



Research Paper

Marketing of milk in Pune district of Maharashtra

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ABSTRACT : Data pertained to the year 2009-2010 in order to study marketing of milk in Pune district Maharashtra. Tabular analysis was used to work out marketing cost, marketing margin and price spread. Dairy unit owner find that it was more profitable to sale milk directly to consumer. It was observed that producer's share in consumer's rupee was highest in channel I was 97.66 per cent and lowest in channel III it was 70.00 per cent. The result revealed that price paid by consumer was the highest as Rs. 20.00 in channel III followed by Rs. 19.00 in channel II and Rs. 18.40 in channel I. It was observed that the producer's share in consumer's rupee was highest when they sold their milk direct to consumer. Hence, it was concluded that as intermediaries goes on increasing the producer's share in consumer's rupee decreased.

KEY WORDS: Dairy unit, Marketing cost, Price spread, Producer's share, Marketing channels, Market intermediaries

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INTRODUCTION :

Milk being the most perishable commodity, required a quick and efficient marketing system. An efficient marketing system is one which minimizes the cost of marketing services so as to ensure the largest share in consumer's price to the producers. The consumers should be provided with quality produce (Milk products) at a dependable price. It has been found that the organized sector in India hardly handles about twelve per cent of the total milk produced. Bulk of business is transacted through traditional channels. The private traders exploit both the producers and the consumers. Dairy co-operatives have been considered as one of the most important measures to improve the production and ensure efficient marketing. The marketing system in the organized sector thus links the milk producers in the distant

urban areas. Its efficiency is essential to achieve the goal set for the dairy industry as an instrument of economic and social change (Devaraja, 2001). One of the specific objectives of the present study was to workout price spread and producer's share in consumer rupees in different marketing channel of milk. An attempt was made to study the existing marketing channel and price spread for cow milk through different marketing channel.

MATERIALS AND METHODS :

Multistage sampling design was adopted for selection of districts and milk producers. The cross sectional data were collected from different marketing intermediaries by personal interview method with the help of pretested schedule. Tabular analysis comprised of arithmetic mean, percentage and ratio, this method

was used to determine marketing cost, marketing margin and price spread was achieved.

Marketing cost and market margin was worked out from actual data which were collected from market intermediaries. Marketing cost incurred by producer was estimated from data collected from selected dairy unit owners for present study. Price spread of the milk showed the difference between net price received by the producer in the assembling market and price paid by ultimate consumer. It include all the market charges incurred by producer, milk vendor, private milk collecting agency, milk co-operative society, government milk scheme and distributor as well as profit margin. Producer's share in consumer's rupee is very helpful in deciding the appropriate strategies for reducing the marketing cost in present study. Data pertained to the year 2010-2011.

RESULTS AND DATA ANALYSIS :

An attempt was made to study the existing marketing channel and price spread for cow milk through different marketing channel. The selected farmers were selling the raw milk to various functionaries. The existing channels in the locality were.

Channel-I Producer - Consumer

Channel-II Producer – Vender – Consumer

Channel-III Producer – Private milk collecting agency – Distributor – Consumer.

Per day production, consumption and marketed surplus of milk :

Larger milk production does not necessarily mean higher marketed surplus of milk. Thus, increase in milk production would be more benefited from the consumer point of view, if it is followed by proportionate increase in marketed surplus of milk. It can be seen from the Table 1 that on an overall average, taking all dairy units together, the daily milk production per dairy unit was worked out to be 251.69 litres, out of which 248.49 litres was sold, representing marketed surplus of 98.62 per cent in study

area. Similar results were found to be by Vedamurthy and Chauhan (2005).

Cost incurred by different intermediaries :

Per litre cost of marketing of milk with respect to various items incurred by different intermediaries were calculated and are presented in Table 2. In regard to producer, per litre cost of milk marketing was found to be Rs. 0.44 in which proportionate expenditure on labour charges was 32.18 per cent followed by transportation charges 59.77 per cent and other loss 8.05 per cent.

In regard to per litre cost of marketing incurred by vendor was Rs. 0.42 in which proportionate expenditure on transportation charges was highest as 64.26 per cent followed by labour charges 19.90 per cent and other (adv.+ loss) 15.35 per cent.

Per litre cost of milk marketing incurred by private dairy was found to be Rs. 2.11. In regard to proportionate expenditure on transportation was highest as 22.44 per cent followed by packing as 21.61 per cent and so on.

In regard to distributor per litre cost of milk marketing was Rs.0.29 in which proportionate expenditure on cooling charges and transportation was 4.98 per cent and labour charges was 2.32 per cent. Similar results were found to be Deokate *et al.* (2007) and Rangasamy (2005).

Price spread in milk marketing :

Price spread is the difference between consumer price and net price received to the producer. Marketing expenses and profit margin of intermediaries are the items of price spread. Per litre marketing cost, marketing margin and price spread in milk marketing with respect to different channels were calculated and are presented in Table 3.

The result revealed that price spread was Rs. 0.44 in channel I, in channel II price spread was Rs. 4.00 in channel III price spread was Rs. 5.99. Similar results were aslo found by Sanga (1997).

The producer's share in consumer's rupee is 97.66,

Table 1 : Per day production, consumption and marketed surplus of milk

Sr. No.	Particulars	Small	Medium	Large	Overall
1.	Milk production litres	147.88	249.11	358.10	251.69
2.	Average family size	6.25	6.63	7.00	6.63
3.	Consumption litres	2.50	3.12	4.00	3.20
4.	Marketed surplus	145.38	245.99	354.10	248.49
5.	Per cent marketed surplus to production	98.30	98.74	98.88	98.62

Table 2 : Marketing cost incurred by different intermediaries in milk marketing

Sr. No.	Item	Channel I	Channel II	Channel III
Cost incurred by producer				
1.	Labour charges	0.14 (32.18)	-	-
2.	Transportation charges	0.26 (59.77)	-	-
3.	Other loss	0.035 (8.045)	-	-
	Sub total	0.435 (100.00)	-	-
Cost incurred by milk vendor				
1.	Labour charges	-	0.083 (19.90)	-
2.	Transportation charges	-	0.268 (64.26)	-
3.	Other loss	-	0.064 (15.34)	-
	Sub total	-	0.417 (100.00)	-
Cost incurred by private dairy				
1.	Transportation charges	-	-	0.54 (22.44)
2.	Handling	-	-	0.053 (2.20)
3.	Pasteurization	-	-	0.23 (9.55)
4.	Homogenization	-	-	0.23 (9.55)
5.	Packing	-	-	0.52 (21.16)
6.	Other loss	-	-	0.052 (2.16)
7.	Depreciation on fixed capital	-	-	0.483 (20.07)
	Sub total	-	-	2.108 (87.61)
Cost incurred by distributor				
1.	Cooling charges	-	-	0.12 (4.98)
2.	Labour charges	-	-	0.056 (2.32)
3.	Transportation charges	-	-	0.12 (4.98)
	Sub total	-	-	0.296 (12.30)
	Total marketing cost	0.435 (100.00)	0.417 (100.00)	2.406 (100.00)

(Figure in parenthesis indicate percentage to total marketing cost)

Table 3 : Price spread and producer's share in consumer's rupee in milk marketing

Sr.No.	Functionary/ channel	Channel I	Channel II	Channel III
1.	Producer's selling price	18.40 (100.00)	14.00 (77.77)	14.00(70.00)
2.	Cost incurred by producer	0.435 (2.36)	-	-
3.	Net price received by producer (1-2)	17.965 (97.63)	14.00 (77.77)	14.00 (70.00)
4.	Cost incurred by milk vendor	-	0.417 (2.31)	-
5.	Net price received by milk vendor	-	13.58 (75.44)	-
6.	Milk vendor margin	-	3.583 (19.90)	-
7.	Cost incurred by private dairy	-	-	2.108 (10.54)
8.	Net price received by private dairy	-	-	16.892 (84.46)
9.	Margin of private dairy	-	-	2.892 (14.46)
10.	Cost incurred by distributor	-	-	0.296 (1.48)
11.	Net price received by distributor	-	-	19.70 (98.50)
12.	Margin of distributor	-	-	0.704 (3.52)
13.	Consumer price	18.40 (100.00)	18.00 (100.00)	20.00 (100.00)
14.	Total marketing cost	0.435	0.417	2.406
15.	Price spread	0.435	4.00	5.998
16.	Producer's share in consumer's rupee (%)	97.63	77.77	70.00

(Figure in parenthesis indicate percentage to consumer price)

73.68 and 70.00 per cent with respect to channel I,II and III, respectively. It was observed that producer's share in consumer's rupee was highest in channel I and lowest in channel III. Hence, it was concluded that as intermediaries goes on increasing the producer's share in consumer's rupee decreased. In the present study, the dairy unit owner fined that it was more profitable to sale milk directly to consumer. Results were conformity with the results obtained by Deokate *et al.* (2007); Pant *et al.* (2007) and Sujatha *et al.* (2003).

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