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MARKETING EFFICIENCY: A SPECIAL FOCUS ON PADDY CULTIVATORS IN CUDDALORE DISTRICT

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ABSTRACT

Market imperfection and the consequent loss in marketing efficiency are more pronounced in markets for perishable commodities which require quick transportation and better storage facilities, involving large number of intermediaries who take away high margins from the price paid by consumers. Paddy has a pride not only for its diverse uses but also for its special preference by consumers - rich and poor, while it is also subjected to the above stated production and marketing problems. Hence, the present study makes an attempt to analyse the production and marketing of paddy in Cuddalore District.

KEYWORDS: *marketing, farmers, efficiency, agriculture, consumers*

INTRODUCTION

India is a unique country in front of agriculture. It has vast expanses of level land, rich soil wild climatic variations for various types of crops, ample sunshine and a long growing season. Rice plays a pivotal role in Indian economy the staple food for two thirds of the population. Globally, India ranks in area, 43.6 million ha and second in production (91.7 million tons) while almost all the states grow rice, the top seven rice producing states Viz., West Bengal, Uttar Pradesh, Andhra Pradesh, Punjab, Orissa, Tamilnadu and Bihar. Corresponding to the changes and improvements in agricultural marketing in India, changes of far reaching significance have taken place in agricultural marketing in Tamil Nadu and all other states of the country. The marketing channels and strategies have undergone unprecedented changes. As elsewhere, in India also agricultural production was originally intended for subsistence. But the Green Revolution had its impact on cultivation technology and the consequent increase in production opened up new vistas for marketing the surplus produce. Still, the farmers were left without adequate facilities for marketing their commodities to their advantage. In view of the lack of transport facilities or the high cost of transport as well as pressing other needs, the farmers dispose of a part of their produce immediately after harvest, very often at prices lower than the cost of production. This kind of 'distress sale' has been an important feature of agricultural marketing in Tamil Nadu. Moreover private village traders, wholesalers and middlemen like brokers and Commission Agents exploit the poor farmers by taking away a sizeable portion of the price for which the farmers are entitled.

Marketing is said to be efficient, if the total marketing margin is reduced for a given marketing cost. In other words, among the marketing margins of the different channels, the lowest value would reveal a channel to be efficient. In the present study, marketing efficiency was examined for the three different channels for small and large farms.

STATEMENT OF THE PROBLEM

Commercialisation of agriculture has further increased the importance of marketing. Farmers raise the crops with a hope of receiving fair returns for their hard labour. For this, they depend upon the market conditions, which are not very conducive to fulfil their hopes and expectations. Forced sales, multiplicity of market charges, malpractices in unregulated markets and superfluous middlemen are the problems faced by the farmers. These problems of marketing get further added up by the special features of agricultural commodities namely, their inelastic demand, seasonality in supply, spatially scattered production, bulkiness and perish ability

The market imperfection and the consequent loss in marketing efficiency are more pronounced in markets for perishable commodities which require quick transportation and better storage facilities, involving large number of intermediaries who take away high margins from the price paid by consumers. Paddy has a pride not only for its diverse uses but also for its special preference by consumers - rich and poor, while it is also subjected to the above stated production and marketing problems. Hence, the present study makes an attempt to analyse the production and marketing of paddy in Cuddalore District.

OBJECTIVES

To find the marketing efficiency of channels is measured by Shepherd's Method, Acharya and Agarwal's Method.

METHODOLOGY

This section attempts to discuss the methodology adopted for the study. Designing a suitable methodology and selection of analytical tools are important for a meaningful analysis of any research problem. This section is devoted to describe the methodology which includes choice of the study area, sampling procedure, period of study, collection of data, method of analysis, tools of analysis and measurement variables.

Marketing Efficiency by Shepherd's Method:-

The marketing efficiency is measured with the help of the following formula given by Shepherd:

$$ME = \frac{V}{I} - 1$$

Where,

ME = Index of Marketing Efficiency,

V = Value of goods sold or consumer price and

I = Total marketing cost or marketing cost per unit

In the present study, only the consumer price and marketing cost per quintal of paddy are taken into account to find out the marketing efficiency of the various channels. The results are given in Table 1 for marginal farmers.

Table 1 Marketing Efficiency Analysis Using Shepherd's Method for Marginal Farmers

(Rupees per quintal)

Sl.No.	Particulars	Channels		
		I	II	II
1.	Consumer Price (V)	1481.76	1481.76	1481.76
2.	Total Marketing Cost (I)	381.86	345.77	278.34
3.	Shepherd's Marketing Efficiency: ME=(V/I)-1	2.88	3.29	4.32

It is observed from Table 1 that the marketing efficiency in Channel III for marginal farms (4.32) is greater than in Channel II (3.29) and in Channel I (2.88). The marketing efficiency of Channel I is low because of its higher marketing cost at Rs.381.86 per quintal.

Table 2

Marketing Efficiency Analysis Using Shepherd's Method for Small Farmers

(Rupees per quintal)

Sl.No.	Particulars	Channels		
		I	II	II
1.	Consumer Price (V)	1481.76	1481.76	1481.76
2.	Total Marketing Cost (I)	421.34	356.60	347.97
3.	Shepherd's Marketing Efficiency: ME=(V/I)-1	2.52	3.16	3.26

It is found from Table 2 that the marketing efficiency in Channel III for small farms (3.26) is greater than in Channel II (3.16) and in Channel I (2.52). The marketing efficiency of Channel I is low because of its higher marketing cost at Rs.421.34 per quintal than the other two channels.

Table 3 Marketing Efficiency Analysis Using Shepherd's Method for Medium Farmers

(Rupees per quintal)

Sl.No.	Particulars	Channels		
		I	II	II
1.	Consumer Price (V)	1481.76	1481.76	1481.76
2.	Total Marketing Cost (I)	345.21	337.62	318.40
3.	Shepherd's Marketing Efficiency: ME=(V/I)-1	3.29	3.39	3.65

It is portrayed from Table 3 that the marketing efficiency in Channel III for medium farms (3.65) is greater than in Channel II (3.39) and in Channel I (3.29). The marketing efficiency of Channel I is low because of its higher marketing cost at Rs.345.21 per quintal than the other two channels.

Table 4 Marketing Efficiency Analysis Using Shepherd's Method for Large Farmers

(Rupees per quintal)

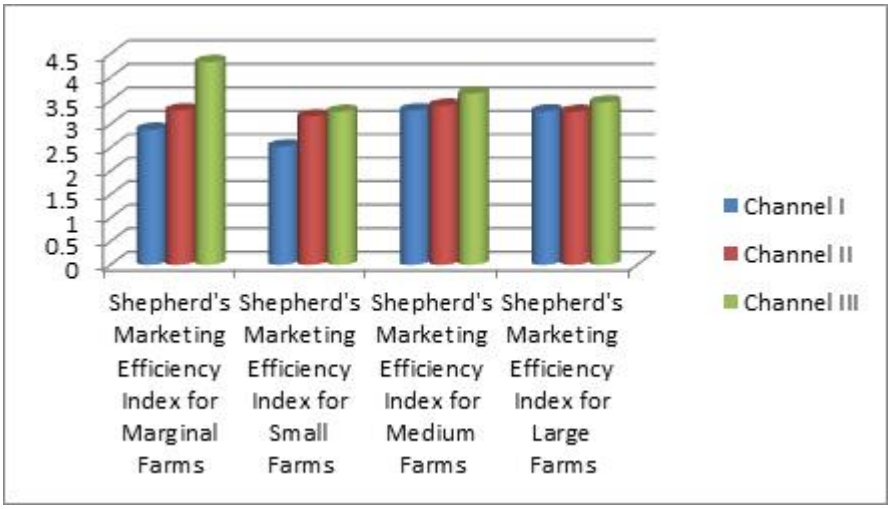
Sl.No.	Particulars	Channels		
		I	II	II
1.	Consumer Price (V)	1481.76	1481.76	1481.76
2.	Total Marketing Cost (I)	347.00	348.22	332.43
3.	Shepherd's Marketing Efficiency: ME=(V/I)-1	3.27	3.26	3.46

Source: Computed data.

It is shown from Table 6.32 that the marketing efficiency in Channel III for large farms (3.46) is greater than in Channel I (3.27) and in Channel II (3.26). The marketing efficiency of Channel II is low because of its higher marketing cost at Rs.348.22 per quintal than the other two channels.

The marketing efficiency for different farms by using Shephred's Method had been shown in diagram 1.

Diagram 1
Marketing Efficiency for Different Farms by using Shephred's Method



Source: Survey Data

Acharya and Agarwal's Method

The marketing efficiency is measured by using the following formula given by Acharya and Agarwal:

$$E = \frac{O}{I} \times 100$$

Where,

E = Marketing Efficiency,

O = Output of the marketing system (value added, that is, difference between consumer's price and producer's price) and

I = Inputs used in the marketing process (marketing cost).

The marketing efficiency and marketing efficiency index by using Acharya and Agarwal' method for the three different channels for marginal farmers were estimated and they are presented in Table 5.

Table 5 Marketing Efficiency Analysis Using Acharya and Agarwal Method for Marginal Farmers

(Rupees per quintal)

Sl.No.	Particulars	Channels		
		I	II	II
1.	Total Marketing Cost (I)	381.86	345.77	278.34
2.	Value Added (O) (Consumer's Price – Producer's Price)	544.58	528.01	501.76
3.	Marketing Efficiency: ME = (O/I)	1.43	1.53	1.80
4.	Marketing Efficiency Index: (ME x 100)	143.00	153.00	180.00

It is observed from Table 5 that the marketing efficiency index of Channel III is greater than that of Channel I and Channel II for marginal farmers. The marketing efficiency of Channel III is also greater than that of Channel II and Channel I.

Table 6 Marketing Efficiency Analysis Using Acharya and Agarwal Method for Small Farmers

(Rupees per quintal)

Sl.No.	Particulars	Channels		
		I	II	II
1.	Total Marketing Cost (I)	421.34	356.60	347.97
2.	Value Added (O) (Consumer's Price – Producer's Price)	558.01	518.30	508.58
3.	Marketing Efficiency: ME = (O/I)	1.32	1.45	1.46
4.	Marketing Efficiency Index: (ME x 100)	132.00	145.00	146.00

It is found from Table 6 that the marketing efficiency index of Channel III is greater than that of Channel II and Channel I for small farmers. The marketing efficiency of Channel III is also greater than that of Channel II and Channel I.

Table 7 Marketing Efficiency Analysis Using Acharya and Agarwal Method for Medium Farmers

(Rupees per quintal)

Sl.No.	Particulars	Channels		
		I	II	II
1.	Total Marketing Cost (I)	345.21	337.62	318.40
2.	Value Added (O) (Consumer's Price – Producer's Price)	522.13	505.05	495.41
3.	Marketing Efficiency: ME = (O/I)	1.51	1.50	1.56
4.	Marketing Efficiency Index: (ME x 100)	151.00	150.00	156.00

It is understood from Table 7 that the marketing efficiency index of Channel III is greater than that of Channel II and Channel I for medium farmers. The marketing efficiency of Channel III is also greater than that of Channel II and Channel I.

Table 8 Marketing Efficiency Analysis Using Acharya and Agarwal Method for Large Farmers

(Rupees per quintal)

Sl.No.	Particulars	Channels		
		I	II	II
1.	Total Marketing Cost (I)	347.00	348.22	332.43
2.	Value Added (O) (Consumer's Price – Producer's Price)	520.58	518.30	503.43
3.	Marketing Efficiency: ME = (O/I)	1.50	1.49	1.52
4.	Marketing Efficiency Index: (ME x 100)	150.00	149.00	152.00

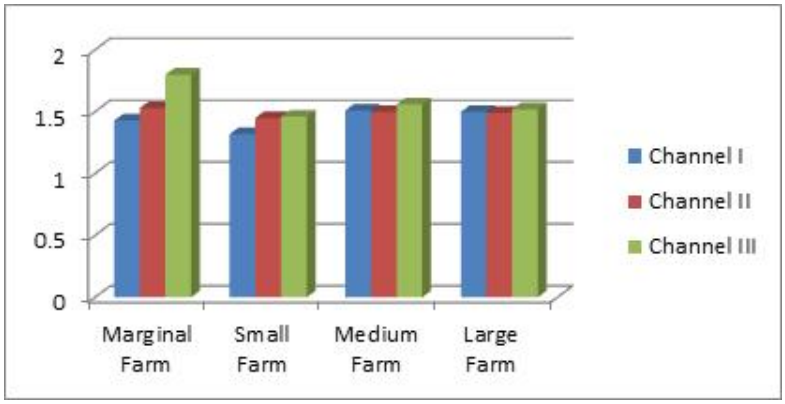
Source: Computed data.

It is shown from Table 8 that the marketing efficiency index of Channel III is greater than that of Channel I and Channel II for large farmers. The marketing efficiency of Channel III is also greater than that of Channel I and Channel II in the study area.

The marketing efficiency for different farms by using Acharya and Agarwal's Method shown in diagram 2.

Diagram 2

Marketing Efficiency for Different Farms by using Acharya and Agarwal's Method



Source: Survey Data

CONCLUSION

The results of marketing efficiency computed by the Shepherd's formula and Acharya and Agarwal's formula showed that Channel III, Producer – Wholesaler – Retailer – Consumer, was the most efficient channel in paddy marketing.

SUGGESTIONS

The long chain of channels affects the procurement price of paddy. Therefore, the Government should direct the co-operative and commercial banks in the study area to provide adequate loan facilities at reasonable rate of interest to the farmers without any rigid formalities. To sum up, a long term arrangement should be worked out by the Government of Tamil Nadu to protect the interest of both producers and consumers and also to improve the production and marketing of paddy in the study area. It is also very essential to see that the price offered to farmers is related to the cost of production. Further, a new mechanism has to be innovated to break the stagnation in the production of paddy through adoption of most modern methods of cultivation and to ensure stable remunerative prices to the farmers. The Government should initiate action to improve market information system and market intelligence. Existing techniques disseminating marketing information should be reviewed. Visual media like television can be used for providing market information to farmers of rural areas. Modern devices such as computers may be employed wherever necessary to make a meaningful estimate of marketable surplus and daily average price.

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