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A study of marketing of cashew in Ratnagiri district of Maharashtra

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Abstract
A present study was conducted to examine marketing channels, marketing cost, market margin, producer's share, price spread and marketing efficiency of cashew in Ratnagiri district of Maharashtra. There were four marketing channels found in study area; Channel-I: Producer → Consumer, 2. Channel-II: Producer → Processor, 3. Channel-III: Producer →Village merchant → Processor and 4. Channel-IV: Producer → Village merchant → Wholesaler → Processor. The most of the quantity was sold through channel-III (53.18 per cent) followed by channel-IV (38.58 per cent), channel-II (6.05 per cent) and channel-I (2.19 per cent). The maximum quantity was sold through village merchant whereas less quantity was sold directly to consumer even though per kg cost was higher than other channels because of less demand for raw freshly harvested cashew (ola kaju). The market margin is the highest in channel-IV and then in channel-III. The marketing cost was the highest in channel-II whereas the lowest in Channel-I. The price spread was the maximum in channel-IV followed by channel-III and channel-II whereas it was the lowest in Channel-I. The marketing efficiency was the highest in channel-III followed by channel-IV. The producers' share in consumer price was the highest in channel-I followed by channel-II, channel-III and channel-IV respectively.

Keywords: cashew, market margin, producer's share, price spread, marketing efficiency

Introduction
Cashew is an important plantation crop in Indian economy. The production, area and productivity of cashew in India are increased due to identification of superior clones, standardization of vegetative propagation techniques and enough planting material. The geographical conditions of India are favorable for cashew production, hence India is one of the major country among all cashew producing countries in the world.

In India, cashew is grown in the peninsular areas of Kerala, Karnataka, Goa, Maharashtra, Tamil Nadu, Andhra Pradesh, Orissa, and West Bengal. Maharashtra ranks first in cashew production. In Maharashtra, although Ratnagiri district ranks first in terms of area under cashew cultivation it holds second position in production. Dukare (2016) [3], Padma Lakshmi (2016) [7], Nayak and Paled (2016) [6] studied the economics of cashew and found that production and marketing of cashew was profitable. This study is essential to identify the factors that affect cashew cultivation and its marketing and thereby helps in increasing the production and marketing of cashew.

Material and Methods
Marketing Channels
A marketing channel consists of the people, organizations, and activities necessary to transfer the ownership of goods from the point of production to the point of consumption. It is the way products get to the end-user, the consumer, and is also known as a distribution channel.

Total marketing costs
Marketing cost indicate the extent of cost incurred in the movement of a commodity from the producer to the consumer.

The following formulae of the marketing cost will be used

$C = C_f + Cm_1 + Cm_2 \ldots\ldots Cm_i$

Where,

C = Total marketing cost

C_f = Cost paid by the producer from the time produce leaves the farm till he sells it.
Cm_i = Cost incurred by i^{th} middleman in the process of buying and selling the product.

Marketing margins
Marketing margins reveal the remuneration that the intermediaries receive for their services in moving the commodity in the marketing channels. Estimation of marketing margins helps us to estimate the efficiency of the marketing system. If the analysis indicates, the exploitation by intermediaries in terms of excessive margins, it helps the policy-maker to bring in some changes in the marketing system.

Price spread
Price spread is the difference between the price paid by processor and received by producer.

$$Ps = Cp - Pf$$

Where,
Cp = Consumer's price
Pf = Price received by farmer

Marketing efficiency (ME)
Marketing efficiency will be calculated with the help of Achary's formula;

$$ME = RP / (MC + MM)$$

Where,
ME = Marketing efficiency
RP = Price paid by processor
MC = Total marketing cost
MM = Market margin

Producer's share in consumer's rupees
It is the ratio of price received by farmer to the price paid by the consumer and can be calculated as follows,

$$Ps = \frac{Pf}{Pc} \times 100$$

Where,
Ps = Producer's share in consumer's rupee
Pf = Price of the produce received by the farmers
Pc = Price of the produced paid by the consumer

Result and discussion
Marketing channels
The marketing channel shows that how the commodity passes from producer to consumer through various means. There were four marketing channels observed for cashew in study area;
1. Channel-I: Producer → Consumer
2. Channel-II: Producer → Processor
3. Channel-III: Producer →Village merchant → Processor
4. Channel-IV: Producer → Village merchant → Wholesaler → Processor

Channel-I: Producer→Consumer
In the study area it was observed that some of the cashew farmers sold their cashew directly to the consumer at village level or at nearby market immediately after harvesting. This type of cashew (ola kaju) were used in cooking after removing the outer shell. The quantity sold through this channel was very less but it gives maximum price per kg than other channels.

Table 1: Channel – I: Producer → Consumer (Per quintal)

Particulars	Rupees	Percent
Producer		
Gross price received	20000	100
Packaging charges	59.67	0.30
Transportation charges	34.36	0.17
Total marketing cost	94.03	0.47
Net price received by producer	19905.97	99.53
Consumer		
Consumer price	20000	100

The table 1 showed that per quintal gross price received by farmer (consumer price) was Rs. 20000. The total marketing cost per quintal was Rs. 94.03. From per quintal total marketing cost, packaging cost was Rs. 59.67 and transportation cost was Rs. 34.36. The net price received by farmer was Rs. 19905.97 per quintal.
The share of total marketing cost was 0.47 per cent of consumer price in which packaging charge contributes 0.30 per cent and transportation charge contributes 0.17 per cent. The net price received by farmer was 99.53 per cent of consumer price.

Channel-II: Producer → Processor
The table 2 showed that total gross price received by farmer was Rs. 17684.24 for per hectare. The per hectare drying and storage cost was Rs.63.64, grading cost was Rs.29.09, packaging cost was Rs.38.51, transportation cost was Rs. 117.45 and loading and unloading cost was Rs. 51.08 while the total marketing cost was Rs. 299.78.
The per cent share of net price received by farmer was 98.31 per cent of purchase price of processor. The drying and storage contributes 0.36 per cent, grading contributes 0.16 per cent, packaging charge contributes 0.22 percent, transportation contributes 0.66 per cent and loading and unloading contributes 0.29 per cent while the total marketing cost contributes 1.69 per cent of gross price received by farmer.

Table 2: Channel-II: Producer → Processor (Rs/q)

Particulars	Rupees	Percent
Producer		
Gross price Received	17684.24	100
Drying and storage	63.64	0.36
Grading charges	29.09	0.16
Packaging charges	38.51	0.22
Transportation charges	117.45	0.66
Loading and Unloading	51.08	0.29
Total marketing cost	299.78	1.69
Net price received by producer	17427.20	98.31
Processor		
Purchase price	17684.24	100

Channel – III: Producer → Village merchant → Processor
Table 3 revealed that per quintal gross price received by producer was Rs. 13213.11 (80.75 per cent) whereas net price received by producer was Rs.13096.89 (80.04 percent). The total marketing cost incurred by producer was Rs. 116.22

(0.71 per cent) in which drying and storage cost was Rs. 47.84 (0.29 per cent), grading cost was Rs. 30.10 (0.19 per cent) and packaging cost was Rs. 38.27 (0.23 per cent).
The purchase price of village merchant was Rs.13213.11 (80.75 per cent) and the sale price was Rs. 16362.84 . The transportation cost of village merchant was Rs. 59.64 (0.36 per cent) and the loading and unloading cost was Rs. 32.31 (0.20 per cent) while total marketing cost was Rs. 91.95 (0.56 per cent). The market margin of village merchant was Rs.3149.73. The total market margin in channel –III was Rs. 3149.73 per quintal while total marketing cost was Rs. 208.17 per quintal.

Table 3: Channel – III: Producer → Village merchant → Processor (Rs/q)

Particulars	Rupees	Percent
Producer		
Gross price received	13213.11	80.75
Drying and storage	47.84	0.29
Grading charges	30.10	0.19
Packaging charges	38.27	0.23
Total marketing cost	116.22	0.71
Net price received by producer	13096.89	80.04
Village trader		
Purchase price	13213.11	80.75
Transportation charges	59.64	0.36
Loading and unloading	32.31	0.20
Total marketing cost	91.95	0.56
Market margin	3149.73	19.25
Price received	16362.84	100
Processor		
Purchase price	16362.84	100
Total marketing cost	**208.17**	
Total market margin	**3149.73**	

Channel – IV: Producer → Village merchant → Wholesaler → Processor

From table 4 it was revealed that per hectare gross price and net price received by producer were Rs. 12981.16 (74.60 per cent) and Rs. 12887.96 (74.06 per cent) respectively. The total marketing cost incurred by producer was Rs. 93.19 (0.54 per cent) in which drying and storage cost, grading cost and packaging cost were Rs. 41.97 (0.24 per cent), Rs. 29.16 (0.17 per cent) and Rs.22.06 (0.13 per cent) respectively.
The purchase price of village merchant was Rs. 12981.16 (74.60 per cent) and the sale price was Rs. 15561.03 (89.43 per cent). The marketing cost incurred by village merchant was Rs. 92.08 (0.53 per cent) that comprises transportation cost Rs. 53.53 (0.31 per cent) and loading and unloading cost Rs. 38.55 (0.22 per cent). The market margin of village merchant was Rs. 2579.07. The purchase price of wholesaler was Rs. 15561.03 (89.43 per cent) and sale price (purchase price of processor) was Rs. 17400.43. The market margin of wholesaler was Rs. 1893.40 and marketing cost was Rs. 88.65 (0.51 per cent). The loading and unloading cost and transportation cost were Rs.53.53 (0.31 per cent) and Rs. 35.12 (0.20per cent). The total marketing cost in Channel-IV was Rs. 273.92 and total market margin was Rs.4418.47.

Table 4: Channel – IV: Producer →Village merchant →Wholesaler →Processor (Rs/q)

Particulars	Rupees	Percent
Producer		
Gross price received	12981.16	74.60
Drying and storage	41.97	0.24
Grading charges	29.16	0.17
Packaging charges	22.06	0.13
Total marketing cost	93.19	0.54
Net price received by producer	12887.97	74.06
Village trader		
Purchase price	12981.96	74.60
Transportation charges	53.53	0.31
Loading and unloading	38.55	0.22
Total marketing cost	92.08	0.53
Market margin	2579.07	14.83
Price received	15561.03	89.43
Wholesaler		
Purchase price	15561.03	89.43
Transportation charges	53.53	0.31
Loading and unloading	35.12	0.20
Total marketing cost	88.65	0.51
Market margin	1839.40	10.57
Price received	17400.43	100
Processor		
Purchase price	17400.43	100
Total marketing cost	273.92	
Total market margin	4418.47	

Table 5: Price spread and marketing efficiency in marketing channels (Per quintal)

Particulars	Channel-I	Channel-II	Channel-III	Channel-IV
Net price received by producers	19905.97	17384.46	13096.89	12981.16
Total marketing cost	94.03 (0.47%)	299.78 (1.67%)	208.17 (1.27%)	273.92 (1.59%)
Total market margin	-	-	3057.78 (19.25%)	4238.45 (25.40%)
Consumer price	20000 (100.00%)	17684.24 (100.00%)	16362.84 (100.00%)	17400.43 (100.00%)
Price spread	94.03	299.78	3149.73	4418.17
Marketing efficiency			4.01	2.88

From table 5, it was found that total marketing cost was the highest in channel-II (Rs. 299.78) whereas the lowest in channel-I (Rs. 94.03). The marketing cost in channel-III was Rs. 208.17 while in channel-IV, it was Rs. 273.92. The price paid was higher in channel-IV i.e. Rs. 4418.17 whereas it was the lowest in channel-I i.e. Rs. 94.03. The price spread in channel-II was Rs. 299.78 and in channel-III it was Rs. 4418.17. The marketing efficiency was the highest in channel-III i.e. 4.01 and the lowest in channel-IV i.e. 2.88.

Table 6: Producer's share in different marketing channels

Particulars	Channel-I	Channel-II	Channel-III	Channel-IV
Producer's share.	**99.53**	**98.31**	**80.04**	**74.06**
Total marketing cost	0.47	1.69	1.27	1.59
Total market margin	-	-	19.25	25.40
Consumer price	100	100	100	100

From table 6, it was revealed that Producer's share was comparatively higher in Channel- I i.e. 99.53 per cent whereas it was the lowest in Channel- IV i.e. 74.06 per cent. Producer's share in Channel-II and Channel-III was 98.31 per cent and 80.04 per cent, respectively.

Table 7: Quantity sold through different channels (kg/ha)

Sr. no.	Particulars	Production	Per cent
1	Channel-I	37.35	2.19
2	Channel-II	103.27	6.05
3	Channel-III	908.04	53.18
4	Channel-IV	658.67	38.58
	Total	1707.33	100

Most of the cashew farmers sold their produce through channel-III followed by channel-IV, channel-II, and channel-I. The quantity of cashew nut sold from Channel-III was Rs. 908.04 kg/ha (53.18 per cent), Channel –IV (38.58 per cent). Less quantity was sold through Channel-I i.e. 37.35 kg/ha (2.19 per cent) while maximum quantity sold was through village merchant and then processor and consumer.

Conclusion

1. There were four marketing channels found in study area however the mostly used channel was channel-III (Producer → Village trader → Processor).
2. The maximum quantity was sold through village merchant whereas less quantity was sold directly to consumer because of less demand for raw freshly harvested cashew (ola kaju).
3. The market margin was higher in channel-IV then in channel-III. The marketing cost was the highest in channel-II whereas it was the lowest in Channel-I
4. The price spread was maximum in channel-IV followed by channel-III and channel-II whereas it was the lowest in Channel-I. The marketing efficiency was higher in channel-III followed by channel-IV.
5. The producers' share in consumer price was higher in channel-I followed by channel-II, channel-III and channel-IV.

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