The Pharma Innovation Journal 2022; SP-11(3): 1007-1009

www.ThePharmaJournal.com

The Pharma Innovation

ISSN (E): 2277- 7695
ISSN (P): 2349-8242
NAAS Rating: 5.23
TPI 2022; SP-11(3): 1007-1009
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www.thepharmajournal.com
Received: 04-01-2022
Accepted: 06-02-2022

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Price spread and marketing efficiency of green gram in Tamil Nadu, India

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Abstract
A study was conducted to analyze the marketing channels, marketing cost, price spread, and marketing efficiency of Green Gram in Tamil Nadu, India. Both primary and secondary data were used. The primary data pertained to the year 2020-21 and was bring out from 60 Farmer Producer Organizations (FPOs) and 5 market intermediaries were also selected for the data collection through pre-tested questionnaires. The main findings reveals that majority of the sample FPOs (76.00 per cent) followed the channel I which involves producer, FPOs and consumer and (24.00 per cent) of them followed channel II by involving producer, FPO, wholesalers, retailer and consumer. The total marketing cost incurred by participants in channel I and channel II was Rs.19 and Rs.26. In channel I, among the various cost incurred by FPO, electricity and storage cost had the major share of 26.32 per cent. In channel II, among the various cost incurred by the FPO, transportation cost and storage cost had the major share of 41.66 per cent. The price spread of channel I and channel II were Rs.45 and Rs.60. The result revealed that the price spread was higher in channel II compared to channel I. Channel I was more cost effective for green gram farmers. The marketing efficiency of channel I and channel II was 5.26 and 4.42. The results revealed that the marketing efficiency was relatively higher in marketing channel I.

Keywords: Marketing, marketing efficiency, price spread

1. Introduction
India is the major producer of green gram in the world and grown in almost all the States. It is grown in about 4.5 million hectares with the total production of 2.5 million tonnes with a productivity of 548 kg/ha and contributing 10% to the total pulse production. According to Government of India 3rd advance estimates, Green gram production in 2020-21 is at 2.64 million tones (Greengram Outlook Report). It is grown primarily during rainy (kharif) season almost in entire India and occupies nearly 80 percent of the total area under crop. The rabi crop amounts for the remaining 20 percent of the total area. The important states in India growing maximum green gram crop are Rajasthan, Karnataka, Maharashtra and Andhra Pradesh and they occupied 1.27, 0.40, 0.39 and 0.25 mha respectively. The state's growing lowest are Himachal Pradesh, Jammu and Kashmir, Assam and West Bengal and they occupied 0.0003, 0.0009, 0.007 and 0.019 mha respectively in 2011-12. Green gram was practically a kharif crop in Rajasthan, Maharashtra, Gujarat, Madhya Pradesh and Karnataka and predominantly in Andhra Pradesh. Assam grows only Rabi crop and West Bengal grows the crop primarily during the Rabi season (Sangamesh *et al.*, 2019) [9].

2. Materials and Methods
In Tamil Nadu, the Madurai district was purposively selected for the study. Madurai is one of the important places of Tamil Nadu. The survey technique was used as the research method for this investigation. A well-structured interview schedule was used to obtain data from clients. The random sampling technique was used to select the FPOs in who registered in MABIF. The total sample size of the study was 60 FPOs (Board members / Company people) who enrolled as a member in Madurai Agribusiness Incubation Forum (MABIF). It was observed that there were two marketing channels followed by the Black gram marketing. In channel I, the partners were producer, FPOs and consumer. In channel II, the partners were producer, FPO, wholesaler, retailer and consumer. The primary data regarding on marketing cost, marketing channels, price-spread, marketing efficiency and constraints in marketing and channels used were collected from the sample farmers as well as from different market functionaries by interviewing them with the help of specifically designed and pre tested schedules during the agricultural year 2021-2022.

The marketing cost is the total of all costs involved in the movement of the produce, which includes transportation, loading and unloading, packing, promotion, processing, and so on.

The marketing margin of a product is the difference between what a company pays for the product and what it charges for the product.

The difference between the price paid by consumers and the net price received by the producer for an identical amount of agricultural produce was characterized as the price spread. It was stated as a percentage of the price paid by the consumer.

$$\text{Price Spread} = \frac{(\text{Consumer Price} - \text{Net price of producer}) \times 100}{\text{Consumer Price}}$$

Marketing efficiency is the ratio of market output to the marketing input. A detailed study of marketing efficiency on the produce of sampled respondents was determined. Shepherd's method was used to assess the efficiency of the marketing channels which is given by

Marketing efficiency = Consumer price / Marketing cost

3. Results and Discussion

It could be observed from the Table 1, that majority of the sample FPOs (76.00 per cent) followed the channel I which involves producer, FPOs and consumer and (24.00 per cent) of them followed channel II by involving producer, FPO, wholesalers, retailer and consumer.

From the table 2, it could be inferred that the total marketing cost incurred by participants in channel I and channel II was Rs.19 and Rs.26. In channel I, among the various cost incurred by FPO, electricity and storage cost had the major share of (26.32 per cent) followed by grading cost (15.78 per cent), transportation cost (7.89 per cent) and packing cost and labelling cost (13.15 per cent) and loading and unloading cost (10.52 per cent).

In channel II, among the various cost incurred by the FPO, transportation cost and storage cost had the major share of (41.66 per cent) followed by loading and unloading cost (16.66 per cent). Among the various cost incurred by wholesaler, electricity cost had the major share of (23.33 per cent), followed by transportation cost (16.66 per cent) and grading cost (20.00 per cent), loading and unloading cost (13.33 per cent) and storage cost (16.67 per cent) and packing and labeling cost (10.00per cent). Among the various cost incurred by retailer, transportation cost had the major share of (70.00 per cent) followed by storage cost (30.00 per cent).

From the table 3, it could be concluded that the marketing channel I comprised of farmer, FPO and consumer. The price received by the farmer was Rs.55 per kg and the price received by FPO was Rs.100. The marketing cost and market margin of FPO were Rs. 19 and Rs.26.

The marketing channel II comprised of farmer, FPO, wholesaler, retailer and consumer. The price received by farmer was Rs.55 per kg. The price received by FPO and wholesaler were Rs.68 and Rs.90. The price received by the retailer was Rs. 115. The marketing cost and market margin of FPO was Rs. 19 and Rs. 26. The marketing cost and market margin of wholesaler were Rs.15 and Rs.7. The marketing cost and market margin of retailer were Rs.5 and Rs.20.

The price spread of channel I and channel II were Rs.45 and Rs.60. The result revealed that the price spread was higher in channel II compared to channel I. Channel I was more cost effective for green gram farmers.

It could be inferred from the Table 4, that the marketing efficiency of channel I and channel II was 5.26 and 4.42. The results revealed that the marketing efficiency was relatively higher in marketing channel I.

Table 1: Marketing Channels of Green Gram

S. No	Particulars	Type of marketing channel	Growers involved (nos)	Percentage in total
1	Channel I	Producer → FPO Consumer →	19	76.00
2	Channel II	Producer → FPO → Wholesale Retailer → Consumer	6	24.00
		Total	25	100.00

(Parenthesis indicate percentage to the total)

Table 2: Marketing cost incurred by participants in channel I and channel II (Rs/ kg) for Green gram

Particulars	Channel – I	Channel – II
Cost incurred by producer – farmer		
Transportation cost	0.0	0.0
Marketing cost	0.0	0.0
Cost incurred by FPO		
Transportation cost	1.5(7.89)	2.5(41.66)
Loading and unloading cost	2(10.52)	1(16.66)
Electricity	5(26.32)	-
Packing and labeling cost	2.5(13.15)	-
Storage cost	5(26.32)	2.5(41.68)
Grading cost	3(15.78)	-
Marketing cost	19(100.00)	6(100.00)
Cost incurred by Wholesaler		
Transportation cost	-	2.5(16.66)
Loading and unloading cost	-	2(13.33)
Storage	-	2.5(16.67)
Grading cost	-	3(20.00)
Electricity	-	3.5(23.34)
Packing and Labeling		1.5(10.00)
Marketing cost	-	15(100.00)
Cost incurred by Retailer		

Transportation cost	-	3.5(70.00)
Storage	-	1.5(30.00)
Marketing cost	-	5(100.00)
Total marketing cost	19	26

Source: Field data collection

Table 3: Price spread in existing channels of Green gram marketing (in Rs/kg)

S. No	Particulars	Channel I	Channel II
1.	**Farmer**		
	Price received by the producer - farmer	55(55.00)	55(47.82)
2.	**FPO**		
	FPOs purchase price	55(55.00)	55(47.82)
	Cost incurred	19(19.00)	6(5.22)
	FPOs selling price	100(100.00)	68(59.13)
	Marketing Margin	26(26.00)	7(6.08)
3.	**Wholesaler**		
	Wholesaler's purchase price	-	68(59.13)
	Cost incurred	-	15(13.04)
	Wholesaler's selling price	-	90(78.26)
	Marketing Margin	-	7(6.09)
4.	**Retailer**		
	Retailer's purchase price	-	90(78.26)
	Cost incurred	-	5(4.34)
	Retailer's selling price	-	115(100.00)
	Marketing Margin	-	20(17.39)
5.	Price paid by the customer's	100(100.00)	115(100.00)
	Total marketing margin	26(26.00)	34(29.56)
	Total marketing cost	19(19.00)	26(22.61)
	Price spread	45(45.00)	60(52.17)
	Producer's share in consumer price (%)	55	47.82

Source: Field data collection

Table 4: Marketing Efficiency analysis of Green gram

S. No	Particulars	Channel – I	Channel – II
1	Total marketing cost (I)	19	26
2	Consumer's price (V)	100	115
	Marketing Efficiency (by shepherd's method) ME=(V/I)-1	5.26	4.42

Source: Field data collection

4. Conclusion

Based the present study some of the conclusions must be drawn for future guidelines *viz*., the marketing pattern of the Green gram followed two channels. In channel I such as Producer, FPO and Consumer included. Channel II included Producer, FPO, Wholesale, Retailer and Consumer. The result revealed that the price spread was higher in channel II compared to channel I. Channel I was more cost effective for green gram farmers. The results revealed that the marketing efficiency was relatively higher in marketing channel I. The marketing efficiency of channel I and channel II was 5.26 and 4.42. The results revealed that the marketing efficiency was relatively higher in marketing channel I.

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