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A study of price spread, producer's share in consumer's rupees and marketing efficiency of buffaloes milk in Kanpur Dehat district of Uttar Pradesh

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Abstract

The study is an analysis of price spread, producer's share in consumer's rupee and marketing efficiency of Buffalo Milk in Uttar Pradesh. The study was carried out in Kanpur Dehat district of the state. A multistage sampling technique was employed to select the market functionaries from whom information were collected and analyzed. The data were collected using well structured questionnaires from three different marketing channels Channel-I: Producer- Consumer, Channel-II: Producer - Milk Vendor-Consumer, Channel-III: Producer - Private Dairy- Consumer.

Keywords: Buffalo milk, price spread, producer's share in consumer's rupee, marketing efficiency

Introduction

India being predominantly agricultural country and having almost 75% of its population depending on agriculture, possesses about 16% of the total cattle population and 45% of the world buffalo population but it constitutes only 6% of the total world milk production. As per F.A.O. reports the average lactation yield in India is about 450 kg per milch cow and 860 litre per milking buffalo in comparison to the milch animals of advanced countries as 400 litre per animal in the world (Rajendran and Prabhakaran, 1993) ^[2].

There has been regular rise in the milk production for the last 40 years. As per the 2003 censuses India had 485 million livestock population and 489 million poultry population, having the second highest number of cattle (185 million), and the highest number of buffaloes (97 million) in the world.

Livestock sector has been playing an important role in Indian economy and is an important sub sector of Indian agriculture. The contribution of livestock to GDP decreased from 5.22% in 1999-00 to 4.36% in 2004-05 at current prices. According to Central Statistical Organization estimates, Gross domestic product from livestock sector at current prices was about Rs.935 billion during 1999-00, (about 22.51% of agriculture and allied GDP). This rose to Rs.1239 billion during 2004-05 with 24.72% share in agriculture and allied GDP. But the share of livestock sector in the plan allocation hovered at around seven percent of the total agricultural outlay (NSSO, 2005) ^[1].

As on March 2006 the dairy cooperative network includes 170 milk unions, which operates in over 346 districts, covers around 117575 village level societies, is owned by around 12.4million farmer's members of whom 3.2millions were women. When comes to the milk production, India's milk production increased from 21.2 million metric tonnes in 1968-69 to 97.1 million metric tonnes in 2005-06, per capita availability of milk was 241 grams per day in 2005-06, which went up from 112 grams per day in 1968-69. India's 3.9 percent annual growth of milk production between 1995-96 and 2005-06 surpassed the 2 per cent growth in population; the net increase in availability was around 2 percent per year. When comes to the marketing, in 2005-06, average daily cooperative milk marketing stood at 168.06 lakh it's, annual growth has averaged about 5.8 percent compounded over the last five years. Dairy cooperatives now market milk in all metros, major cities and more than 800 towns/cities. During the last decade, the daily milk supply to each 1000 urban consumer has increased from 17.5 to 58.8 littler.

Gupta and Kumar (1988) ^[3] conducted a study on resource use efficiency in milk production in Muzaffarnagar district of Uttar Pradesh and observed that concentrate was the most significant factor affecting the milk yield of buffaloes and cows whereas green fodder, dry fodder and labour influenced the yield differently in different seasons for various categories of milk producers in the study area.

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Lalwani (1990) ^[4] studied the resource use efficiency and estimated that marginal physical product (MPP) and marginal value product (MVP) of the resources used for milk production for buffalo, crossbred and indigenous cows under various categories of farm size in Karnal district of Haryana. The study revealed that green fodder was used in excess among dairy farmers possessing land but was deficient among landless producer. Concentrates were generally used deficiently by all categories of cattle owners. It was also reported that excess quantity of dry fodder was used in case of indigenous cows but was deficient for buffalo and crossbred cow in landless and the medium farm sizes.

Research Methodology

The study was conducted in Kanpur Dehat district of Uttar Pradesh. Which is one buffalo milk of the 69 district of Uttar Pradesh. Kanpur Dehat district comprises of 10 blocks among that Akbarpur block was selected for this study. From that block 6 villages viz., Rurwahar, Khokha, Chainpur, Bigahi, Nibauli, Nariha were selected. A list of all buffalo milk farmers/respondents is prepared with the help of head of the village pradhan or head of each selected villages in the block, there after farmers/respondents is categorized in 4 size groups on the basis of number of milch buffaloes and then farmers were selected randomly from all the different size of farm groups. Data for the study was collected from 120 farmers randomly. A list of all market functionaries of both primary and secondary market is prepared with the help of market head out of total market functionaries. total market functionaries 10% market functionaries selected randomly from both market for present study this market functionaries will be considered for data collection regarding different marketing cost and other charges in different marketing channels. Price spread, producer's share in consumer's rupee

and marketing efficiency were calculated using the following formulae

1. Producer's share in Consumer's Rupee

$$P = \frac{(C - M)}{M} \times 100$$

Where,

P = Producer's share in Consumer's Rupee

C = Consumers' rupee

M = Marketing cost

2. Price Spread = Total Marketing Cost + Total Marketing Margin

3. Marketing Efficiency

$$\text{Marketing efficiency} = \frac{\text{Consumer price}}{\text{Total marketing cost} + \text{Marketing margin}}$$

Result and Discussion

The study was conducted in Kanpur Dehat district of Uttar Pradesh. The necessary data were collected from the market functionaries in above mentioned district. The present chapter is going to tell about the results and discussion for various objectives. The chapter is arranged in different sub-sections according to objectives of the study.

- To work out price spread, producer's share in consumer's rupee and marketing efficiency in different existing marketing channel

Marketing channels

There are three marketing channels for the Buffaloes Milk marketing in Kanpur DEhat district given below

Channel-I: Producer- Consumer

Channel-II: Producer - Milk Vendor- Consumer

Channel-III: Producer – Private Dairy- Consumer

Table 1: Marketing Cost, Marketing Margin and Price Spread of Buffalo milk in different size of farms Group per liter of milk. (Value in Rs.)

Sr. No.	Particulars	Price / liter expenses in buffalo milk
1.	Producer sale price to consumer	50
	Cost incurred by the producer	
	i) Transportation cost	-
	ii) Miscellaneous charges	-
	Total cost	50
	Net price received by producer	50
	Price spread	00.00
3.	Producer's share in consumer's Rupee (%)	100
4.	Purchased price of consumers	50

Channel I = Producer – Consumer

Table 1 presents marketing cost, marketing margin and price spread of buffalo milk in different sizes of farm group per liter of milk. Table depicts the costs that were incurred in first marketing channel that is producer- consumer. It is clearly

evident from the table that producer get full share of the price paid by the consumer. It is so because in the study area it was observed that the consumer comes to the producer for milk and producer does not bear any extra charge.

Table 2: Marketing Cost, Marketing Margin and Price Spread of buffalo in different size of farms Group per liter of milk. (Value in Rs.)

Sr. No.	Particulars	Price / liter expenses in buffalo milk
1.	Producer sale price to milk vendor	50
	Cost incurred by the producer	
	i) Transportation cost	-
	ii) Miscellaneous cost	-
	Total cost	00.00
	Net price received by the producer	50.00
2.	Cost incurred by the milk vendor	
	i) Collecting cost of milk	1.00
	ii) Losses and miscellaneous charges	1.50
	iii) Vendors margin	1.70

	iv) Other cost	1.80
	Total cost	6.00
3.	Price spread	6.00
4.	Producer's share in consumer's Rupee (%)	89.28
5.	Purchase price of consumers	56.00
6.	Marketing efficiency (%)	9.33

Channel II= Producer - Milk Vendor- Consumer

Table 2 presents marketing cost, marketing margin and price spread of buffalo milk in different sizes of farm group per liter of milk in second marketing channel, buffalo milk was purchased by consumer at Rs.56.00 from which producer got Rs.50.00 after excluding all other charges. Collecting cost of

buffalo milk was Rs1.00, losses and miscellaneous charges was Rs1.50, other costs accounted to Rs.1.80 and marketing margin was Rs.1.70. Price spread was Rs.6.00 and marketing efficiency was 9.33 per cent.

Table 3: Marketing Cost, Marketing Margin and Price Spread of Buffalo milk in different size of farms Group per liter of milk. (Value in Rs)

Sr. No.	Particulars	Price / liter expenses in buffalo milk
1.	Producer sale price to milk vendor	50
	Cost incurred by the producer	
	i) Transportation cost	0.75
	ii) Miscellaneous charges	0.25
	Total cost	1.0
	Net price received by the producer	49.00
2.	Cost incurred by the milk vendor	
	i) Procurement cost	0.93
	ii) Losses and miscellaneous charges	1.57
	iii) Dairy unit margin	3.70
	iv) Other cost	1.80
	Total cost	8.00
3.	Price spread	9.00
4.	Producer's share in consumer's Rupee (%)	86.21
5.	Purchase price of consumers	58.00
6.	Marketing efficiency (%)	6.44

Channel III= Producer – Private Dairy- Consumer

(Values in rupees)

Table 3 presents marketing cost, marketing margin and price spread of buffalo milk in different sizes of farm group per liter of milk in third marketing channel, buffalo milk was purchased by consumer at Rs.58.00 from which producer got Rs.49.00 after excluding all other charges. Procurement cost

of buffalo milk was Rs.0.93, losses and miscellaneous charges were Rs1.70, other costs accounted to Rs1.80 and marketing margin was Rs.3.70. Price spread for buffalo milk was Rs.9.00 also marketing efficiency was 6.44 per cent buffalo milk.

Table 4: Price spread in different functionaries in different marketing channels for buffalo milk. (in Rs./litre)

Sr. No.	Particulars	Different marketing channels		
		I	II	III
1	Producers share in consumer's Rupees	50.00 (100)	50.00 (89.28)	50.00 (86.21)
2	Milk vendors margin	-	1.70 (3.03)	-
3	Private dairy units margin	-	-	3.70 (6.37)
4	Total cost of margin	00.00	4.3 (7.68)	4.3 (7.41)
5	Purchase price of consumer	50.00 (100)	56 (100)	58 (100)
6	Marketing efficiency		9.33	6.44

Note: Figures in parenthesis indicate percentage respective to column total.

Table 4 shows that percentage of producer's share in consumer's rupees in channel one, two and three is 100, 89.28 and 86.21 respectively. Percentage of total marketing cost in channel one, two and three is 0.00, 7.68 and 7.41 respectively. Marketing efficiency in channel II is 9.33 and in channel III is 6.44.

Conclusion

Among the three marketing channels identified in Kanpur dehat regulated market, the Channel-III, i.e. Producer – Private Dairy- Consumer was found more popular in marketing of buffaloes milk. The prices of buffaloes milk have not influenced by the arrivals in Kanpur Dehat market.

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