Preference of Producer Seller to Various Market Intermediaries in Marketing of Potato

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ABSTRACT

The study was conducted in Northern Karnataka with the objective to know the preference of producer seller to sell their produce to different market intermediaries. In all 120 farmers were selected for the study i.e., 60 each from two market areas of Belgaum and Dharwad. Market intermediaries like wholesalers, retailers and village merchants were also interviewed. Results of the study showed that, mostly small farmers resorted to village sales. As the size of the holding increased the proportion of farmers selling through regulated market increased. Further commission agents-cum-wholesalers handled major proportion of the potato marketed in the study area.

Introduction

Potato (S. tubersoum) is one of the major starch tuber vegetable crops of the world. It is a wholesome food and consumed by all sections of the population. Apart from starch, it is a rich source of body building substances such as vitamins, minerals and proteins. It contains practically all the essential dietary constituents, except fat. Potato provides richest source of calories needed to maintain day to day output of human energy. About one fifth height (22.5 per cent) of potato accounts for total solids and the rest (77.5 per cent) being water. Potato has a high nutritional value. It is composed of protein 2.0 per cent, fat 0.1 per cent, carbohydrates 19.4 per cent (including 0.6 per cent crude fibre) and an ash 1.0 per cent. The ash content of potato is rich in potash (about 56 per cent).

At present potato is one of the extensively cultivated cash crop in Indian with an area of 1075.2 thousand hectares of land accounting for 0.67 per cent of the total cropped area and production around 15718.8 thousand tonnes during 1992-93 Karnataka ranks sixth with respect to area (26208 hectares) and with regards to ranks fifth (3,20,372 tonnes) and yield being 12,224 kgs. per hectare.

In Karnataka the maximum production was found in Hassan district (Area 12,018 hectares and production 1,51,277 tonnes) followed by Belgaum (Area 5,749 hectares and production 59,491 tonnes) and Dharwad district (Area 3,573 hectares and production 47,122 tonnes) during 1993-94 respectively. In Belgaum district, Belgaum taluk stands first (Area 6,350 hectares and production 95,885 tonnes), Khanapur taluk stands second (Area 320 hectares and production 4,832 tonnes). In Dharwad district Dharwad taluk stands first (Area 3,450 hectares and production 37,620 tonnes). Hubli taluk stands second (Area 210 hectares and production 4116 tonnes) both in respect of area and production respectively. With the introduction of Agricultural Produce Market Act of 1939 and consequent upon the introduction of market regulations, the cultivators started marketing their produce in regulated market. This Development lead to the minimisation of exploitation of farmers at market and also reduced village sales. However even today farmers, specially small and marginal farmers are still sell their produce to village merchants or Big farmers who act as a village merchants. In view of this phenomenon an attempt was made to study the preference of producer seller to sell their produce to various market intermediaries.

Methodology

The study was conducted in Northern Karnataka. Belgaum and Dharwad district were selected for the study. In these two districts Belgaum and Hubli were the main marketing centres and hence, these markets were selected for the study. Further market intermediaries like village merchants, commission agents-cum-wholesalers and retailers were selected. The details of selection are given in Table 1.

The data pertaining to the preference of producer-seller to sell their produce to various agencies was collected by using pre-tested schedule. In all 120 farmers spread over 8 villages of two market areas were selected. The techniques of analysis like percentages and proportions were used and are presented in tabular form.

Marketing channel at Hubli Area

Channel-I	Channel-II
Producer-sellers	Producer-sellers
Commission agent	Village merchant
Wholesalers	Commission agent
Retailers	Wholesalers
Consumers	Retailers
	Consumer

Results and Discussion

During the investigation the following marketing channels were identified in potato marketing at Hubli and Belgaum markets.

Marketing Channel followed by Producer-sellers

Marketing channel at Belgaum Area

Channel-I	Channel-II
Producer-seller	Producer-seller
Commission agent	Village merchants
Wholesalers	Wholesalers
Retailers	Retailers
Consumers	Consumers

Preference of Producer-Seller to Different Marketing Channels

Potato Marketing

The Table 1 presents the number in each group of farmers together with the quantity sold by them through channel-I and II in both Belgaum and Hubli markets. It is observed that exceedingly large number of farmers in all groups adopted channel-I rather than channel-II in marketing of their potato both in Belgaum and Hubli markets. In Hubli market, 100 per cent small, 91 per cent medium and 30 per cent large farmers sold 100 per cent, 95 per cent and 30 per cent large farmers sold 43 per cent of produce respectively through channel-I. This clearly demonstrated the great significance attached to regulated markets by the farmers in selling their potato in order to realise reasonable and competitive prices in such market. There appears to be a declining tendency among the proposition of farmers selling their produce through channel-II with the increase in size of farms.

Reasons for Selling the Potato in a Particular Market

From the Table 2 it is observed out of selected 120 producer-sellers from each selected area, Belgaum and Hubli, 60 and 45 pro-

TABLE 1

Details of Sample Functionaries in Belgaum and Hubli Markets

Sl. No.	Market Functionaries	Belgaum market	Hubli market	Total
1.	Village merchants	5	5	10
2.	Commission agent-cum-wholesalers	10	10	20
3.	Retailers	10	10	20
	Total	25	25	50

TABLE 2

Channel-wise distribution of producers with the quantity of potato sold

Marketing Channels	Belgaum area						Hubli area					
	Small farmers		Medium farmers		Large farmers		Small farmers		Medium farmers		Large farmers	
	No.	Quantity	No.	Quantity	No.	Quantity	No.	Quantity	No.	Quantity	No.	Quantity
Channel-I	2 (100)	400 (100)	8 (100)	2054 (100)	50 (100)	16828 (100)	11 (100)	1110 (100)	29 (90.62)	4041 (94.57)	5 (29.41)	1806 (42.35)
Channel-II	—	—	—	—	—	—	—	—	3 (9.38)	232 (5.43)	12 (70.59)	2458 (57.65)
Total	2 (100)	400 (100)	8 (100)	2054 (100)	50 (100)	16828 (100)	11 (100)	1110 (100)	32 (100)	4273 (100)	17 (100)	4264 (100)

(Figures in parentheses indicate the percentages to the total quantity of the commodity sold.)

ducer-sellers from Belgaum and Hubli respectively sold their produce in a particular market because of the following reasons :

1. Producer-seller (54 per cent from Belgaum and 75 per cent from Hubli) expressed the nearness of the market to their village. The advantage of producer-sellers in selling their produce to that particular market was that cost incurred by producer-sellers was loss.

2. Expectation of better price (68 per cent from Belgaum and 34 per cent from Hubli) was another reason for selling their produce to a particular market.

TABLE 3

Preference of producers-sellers for selling potato in a particular market

Sl. No.	Reasons	Belgaum		Hubli	
		Number	Percentage	Number	Percentage
1.	Nearness of market	32	54	45	75
2.	Expectation of better price	28	47	25	41
3.	Better selling facilities	41	68	20	34
4.	Well established market for potato	36	60	35	58

TABLE 4

Preference for selling potato at the farm gate level by producers-sellers

Sl. No.	Reason	Belgaum		Hubli	
		Number	Percentage	Number	Percentage
1.	No. marketing costs	—	—	15	100
2.	Better price	—	—	5	34
3.	Immediate cash payment	—	—	12	80
4.	Relationship with village merchants	—	—	8	54

TABLE 5

Market share of village merchants and commission agent-cum-wholesalers in the total sale of potato

Market functionaries	Belgaum		Hubli	
	No.	Quantity handled	No.	Quantity handled
Village merchants	5	2550 (8.27)	5	2730 (12.84)
Commission agent-cum-wholesaller	10	28260 (91.73)	10	18520 (87.16)
Total	15	30810 (100)	15	21250 (100)

(Figures in parentheses indicate percentages to the total quantity transacted).

Reasons for Selling Potato at Farm

From Table 3 one of the most important reasons for selling the produce by the farmers on the farm was that marketing costs could not be incurred (100 per cent from the area) by them.

Market Share of Village Merchants and Commission Agent-Cum-Wholesalers

From Table 3 it is clear that more than 91.74 per cent of the total produce in Belgaum and 87.16 per cent of the total produce in Hubli wholesale market, was directly sold by farmers to commission agent-cum-wholesalers. Whereas 8.27 per cent and 12.84 per cent of the total market share of potato was handled by village merchants in Belgaum and Hubli market was handled by village merchants in Belgaum and Hubli market areas respectively. This indicates that the share of village merchants at Belgaum was negligible as compared to Hubli.

From the Tables it is clearly demonstrated that large proportion of medium and large farmers who could handle the produce in the range of 71 to 94 per cent, directly sold their produce through commission agents in the regulated market eliminating the village merchants as one of the intermediaries in the sale of potato produce with the hope of improving their net share in the potato transaction at the regulated market. It is also quite interesting to note that the village merchants could also sell the produce purchased from small and other categories of farmers to wholesalers in regulated markets through commission agents. This led to the drifting of certain proportion of monetary benefits towards village merchants which could have been captured by producers themselves if hundred per cent of potato was sold by producers directly through the commission agents in the regulated markets. The village co-operative need to be rejuvenated in handling perishable commodities especially of small and medium farmers who are unable to sell their produce in the regulated markets to earn larger share in the consumers rupee.

Conclusion

Majority of producer-sellers sold their produce through channel-I compared channel-II. This indicated that commission agent-cum-wholesalers were the most important intermediaries among the different intermediaries in marketing of potato.