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Marketing of dry chilli in Buldhana district

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Abstract

India, as observed in the earlier section, is the largest producer, consumer and exporter of Chillies in the world. India produces on average 1.3 to 1.5 million tonnes of red Chillies annually. Nearly, 80 per cent India's production is consumed within the country and only about 15 to 20 per cent of domestic production is exported.

Trends in area and production during the last two decades indicate that, there is a significant rise yields per hectare particularly from 2003 to 04 onwards and it has led sharp increase in production level from less than one million tonne in late 2000's.

Keywords: Marketing of dry chilli, producer, consumer, exporter of Chillies

Introduction

Chilli is not only used as a food additives but also for various medicinal purposes. The capsaicin extracted from ripe dried fruits is used in pharmaceutical preparations and medicines related to heart diseases. The daily use of Chillies stimulates saliva and ena India, as observed in the earlier section, is the largest producer, consumer and exporter of Chillies in the world. India produces on average 1.3 to 1.5 million tonnes of red Chillies annually. Nearly, 80 per cent India's production is consumed within the country and only about 15 to 20 per cent of domestic production is exported.

Trends in area and production during the last two decades indicate that, there is a significant rise yields per hectare particularly from 2003 to 04 onwards and it has led sharp increase in production level from less than one million tonne in late.

The extracts of Chillies are used in preparation of ginger beer and other beverages. It is also used as an anti-irritant in prickly heat powder, cosmetics, skin ointments and pain balms. Chilli has also acquired a great importance in food and beverages industries in the form of olerosins, which permits better distribution of coloured and flavour in food as compared to Chilli powder. The food industry prefers the use of highly coloured and less pungent chillies for the preparation of oleoresin. Chilli has antioxidant, anti-mutagenesis, hypocholesterolemic and immunosuppressive properties.

World Chilli production is primarily concentrated in South Asian countries to an extent of about 55 per cent of total world production. India is the single largest producer contributing for about 38 per cent followed by neighbours China with 7 per cent Pakistan and Bangladesh contributing about 5 per cent each. Rest of the output spread across South American countries and African countries. India's Chilli exports are currently in bull stage and Chillies exports from India are mostly to UAE, Bangladesh, Pakistan, Saudi Arabia, UK, Bahrain, Qatar, Nepal, Oman, Maldieves, Kuwait and US. Among these countries UAE, Pakistan, Bangladesh, UK, Saudi Arabia and Nepal are the major exporter of India's Chillies.

Methodology

A schedule was designed for data collection by keeping in view the objectives of the study, the data were collected for the year 2017-18 through personal interviews of farmers, village-traders, Wholesalers, commission agents retailer and Agriculture produce market committee. The survey method was followed for data collection. Data pertaining to cropping pattern, input utilization, cost of cultivation and returns were collected from the selected growers and other relevant information related to marketing of dry chilli was collected through a survey method with the help of pre-tested schedule.

The present study was undertaken in Buldhana district of Vidarbha region. The district was selected purposively. The data pertained for the year 2017-18. Total tahsils in Buldhana district is 13. Out of Thirteen tahsils in Buldhana district two tahsils viz. Sindkhed raja and Deulgaon raja were selected for the present study. From each tahsil, 3 villages were selected randomly for present study. schedule was designed for data collection by keeping in view the objectives of the study, The data were collected for the year 2017-18 through personal interviews of farmers, village-traders, Wholesalers, commission agents retailer and Agriculture produce market committee. The survey method was followed for data collection. Data pertaining to cropping pattern, input utilization, Cost of cultivation and returns were collected from the selected growers and other relevant information related to marketing of dry chilli was collected through a survey method with the help of pre-tested schedule.

Result and Discussion

In the preceding section, economic aspects viz., costs, returns

and the efficiency of investment in the production of dry chilli have been discussed. But the process of production is not completed till the product reaches into the hands of final consumer. As such various aspects pertaining to marketing of dry chilli viz., channels of distribution, price spread, producers share in consumer's rupees etc. have been studied and discussed.

Distribution of farmer according to marketing channels

Marketing channels are the root through which produce move from producer to consumer. Following important channels of distribution have been observed while studying the marketing of dry chilli under study area (Table 1)

Channel I: Producer → Consumer.

Channel II: Producer → Retailer → Consumer.

Channel-III: Producer → Village trader → Wholesaler → Retailer → Consumer

Channel IV: Producer → Wholesaler → Retailer → Consumer

Table 1: Distribution of farmer according to channels

Sr. No.	Channels	No. of dry chilli	Production in qtl.
1	Channel I(producer-consumer)	11 (12.22)	10.22
2	Channel II(sale through retailer)	56 (62.22)	17.35
3	Channel III (sale through village trader)	14 (15.55)	11.04
4	Channel IV (sale through wholesaler)	9 (10.00)	23.04
	Total	90 (100.00)	61.65

Distribution of farmer according to channels

Channel I and channel II indicate that farmer sold his produce in local market or in village. Channel II and Channel IV indicate farmer sold their produce in Agriculture produce market committee. Table 1 revealed that largest quantity of dry chilli was sold through retailer as a first sale point. The proportion of quantity sold through retailer i.e. channel II to total quantity sold worked at to 62.22 per cent and channel II is 15.55 per cent and channel I is 12.22 per cent. In channel I, channel II, channel III and channel IV the total production is 10.22 qtl, 17.35 qtl, 11.04 qtl and 23.04 qtl respectively.

During the course of investigation it was observed that channel II (Producer- Retailer- Consumer), is the major channel of distribution and overall 56 (62.22 per cent) farmers sold their produce by this channel, followed by channel III and channel I 15.55 per cent and 12.22 per cent.

Marketing cost of dry chilli

The cost of marketing of dry chilli is estimated

It is seen from Table out of four marketing channels, in

channel I producer incurred marketing cost of Rs. 237.45. The selling price of producer was Rs. 4405.09. In channel II the marketing cost incurred by producer was Rs. 330.98 Among the different items of expenditure the highest charges was paid for commission i.e. Rs. 220.78 followed by cost of marketing and transportation to the market. The retailers incurred marketing cost of Rs. 118.58 in channel I. The margin of retailer was Rs. 535.41.

In channel III the marketing cost incurred by producer was Rs. 280.92 and the marketing cost incurred by village traders was Rs. 4.85. The margin of village traders was Rs 251.85. Wholesaler incurred marketing cost of Rs. 164.5 in channel III and 140.55 in channel IV and received the margin of Rs. 231.05 in channel III and 342.09 in channel IV. The retailer incurred the marketing cost Rs. 108.85 and received margin of Rs. 632.21. The total marketing cost of channel III was Rs. 806.14 and total margin received by different intermediaries was Rs. 218.27.

Marketing cost and Market margin of dry chilli

Sr. No.	Particulars	Total Price			
		Channel I	Channel II	Channel III	channel IV
A	Marketing cost incurred by producer				
1	Cost of gunny bags	81.90	81.39	81.28	81.11
2	Cost of Loading	0.00	7.57	7.07	6.7
3	Cost of packing	0.00	7.35	5.35	42.01
4	Transportation	0.00	12.35	9.71	11.77
5	Weighing Charges	12.63	11.23	12.85	12.17
6	Commission	0.00	220.78	173.57	102.22
7	Hamali	0.00	4.21	4.64	4.88
8	Unloading	0.00	3.08	2.85	2.77
9	Marketing cost	237.45	330.98	280.92	212.66

10	Selling Price of Producer	4405.09	4063.8	4225.35	4053.11
B	Marketing cost incurred by Village trader				
1	Storage	0.00	0.00	5.23	0.00
2	Cost of gunny bags	0.00	0.00	10.85	0.00
3	Cost of packing	0.00	0.00	39.64	0.00
4	Cost of loading	0.00	0.00	3.35	0.00
5	Transportation	0.00	0.00	7.14	0.00
6	Weighing charges	0.00	0.00	20.5	0.00
7	Hamali	0.00	0.00	22.07	0.00
8	Commission	0.00	0.00	135.33	0.00
9	Marketing cost	0.00	0.00	4.85	0.00
10	Marketing margin	0.00	0.00	251.85	0.00
11	Selling price of village trader	0.00	0.00	355.17	0.00
C	Marketing cost incurred by Wholesaler				
1	Storage	0.00	0.00	10.71	8.11
2	Transportation	0.00	0.00	41.28	49.22
3	Cost of gunny bags	0.00	0.00	7.07	7.22
4	Weighing Charges	0.00	0.00	16.71	17.11
5	Market Cess fund	0.00	0.00	1.42	1.55
6	Hamali	0.00	0.00		
7	Market cost	0.00	0.00	164.5	140.55
8	Marketing margin	0.00	0.00	231.05	342.09
9	Selling price of Wholesaler	0.00	0.00	115.08	107.88
D	Marketing cost incurred by Retailer				
1	Transportation	0.00	12.23	11.64	12.77
2	Hamali	0.00	4.32	4.5	4.33
3	Weighing Charges	0.00	7.51	12.07	7.11
4	Shop rent	0.000	0.96	0.92	1.11
5	Marketing cost	0.00	118.58	108.85	120.11
6	Labour charges	0.00	7.34	7.12	8.43
7	Marketing margin	0.00	535.41	632.21	507.11
8	Selling price of retailer	0.00	5549.14	5610.21	4053.11
9	Total marketing cost	237.54	449.57	806.14	473.33
10	Total margin	274.66	391	218.27	348.3

In channel IV, the marketing cost incurred by producer was Rs. 212.66. The wholesaler incurred marketing cost of Rs. 140.55 and received margin of Rs. 342.09.

From above discussion it is concluded that, highest marketing cost was observed in channel III i.e. Rs. 805.14 and highest total margin was observed in channel IV Rs. 348.3.

Table 2: Producer share in consumers rupee Price spread in marketing of dry chilli through various channels (Rs./qt.)

Sr. No.	Particulars	Total Price			
		Channel I	Channel II	Channel III	Channel IV
1	Net Price received by Producer	4167.64 (94.60)	3732.8 (83.46)	3944.43 (77.51)	629.36 (37.21)
2	Total Marketing cost incurred by producer, Village trader, Wholesaler and retailer	237.45 (94.98)	330.98 (66.20)	280.92 (42.89)	212.66 (32.47)
3	Total Market margin of Wholesaler and retailer	0.00 (0.00)	535.41 (81.74)	863.26 (131.80)	849.2 (129.65)
4	Selling price of retailer/ Purchase price of consumer	4405.09 (1762)	5549.14 (894.50)	5610.21 (776.89)	4053.11 (258.20)

Out of four marketing channels, channel I is the direct channel i.e. producer-consumer. It is seen from Table 2 that, the net price received by producers in channel-I, channel-II, channel-III and channel IV was Rs.4167.64, Rs. 3732.8, Rs.3944.43 and Rs.629.36 per qt respectively. The producer's share in consumer's rupee was highest in channel-I i.e., 94.60 per cent followed by channel-II and channel-III, because in channel II there are large number of intermediaries. The total marketing cost was highest in channel-II as compared to other channels. The total market margin was higher in channel-III. Though the producer's share in consumer's rupee was highest in channel-I as compared to other channels, but the net price received by producer is highest in channel-I i.e. Rs.4,167.64 Rs/qt hence selling of dry chilli through channel-III by chilli growers was found more remunerative than other channels in study area.

All the selected dry chilli growers were interviewed for the problems they are facing while producing and marketing of dry chilli. The information regarding the important problems faced by the growers.

Conclusions

Channel II i.e. Producer →Retailer→Consumer, is the major channel of distribution and 56 farmers farmers sold their produce by this channel, Net price received by producer is highest in channel-IV i.e. 4,167.64 Rs/qt, hence selling of dry chilli through channel-II by chilli grower was found more remunerative than other channels in study area.

The producer's share in consumer's rupee was highest in channel-I i.e. (94.60 per cent) followed by channel-II (83.46 per cent), channel III (77.51 per cent) and 37.21 in channel IV.

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