



Research Article

ECONOMIC STUDY OF MARKETING OF SUGARCANE IN EASTERN UTTAR PRADESH

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Abstract: Sugarcane marketing involves various business organizations that engage themselves in performing the grading, standardization, storage, transport, loading, unloading and selling of sugarcane. At the market the farmer may sell the produce direct to the sugar factory and after processing sugarcane converted into sugar. The present study was conducted to analyze the marketing of sugarcane in the year 2016-17 at Deoria district by using multi-stage sampling. The producer's share in consumer's rupee was calculated by using Acharya's formula and Shepherd's formula was used to calculate marketing efficiency. The producer's share in consumer's rupee in both marketing channels of sugarcane was equal and marketing efficiency was more in marketing channel-II in comparison to marketing channel-I with index value 1.98.

Keywords: Marketing, Multi-stage, Marketing channel, Marketing efficiency

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Introduction

The sugarcane is harvested as a raw product and it is not used directly. It must be further processed into products for consumers. Sugarcane moves from farm through various marketing channels to the consumer. Sugarcane marketing channels consist village assembly markets, processors, distributor, wholesalers and retailers. Marketing connects a series of activities involved in moving goods from the point of production to the point of consumption with the aim to provide better marketing facilities to the farmers [1]. The study of sugarcane marketing involves various business organizations that engage themselves in performing the grading, standardization, storage, transport, loading, unloading and selling of sugarcane [2]. The produce may be taken directly to the market after it is harvested or stored by the farmer in the village for varying periods prior to its transport. The produce may be sold as obtained from the field, cleaned, graded, processed and packed by the sugar factory, before it is taken to the market [3]. At the market the farmer may sell the produce direct to the sugar factory and after processing sugarcane converted into sugar [4]. It is vital importance to study the cost of marketing of sugarcane to understand the marketing system involved in marketing of sugarcane, and the expense incurred in marketing followed by the producer's share in consumer's rupee under existing marketing channels is desirable in the interest of both producer and marketing agents [5]. Therefore, research is needed in order to investigate sugarcane marketing process with respect to cost, margin and marketing analysis framework. Keeping in view the above problematic condition, the present study was conducted to analyze the marketing of sugarcane in the study area.

Material and Methods

The study was based on primary as well as secondary data of sugarcane marketing in the 2016-17. The multi-stage random sampling method was used to select market functionaries of sugarcane and information were collected through pre structured survey schedule from different market functionaries and disposal pattern of sugarcane.

Identification of Marketing channel of sugarcane

There were different marketing channels involved in marketing of sugarcane in the study area but these two marketing channels were pre dominantly used by the farmers for disposal of sugarcane [6].

Producer->Sugar factory->Distributors->Wholesalers->Retailers->Consumers

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Selection of sugar factory

There were two sugar factories in Deoria district and these two factories were selected for analysis.

Selection of distributors

There were six distributors registered in Sugar Factory in Deoria and two distributors were selected randomly for the study.

Selection of wholesalers

There were 137 wholesalers were registered under these two sugar factories. Five wholesalers were selected randomly under each factory and made sample of 10 wholesalers.

Selection of retailers

Twenty retailers were selected randomly from the total retailers which were obtained from the wholesalers.

Analytical Tools

Producer's share

The producer's share in consumer's rupee was calculated by using Acharya's formula [7].

$$P = (C-M)/C \times 100$$

Where, P= Producer's share in consumer's share in consumer's rupee

C= Consumer's rupee; M= Marketing cost + middlemen's profit

Marketing efficiency

The Shepherd's formula was used to calculate marketing efficiency.

$$ME = V/I$$

Where,

ME=Index of marketing efficiency

V=Value of the goods sold (consumer's price)

I= Total marketing cost

Table-1 Marketing cost in different marketing channels (Rs. /quintal)

| SN | Particulars | Channel-I | Channel-II |
|----|-------------------------------|---------------|---------------|
| 1 | Charges paid by producer | 602.54(45.01) | 602.54(46.95) |
| 2 | Charges paid by sugar factory | 467.00(34.89) | 467.00(36.39) |
| 3 | Charges paid by distributors | 120.00(8.96) | - |
| 4 | Charges paid by wholesalers | 40.72(3.04) | 105.68(8.23) |
| 5 | Charges paid by retailers | 108.29(8.09) | 108.00(8.41) |
| 6 | Total | 1338.55(100) | 1283.22(100) |

(Figures in parentheses indicate percentage)

Table-2 Producer's share in consumer's rupee in different marketing channels of sugarcane (Rs./quintal)

| SN | Particulars | Channel-I | Channel-II |
|----|--------------------------------------|----------------|----------------|
| 1 | Producer's share in consumer's rupee | 1897.46(49.43) | 1897.46(49.43) |
| 2 | Marketing cost of middleman | 1338.55(34.87) | 1018.86(26.54) |
| 3 | Total marketing margin | 602.56(15.69) | 922.25(24.02) |
| 4 | Consumer's rupee | 3838.57(100) | 3838.57(100) |

(Figures in parentheses indicate percentage)

Table-3 Marketing margin in different marketing channels (Rs./quintal)

| SN | Particulars | Channel-I | Channel-II |
|----|----------------------|---------------|---------------|
| 1 | Producer's margin | - | - |
| 2 | Sugar factory margin | 250.00(41.48) | 250.00(38.16) |
| 3 | Distributor's margin | 45.00(7.46) | - |
| 4 | Wholesaler's margin | 125.00(20.74) | 155.00(23.66) |
| 5 | Retailer's margin | 182.56(30.29) | 250.00(38.16) |
| | Total | 602.56(100) | 655.00(100) |

(Figure in parentheses indicate percentage of total)

Table-4 Marketing efficiency in the marketing channels of sugarcane (Rs./quintal)

| SN | Title | Channel-I | Channel-II |
|----|---|-----------|------------|
| 1 | Marketing charges incurred by the producer | 602.54 | 602.54 |
| 2 | Marketing charges incurred by the sugar factory | 467.00 | 467.00 |
| 3 | Marketing charges incurred by the distributors | 120.00 | - |
| 4 | Marketing charges incurred by the wholesalers | 40.72 | 105.68 |
| 5 | Marketing charges incurred by the retailers | 108.29 | 108.29 |
| 6 | Total marketing cost | 1338.55 | 1283.51 |
| 7 | Margin of sugar factory | 250.00 | 250.00 |
| 8 | Margin of distributors | 45.00 | - |
| 9 | Margin of wholesalers | 125.00 | 155.00 |
| 10 | Margin of retailers | 182.56 | 250.00 |
| 11 | Total margin | 602.56 | 655.00 |
| 12 | Total marketing cost and marketing margin | 1941.11 | 1938.51 |
| 13 | Consumer's rupee | 3838.57 | 3838.57 |
| 14 | Net price received by the producers | 1897.46 | 1897.46 |
| 15 | Shepherd's index of marketing efficiency | 1.97 | 1.98 |

Result and Discussion

Marketing cost include all the marketing charges from assembling to retailing of sugarcane. The total marketing cost incurred on the marketing of sugarcane either in cash or kind varies from place to place, time to time and channel to channel. The [Table-1] shows the share of marketing cost through different marketing channels. The marketing charges paid during marketing process of sugarcane were maximum by the producer in both the marketing channels with 45.01% and 46.95% of total marketing charges. Producer's share in consumer's rupee in the different marketing channels of sugarcane marketing was shown in the [Table-2]. The producer's share in the consumer's rupee in channel-I was 49.43%, 34.88% accounted for cost of marketing and 15.69% margins of intermediaries of the consumer's rupee whereas producer's share in the consumer's rupee in channel-II was 49.43%, 26.54% accounted for cost of marketing and 24.02% margins of

intermediaries of the consumer's rupee. This show that Producer's share in consumer's rupee in both marketing channels of sugarcane was equal.

The profit margins received by sugar factory, distributor, wholesalers and retailer were 41.48%, 7.46%, 20.74% and 30.29% in channel-I whereas 38.16%, 0%, 23.66% and 38.16% of total margins. The total margin in channel-I and channel-II were Rs. 602.56 and Rs. 655.00 of consumer's rupee. [Table-4] show that the total marketing margin received by the different marketing middlemen. It was observed that marketing efficiency was more in marketing channel-II in comparison to marketing channel-I with index value 1.98.

Summary and Conclusion

It is most important part of marketing policy of sugarcane to understand the expense incurred by the farmers on sugarcane marketing. So that, present study was conducted to find out marketing cost and marketing margins of sugarcane under different marketing channels. The marketing channel-II (Producer to Sugar factory to Wholesalers to Retailers to Consumers) was more efficient than marketing channel-I.

Application of research: The marketing cost and marketing margin are important part of marketing policy for sugarcane farmers. Sugarcane is a cash crop which involved number of marketing institutions in marketing of sugarcane. So that this research is helpful in making marketing policy and price policy.

Research Category: Agriculture Marketing

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Study area / Sample Collection: Deoria district

Cultivar / Variety / Breed name: Sugarcane

Conflict of Interest: None declared

Ethical approval: This article does not contain any studies with human participants or animals performed by any of the authors.

Ethical Committee Approval Number: Nil

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