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Determine marketing channels, marketing efficiency and price spread in goat marketing

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Abstract

The present study was carried out to determine the marketing channels, marketing efficiency and price spread in goat marketing in Osmanabad district of Maharashtra. The result of the study revealed that there were four marketing channels in the study area i.e., (1) Producer – Consumer, (2) Producer – Village Butcher – Consumer, (3) Producer – Village Merchant – Consumer, (4) Producer – Trader – City Butcher. The primary data pertained to the year 2019-20 and was elicited from 32 sample goat rearers. In case of marketing of goat, it was observed that producers share in consumers rupee was higher in channel-II (Rs.89720.11) followed by channel-IV (Rs.86228.77), channel-I (Rs.83615.79) and channel-III (Rs.82917.54) respectively. Maximum marketed surplus for young goat was present in channel IV whereas minimum marketed surplus for young goat was present in channel I. Among all the marketing channels, price spread per flock was maximum in Channel II (Rs. 42757.77) followed by Channel IV (Rs. 40379.12), Channel III (Rs. 18374.77) and Channel I (Rs. 107.02) and marketing efficiency per flock was higher in Channel III (4.51 per cent) followed by Channel IV (2.1 per cent) and channel II (2.09 per cent).

Keywords: marketing channels, marketing efficiency, price spread, marketed surplus

Introduction

Goat (*Capra aegagrus hircus*) belongs to the family *Bovidae*. Goat has chromosome number 60. Buck is an adult male goat while Doe is a female goat. Young one of goat is known as Kid. Hybrid goats developed in the laboratory are known as the Chimeras. Goats are naturally curious and independent animal. They are natural browsers that prefer to feed on leaves, twigs, vines and shrubs. They are very agile by nature and can stand on their hind legs to reach vegetation. They seek shelter more readily than sheep. The contribution of goats to the rural economy is highly inevitable. India's climatic and economic situation favours goat farming as they are adaptive to various agro-climatic conditions ranging from arid dry to cold arid to hot humid. Specifically, in mountainous, semi- arid and arid regions of India goat rearing can be easily carried out by farmers. Goat rearing is more profitable to farmer because of the low investment cost, high profit and serves as a sustainable source of income. Goats are important in resource-poor communities because they provide tangible benefits such as cash income from animal sales, meat for home consumption and manure.

Goat rearing is one of the promising enterprises in the rural economy as it generates employment opportunities and thereby helps in poverty reduction along with improvement in the standard of living and social acceptance.

Materials and Methods

The present study was based on multistage sampling design. Osmanabad district of Maharashtra state was selected for the study. The study was conducted in the four selected villages of Osmanabad district. 32 goat rearers were selected from four villages randomly. The primary data was collected with the help of pre-tested schedule.

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 distribution channel. There are four main marketing channels

Producer → Customer (Zero-level Channel)

Producer → Retailer → Consumer (One-level Channel)

Producer → Wholesaler → Retailer → Customer (Two-level Channel)

Producer → Agent/Broker → Wholesaler or Retailer → Customer (Three-level Channel)

Price spread

Price spread is the difference between Price paid by Consumer and Price received by Farmer

$$Ps = Cp - Pf$$

Where,

Cp = Consumer's price (Rs.)

Pf = Price received by Farmer (Rs.)

Marketing efficiency

Marketing efficiency was calculated by using the modified

method suggested by Acharya and Agarwal.

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

Where,

MME = Modified measure of marketing efficiency

RP = Price paid by consumer or retailer sale price

MC = Total marketing cost

MM = Net marketing margin

Results and Discussion

In the selected study area of Osmanabad district, following marketing channels were identified.

1. Channel I: Producer → Consumer
2. Channel II: Producer → Village Butcher → Consumer
3. Channel III: Producer → Village Merchant → Consumer
4. Channel IV: Producer → Trader → City Butcher

Table 1: Per flock cost incurred by producer

Sr. no.	Particulars	Channel – I	Channel – II	Channel - III	Channel – IV
1	Labour charges	77.54 (72.46)	73.16 (75.84)	91.69 (76.80)	83.53 (8.97)
2	Transport charges	0	0	0	802.78 (86.20)
3	Weighing charges	0	0	0	0
4	Market fee	0	0	0	19.49 (2.09)
5	Other	29.47 (27.54)	23.30 (24.16)	27.69 (23.20)	25.52 (2.74)
	Total	107.02 (100)	96.46 (100)	119.38 (100)	931.32 (100)

(Figures in parentheses indicate percentage to total)

The result of the study showed that cost incurred by producer in marketing of per flock of goat was highest in channel-IV i.e. Rs. 931.32 followed by channel-III with total cost of Rs.119.38, channel-I with Rs.107.02 and channel-II with Rs.96.46, respectively. Table 1 revealed that in channel-I, labour charges constitutes 77.46 per cent of the total expenditure and share on other charges was 27.54 per cent.

In channel-II, labour charges accounted to 75.84 per cent of the total expenses and share on other expenses was 24.16 per cent.

In channel-III share on labour charges was 76.80 per cent and other charges was 23.20 per cent, respectively.

In channel-IV, transport charges were maximum with a share of 86.20 per cent followed by labour charges with 8.97 per cent, other charges with 2.74 per cent, market fee was 2.06 per cent, respectively.

Table 2: Per flock cost incurred by butcher

Sr. no.	Particulars	Channel – II	Channel – IV
1	Labour charges	105.60 (34.31)	102.32 (20.23)
2	Transport charges	102.36 (33.25)	314.62 (62.19)
3	Weighing charges	0	0
4	Packaging charges	11.09 (3.60)	8.44 (1.67)
5	Fodder	33.04 (10.73)	30.63 (6.05)
6	Water	24.78 (8.05)	22.97 (4.54)
7	Other	30.97 (10.06)	26.91 (5.32)
	Total	307.85 (100)	505.89 (100)

(Figures in parentheses indicate percentage to total)

Cost incurred by butcher in marketing of goat for per flock was enumerated and is presented in table 2. The study indicated that in channel-II total marketing cost was Rs. 307.85 and in channel-IV total marketing cost was Rs. 505.89

for per flock.

Channel-II consist of expenses on labour charges with share of 34.31 per cent followed by transport charges with 33.25 per cent, charges on fodder with 10.73 per cent, charges on other costs with 10.06 per cent, charges on water with 8.05 per cent and packaging charge with 3.60 per cent respectively on total cost incurred for per flock of goat.

In channel-IV for per flock of goat percentage of transport charges was 62.19 per cent, labour charges was 20.23 per cent, fodder charges was 6.05 per cent, other charges was 5.32 per cent and packaging charges was 1.67 per cent, respectively.

Table 3: Per flock cost incurred by village merchant

Sr. no.	Particulars	Channel – III	Percent
1	Labour charges	122.77	11.26
2	Transport charges	840	77.00
3	Weighing charges	0	0
4	Fodder	38.77	3.56
5	Water	28.92	2.65
6	Market fee	26.46	2.43
7	Other	33.85	3.10
	Total	1090.77	100

(Figures in parentheses indicate percentage to total)

Table 3 revealed the cost incurred by village merchant per flock per annum. The data revealed that in channel-III, total marketing cost was Rs.1090.77. In channel-III expenses on transport charges, labour charges, fodder charges, other charges, water charges, market fee was 77 per cent, 11.26 per cent, 3.56 per cent, 3.10 per cent, 2.65 per cent, 2.43 per cent of the total marketing cost respectively.

Table 4: Per flock cost incurred by trader

Sr. no.	Particulars	Channel – IV	Percent
1	Labour charges	101.16	18.03
2	Transport charges	357.31	63.69
3	Weighing charges	0	0
4	Fodder	31.55	5.63
5	Water	22.27	3.97
6	Market fee	19.49	3.47
7	Other	29.23	5.21
	Total	561.02	100

(Figures in parentheses indicate percentage to total)

Table 5: Per flock price spread and marketing efficiency in different marketing channels

Sr. no.	Particulars	Channel			
		I	II	III	IV
1	Net price received by producer	83615.79 (99.87)	89720.11 (67.72)	82917.54 (81.86)	86228.77 (68.11)
2	Cost incurred by producer	107.02 (0.13)	96.46 (0.07)	119.38 (0.05)	931.32 (0.73)
3	Price paid by merchant	-	-	83036.92 (81.98)	-
4	Cost incurred by merchant	-	-	1090.77 (0.11)	-
5	Margin of merchant	-	-	18255.38 (18.02)	-
6	Price paid by trader	-	-	-	87160.09 (68.84)
7	Cost incurred by trader	-	-	-	561.02 (0.44)
8	Margin of trader	-	-	-	16412.99 (12.96)
9	Price paid by butcher	-	89817.11 (67.80)	-	103573.08 (81.81)
10	Cost incurred by butcher	-	307.85 (0.23)	-	505.89 (0.40)
11	Margin of butcher	-	42660.77 (32.20)	-	23034.8 (18.19)
12	Price paid by consumer	83722.81 (100)	132477.88 (100)	101292.31 (100)	126607.89 (100)
13	Total marketing cost	107.02	404.31	1210.15	1998.23
14	Total market margin	-	42660.77	18255.38	39447.79
15	Price spread	107.02	42757.77	18374.77	40379.12
16	Marketing Efficiency	-	2.09	4.5	2.1

(Figures in parentheses indicate percentage to total)

For per flock of goat, marketing cost, marketing margin, price spread and marketing efficiency by different intermediates in channels were calculated and is displayed in table 5.

In channel-I for per flock of goat, price paid by consumer was Rs. 83722.81. Cost incurred by producer was Rs. 107.02 and the net price received by him was Rs. 83615.79, respectively. In channel-I price spread for per flock was Rs. 107.02.

In channel-II, price paid by village butcher was Rs.89817.11. Cost incurred by village butcher and market margin of village butcher per flock was Rs. 307.85 and Rs.42660.77, respectively. Cost incurred by producer was Rs. 96.46 and net price received by him was Rs. 89720.11 per flock. In channel-II, price paid by consumer was Rs. 132477.88. Total marketing cost and total market margin for per flock was Rs. 404.31 and Rs.42660.77, respectively. In channel-II, price spread per flock was Rs. 42757.77 and marketing efficiency was found to be 2.09 per cent.

In channel-III, price paid by village merchant was Rs. 83036.92. Cost incurred by village merchant per flock was Rs. 1090.77 and market margin received by him was Rs. 18255.38, respectively. Cost incurred and net price received by producer per flock was Rs. 119.38 and Rs. 82917.54 respectively. In channel-III, price paid by consumer was 101292.31 for per flock. Total marketing cost and total market margin per flock was Rs. 1210.15 and Rs. 18255.38, respectively. In channel-III, price spread was Rs.18374.77 and marketing efficiency was 4.5 per cent respectively.

In channel-IV price paid by trader was Rs. 87160.09 for per flock. Cost incurred by trader for per flock of goat was Rs. 561.02 and market margin for trader was Rs. 10536.29. Cost incurred by producer was Rs. 188.30. Net price received by producer was Rs.16412.99. Price paid by city butcher was Rs.

Cost incurred by trader in marketing of goat per flock was worked out and is presented in table 4. The result of the study indicates that in channel-IV total marketing cost for per flock was Rs. 561.02. The data revealed that the marketing cost includes a major share of transport charges (63.69 per cent) followed by labour charges (18.03 per cent), fodder charges (5.63 per cent), other charges (5.21 per cent), water charges (3.97 per cent), market fee (3.47 per cent), respectively for per flock of goat.

103573.08. For per flock cost incurred by city butcher and market margin for city butcher was Rs. 505.89 and Rs. 23034.8, respectively. Price paid by consumer was Rs. 126607.89. Total marketing cost and total market margin for per flock was Rs.1998.23 and Rs. 39447, respectively. In channel-IV price spread was Rs. 40379.12 and marketing efficiency was 2.1 per cent, respectively for per flock of goat. From the above study it was found that among all marketing channels per flock price spread was maximum in channel-II (Rs.42757.77) followed by in channel-IV it was Rs. 40379.12, in channel-III it was Rs. 18374.77 and in channel-I it was about Rs. 107.02.

Per flock marketing efficiency was higher in channel-III it was 4.5 per cent followed by channel-IV it was 2.1 per cent and in channel-II it was about 2.09 per cent.

Table 6: Marketed surplus for young goat:

Sr. no.	Channels	Quantity	Percent
1	Channel-I	285	20.65
2	Channel-II	339	24.57
3	Channel-III	325	23.55
4	Channel-IV	431	31.23
	Total	1380	100

(Figures in parentheses indicate percentage to total)

From the above table it was concluded that maximum marketed surplus for young goat was present in channel-IV with 31.23 per cent share of total marketed surplus whereas minimum marketed surplus for young goat was present in channel-I with 20.65 per cent. In channel-II and channel-III marketed surplus for young goat was 24.57 per cent and 23.55 per cent respectively.

Conclusion

1. Marketing channels that were identified in the study area are namely, Channel I: Producer → Consumer, Channel II: Producer →Village Butcher →Consumer, Channel III: Producer → Village Merchant →Consumer and Channel IV: Producer →Trader →City Butcher.
2. Among all the marketing channels, price spread was maximum in channel II followed by channel IV, channel III and channel I whereas marketing efficiency was higher in channel III followed by channel IV and channel II.
3. Maximum marketed surplus for young goat was present in channel IV whereas minimum marketed surplus for young goat was present in channel I.

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