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MARKETING COST AND COST COMPONENTS OF GRAM IN HARYANA

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ABSTRACT
Despite the remunerative minimum support price and sagging demand for gram, farmers of Haryana are drifting away from gram cultivation over the past few years. The area under this crop as well as the production is also shrinking every year in Haryana. The area under gram was 129.8 thousand hectares in 2005-06 while it shrunk to 107.7 thousand hectares in 2006-07.There may be various reasons that result into low production of Gram. One possible factor that discourages the farmers to produce this crop may be the difficulties faced in marketing of this crop. So it is necessary that the marketing of this crop should be made as efficient as possible. This is possible only when we have accurate knowledge about the marketing cost and cost components of this crop. So in the present study an attempt has been made to find out the marketing cost and cost components in the marketing of Gram. This is a primary data based study. It is found in the study that the percentage share of total marketing cost in the total sale decreases with the increase in holding size. Average per qt. marketing cost outside the village is more than within the village for overall as well as different size farmers. In case of cost components it is found that transportation cost is the largest cost component in marketing of gram at both the marketing places. Agent charges are negligible within village while the farmers have to pay a small amount for these charges outside the village.

KEYWORDS:

Marketable Surplus, Marketed Surplus, Marketing Cost, Transportation Cost,

Agent Charges.

Introduction

Gram is one of the main pulse crops. It is mainly used as 'Dal', 'Chale' and for making sweets. It is also used for preparing of many tasty snakes and edible local products like sev, chila, pakorcas, curries and koftas. Nutritionally, it is very rich as it contains 17-21 percent protein, 62 percent carbohydrates and good amount of fats. Besides, it is a rich source of calcium, ferrous and vitamin-C and vitamin-B. Gram is grown in temperate, subtropical and tropical region of the world. In India, it is grown in winter season. In India, gram is mainly produced in Bihar, U.P., Haryana, Punjab, Maharashtra and Rajasthan. The area under this crop as well as the production is also shrinking every year in Haryana. The area under gram was 129.8 thousand hectares in 2005-06 while it shrunk to 107.7 thousand hectares in 2006-07. The need is to increase the production as well as the marketable surplus of this crop if we want to curtail our import expenditure and want

to be self-restraint. Now, one way to encourage the production as well as the marketable surplus of different agricultural crops is that the marketing of the crops should be made as efficient as possible. The marketing of an agricultural crop can easily be made efficient if we have accurate knowledge about the marketable surplus, marketed surplus, marketing pattern and marketing cost of the crop. In the present study an attempt has been made to find out the marketing cost and cost components in the marketing of Gram in Haryana.

OBJECTIVES

In the light of the above discussion, the present study is performed to meet the following objectives:

1. To find out the marketing cost and cost components in the marketing of Gram in Haryana.
2. To find out the share of marketing cost in total sale of Gram in Haryana

METHODOLOGY

This study is mainly based on the data collected from the selected farmers of different size-groups but in support of certain facts secondary data has also been used. First of all, Bhiwani and Hisar districts were purposively selected as these districts ranked first and second position in Haryana in the production of gram. Then three villages at different locations from the regulated markets were selected randomly however it was tried to select those villages which were more suitable for the production of gram. Then 50 farmers who produced gram were selected from each village by proportionate random sampling technique out of four farm size-groups- marginal farmers (up to 2.5 acres), small farmers (from 2.6 to 5.0 acres), medium farmers (from 5.1 to 10 acres) and large farmers (above 10 acres). 59 marginal farmers, 33 small farmers, 31 medium farmers and 27 large farmers were selected from Bhiwani district while 57 marginal farmers, 36 small farmers, 30 medium farmers and 27 large farmers were selected from Hisar district. In all, 150 farm households were selected from each district. Thus a total sample of 300 farmers was selected out of the six villages, which comprised 116 marginal farmers, 69 small farmers, 61 medium farmers and 57 large farmers. Tabular analysis from the cross-sectional data has been done in order to examine the marketing cost and cost components in the marketing of Gram.

Limitation of the Study

This is mainly a primary data based study. Every effort was made to get the accurate and reliable data from the respondents. Wherever, an impression of reliability was not felt the same type of another respondent replaced the respondent. Although the purpose of the survey was explained, yet some respondents reserved their knowledge in some aspects. The present study deals with the marketing cost of gram in Haryana but due to time and financial constraints the scope of the study is restricted to the two districts (Hisar and Bhiwani) only.

Findings of the Study

This study is divided into two sections. In the first section, marketing cost and cost components in the marketing of Gram is studied. In the second section, the share of marketing cost in total sale of Gram in Haryana is studied.

(A) Marketing Cost and Cost Components of Gram

As stated earlier, in this section marketing cost and cost components in the marketing of gram

within village as well as outside village in the two selected districts is studied.

1) Sale within Village

Table 1.1 shows per quintal average marketing cost and their components (in Rs.) in the marketing of gram within the village.

Table 1.1

Average per Quintal Marketing Cost and their Components, Within the Village (Gram)

. (Rs. /quintal)

Cost Components->		Transpor-tation cost	Agent Charges	Loading Cost	Cleaning cost	Packag-ing Cost	Other Cost	Total Cost
Margin	Hisar	25.00	-	4.50	2.50	2.50	1.20	35.70
	Bhiwani	22.50	-	4.00	1.90	3.50	1.00	32.90
Small	Hisar	20.50	-	3.75	1.50	2.75	1.00	29.50
	Bhiwani	18.36	-	3.72	1.90	2.72	0.72	27.42
Mediu	Hisar	15.00	-	2.81	1.20	1.72	2.00	22.73
	Bhiwani	15.75	-	2.50	1.00	1.75	1.75	22.75
Large	Hisar	13.25	-	2.14	0.82	1.00	1.28	18.49
	Bhiwani	14.00	-	2.00	1.50	1.30	1.60	20.40
Average on All	Hisar	18.44.	-	3.30	1.51	1.99	1.37	26.61
	Bhiwani	17.65	-	3.06	1.58	2.32	1.27	25.88

Source: Survey of the field

(-) Not Applicable

The results indicate that average per quintal marketing cost was Rs.26.61 and Rs. 25.88 for overall farmers in Hisar and Bhiwani districts, respectively. For the marginal farmers, it was 35.70 Rs. /qt and 32.90 Rs. /qt., whereas it was 29.50 Rs. /qt. and 27.42 Rs. /qt. for the small farmers, respectively. For medium size farmers per quintal average marketing cost was Rs.22.73 and Rs. 22.75, whereas it was 18.49 Rs. /qt. and 20.40 Rs. /qt. for the large farmers, respectively. The share of different cost components in marketing cost is further expressed through the results. About the average per qt. transportation cost, it is clear from the table that transportation cost per quintal of gram was Rs. 18.44 and Rs. 17.65 for overall farmers in Hisar and Bhiwani districts, respectively. For marginal farmers it was 25.00 Rs. /qt. and 22.50 Rs. /qt. whereas it was 20.50 Rs. /qt. and 18.36 Rs. /qt. for small farmers in Hisar and Bhiwani districts, respectively. For medium size farmers it was 15.00 Rs. /qt. and 15.75 Rs. /qt. whereas for large farmers per qt. transportation cost was Rs. 13.25 and Rs, 14.00 in Hisar and Bhiwani districts, respectively. Further it is evident from the table that agent charges were negligible atthis marketing place. The farmers reported that there was no need of *arthis!* middlemen when they sold their surplus inside the village direct

to the consumer or village trader. Per quintal loading cost of gram were Rs 3.30 and Rs. 3.06 for overall farmers in Hisar and Bhiwani districts, respectively. This is slightly decreasing with the increase in holding size. Per quintal cleaning cost of gram were Rs. 1.51 and Rs. 1.58 for overall farmers, respectively. It is clear from the above result that per quintal marketing cost of gram within village is decreasing with the increase in holding size in both the districts. In case of marketing cost components the results reveal that transportation cost is the largest component in total marketing cost and this cost component cover more than 65.00 percent of total marketing cost in both the districts.

2) Sale Outside Village

Table 1.2 shows per quintal average marketing cost and their components (in Rs.) in the marketing of gram outside the village.

Table 1.2

Average per Quintal Marketing Cost and their Components, Outside the Village (Gram).

(Rs. /quintal)

Cost Components->		Transpor--tation cost	Agent Charges	Loading Cost	Cleaning cost	Packag -ing Cost	Other Cost	Total Cost
Margin	Hisar	45.00	5.00	4.50	2.50	1.50	3.50	62.00
	Bhiwani	43.50	4.75	4.00	2.80	2.00	4.00	61.05
Small	Hisar	40.50	4.50	3.75	3.50	1.75	4.00	58.00
	Bhiwani	38.36	4.80	3.72	2.90	2.00	3.72	55.50
Mediu	Hisar	25.00	3.70	2.81	2.80	1.90	3.50	39.71
	Bhiwani	24.00	4.00	2.50	2.00	2.10	3.75	38.35
Large	Hisar	20.00	3.50	2.14	1.90	2.00	3.50	33.04
	Bhiwani	21.70	3.00	2.00	2.50	2.00	3.90	35.10
Average	Hisar	32.63	4.18	3.30	2.68	1.79	3.63	48.21
	Bhiwani	31.89	4.14	3.11	2.55	2.03	3.84	47.56

Source: Survey of the field

(-) Not Applicable

The results indicate that average per quintal marketing cost outside the village' was Rs.48.21 and Rs. 47.56 for overall farmers in Hisar and Bhiwani districts, respectively. For the marginal farmers it was 62.00 Rs. /qt and 61.05 Rs. /qt., whereas it was 58.00 Rs. /qt. and 55.50 Rs. /qt. for the small farmers, respectively. For medium size farmers per quintal average marketing cost was Rs.39.71 and Rs. 38.35, whereas it was 33.04 Rs. /qt. and 35.10 Rs. /qt. for the large farmers, respectively. For marginal farmers it was 45.00 Rs. /qt. and 43.50 Rs. /qt. whereas it was 40.50 Rs./qt. and 38.36 Rs. /qt. for small farmers in Hisar and Bhiwani districts, respectively. For medium size farmers it was 25.00 Rs. /qt. and 24.00 Rs. /qt. whereas for large farmers per qt. transportation cost was Rs.20.00 and Rs.21.70 in Hisar and Bhiwani districts, respectively. Further it is evident

from the table that agent charges per quintal of gram sold outside the village were Rs.4.18 and Rs. 4.14 for overall farmers in Hisar and Bhiwani districts, respectively. For marginal farmers agent charges were 5.00 Rs. /qt and 4.75 Rs. /qt whereas these were 3.50 Rs. /qt. and 3.00 Rs. /qt. for large farm category, respectively. Per quintal loading cost of gram were Rs 3.30 and Rs. 3.11 for overall farmers in Hisar and Bhiwani districts, respectively. This is slightly decreasing with the increase in holding size. Per quintal cleaning cost of gram were Rs. 2.68 and Rs. 2.55 for overall farmers, respectively. Further the table indicates that the average per qt. packing cost was Rs. 1.79 and Rs. 2.03 for overall farmers in Hisar and Bhiwani districts, respectively.

It is clear from the above result that per quintal marketing cost of gram outside village is decreasing with the increase in holding size in both the districts. In case of marketing cost components the results reveal that transportation cost is the largest component in total marketing cost and this cost component cover more than 67.00 percent of total marketing cost in both the districts. As the marketing costs of gram for both marketing places are compared, it is clear that average per qt. marketing cost outside the village is more than within the village for overall as well as different size farmers. In case of cost components it is found that transportation cost is the largest cost component in marketing of gram at both the marketing places. Agent charges are negligible within village while the farmers have to pay a small amount for these charges outside the village.

(B) Share of Marketing Cost in Total Sale of Gram

In this section, share of marketing cost in the total sale of Gram within village as well as outside village in the two selected districts is studied.

1) Sale within Village

Table 2.1 shows the share of total marketing cost in total sale of gram within village in Hisar and Bhiwani districts. It is evident from the table that total 354.60 and 279.20 quintals of gram were sold within village by the farmers of different size groups in Hisar and Bhiwani districts, respectively, and the total sale was Rs. 590085 and Rs. 460005. The total marketing cost was Rs.9436 and Rs. 7226, which was 1.60 percent and 1.57 percent of the total sale of gram within village in these districts, respectively.

Table 2.1
Share of Marketing Cost in Total Sale of Gram within the Village

Categories of Farmers		Total Marketed Surplus (in quintals)	Total Sale (in Rs.)	Total Marketing Cost (in Rs.) Share in Total Sale (in percentage)
Marginal	Hisar	74.05	121030	2644(2.19)
	Bhiwani	58.20	93995	1915(2.04)
Small	Hisar	93.60	153945	2762(1.79)
	Bhiwani	69.70	113020	1912(1.69)
Medium	Hisar	83.50	138060	1898(1.37)
	Bhiwani	58.30	95775	1327(1.39)
Large	Hisar	103.45	177045	1913(1.08)
	Bhiwani	93.00	157260	1898(1.21)
All Farmers	Hisar	354.60	590085	9436(1.60)
	Bhiwani	279.20	460005	7226(1.57)

Source: Survey of the field
(Figure given in the parenthesis indicate the percentage to the total sale)

On marginal farm category the percentage share of total marketing cost in the total sale of gram within village was 2.19 percent and 2.04 percent whereas on small farm category it was 1.79 percent and 1.69 percent in Hisar and Bhiwani districts, respectively. On medium farm category the percentage share of total marketing cost in the total sale of gram within village was 1.37 percent and 1.39 percent whereas on large farm category it was 1.08 percent and 1.21 percent in Hisar and Bhiwani districts, respectively. It is clear from the above result that the percentage share of total marketing cost in the total sale decreases with the increase in holding size and this is almost same in both the districts.

2) Sale outside Village

Table 2.2 shows the share of total marketing cost in total sale of gram outside the village in Hisar and Bhiwani districts. It is evident from the table that total 577.88 and 556.55 quintals of gram were sold outside the village by the farmers of different size groups in Hisar and Bhiwani districts, respectively, and the total sale was Rs. 989370 and Rs. 941775. The total marketing cost was Rs.27862 and Rs. 26473, which was 2.82 percent and 2.81 percent of the total sale of gram outside the village in these districts, respectively.

Table 2.2
Share of Marketing Cost in Total Sale of Gram outside the Village

Categories of Farmers		Total Marketed Surplus (in quintals)	Total Sale (in Rs.)	Total Marketing Cost (in Rs.) Share in Total Sale (in percentage)
Marginal	Hisar	68.20	113822	4230(3.72)
	Bhiwani	67.80	111545	4142(3.59)
Small	Hisar	64.50	105835	3745(3.54)
	Bhiwani	74.05	122118	4115(3.37)
Medium	Hisar	131.65	224305	5230(2.33)
	Bhiwani	137.20	231870	5265(2.27)
Large	Hisar	313.25	544930	10354(1.90)
	Bhiwani	277.50	476250	9745(2.05)
All Farmers	Hisar	577.88	989370	27862(2.82)
	Bhiwani	556.55	941775	26473(2.81)

Source: Survey of the field
(Figure given in the parenthesis indicate the percentage to the total sale)

On marginal farm category the percentage share of total marketing cost in the total sale of gram outside the village was 3.72 percent and 3.59 percent whereas on small farm category it was 3.54 percent and 3.37 percent in Hisar and Bhiwani districts, respectively. On medium farm category the percentage share of total marketing cost in the total sale of gram outside the village was 2.33 percent and 2.27 percent whereas on large farm category it was 1.90 percent and 2.05 percent in Hisar and Bhiwani districts, respectively. It is clear from the above result that the percentage share of total marketing cost in the total sale outside the village decreases with the increase in holding size and this is almost same in both the districts. The results of last two tables clearly show that share of total marketing cost in total sale is higher in outside the village as compared to within the village. Furthermore, from the comparison of the last two tables it can be visualized that farmers sold higher proportion of their produce outside the village.

Implications

This study highlights the following implications in the marketing of gram and mustard: -

1) Transportation cost is the largest cost component in the marketing of Gram within village as well as outside the village.
2) Marketing cost of Gram increased with the decrease in holding size.

Suggestions

The government should reduce the cost of transporting the produce from farms to the regulated markets. This can be reduced by these ways-

1. More regulated markets can be established in the rural areas
2. The govt. can avail means of transportation at lower prices for transporting the produce from farms to the regulated markets.
3. The labour costs incurred in the market may be born by the government itself.

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