing

Per quintal marketing cost, marketing margin and price spread in marketing of maize with respect to different channels were calculated and presented in Table 5. The result revealed that, in regard to channel-I net price received by producer from consumer was ₹ 1720.40 while cost incurred by producer was ₹ 58.04. The price paid by consumer was ₹ 1778.44, thus price spread was found to be ₹ 58.04. In channel-I producers share in consumer's rupee was found to be 96.73 per cent.

With respect to channel-II price received by producer from retailer was ₹ 1670.35 while cost incurred by producer was ₹ 79.93. The cost incurred by retailer and margin of retailer was ₹ 24.79 and ₹188.54, respectively. The price paid by consumer was ₹ 1963.61. Thus, price spread was found to be ₹ 293.26. In channel-II producer's share in consumer's rupee was found to be 85.06 per cent. It was clear that, producer's share in consumer's rupee was maximum in channel-I. It was observed that, marketing cost in channel-I was 58.04. Thus price spread was found to be ₹ 58.04 In Channel-II marketing cost was 104.72 and margin was ₹ 188.54. Thus price spread was found to be ₹ 293.26

In channel-III, that the price paid by consumer in this channel was ₹ 2196.37. It was clear that, the price received by the producer from wholesaler was ₹ 1675.97 while cost incurred by producer was ₹ 85.67. In next order, cost incurred by the wholesaler was ₹ 94.46 while marketing margin of wholesaler was ₹ 92.50. The wholesaler had sold the produce to retailer at ₹ 1862.93. Next order, cost incurred by retailer was ₹ 26.96 while marketing margin was 306.48 and thus it inferred that, in this channel the marketing cost was ₹ 207.09 while marketing margin was ₹ 398.98 and the price spread was found to be ₹ 606.07. It inferred that, price spread was found higher in channel-III as compared to channel-I and channel-II. This result were conformity with the result obtained by Changule *et al.* (2013) [2] in regarding to price spread in maize marketing.

Table 5: Per quintal marketing cost, margin and price spread in maize (₹/q)

Sr. No.	Particulars	Channel I	Channel II	Channel III
1	Net price received by producer (producer share in consumer rupee)	1720.40 (96.73)	1670.35 (85.06)	1590.30 (72.40)
2	Cost incurred by producer	58.04 (3.26)	79.93 (4.07)	85.67 (3.90)
3	Price paid by wholesaler	-	-	1675.97 (76.30)
4	Cost incurred by wholesaler	-	-	94.46 (4.30)
5	Margin of wholesaler	-	-	92.50 (4.22)
6	Price paid by retailer	-	1750.28 (89.13)	1862.93 (84.82)
7	Cost incurred by retailer	-	24.79 (1.26)	26.96 (1.22)
8	Margin of retailer	-	188.55 (9.60)	306.48 (13.96)
9	Price paid by consumer	1778.44 (100)	1963.61 (100)	2196.37 (100)
10	Marketing cost	58.04 (3.26)	104.72 (5.33)	207.09 (9.42)
11	Marketing margin	-	188.54 (9.60)	398.98 (18.16)
12	Price spread	58.04 (3.26)	293.26 (14.93)	606.07 (27.58)

Conclusion

With regard to marketing study, three types of marketing channels were determined *viz*, (Channel-I) Producer-Consumer, (Channel-II) Producer-Retailer- Consumer) and (Channel-III) Producer-Wholesaler-Retailer-Consumer). The result revealed that, the average maize farm was 0.92 hectares. It was clear from the result that, maize production on farm was 59.14 quintals. It was also observed that, the quantity of maize retained for home consumption was 3.01 quintals. Quantity of maize sold through channels-I, Channel-II and channel-Ill were quintals per farm 12.41, 18.92 and 24.80 quintals, respectively. Total marketed surplus was 56.13. It was observed from the result that, the highest quantities of maize were marketed through channel-III.

With regard price spread study, three types of marketing channels were determined in which highest price spread seen in Channel III (606.07) followed by Channel II (293.26) and Channel I (58.08), respectively.

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