

# Marketing Efficiency of Kashmir Apple

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## I. INTRODUCTION

An efficient marketing system is a prerequisite for sustaining the tempo of increased agricultural production. This ensures fair returns to the farmers for their efforts. The economic efficiency of the marketing system is generally measured in terms of the price-spread of an agricultural commodity. The smaller the price-spread, the greater the efficiency of the marketing system.

The term “Price-spread” generally refers to the difference between the two prices, i.e. the price paid by the consumer and the price received by the producer. A study of the price spread involves not only the ascertainment of the actual price at various stages of the marketing channel, but also the costs incurred in the process of the movement of the produce from farm to the consumer, as well as the margin of various intermediaries. Therefore, the price-spread plays an important role in determining the efficiency of a marketing system. Thus, establishes a unique relationship between the returns to growers and price-spread effect, which shows that as the price-spread effect reduces it will increase the returns to growers.

Moreover, price-spread effect is the principle tool in determining the viability of a marketing channel. In a marketing channel the frequency of intermediaries will affect the magnitude of price-spread.

However, for an analytical study of price-spread in Kashmir apple, three marketing channels viz.

- Producer---Pre-harvest-Contractor---Wholesaler---Retailer---Consumer.
  - Producer--- Commission-agent ---wholesaler --Retailer--Consumer.
  - Grower--Consumer.
- Were selected and are presently in practice. The price-spread for the Kashmir apple has been calculated by taking following figures into consideration.
- Grower.
    - Gross Returns.
    - Expenses incurred.
    - Packing cost.
    - Labour cost.
    - Fare to terminal market.
  - Wholesaler.
    - Wholesaler’s price-per box.
    - Expenses incurred.
    - Marketing margin.
  - Retailers.
    - Retailer.
    - Expenses incurred by Retailer.
    - Retailer’s percentage loss.
    - Retailers Margin.
    - Consumers price per box.

The Table 1.1 shows the price-spread of different kinds of apple through marketing Channel i.e. producer...commission agent...wholesaler...Retailer...consumer. Three popular varieties of apple like, delicious apple, Maharaji apple and American apple were taken in to account.

**Table: 1.1: shows the price-spread of different kinds of apple**

S. No.	Particulars	Delicious Apple	Maharaji Apple	American Apple
01.	Net Price Received by grower	257.80 (51.38)	103.22 (35.41)	227.17 (50.64)
02.	Marketing cost incurred by grower	89.82 (17.90)	86.78 (29.77)	84.03 (18.73)
03.	Commission agent	54.64 (10.89)	34.9 (11.97)	49.39 (11.01)
04	Growers sale price/ wholesaler purchase price	402.26	224.98	360.59
05	Marketing cost incurred by wholesaler	8.03 (1.60)	7.76 (2.66)	6.87 (1.53)
06	Wholesalers net margin	19.87 (3.96)	13.44 (4.61)	17.59 (3.92)
07	Wholesaler price/ retailers purchase price	430.16	246.1	385.05
08	Expenses incurred by retailer	20.93	15.22	18.44

		(4.17)	(5.22)	(4.11)
09	Retailers Margin	50.53 (10.07)	27.46 (9.42)	44.94 (10.02)
	Retailers selling price	501.62	288.78	448.59

Source: Compiled from the information collected from apple growers/traders through interview method & market investigation.

Table 1.1 shows the price-spread of Kashmir apple. Net returns were Rs 257.80 (51.38% of consumer's price Rs 501.62) for delicious apple, Rs 103.22 (35.41% of consumer's Price Rs 288.78) for Maharaji Apple Rs 227.17 (50.64% of consumer's Price Rs 448.59) for American apple. Marketing cost incurred by the grower is Rs 89.82 (17.90% of consumer's price Rs 501.62) for delicious apple, Rs 86.73(29.77% of consumer's prices Rs 288.78) for Maharaji apple Rs 84.03 (18.73% of consumer's Price Rs 448.59) for American apple. Average commission taken by the commission agent is Rs 54.64 (10.89% of consumer's price Rs 501.74) for delicious apple, Rs 34.9 (11.97% of consumers price Rs. 288.78) for Maharaji apple, Rs 49.39 (11.01% of consumer's price Rs 448.59) for American apple. An average cost incurred by the wholesaler is Rs 8.03 (1.60% of consumer's price Rs. 501.74) for delicious apple, Rs. 7.76 (2.66% of consumer's price Rs 288.78) for Maharaji apple and

Rs 6.87 (1.53% of consumer's price) Rs 448.59) for American apple.

Moreover, the table 1.1 shows the passage of intermediaries by which the produce reaches to the final consumer. It is evident that grower receives only 51.38% of consumer's price while 48.62% of consumer's price is distributed among the intermediaries as a remunerative share of crop grower in case of delicious apple, 35.41% of consumer's price is received by the grower as a net price while 64.59% of consumer's price by intermediaries in case of Maharaji apple and 50.64% of consumer's price is received by the grower and 49.36% of consumer's price by intermediaries in case of American apple respectively.

Table: 1.2 Showing the price-spread of different kinds of apple through marketing channel (Producer Pre-harvest contractor Wholesaler Retailer Consumer)

S. No.	Particulars	Delicious Apple	Maharaji Apple	American Apple
01.	Net Price Received by grower /Producers share	210.03 (48.73)	102.31 (48.03)	124.54 (51.06)
02.	Deduction by Pre-harvest contractor	52.5 (12.18)	37.19 (17.46)	31.13 (12.76)
03.	Growers price sale / Pre-harvest contractor purchase price	262.53	139.5	155.67
04	Marketing cost incurred by Pre-harvest contractor	10.48 (2.43)	6.97 (3.27)	6.61 (2.71)
05	Marketing margin by pre-harvest contractor	59 (13.70)	23.24 (10.91)	23.35 (9.57)
06	Wholesalers purchase price	332.01	169.71	185.63
07	Marketing cost incurred by wholesaler	5.7 (1.30)	3.24 (1.52)	3.02 (1.24)
08	Marketing margin by wholesaler	19.66 (4.56)	9.29 (4.36)	13.21 (5.42)
09	Wholesaler price / retailers purchase price	357.37	182.24	201.86
10	Cost-incurred by retailer	20.99 (4.87)	12.08 (5.67)	13.14 (5.39)
11	Retailers Margin	52.5 (12.18)	18.59 (8.73)	28.79 (11.80)
12	Consumer's price	430.86	212.91	243.79

Source: Compiled from the information collected from apple growers/traders through interview method & market investigation.

Table 1.2 shows the price-spread of Kashmir Apple through marketing channel (producer pre-harvest – contractor wholesaler Retailer Consumer).

The above table shows that the net returns were Rs 210.03 (48.73% of consumer's price Rs 430.86) for delicious apple, Rs

102.31 (48.03% of consumer's price Rs 212.91) for Maharaji apple and Rs 124.54 (51.06% of consumer's price Rs 243.79) for American apple. The marketing cost incurred by the pre-harvesting contractor was Rs 52.5 (12.18% of consumer's price Rs 430.86 of consumer's price) Rs 37.19 (17.46% of consumer's price Rs 212.91) for Maharaji apple and Rs 31.13 (12.76% of

consumer's price Rs 243.79) for American apple. The marketing cost incurred on the marketing was Rs 10.48 (2.43% of consumer's price Rs 430.86) for delicious apple, Rs 6.97 (3.27% for consumer's price Rs 212.91) for Maharaji apple and Rs 6.61 (2.71% of consumer's price Rs 243.79) for American apple. Marketing margin by pre-harvesting contractor was Rs 59 (13.70% of consumer's price Rs 430.86) for delicious apple. Rs 23.24 (10.91% of consumer's price Rs 212.91) for Maharaji apple and Rs 23.35 (9.57% of consumer's price Rs 243.79) for American apple. Marketing cost incurred by wholesaler was Rs 5.7 (1.30% of consumer's price Rs 430.86) for delicious apple, Rs 3.24 (1.52% of consumer's price Rs 212.91) for Maharaji

apple and Rs 3.02 (1.24% of consumer's price Rs 243.79) for American apple. Marketing Margin charged by wholesaler was Rs 19.66 (4.56% of consumer price Rs 430.86) for Delicious apple, Rs 9.29 (2.36% consumers price Rs 212.91) for Maharaji apple and Rs 13.21 (5.42% of consumers price Rs 243.79) for American apple. Cost incurred by Retailer was Rs 20.99 (4.87% of consumer's price Rs 430) for delicious apple, Rs 12.08 (5.67% of consumer's price Rs 212.91) for Maharaji apple and Rs 28.79 (11.80% of consumer's price Rs 243) for American apple.

Table: 1.3: Showing the price-spread of different kinds of apple through marketing channel (Grower Consumer)

S. No.	Particulars	Delicious Apple	Maharaji Apple	American Apple
01.	Net Price	372.66	144.50	288.13
	Received by grower	(87.41)	(61.86)	(76.69)
02	Marketing cost incurred by grower	53.70	89.07	69.31
		(12.59)	(38.13)	(23.30)
03	Growers sale Price/consumer purchase price	426.36	233.57	297.46

Source: Compiled from the information collected from apple growers/traders through interview method & market investigation.

The above table 1.3 showing the price-spread of different kinds of Apple through marketing channels (Grower consumer). Table shows that net returns received by the grower are Rs 372.66 (87.41% of consumer's price) for delicious apple, Rs 144.50 (61.86% of consumer's price) for Maharaji apple and Rs 288.13 (76.69% of consumer's price) for American apple. The marketing cost of grower is Rs 53.70 (12.59% of consumer's price) for delicious apple, Rs 89.07 (38.13 of consumer's price) for Maharaji apple and Rs 69.31 (23.30% of consumer's price) for American apple.

This is now clear from the above presentation that price-spread in the three selected marketing channels has provided a diversified picture. In marketing channel first; Producer...commissionagent...wholesaler...Retailer...Consumer, the net returns received by the grower was 51.38%, 35.41% and 50.64% for Delicious apple, Maharaji apple and American apple respectively. In the selected marketing channel second; Producer Pre-harvest contractor wholesaler Retailer Consumer, the net returns received by the grower were 48.73%, 48.03% and 51.06% of consumer's price for delicious apple, Maharaji apple and American apple respectively. Comparing with the selected Marketing channel third; Grower Consumer, the net returns received by the grower were 87.41% 61.86% and 76.69% for Delicious apple, Maharaji apple, and American apple respectively. This implies that the channel third i.e. Grower...Consumer shows the less price-spread compared with selected marketing channel first and second which means that the marketing channel Grower...Consumer is much more efficient comparatively. But, it is found in the research area that the said channel is rare in practice due to many problems faced by the growers. Some problems are mentioned as:

- Lack of marketing knowledge.
- Difficulty in contacting the consumers directly.
- Lack of marketing credit within the growers.
- Small farm size and small production.
- Lack of institutional measures in this regard.

Otherwise, this channel is the most appropriate and much remunerative as depicted by the price-spread effect. Therefore, in light of the above discussion, there is utmost need to design a suitable marketing strategy based on private-public partnership. So that the price-spread effect will be reduced and returns will be maximized by the Apple growers.

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