IJCBM International Journal of Commerce and Business Management
e ISSN–0976–7940 Volume **11** | Issue 1 | April, 2018 | 44-48
DOI: 10.15740/HAS/IJCBM/11.1/44-48
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RESEARCH PAPER

To identify and analyze the marketing channels for hybrid cotton seeds in North Karnataka

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Received : *30.01.2018;* **Revised :** *07.03.2018;* **Accepted :** *21.03.2018*

ABSTRACT

The cotton seed industry has emerged as an important component in the seed market basically due to its ability for development of hybrids and diversity of production. The study was taken in Haveri and Dharwad districts of North Karnataka. In the study area two marketing channels were identified through which hybrid cotton seeds in the study area were marketed from the producers to the ultimate consumers. In Dharwad and Haveri channel I is having the highest marketing efficiency (2.28%) and (2.24%) compared to channel II. The poor efficiency was noticed in Channel II where the total marketing cost was the highest in this channel, this is because of involvement of intermediaries. So the results reveled that channel I is more popular in the study area. In both districts Channel II is preferred more by the dealers. The highest percentage of margin obtained by the dealer varied from 12.72 per cent in kanaka and lowest per cent of margin 8.70 is obtained in cash brand.

KEY WORDS : Marketing efficiency, Marketing margin, Marketing channels, Hybrid cotton seed

How to cite this paper : Sajjan, Srividyarani S. and Kerur, N.M. (2018). To identify and analyze the marketing channels for hybrid cotton seeds in North Karnataka. *Internat. J. Com. & Bus. Manage*, **11**(1) : 44-48, **DOI: 10.15740/HAS/IJCBM/11.1/44-48.**

The cotton seed industry has emerged as an important component in the seed market basically due to its ability for development of hybrids and diversity of production. It becomes very important on the part of the seed producer to deliver good seeds at right time, at right place and required quantities for better performance of the company. To satisfy the continuous demand for cotton seeds by the farmers, several seed companies in the corporate sector are supplying seeds in the cotton growing region. Some of the important companies, which supply seeds Kaveri seeds Pvt. Ltd., Krishidhan Seeds Pvt. Ltd, Machyo Seeds Pvt. Ltd., Shri Ram Bioseed Genetics India Ltd., G. K. Seeds, Monsanto seeds Pvt. Ltd, Ajeet seeds Pvt. Ltd, Nuziveedu seeds Pvt. Ltd, Rasi seeds Pvt. Ltd, Prabhat seeds Pvt. Ltd, Ankur seeds Pvt. Ltd, Vikram seeds Pvt. Ltd, Vibha seeds Pvt. Ltd, etc. These seed companies supply seeds first to the distributors, who in turn employ the dealers through whom seeds reach the ultimate users *i.e.*, the farmers. These dealers operate at the taluka level and they come in direct contact with the farmers. The marketing of seeds involves demand assessment, structure, shares, farmers brand acceptance, logistics,

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Cotton is of considerable importance in the light of changing agricultural scenario. With increased role of cotton in the Karnataka is state economy and with the liberalization policy of the Government of India, it has opened up for most of the multinational and Indian companies to enter into this mega demand based cotton crop to make huge profit through hybrid seed production. Since then the seed industry, the pesticide and other supporting sectors have received a boost in terms of their trade with the rural market. The marketing of seed has undergone a tremendous transformation in terms of seed logistics and farmer acceptance of varieties especially in the last decade. As is well known, the technological breakthrough in development of Double Bt cotton also has created a revolution in development of pest resistance hybrids etc. have all contributed for the overall improvement in the yields of cotton.

METHODOLOGY

Selection of market:

The importance of study is to focus on marketing of cotton seeds considering the importance of cotton production in the study area and its commercial importance. The secondary markets formed important centres of business activity. Here based on the volume of purchase of cotton seeds by the farmers the dealers were selected in Dharwad and Haveri districts it is well known fact that the districts headquarter *viz.,* Dharwad and Haveri considered as important cotton seed markets in northern Karnataka. Hence, to select these headquarter places as central market for agriculture input marketing and specially for cotton seeds.

Selection of dealers :

It was also proposed to analyse the important component in the seed industry *i.e.,* agriculture input supply agencies which formed nodal agencies from agriculture input marketing. Hence, it was proposed to select 10 dealers from each district. The dealers were selected on the basis of extent of purchase of cotton seeds by the farmers, by keeping in mind the relative importance of agencies/companies in the total volume of business specially in cotton seed marketing. Hence, a total of 20 dealers were selected to elicit information required for the study.

Analytical techniques employed:

Marketing efficiency:

Marketing efficiency is directly related to the cost involved in moving goods from the producer to the consumer and the quantity of services offered. If the cost incurred when compared with the services involved, is low, it will be efficient marketing. The improvement in marketing efficiency means the reduction of marketing cost without reducing the quantum of services to the consumer.

Shepherd's method:

Shepherd has suggested that the ratio of total value of goods sold in the market and the total marketing cost is to be used as a measure for marketing efficiency. According to him, the greater the ratio, the higher efficiency and *vice versa*. Shepherd's formula for marketing efficiency is:

$$ME = \left(\frac{V}{I}\right) - 1$$

where,

ME = Marketing efficiency

V = Total value of goods sold in the market

I = Total marketing cost.

Marketing costs:

Marketing costs are the actual expenses incurred in bringing goods and services from the producer to the consumers.

Marketing margins:

Margin refers to the difference between the price paid and received by a specific marketing agency such as a single retailer, or by any type of marketing agency, *i.e*. retailers or wholesalers or by any combination of marketing agencies in the marketing system as a whole.

Total marketing margin includes cost involved in moving the hybrid cotton seeds from producer to consumer and profits of various market functionaries.

The absolute value of the total marketing margin varies from market to market, channel to channel and time to time.

ANALYSIS AND DISCUSSION

The findings of the present study as well as relevant discussion have been summarized under the following heads :

Marketing channels:

In the study area two marketing channels were identified through which hybrid cotton seeds in the study area were marketed from the producers to the ultimate consumers, they are:

Channel I: Company → Dealers → Farmers

Channel II: Company → Distributor → Dealers → Farmers

In the channel I, the company directly transport the hybrid cotton seeds to the dealers and from dealers to the ultimate farmers.

In the channel II, the company transport the hybrid cotton seeds to the distributor. Distributor acts as a mediator between company and the Dealer. For this service, distributor charges 30 rupees per box as a commission and he transport the seeds from dealers to the ultimate farmers.

Marketing efficiency for Dharwad district :

Results from the Table 1 related to the marketing efficiency in Dharwad district revealed that, in Dharwad district the quantity of hybrid cotton seed handled in packets is (11582) in channel I and (41678) in channel II, the quantity of hybrid cotton seed handled in boxes are (454.19) in channel I and (1634.43) in channel II. Average number of packets per box in both the channels is (25.50), transportation cost for channel II (Rs. 133.12) was found to be higher compared to the transportation cost for channel I (Rs.103.12) and the price of each packet in both the channels is 930 rupees. Out of these two channels, the marketing efficiency in channel II is (1.77%) and (2.28%) in channel I, while channel I is having the highest marketing efficiency (2.28%). The similar findings were observed in case of Kiresur (1987). The poor efficiency was noticed in channel II as it is clearly shown in the Table 1 that, the total marketing cost was highest in this channel, this is because of involvement of intermediaries. So the results revealed that channel II is more popular in the study area.

Marketing efficiency for Haveri district:

The marketing efficiency for Haveri district was also conducted to know the comparative performance and its efficiency with Dharwad district and its results

Table 1: Marketing efficiency of different channels of hybrid cotton seeds in Dharwad district

Particulars	Marketing channels	
	I	II
Quantity handled (No. of packets)	11582	41678
Quantity handled (No. of boxes)	454.19	1634.43
Average number of packets per box	25.50	25.50
Transportation cost per box (Rs.)	103.12	133.12
Transportation cost of quantity handled in boxes (I)	46836.69	217575.50
Price of each packet (Rs.)	930	930
Total value of seed packets (Rs.) (V)	1,07,71,260	3,87,60,540
Marketing efficiency [ME=(V/I)-1]	2.28%	1.77%

(Note: 1 packet = 450 g of cotton seeds)

Table 2 : Marketing efficiency of different channels of hybrid cotton seeds in Haveri district

Particulars	Marketing channels	
	I	II
Quantity handled (No. of packets)	7818	24092
Quantity handled (No. of boxes)	306.58	944.78
Average number of packets per box	25.50	25.50
Transportation cost per box (Rs.)	105.17	135.17
Transportation cost of quantity handled in boxes (I)	32243.88	28343.52
Price of each packet (Rs.)	930	930
Total value of seed packets (Rs.) (V)	72,70,740	2,24,05,560
Marketing Efficiency [ME=(V/I)-1]	2.24%	1.74%

(Note: 1 packet = 450 g of cotton seeds)

were depicted in Table 2. The results expressed that, in case of Haveri district, the quantity of hybrid cotton seeds handled in packets is (7818) in channel I and (24092) in channel II, the quantity of hybrid cotton seed handled in boxes are (306.58) in channel I and (944.78) in channel II. Average number of packets per box in both the channels is (25.50), transportation cost per box for channel II was found to be higher (Rs. 135.17) compared to the transportation cost for channel I (Rs. 105.17) and the price of each packet in both the channels was found to be 930 rupees. Ther similar findings were observed in case of Dhandhalya and Shiyani (2012).

Out of two channels the marketing efficiency in channel I (2.24%) is greater than channel II (1.74%). The similar findings were observed in case of Jyoti *et al*. (2012). The poor efficiency was noticed in Channel II as it is clearly shown in the Table that the total marketing cost was the highest in this channel, this is because of involvement of intermediaries. So the results reveled that channel I is more popular in the study area. In both districts Channel II is preferred more by the dealers.

Brand wise dealers margins for hybrid cotton seeds:

The presence of monopolistic market situation for cotton seeds entails the presence of number of brands of cotton seeds in the study area. The margin of the dealer will not vary with levels of operations but it varies according to their cost of marketing and other services provided by the dealers to the farmers.

The Table 3 depicts the information about various brands of (25 brands). hybrid cotton seeds in the study area and the dealers price *i.e.*, purchase and retail margin over dealers price. It is quite evident from the Table that

Table 3 : Brand-wise trader margins for hybrid cotton seeds

Sr. No.	Brand name of hybrid cotton seeds	Average dealers purchase price (Rs./450 g)	Dealers retail price (Rs./450 g)	Gross margin (Rs./450 g)	% of gross margin over price
1.	Ankur jai	846.42	930	84	9.92
2.	ATM	852.12	930	77.88	9.13
3.	Azur	850	930	80	9.41
4.	Bullet	850	930	80	9.41
5.	Bunny	851	930	79	9.28
6.	Cash	855.5	930	75	8.70
7.	Cash plus	849	930	81	9.54
8.	Cheeranjeev	854.28	930	76	8.89
9.	Dr.BRENT	846	930	84	9.92
10.	First class	847	930	83	9.79
11.	Force	850	930	80	9.41
12.	Jackpot	853.3	930	77	9.02
13.	Jadhoo	855.12	930	74.88	8.75
14.	Kanaka	825	930	105	12.72
15.	Krish	850	930	80	9.41
16.	Mallika	853.1	930	77	9.02
17.	Mallika gold	847	930	83	9.79
18.	Namcot	848.2	930	82	9.66
19.	Neeraja	847.36	930	82.64	9.75
20.	Paras Brahma	855	930	75	8.77
21.	Pratap	846	930	84	9.92
22.	Shalimar	852.3	930	78	9.15
23.	Trineetra	855.3	930	75	8.77
24.	VICH-5	851.5	930	79	9.28
25.	Yuva	848.2	930	84	9.92

the dealer's retail price was found to be Rs. 930 for 450 g weighing packet of hybrid cotton seeds. Each packet of hybrid cotton seed consists of 450g of seeds which costs 930 rupees, as the M.R.P of each packet is fixed by the Central Government.

There was no much variation in the prices of all the brands found in Dharwad and Haveri district in the study area, the dealer's price varied from Rs. 825 in Kanaka brand and Rs. 855.5 in the case of cash brand of hybrid cotton seeds. The margin obtained by dealers varied from Rs. 105 in case of Kanaka brand to Rs.74.88 in case of Jadhoo brand of hybrid cotton seeds. The highest percentage of margin obtained by the dealer varied from 12.72 per cent in Kanaka and lowest per cent of margin 8.70 is obtained in cash brand. However the percentage of margins obtained from other varieties are, 9.92 per cent in case of Ankur jai, 9.13 per cent in case of ATM, 9.41 per cent in case of Azur and Bullet, 9.28 per cent in case of Bunny, 9.54 per cent in case of Cash plus, 8.89 per cent in case of Cheeranjeev, 9.92 per cent in case of Dr.Brent, 9.79 per cent in case of First class, 9.41 per cent in case of Force, 9.02 per cent in case of Jackpot and Mallika, 8.75 per cent in case of Jadhoo, 9.41 per cent in case of Krish, 9.79 per cent in case of Mallika gold, 9.66 per cent in case of Namcot, 9.75 per cent in case of Neeraja, 8.77 per cent in case of Paras Bharma and Trineetra, 9.92 per cent in case of pratap and Yuva, 9.15 per cent in case of Shalimar, in case of VICH-5 9.28 per cent, margins are revealed from the table. Ther similar findings were observed in case of Lal (1980). The dealers are getting less margin in the brands like ATM, Azur, Bunny, Bullet, Cash, Cash plus, Cheeranjeev, First class, Force, Jadhoo, Jackpot, Krish, Mallika, Mallika gold, Namcot, Paras bharma, Shalimar, Trineetra, VICH-5 as they are less preferred brands by the farmers. Dealers are getting more margins *i.e.*, 12.72 per cent in Kanaka, 9.92 per cent in case of Pratap, Yuva, Ankur jai and Dr. Brent, 9.75 per cent in case of Neeraja brands, as they are more preferred, demanded one and purchased brands by the farmers. The similar findings were observed in case of Choudhari *et al.* (2012).

Conclusion:

The marketing efficiency in channel II is said to be low compared to the channel I in both the districts in the study area. The marketing efficiency is low in both the districts because of the high transportation cost and involvement of intermediaries in channel II. The results of the study indicated that Channel I (Company → Dealer → Farmers) which involved only one intermediary between the producer and the consumer indicated higher marketing efficiency. Encouraging the dealers to purchase the seeds directly from the company leads to higher margins for the dealers. This will help in the long run to stabilize the policies on one side and gradual reduction in the prices over a period of time on the other side.

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