

A Study on Beef Cattle Marketing in Bangladesh

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Abstract: The study is basically an attempt to describe the marketing margin and marketing costs of beef cattle in Bangladesh with the help of primary data collected randomly from 71 intermediaries from different market levels. K.R. market and Machua bazar market of Mymensingh district were purposively chosen for this study. Farmer, Bepari-1, Bepari-11, Dalal and Butcher involved in beef cattle marketing formed four different marketing channels in the study area. Fifteen percent of total cattle sold in the study area were brought from abroad and the rest (85 %) were locally purchased through Dalal. The highest marketing cost (Tk 509.71 per cattle) incurred by Bepari-11 followed by Butcher (Tk.462.19 per cattle) which was 10 % higher. In case all functional costs (total) market tolls was the highest (44 % of total cost for Bepari-11 and 26 % of total cost for Butcher) Dalal's commission (20 % of total cost, in case of Bepari-11) and labour cost (19 % of total cost, in case of Butcher). Per cattle gross margin and net margin of beef cattle for Bepari-11 were Tk 1592 and Tk 1082 respectively. It were Tk 1784 and Tk 1322 for Butcher respectively. Price spread was the highest (Tk 1823 per cattle) in channel 111 and lowest (Tk. 1252 per cattle) in channel-1.

Key words: Marketing channel, gross margin, net margin, marketing cost, market participant, price spread

Introduction

The potential of the livestock sub-sector in Bangladesh is still to be realized fully. In 1995/96 the country had 21.6 million cattle and bullock heads indicating a density of 2.6 heads per ha, a density, which has remained static since 1988/89 when the last survey on livestock was undertaken. The share of livestock in the gross value of agricultural products has grown from 7.1 % in 1987/88 to 13 % in 1997/98 (BBS, 1998). The annual growth rate in cattle population has been worked out 0.8 % between 1989/90 to 1993/94. Livestock sub-sector may have provided about 16% of total national employment in 1993/94 (BIDS, 1998).

Beef types animal are characterized by great wide and depth of body. Primary purpose is to convert feed efficiently into maximum high quality for human consumption. Cattle include bull, bullock, cow and calf. The villagers who can afford to maintain cattle, find a very convenient source of earning money to meet their actual financial problems. The sale of cattle can provide the farmers with an additional income. The component of farming system are inter linked and inter dependent. Jabbar and Green (1983) has emphasized that examination of the existing interaction and interrelationship between crop sector and livestock sector are essential for increasing economic and social efficiency of our mixed farming in Bangladesh for achieving self sufficiency in food grain. There is no specific and systematic study on beef cattle marketing like other commodities in Bangladesh.

The specific objectives are as follows:

1. To identify the existing marketing channel of beef cattle in Bangladesh.
2. To estimate marketing margin, marketing cost of beef cattle in Bangladesh.
3. To estimate the seasonal variations and share of beef cattle coming into the country from abroad.

Materials and Methods

The study was confined to Mymensingh District of Bangladesh. Two local markets namely K.R. market and Machua bazar were selected purposively for collecting necessary information. The participants involved in beef cattle marketing in the study area were Farmer, Dalal, Bepari, Butcher. The selected total sample included 12 farmers, 20 dalal of cattle, 15 dalals of beef cattle, 15 beparies of cattle, 4 beparies of beef cattle, 15 butchers. The total number of sample was 71. Data were collected during the months of March to October 1998. The various prevalent marketing channels were identified by observing the flow of beef cattle from different market participants. The data collected from different marketing functionaries were analyzed to estimate the marketing cost, marketing margin, price spread and share of beef cattle coming from abroad.

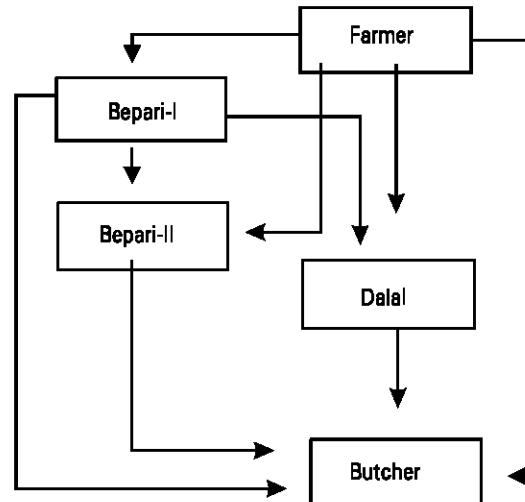


Fig. 1: Marketing channel of beef cattle in Bangladesh (including Indian beef cattle)

Results and Discussion

Market participants: Unlike the marketing system of other agricultural products intermediaries involved in beef cattle marketing in the study area were Farmer, Bepari, Dalal, Butcher. A brief description of them is given below:

- **Farmer:** Marketing channel of beef cattle started from the cattle rearing farmers. Seven per cent of cattle were sold directly by the farmers at the market.
- **Bepari:** The bepari had been known as "Piker" in the study area. They sold cattle to the butchers and general customers. Beparies were of two types i.e. Bepari-I and Bepari-II. Bepari-I were those who brought cattle from abroad, particularly from India and sold them at the local market situated at border area of Bangladesh. Bepari-II were those who bought and sold cattle within country. They purchased 13% cattle from Bepari-I and 87% from farmers directly. They sold 93% and bought 90% through Dalals.

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Table 1: Sources of supplying cattle

Source	Percent of total purchase	Domestic
Domestic	84.62	
Abroad	15.38	
Total	100.00	

Table 2: Marketing cost of beef cattle incurred by different intermediaries (Tk per cattle)

Cost items	Bepari-II	Butcher
Market tolls	223.19(43.79)	119.18(26.95)
Labour cost	020.20(3.96)	87.87(19.87)
Transportation cost	052.35(10.27)	71.50(16.17)
Personnel expenses	054.10(10.62)	42.65(9.65)
Dalal's commission(dalali)	099.35(19.49)	40.27(9.11)
Shop rent	.....	15.72(3.56)
Tips and donations	020.00(3.92)	15.57(3.52)
Feeding cost	.....	15.11(3.42)
Packaging	.....	13.75(3.11)
Illegal fee	040.52(7.95)	10.21(2.31)
Payment of electricity charge	.....	5.36(1.20)
Slaughtering charge	.....	5.00(1.13)
Total	509.71(100.00)	442.19(100.0)

Figures in parentheses indicate percentages of total marketing cost.

Table 3: Marketing margin of intermediaries (Tk per cattle)

Particulars	Bepari-II	Butcher
Purchase price	5090.15	6050.23
Sale price	6682.16	7833.94
Gross margin (2- 1)	1592.01	1783.71
Marketing cost	0509.71	0462.19
Net margin (3- 4)	1082.30	1321.52

Table 4: Price spread and farmer share in retail price in different marketing channels (Tk per cattle)

Channel	Retail price	Farmer gross price	Price spread	Farmer's share in retail price
I	6301.86	5050.10	1251.76	80.14
II	6682.16	5090.15	1592.01	76.18
III	7833.34	6010.17	1823.17	76.73
IV	7833.94	6050.23	1783.71	77.23

Channel-I: Farmer → Bepari-I → Bepari-II → Dalal → Butcher

II: Farmer → Bepari-II → Butcher

III: Farmer → Bepari-I → Bepari-II → Butcher

IV: Farmer → Dalal → Butcher

- **Dalal:** A dalal or a broker is a functional intermediary operating in primary and secondary markets whose job is to bring the buyers and sellers together and help in bargaining.
- **Butchers:** Butchers, the retailers of beef were the last link in the channel of beef cattle marketing. The butchers had their fixed establishments and trade license was needed for doing the business. On slaughtered animals 4.7% were cow, 30% bullock, 10% bull and 13% heifer calf and bull calf.

Marketing channels of beef cattle: Marketing channel refers to the sequential arrangement of various marketing intermediaries involved in the movement of products from production to consumer (Rashid, 1969). In the process of cattle marketing in the study areas, a number of important operations were performed at different stages by a series of intermediaries or middle men who linked the producers of beef cattle with the butchers.

Source of supply and disposal of beef cattle: The primary sources of supply of cattle were the rural markets in various parts of the country. The study showed that all Beparies purchased cattle from the farmers or dalals of Bepari-I at the rural markets. Domestic cattle were mostly brought for selling in the study area. Besides some cattle were brought from India via cattle markets in border areas of Bangladesh. Fifteen % of total cattle sold in the study

area were brought from India and the rest were locally procured. Beparies-II mainly purchased cattle from Beparies-I and farmers. In this study, Beparies-II bought 14% cattle from Bepari-I and the rest from the farmers. It was observed that 93% cattle were sold and 90% purchased through dalals.

Marketing costs: Marketing costs represent the cost of performing various marketing function need to transfer a commodity from the place of production to the ultimate consumer. Marketing cost incurred by the various market participants is discussed in turn. The marketing function of beef cattle were not identical through out the whole marketing channel and the nature and types of cost at different stages were different. So, the cost of marketing of beef cattle at different stages namely, cost of marketing of Beparies, cost of marketing of Dalals, cost of marketing of Butchers.

The beef cattle marketing costs for different categories of intermediaries Beparie-II and butcher were Tk 509.71 and Tk 442.19 per cattle respectively (Table 2). Market tolls is the highest of all functional costs which was 43.79 % for Bepari-II and 26.95 % for butcher.

Marketing margins: A marketing margin may be defined alternatively as the price of a collection of marketing services which is the out come of the demand for and supply of such services (Tomek and Robinson, 1977). In this study, gross marketing margin of each intermediary was estimated by deducting the purchase price of cattle from the sale price while the net margin/profit component was estimated by deducting the marketing cost from the gross marketing margin. The marketing margin of different cattle intermediaries per cattle cost margin of cattle was Tk 1592.01 for Bepari-II and Tk 1783.71 for butcher (Table 3). At the same time, per cattle net margin was Tk 1082.30 for Bepari-II and Tk 1321.52 for Butcher.

Price spread and farmer's share in retail price: The price spread refers to the difference between the price paid by the consumer and price received by the producer for an equivalent quantity of farm products (Goswami, 1991). The farmers share in retail price has been worked out by the following formula:

$$\text{Farmer's share in retail price} = \frac{\text{Price received by the farmer i.e. farmer gross price}}{\text{Total price paid by the retailer}} \times 100$$

Price spread was highest (Tk 1823.17 per cattle) in channel III and lowest (1251.76 per cattle) in channel-I (Table 4). Farmer's share in retail price was highest (80%) in channel-I followed by channel-IV (77%). Channel-II (77%) and channel-III (76%).

Beef cattle is an important food menu of Bangladeshi people. The price of beef increased throughout the year because of supply and irregular marketing practices. So, irregular marketing practices should be checked and better marketing facilities ought to be provided in order to improve the marketing system of beef cattle.

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