

# An Economic Analysis of Price Spread, Producer's Share in Consumer's Rupee and Marketing Efficiency of Cotton in Warangal District of Telangana

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**Abstract:-** The study is an analysis of price spread, producer's share in consumer's rupee and marketing efficiency of Cotton in Telangana state. The study was carried out in Warangal 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- Trader- Retailer- Consumer, Channel-III: Producer- - Wholesaler /Commission agent- Retailer- Consumer. Then the data is analyzed using tabulation method along with statistical tool. The marketing cost and marketing margin were increased with increase in number of intermediaries.

**Keywords:-** Cotton, Price Spread, Producer's Share in Consumer's Rupee, Marketing Efficiency.

## I. INTRODUCTION

Cotton, the White gold is premier industrial crop of major cotton growing countries like China, India, United States, Pakistan, Brazil, Uzbekistan, Egypt, Argentina, Australia and Turkey which accounts for nearly 85 percent of the total global production. Apart from the increasing production of synthetic fiber, cotton has maintained its reputation as king of fiber crops. Cotton is one of the most important fiber and cash crop of India and plays a dominant role in the industrial and agricultural economy of the country. It provides the basic raw material (cotton fiber) to cotton textile industry. Cotton in India provides direct livelihood to 6 million farmers and about 40 -50 million people are employed in cotton trade and its processing.

Marketing of cotton is a specialized activity by itself involving handling, packing movement of cotton bales, grading, quality tests and problems of payment. As compared to other crops, the cotton has to pass through multiple number of intermediary agencies, as cotton has to traverse through a long route before reaching the end user.

## II. RESEARCH METHODOLOGY

The study was conducted in Warangal district of Telangana. which is one of the 31 districts of Telangana. Warangal district comprises of 50 blocks among that 2 blocks i.e, Sangem and Nekkonda blocks were selected for this study. From that 2 blocks 5% villages viz., Bollikunta, Gadepalle, Gavicherla villages from Sangem block and Nekkonda, Gundrapally, Appalraopet villages from Nekkonda block were selected. Out of these villages, Nekkonda was selected as primary market and Sangem was selected as secondary market purposely for the present study. All market functionaries bring their commodity for sales from different part of Warangal district. 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 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.

## III. RESULT AND DISCUSSION

The study was conducted in Warangal district of Telangana. 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 channels.

### ❖ Marketing Channels

There are three marketing channels for the Cotton marketing in Warangal district given below:

**Channel-I** : Producer-Consumer

**Channel-II** : Producer- Trader- Retailer- Consumer

**Channel-III** : Producer-Cooperatives-Wholesaler/ Commission agent - Retailer - Consumer

➤ Comparison of total marketing cost, total marketing margin, price spread, producer share in consumer rupee (%) and marketing efficiency in three different channels:

Sl.no	Particulars	Channel I	Channel II	Channel III
1	Producer sale price to consumer	4900	4840	4700
2	Cost incurred by the producer	-	-	-
i	Transportation cost	20(0.35)	20(0.29)	20(0.3)
ii	Packing cost	10(0.17)	5(0.07)	5(0.07)
iii	Packing material cost	15(0.26)	7.5(0.11)	7.5(0.11)
iv	Market fee	8(0.14)	8(0.11)	8(0.12)
v	Loading and unloading charges	20(0.35)	10(0.14)	10(0.15)
vi	Weighing charges	5(0.08)	5(0.07)	5(0.15)
vii	Miscellaneous charges	5(0.08)	2(0.02)	2(0.03)
3	Total cost (i-vii)	88(1.54)	59.5(0.87)	59.5(0.89)
4	Net priced received by the producer	4812(84.42)	4780.5(70.30)	4640.5(69.78)
5	sale price of producer to trader	-	5545(81.54)	-
6	Cost incurred by trader	-	-	-
i	Packing cost	-	6(0.08)	-
ii	Market fee	-	23(0.33)	-
iii	Loading and unloading charges	-	7(0.10)	-
iv	Commission of trader	-	26(0.38)	-
v	Miscellaneous charges	-	3.75(0.05)	-
vi	Trader margin	-	564.25(8.29)	-
7	Total cost (i-vii)	-	65.75(0.96)	-
8	Sale price of trader to retailer	-	-	5985(90)
9	Cost incurred by the retailer	-	-	-
i	Weighing charges	-	5(0.07)	5(0.07)
ii	Loading and unloading charges	-	8(0.11)	8(0.12)
iii	Town charges	-	16(0.23)	16(0.24)
iv	carriage up to shop	-	15.5(0.22)	15.5(0.23)
v	Miscellaneous charges	-	3.5(0.05)	3.5(0.05)
vi	retailer Margin	-	577(8.48)	617(9.27)
10	Total cost (i-vi)	-	48(0.70)	48(9.27)
11	Sale price of producer to cooperatives	-	-	5050(75.94)
12	Cost incurred by the cooperatives	-	-	-
i	Loading unloading charges	-	-	5(0.07)
ii	Packing cost	-	-	15.5(0.23)
iii	Market fee	-	-	9(0.13)
iv	Commission of cooperatives	-	-	26(0.39)
v	Miscellaneous charges	-	-	2.5(0.03)
13	Total cost(i-vii)	-	-	58(0.87)
14	Margin of cooperatives	-	-	357(5.37)
15	Sale price of cooperatives to wholesalers cum commission agent	-	-	5465(82.18)
16	Cost incurred by wholesaler cum commission agent	-	-	-
i	Weighing charges	-	-	6(0.09)
ii	Loading and unloading charges	-	-	10(0.15)
iii	Town charges	-	-	23(0.34)
iv	Carriage up to shop	-	-	12(0.18)
v	Miscellaneous charges	-	-	2.5(0.03)
vi	Wholesaler cum commission agent margin	-	-	466.5(7.01)
17	Total cost(i-vi)	-	-	53.5(0.80)
18	Sale price of retailer to consumer	-	6800(100)	6650(100)
19	Price spread	88(1.54)	1314.5(19.33)	1659(24.94)
20	Consumers paid price	5700(100)	6800(100)	6650(100)
21	Producer share in consumer rupee(%)	85.9	71.17	70.67
22	Marketing efficiency	64.7	5.17	4.00

Table 1

**Note:** Figure in the parenthesis indicate percentage to the total consumer price.

➤ *Comparison of total marketing cost, total marketing margin, price spread, producer share in consumer rupee (%) and marketing efficiency in three different channels:*

Sl. No	Particulars	Channel-I	Channel-II	Channel-III
1	Total marketing cost	88	173.25	219
2	Total marketing margin	0	1141.25	1440
3	Price spread	88	1314.5	1659
4	Producer share in consumer rupee(%)	85.9	71.17	70.67
5	Marketing efficiency	64.7	5.17	4

Table 2

The above table reveals that total marketing cost in channel-I was Rs.88/quintal, price spread Rs.88/quintal, producer share in consumer rupee 85.9, marketing efficiency 64.7 percentage and there is no total marketing margin respectively. The total marketing cost in channel-II was Rs.173.25/quintal, total marketing margin Rs.1141.25/quintal, price spread Rs.1314.5/quintal,

producer share in consumer rupee 71.17 and marketing efficiency 5.17 percentage. The total marketing cost in channel-III was Rs.219/quintal, followed by total marketing margin Rs.1440/quintal, price spread Rs.1659/quintal, producer share in consumer rupee 70.67 and marketing efficiency 4 percentage.

Source	d.f.	S.S.	M.S.S.	F. Cal.	F. Tab. 5%	Result	S. Ed. (±)	C.D. at 5%
<b>Size group</b>	2	1035440.78	517720.39	2.77090144	4.46	NS	352.932	728.452
<b>Particular</b>	4	2689491.14	672372.79	3.598619543	3.84	NS	273.380	564.257
<b>Error</b>	8	1494734.92	186841.86	-	-	-	-	-
<b>TOTAL</b>	14		-	-	-	-	-	-

Table 3

In the above ANOVA table, in due to size group degrees of freedom is 2, sum of squares is 1035440.78, mean sum of squares is 517720.39, F. Calculated value is 2.77090144, F. tabulated value @ 5% is 4.46, result is not significant, standard deviation is 352.932 and critical difference is @ 5% is 728.452. In due to particulars, degrees of freedom is 4, sum of squares is 2689491.14, mean sum of squares is 672372.79, F. Calculated value 3.598619543, F. tabulated value @ 5% is 3.84, result is non significant, standard deviation is 273.380 and critical difference is 564.257. In error, degrees of freedom is 8, sum of squares is 1494734.92 and mean sum of squares is 186841.86.

#### IV. CONCLUSION

The study was based on intensive enquiry of 105 farmers of the selected villages in the block. Among the three marketing channels identified in Warangal regulated market. producers share in consumer rupee and marketing efficiency were more in channel I as compared to channel II and channel III respectively The maximum prices of Cotton were observed during the month of february and march. Thus, the sellers prefer these months for selling of Cotton in Warangal market.

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