Economics of Cabbage marketing in Krishnagiri District of Tamil Nadu, India

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Abstract

Vegetables play a vital role in human health by providing essential nutrients, vitamins and minerals to the human body. Farming in India is characterized by small farms. In order to produce and market vegetables successfully specific knowledge, skill, accuracy and thoroughness are required. Farmers are not getting the appropriate price for their produce. In the market, there are numerous marketing channels. Farmers receive different prices for the same commodity. The main object of the study is to identify the major marketing chains of cabbage and estimate marketing cost and margin at different intermediaries involved in marketing of cabbage. The Krishnagiri district was first in terms of area and production of cabbage in Tamil Nadu. Four marketing channels identified in the study area. **Channel I** Producer – Consumer, **Channel II** Producer - Commission agent- Wholesaler - Retailer - Consumer, **Channel III** Producer - Commission agent - Retailer - consumer, **Channel IV** Producer – Local trader - Retailer – Consumer. The channel II is the most commonly used channel in the marketing of cabbage. The marketing cost incurred in the channel II is the highest among all the marketing channels Channel IV has the highest market margin compared to all the other marketing channels. The farmers' share in the consumers' rupee was the highest in channel I.

Kew words : Economics, Cabbage marketing, Krishnagiri District.

Horticulture has a diverse group of crops from vegetables, fruits, flowers, tubers, plantation crops and spices. Most of the horticultural crops are climate oriented and these crops cannot be grown elsewhere until the climatic requirements are met, so cultivation of horticultural crops generates greater income to the growers as there is constant demand in the local and domestic market as well as in international markets. Vegetables play a vital role in human health by providing essential nutrients, vitamins and minerals to the human body through diet. India produces 10 percent of the total vegetable

production in the World and secures second rank in vegetable production Indian Council of Medical Research (ICMR) recommends consumption of 300 grams of vegetables per capita per day in human diet ensures good health, but the availability of vegetables among consumers is limited because of high post-harvest losses and increased price of vegetables. Farming in India is characterized by small farms. This creates difficulties in introducing better methods of cultivation and marketing. In order to produce and market vegetables successfully, specific knowledge, skill, accuracy and thoroughness are required. Farmers are not getting the appropriate price for their produce. In the market, there are numerous marketing channels. Farmers receive different prices for the same commodity. Market intermediaries involved in the marketing channels for marketing produce from farmer to final consumer cause price variations for the same produce.

The cabbage is an important crop that is grown during winter season. West Bengal is the largest producer of cabbage in India. Tamil Nadu is one among the cabbage producing states in India. In Tamil Nadu cabbage is mostly grown in hilly areas and plains of some districts during winter season. The current study focus on marketing cost and marketing margin incurred during marketing of cabbage by different marketing intermediaries of various marketing channels.

Objective of the study :

The main object of the study is to identify the major marketing chains of cabbage and estimate marketing cost and margin at different intermediaries involved in marketing of cabbage.

Study area selection :

Multistage sampling technique was used for selection of districts, blocks and villages. Krishnagiri was purposefully selected. The Krishnagiri district was first in terms of area and production of cabbage in TamilNadu. Cabbage is grown during winter season in Krishnagiri district. Kelamangalam was the leading producer of cabbage in Krishnagiri district and also has the highest area under cabbage cultivation in the study area. The information regarding the cost incurred by the farmers and marketing intermediaries were collected using pre designed questionnaires during survey of the study area.

Measurement and evaluation of cost items:

Marketing cost :

Marketing costs are the actual expenses incurred in marketing process. Cost of marketing refers to the amount spent by the producer, seller and intermediaries in the sale or purchase of commodity from time of its harvest till it is finally reach to the ultimate consumer. Cost of marketing comprises loading, unloading, transportation, weighing charges, commission charges, labour packaging, market fees etc.[6].

Total Marketing Cost (MC) = Cost of (weighing + packing + loading & unloading) + Transportation cost + other associated cost

Marketing margin :

Market margin is the difference between the price paid and received by any

marketing intermediaries such as wholesaler, retailer those who are involved in marketing of a commodity[1].

Total marketing margin (MM) = Retailer's sale price - net price received by producer - marketing cost.

Price spread :

Price spread is defined as the difference between the price paid by the ultimate consumer and the price received by the farmer for an equivalent quantity of produce in potato crop. It includes cost of performing various marketing functions and margins of different agencies associated in the marketing process of the commodity.[4]

Producer's share in consumer's rupee :

It is the ratio of net price received by producer to the price paid by consumer and can be calculated as:

Fs= (Fp/Cp) X 100

Where,

Fs = Farmer's share in consumer rupee

Fp= Net price received by the producer (Farmer's price)

Cp=Price paid by the consumer (Consumer's price)

In the present study, efforts were made to find out different marketing channels of cabbage. In Krishnagiri district, Cabbage was marketed through four marketing channels. The following four marketing channels identified in the study area are presented below.

Channel I
Producer - Consumer
Channel II
Producer - Commission agent- Wholesaler - Retailer - Consumer
Channel III
Producer - Commission agent - Retailer - consumer
Channel IV
Producer – Local trader - Retailer – Consumer

Marketing Cost of Different Intermediaries in Cabbage Marketing :

The table helps in comparing the marketing cost of various intermediaries involved in different marketing channels of cabbage. In channel I there is low marketing cost (Rs. 63), since the produce exchange is directly between the grower and consumer and no market intermediaries are involved. Channel II has the highest market cost (Rs. 438.44) compared to all the other marketing channels due to more number of market intermediaries are involved in this channel. Channel III is has the second highest marketing cost (Rs. 310) with only two market intermediaries between the producer and consumer. The marketing cost of channel IV is Rs 298.2 which is less than channel III with same number of intermediaries as channel III.

Marketing margin :

The marketing margin for various intermediaries like commission agent, wholesaler, local trader and retailer during marketing of cabbage for all the observed marketing channels were calculated and represented in table-2. The total marketing margin is obtained by adding market margin of each market intermediary.

Table-1. Marketing cost of Different Intermediaries in Cabbage marketing (Rs/Quintal)

Sl. No	Particulars	Channel I	Channel II	Channel III	Channel IV
1	Farmer	63	70.44	72.6	68.2
2	Commission agent	0	113	120	0
3	Wholesaler	0	134	0	0
4	Local trader	0	0	0	115
5	Retailer	0	121	114.5	115
	Total	**63**	**438.44**	**307.1**	**298.2**

SOURCE: Primary data

Table-2. Marketing margin of Different Intermediaries in Cabbage Marketing (Rs/Quintal)

Sl. No	Particulars	Channel I	Channel II	Channel III	Channel IV
1	Farmer	240	0	0	0
2	Commission agent	0	215	280	0
4	Wholesaler	0	126	0	0
5	Local trader	0	0	0	295
6	Retailer	0	239	215.5	315
	Total	**0**	**580**	**495.5**	**610**

SOURCE: Primary data

In channel I the marketing margin is low as the produce is directly exchanged between the grower and consumer, so no market intermediaries are involved in channel I so the marketing margin is Rs. 240. Channel II is has the second highest marketing margin (**Rs. 580)** and is less than channel IV even the number of market intermediaries are more. Channel III is has a marketing margin of **Rs**. 495.5 with same number of intermediaries as channel IV. Channel IV has the highest market margin (**Rs**. 610) compared to all the other marketing channels.

Price spread of Different marketing Channels of Cabbage :

This analysis involved in the computation of different buying and selling prices of market intermediaries along with their profit margins and expressed in percentage to the consumer price. The results of the analysis are presented in theTable-3. The marketing cost and margin for the channel I was the lowest since there are no intermediaries between the producer and consumer. The cost of marketing is Rs.63 per quintal and marketing margin was Rs. 240 per quintal.

The marketing cost incurred in the channel II is Rs. 438.44 per quintal which is the highest among all the marketing channels. The marketing margin is Rs. 580 per quintal. In channel II, the farmer price was Rs. 680. The commission agent's buying price from the farmer was Rs.750.44.The selling price of the

Table-3. Price spread of different marketing channels of cabbage (Price/Quintal)

Particulars	Channel I	Channel II	Channel III	Channel IV
1. Farmer				
Net price received by the Farmer	725	680	695	716
Marketing cost incurred by the Farmer	63	70.44	72.60	68.20
Marketing margin of Farmer	240	0.00	00	00
Selling price of the Farmer	1028	750.44	767.60	784.20
Commission Agent				
Price paid by Commission Agent	0	750.44	767.60	0
Marketing cost incurred by Commission Agent	0	113	120	0
Marketing margin of Commission Agent	0	215	230	0
Selling price of the Commission Agent	0	1078.44	1117.60	0
2. Wholesaler				
Price paid by Wholesaler	0	1078.44	0	0
Marketing cost incurred by Wholesaler	0	134	0	0
Marketing margin of Wholesaler	0	126	0	0
Selling price of Wholesaler	0	1338.44	0	0
3. Local trader				
Price paid by Local trader	0	0	0	784.20
Marketing cost incurred by	0	0	0	115
Marketing margin of Local trader	0	0	0	295
Selling price of Local trader	0	0	0	1194.2
4. Retailer				
Price paid by Retailer	0	1338.44	1117.60	1194.20
Marketing cost incurred by Retailer	0	121	114.5	115
Marketing margin of Retailer	0	239	215.5	315
Consumer price	1028	1698.44	1497.60	1624.20
Total Marketing Cost	63	438.44	310	298.2
Total Marketing Margin	240	580	495.5	610

SOURCE: Primary data

commission agent to the wholesaler was Rs.1078.44. The buying price of the retailer from the wholesaler was Rs.1338.44. The retailer selling price to the consumer was Rs.1698.44.

The marketing cost incurred in the channel III is Rs. 307.10 per quintal. The marketing margin is Rs.495.5 per quintal. In the channel III, the farmer price was Rs. 695. The commission agents' buying price from the farmer was Rs. 767.60. The buying price of the retailer from the commission agent was Rs. 1117.60. The retailer selling price to consumer is Rs. 1497.60.

The marketing cost incurred in the channel IV is Rs.298.2 per quintal which the lowest among all the marketing channels. The marketing margin is Rs.610 per quintal which is the highest marketing margin among the marketing channels. In channel IV, the farmer price was Rs.716. The local traders' buying price from the farmer was Rs.784.20. The buying price of the retailer from the wholesaler was Rs.1194.20. The retailer selling price to the consumer was Rs. 1624.20.

Farmers' Share in Consumers' Rupee :

The ratio of net price received by producer to the price paid by consumer was calculated and presented in Table-4.

The farmers' share in the consumers' rupee was the highest in channel I which is 70.53 percent of the consumers' price when compared to all the other channels. The marketing cost makes up the remaining share of 6.13 percent. The marketing margin was 23.34 percent. In the channel II, the farmer's share in consumers' rupee was 46.96 percent. The marketing costs and marketing margin for all the intermediaries were 23.84 percent and 30.20percent of the total consumers' price. In channel III, the farmer's share in consumers' rupee was 46.41 percent. The marketing costs incurred by all intermediaries were 17.96 percent of the total consumers' price. The marketing margins of all intermediaries were 28.98 percent of the total consumers' price. In channel IV, the farmers' share in consumers' rupee was 44.08 percent. The marketing costs incurred by all intermediaries were 16.12 percent of the total consumers' price. The marketing margins of all intermediaries were 32.97 percent of the total consumers' price.

Table-4. Farmers' Share in Consumers' Rupee

Sl. No	Particulars	Channel I		Channel II		Channel III		Channel IV	
		Rs.	%	Rs.	%	Rs.	%	Rs.	%
1	Farmer's price	725	**70.53**	680	**40.04**	695	**46.41**	716	**44.08**
2	Marketing cost	63	**6.13**	438.44	**25.81**	307.10	**20.51**	298.20	**18.36**
3	Marketing margin	240	**23.34**	580	**34.15**	495.5	**33.09**	610	**37.56**
4	Consumer's price	1028	**100**	1698.44	**100**	1497.60	**100**	1624.20	**100**

SOURCE: Primary data

Vegetable crops are generally perishable in nature and needs immediate marketing. The study has examined the nature and extent of different marketing channels of cabbage in the Krishnagiri district of Tamil Nadu. Based on the findings of the study it is evident Marketing cost and marketing margin vary considerably from channel to channel and were related directly to the length of the channel, *i.e.*, longer the channel, more were the marketing cost and marketing margin.

In marketing channel I, the produce was directly sold to consumer that occurs only when the farmer takes the produce to local market for sales on his own interest and it was the least common channel for cabbage. The channel II is the most commonly used channel in the marketing of cabbage than any other channels where the produce was taken by the commission agent from the farmer and sold to the wholesaler later sold to the retailers and finally goes to the consumer. The marketing margin of the commission agents are more in marketing channel III when compared to marketing channel II and marketing margin of the retailer are more in marketing channel II when compared to other marketing channels. The farmers' share is highest in channel I because no intermediaries are involved so the margin is solely taken by the producer themselves. In other channels it clearly evident that the intermediaries fix the price so producer has to sell the produce for the price they are offered and the major share of the consumers rupee is distributed among the intermediaries.

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