Economic analysis of marketing channel of grapes in Maharashtra

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ABSTRACT : A study was conducted on the economics of marketing channels of Grapes in Vashi APMC fruit market of the Mumbai, Maharashtra as APMC Vashi is the biggest in Asia for wholesale agricultural produce. The simple random method wasused to select the appropriate unit of marketing functionaries. Necessary Primary data were obtained from the sample respondents through personal interview method with the help questionnaire for the year 2014-15. The production of grapes all over the world is currently 69 million tonnes out of which India accounts for 2.2 million tonnes of grapes making a share of 1.51 per cent of the total world production and 3 per cent of the total fruit production in the country. This paper reviews the grape industry in terms of marketing channels and tries to estimate the marketing costs, margins and Price spread in the channel identified. Major channel of marketing revealed that the producers get the maximum share in the consumer rupee *i.e.* 40.00 per cent.

KEY WORDS : Grapes, Marketing channel, APMC Vashi

INTRODUCTION :

Many fruits and vegetables are good source for the nutritional security. Among them the "Queen of fruits" grape is one. In India, grape is known over a long period and has been mentioned by substrata and in their ancient medicinal treaties. It is stated that grape was introduced into India in 1300 A.D. by Muslim from Iran and Afghanistan. An Indian grape shades of colour, delicious taste and high nutritive value. In fact, 30 varieties of grape are grown in India.

The production of grapes all over the world is currently 69 million tonnes out of which India accounts for 2.2 million tonnes of grapes making a share of 1.51 per cent of the total world production and 3 per cent of the total fruit production in the country. The country has

distinction of achieving highest productivity in grapes in the world; with an average yield of 30 ton/ha. In India about 78 per cent of total production of grapes is used for fresh consumption, about 17 to 20 per cent of grapes are used to produce raisins and 1 to 2 per cent used for the wine making. The processing of this fruit in our country is very less as compared to the traditional grape growing countries in the world where more than 80 per cent of the production is processed in the form of wine, raisin and juice. There are 16 bi-products made from grapes like raisin, grape juice, squash, syrup, jam, jelly, vinegar, wine, pickles, chocolates, tartaric acid, oil, cattle feed, tannin, etc. The processed products *viz.*, wine; raisins and grape juice are the most popular products from the grape all over the world. Raisins are the second most important product of the grapevine, wine being the first.

The harvesting season of grapes in India is from the month February to April. But it is clear that grapes industry in India is facing several difficulties and problems such as climate changes, storage facilities and marketing strategies.

In this paper an attempt is made to study the marketing channel of grapes in Mumbai, India and estimate the profit margins in the channel identified.

Objectives :
– To study the marketing channel of grapes in Mumbai, India.
– To estimate the marketing costs and the margins in the channel identified.

MATERIALS AND METHODS :

Marketing channel of grapes :
A simple statistical tool like averages and percentages were computed to interpret results properly. Primary data have been collected from APMC, Vashi, Mumbai fruit market for the year 2014-15.The channels of distribution indicate the route through which commodity moves from initial producer to end consumer.

All important channels of distribution that have been observed while marketing the grapes under study.
Channel I: Producer → Consumer
Channel II: Producer → Retailer →Consumer
Channel III: Producer → Commission Agent/ Wholesaler → Retailer → Consumer
Channel IV: Producer → Consultant → Exporter (Grading and Packaging) → Importer

During the course of investigation it was observed that Channel III, *i.e.*, Producer → Commission Agent/ Wholesaler → Retailer → Consumer is the major channel of distribution. Almost all the sample farmers follow this channel for marketing of grapes.

Cost of marketing :
This refers to the marketing charges incurred by the producer and the intermediaries involved in the sale and purchase of the commodity right from producer to consumer.
Total cost of marketing will was calculated as under:
$$C = CF + Cm_1 + Cm_2 + Cm_3 \ldots\ldots\ldots + Cm_n$$
where,
C = Total cost of marketing
CF = Cost born by the farmers in marketing of

grapes
Cm = Cost incurred by the middlemen in the process of buying and selling
n= 1, 2, 3...............n
n is the number of middlemen involved in the channels.

Producer's share in consumer's rupee :

$$PS = \frac{PF}{Pc} \times 100$$

where,
Ps = Producers share in consumer's rupee
PF = Price of the produce received by the farmers
Pc = Price of the produce paid by the consumer.

RESULTS AND DATA ANALYSIS :

The results obtained from the present investigation as well as relevant discussion have been summarized under following heads :

Marketing cost incurred by producer (Rs./q) :
Marketing cost incurred by producer is presented in Table 1.

It was observed from the Table 1 that among out of total cost incurred by the producer, commission was the major item in marketing of grapes contributing 41.74 per cent share in total marketing cost. The next major item in marketing cost was transportation cost contributing 31.30 per cent share in total cost of marketing. Unloading was third major item having 8.04 per cent share in total cost of marketing whereas loading, miscellaneous items, market fee and weighing charges had contributed 7.30, 5.22, 5.22, and 1.18 per cent, respectively.

It could be concluded from the above results that the cost on account of commission is the major item followed by transportation cost.

Marketing cost incurred by Commission Agent/ Wholesaler (Rs./q) :
Marketing cost incurred by commission agent/ wholesaler is given in Table 2.

It was observed from Table 2 that out of total cost incurred by the wholesaler, major share was of godown charges contributing 45.45 per cent share in total marketing cost. The next major items of marketing cost were miscellaneous charges and transportation charges

each contributing 32.47 and 12.99 per cent, respectively followed by labour charges contributing 9.09 per cent.

Marketing cost incurred by retailer :

The details of marketing cost incurred by retailer are given in Table 3.

It was observed from the Table 3 that out of total cost incurred by the retailer, major share was of miscellaneous charges contributing 70.71 per cent of in the total marketing cost. The next major items of marketing cost were transportation charges contributing 15.15 per cent. Loading charges and unloading charges each contributed 7.07 per cent of total marketing cost.

Price spread in grapes :

The details about the price spread for grapes along with the producers share in consumers' rupee are given in Table 4.

Price spread in the case of channel III, where the produce was sold by producer to commission agents/ wholesalers to retailer in Mumbai market has been worked out and presented in the Table 4.

It could be seen from the Table 4 that the producer's share in consumer rupee was 40.00 per cent. In the case of commission agents/wholesalers share in consumer's rupee was 5.00 per cent. Lastly retailer's share in consumer rupee 20.12 was per cent.

It was revealed that producers get maximum share

Table 1 : Per quintal marketing cost incurred by producer

Sr. No.	Particulars	Amount (Rs.)	Per cent
1.	Transportation (Freight)	300.00	31.30
2.	Market fee @ 0.80%	50.00	5.22
3.	Loading	70.00	7.30
4.	Unloading	77.00	8.04
5.	Commission @ 10%	400.00	41.74
6.	Weighing charges	11.30	1.18
7.	Miscellaneous expenditure	50.00	5.22
	Total cost	958.30	100.00

Gross price received : Rs. 4958.30
Cost incurred : Rs. 958.30
Net price received : Rs. 4000.00

Table 2 : Per quintal marketing cost incurred by wholesaler

Sr. No.	Particulars	Amount (Rs.)	Per cent
1.	Transportation (Freight)	200.00	12.99
2.	Labour charges	140.00	9.09
3.	Godown charges	700.00	45.45
4.	Miscellaneous charges	500.00	32.47
	Total cost	1540.00	100.00

Purchase price : Rs. 4958.30
Cost incurred : Rs. 1540.00
Selling price : Rs. 6998.30
Net margin : Rs. 500.00

Table 3 : Per quintal marketing cost incurred by retailer

Sr. No.	Particulars	Amount (Rs.)	Per cent
1.	Transportation (Freight)	150.00	15.15
2.	Loading charges	70.00	7.07
3.	Unloading charges	70.00	7.07
4.	Miscellaneous charges	700.00	70.71
	Total cost	990.00	100.00

Purchase price : Rs. 6998.30
Cost incurred : Rs. 990.00
Selling price : Rs. 10000.00
Net margin : Rs. 2011.70

Table 4 : Price spread of grapes / producer share in consumer rupee

Sr. No.	Particulars	Price spread (Rs.)	Per cent
1.	**Producer**		
	Net price received	4000.00	40
	Cost incurred	958.30	9.58
	Gross price received	4958.30	49.58
2.	Commission agent/Wholesaler		
	Purchase price	4958.30	49.58
	Cost incurred	1540.00	15.40
	Net margin	500.00	5.00
	Selling price	6998.30	69.98
3.	**Retailer**		
	Purchase price	6998.30	69.98
	Cost incurred	990.00	9.90
	Net margin	2011.70	20.12
	Selling price or price paid by consumer	10000.00	100.00

in the consumer rupee.

Suggestion :

Based on study we found that some of the problems faced by Indian grapes industry. Therefore, we suggesting following suggestions to an improve grapes industry in India

– Development of rural infrastructure facilities like, transportation, adequate water and electricity.

– Setting up cold storage and collaborate grape growers, grape processing industry.

– Improvement in quality of the Indian grapes as per international marketing norms.

Conclusion :

The above study conclude that high scope and potential for marketing of grapes in India. There is not much significant growth in the grape industry over the years compared to demand. There is no price stability in the market for grapes. There are various channels of grapes distribution. However, Producer → Commission Agent/Wholesaler → Retailer → Consumer is the major channel of distribution followed by many of the farmers. from the price spread, It could be seen that the producer's share in consumer rupee was 40.00 per cent. It means the producers get the maximum share in the consumer rupee.

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