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# An economic analysis of marketing of groundnut (Arachis hypogaea) in Anantapur District of Andhra Pradesh

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### Abstract

The study is an analysis of marketing cost, marketing margin marketing efficiency and price spread of groundnut in Andhra Pradesh state. The study was conducted for the agricultural year 2018-2019. and This study was based on intensive enquiry of 120 farmers, which selected randomly from 6 sampled villages in bathalapalli and kothacheruvu mandals of Anantapur district. Three marketing channel were found in study area i.e. (i) producer - consumer, (ii) producer – whole seller - retailer - consumer, and (iii) producer - village trader - whole seller - retailer - consumer. Overall per farm marketed surplus was worked out 79.24 per cent. The producer s share in consumer rupee was worked out 96.70, 88.97 and 88.44 per cent in channel - I, II and III respectively. The producer s share in consumer rupee was decreased with increase in number of intermediaries. The marketing cost came to 3.22, 7.6 and 8.58 per cent in channel - I, II and III respectively. Marketing margin of middlemen in consumer rupee came to 304 and 740 in channel - II and chanel - III respectively. The marketing cost and marketing margin were increased with increase in number of intermediaries.

**Keywords:** Price spread, Producer's share in consumer's rupee, Marketing efficiency, Groundnut

### Introduction

Groundnut is one of the major commercial oil seed crop in India and ranked first in area and second in production in the world. This area constitutes approximately one tenth of the total cultivated area in India. India occupies a prominent position, both in regard to acreage and production of oilseed crops in the world. India is one of the largest producers of oilseeds in the world and occupies an important position in the Indian agricultural economy. Groundnut is called as the 'king' of oilseeds. It is one of the most important food and cash crops of our country. While being a valuable source of all the nutrients, groundnut is a low-priced commodity. Groundnut is also called as wonder nut and poor man's cashew nut. Groundnut is one of the most important cash crops of our country. It is a low priced commodity but it has a valuable source of all the nutrients.

### Research Methodology

Districts Anantapur was selected purposively, because of highest area under groundnut in Andhra Pradesh and convenience of the investigator. All the 63 block of Anantapur districts was arranged in ascending order according to area under groundnut cultivation and block namely Bathalapalli and Kothacheruvu from top was selected for this study. A list of all the groundnut growers of the selected 6 villages was prepared and divided in three groups viz. marginal (below 1 ha), small (1-2 ha) and other (medium and large) farms (above 2 ha). The number of large farms was very less hence medium and large farms were merged altogether. A random sample of 55 small farms, 45 medium and 20 large farms were selected randomly. Thus, 120 farmers were selected randomly from 6 selected villages in each category proportionately. The pretested schedules and questionnaire were used to collect primary data through personal interview two regulated market namely Dharmavaram and Anantapur were selected, where major quantity of produce of the selected villages are disposed of. The relevant secondary data was collected from different sources i.e. books, journals, report and record of district and block head quarter, marketing institutions /agencies.

### Result and Discussion

The study was conducted in Anantapur district of Andhra Pradesh. The necessary data were

collected from the market functionaries in above mentioned district. The present chapter is going to tell about the Comparison of total marketing cost, total marketing margin, price spread, producer share in consumer rupee (%) and marketing efficiency in three different channels. The chapter is arranged according to objectives of the study.

### Marketing channels of groundnut

There were three common marketing channels identified in marketing of groundnut in Anantapur district were given below:-

Channel I: Producer → Consumer

Channel II: Producer → Village merchant/Retailer → Consumer

Channel III: Producer → Commission agent → Wholesaler → Consumer

Among the three marketing channels identified in anantapur regulated market was found more in popular in marketing of groundnut. The prices of groundnut have not influenced by the arrivals anantapur market.

**Table 1:** 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	4890	5200	5650
2.	Cost incurred by the producer	-	-	-
I	Transportation cost	24(0.48)	25(0.42)	29(0.43)
II	Packing cost	21(0.42)	26(0.44)	24(0.35)
III	Packing material cost	20(0.4)	29(0.49)	26(0.38)
IV	Market fee	26(0.52)	24(0.40)	27(0.40)
V	Loading and unloading charges	29(0.58)	28(0.47)	30(0.44)
VI	Weighing charges	22(0.44)	25(0.42)	29(0.43)
VII	Miscellaneous charges	19(0.38)	16(0.27)	20(0.29)
3.	Total cost (i-vii)	161(3.22)	173(2.93)	185(2.75)
4.	Net priced received by the producer	4729(94.58)	5027(85.20)	5465(81.32)
5	Sale price of producer to village merchant/retailer	-	5650(100)	-
6	Cost incurred by the village merchant/retailer	-	-	-
I	Loading and unloading charges	-	25(0.42)	-
II	Carriage up to shop	-	27(0.45)	-
III	Weighing charges	-	25(0.42)	-
IV	Town charges	-	24(0.40)	-
V	Transportation cost	-	26(0.44)	-
VI	Miscellaneous charges	-	19(0.32)	-
VII	Margin of village merchant/retailer	-	304(12.77)	-
7	Total cost (i-vii)	-	450(7.6)	-
1	sale price to wholesaler/commission agent	-	-	6000
2	Cost incurred by the producer	-	-	-
I	Packing cost	-	-	30(0.41)
II	Market fee	-	-	28(0.41)
III	Loading and unloading charges	-	-	29(0.43)
IV	Miscellaneous charges	-	-	22(0.32)
3	Total cost (i-vii)	-	-	452(6.72)
4	Sale price of wholesaler/commission agent to retailer/village merchant	-	-	6110
5	Cost incurred by the retailer/village merchant	-	-	-
I	Weighing charges	-	-	29(0.43)
II	Loading and unloading charges	-	-	30(0.49)
III	Town charges	-	-	31(4.47)
IV	carriage up to shop	-	-	33(0.49)
V	Miscellaneous charges	-	-	24(0.35)
VI	Margin of retailer/village merchant	-	-	430(6.39)
6	Total cost (i-vi)	-	-	577(8.58)
7	Sale price retailer/village merchant to consumers	-	5900	6720
8	Price spread	161	754(12.77)	1007(14.98)
9	Consumers paid price	5000(100)	5900(100)	6720(100)
10	Producer share in consumer rupee (%)	96.70	88.97	88.44
11	Marketing efficiency	31.01	7.82	6.67

**Table 2:** 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	161	623	1214
2	Total marketing margin	-	304	740
3	Price spread	161	754	1007
4	Producer share in consumer rupee (%)	96.70	88.97	88.44
5	Marketing efficiency	31.01	7.82	6.67

This table reveals that the difference between the price received by the producer and the price paid by ultimate consumer refers to the price spread. The producer's share in consumer's rupee was worked out 96.70, 88.97 and 88.94 per cent in channel I, II and III respectively. The marketing costs were worked out 161,623 and 1214 respectively. The total

marketing margin of middlemen came to 304 and 740 in channel - II and III, respectively. The consumer paid price was observed Rs.5000, Rs. 5900 and Rs. 6720 per quintal in respect of channel-I, II, and III respectively. It is obvious from table that, producer's share in consumer's rupee decreased with increase in number of intermediaries.

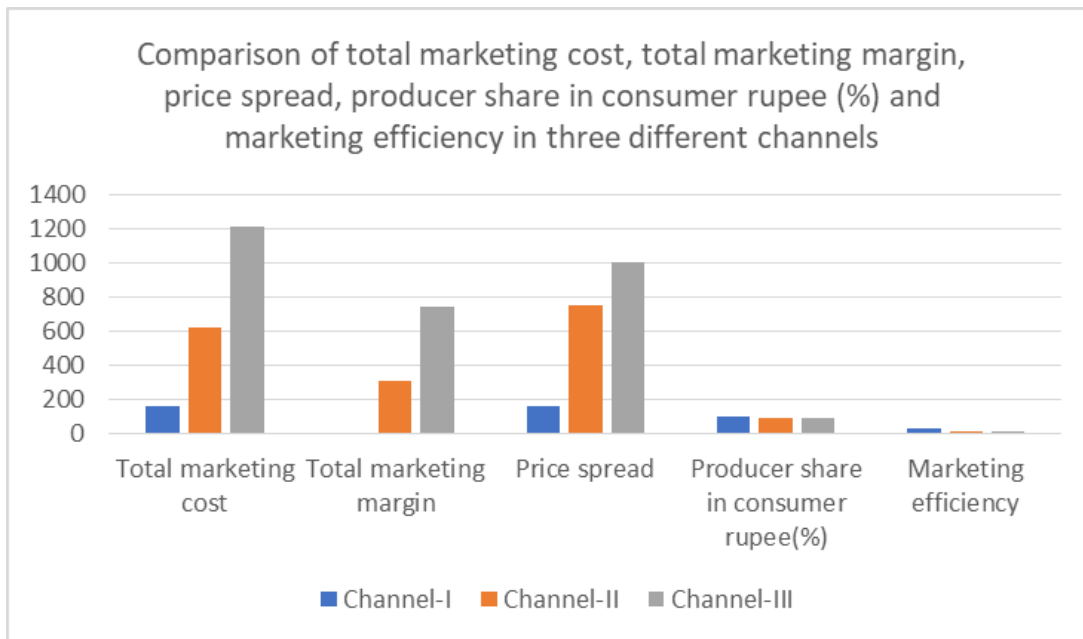


Fig 1: Comparison of total marketing cost, total marketing margin, price spread, producer share in consumer rupee (%) and marketing efficiency in three different channels

Table 3: Anova for comparison of three different marketing channels

Source	D. f.	S.S.	M.S.S.	F. Cal.	F. Tab. 5%	Result	S. Ed. (±)	C.D. at 5%
Channel	2	679932.73	339966.36	5.117194442	4.46	S	210.454	434.376
Particular	4	1089453.06	272363.27	4.099628493	3.84	S	163.017	336.466
Error	8	531488.68	66436.08	-	-	-	-	-
TOTAL	14		-	-	-	-	-	-

In the above Anova table, in due to size group degrees of freedom is 2, sum of squares is 679932.73, mean sum of squares is 339966.36, F. Calculated value is 5.117194442, F. tabulated value @ 5% is 4.46, result is not significant, standard deviation is 210.454 and cumulative deviation is @ 5% is 434.376. In due to particulars, degrees of freedom is 2, sum of squares is 1089453.06, mean sum of squares is 272363.27, F. Calculated value 4.099628493, F. tabulated value @ 5% is 3.84, result is significant, standard deviation is 336.466 and cumulative deviation is 925.705. In error, degree of freedom is 8, sum of squares is 531488.68 and mean sum of squares is 66436.08.

**Conclusion**

The study was based on intensive enquiry of 120 farmers of the selected villages in the block. It was concluded that, the percentage of marketable surplus was increased with the increase in size of farm. Marginal and small group of timers sold higher quantity of their produce through village trader (channel - III). The producer's share in consumer's rupee decreased with increase in number of Intermediaries. Total marketing margin, marketing cost and consumer price were increased with increase in number of intermediaries (i e. channel -I II and III), there is inverse relationship between marketing efficiency and number of intermediaries in the marketing channel.

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