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## Distributive Marketing Margins for Kaja Apple in Pishin (A Case Study of Quetta Market)

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**Abstract:** This study was undertaken to determine the marketing margins for Kaja apple in two common marketing channels. These are: (1). Producer-Pre-harvest contractor-commission agent-Wholesaler-Retailer-Consumer, and (2). Producer-Commission agent-Wholesaler-Retailer-Consumer. The net marketing margins for Kaja apple are, 69 % when the produce is marketed through pre-harvest contractor and 57 %, When the growers perform self marketing. Farmer's share in consumer's price is, 31 and 43 % which indicates that the rest 69 and 57 % of consumer price is going to different marketing middlemen.

**Key words:** Marketing, margins, apple

### Introduction

Due to favorable soil and climatic conditions, Balochistan produces a wide range of fruits and vegetables of good quality, and in quite sizable volumes. From horticultural point of view Balochistan can legitimately be called as the "Fruit Basket of Pakistan". Balochistan is the major producer of apple in Pakistan, it produced 480 thousand tones of apple from an area of 35 thousand hectares apple which constitutes about 70% of the deciduous fruits in Balochistan, (GOP, 1997).

District Pishin is the major producer of apple in Balochistan. It produces 1, 16, 120 tones apple from an area of 7600 hectares in 1996-97, which contributes about 24% of the total production of the province (GOB, 1997). There are a number of popular commercial apple varieties grown in Pishin district. Which are, Kaja which is a newly introduced variety is grown on 8 % area while Tor Kulu (Red Delicious), Shin Kulu (Golden Delicious), Amri, Mashadi and Kashmiri are grown on 75 % area (FAO, 1990).

Farmers of the area are confronting various apple marketing problems. Poor and inadequate roads, lack of credit facilities, poor grading and cold storage facilities for perishable products and shortage of warehouses are the common marketing problems eroding the farmers incomes and leading to big marketing margins as reported by Bashir *et al.* (2001), Singh and Sikka (1991), Singh *et al.* (1990), Sharma and Subrahmanyam (1988) and Thakar (1985). They further argued that in the marketing process various marketing intermediaries are involve who receive the major share in the farmer's income from apple sold in the market, they are organized, wealthy and informed about market conditions, marketing system and price behavior while the farmers on the other hand are generally disorganized, financially weak and ignorant about market conditions. These conditions cause wide marketing margins which results in the exploitation of farmers. Iqbal (1989) and Ranasinghe (1988), reported that the presence of pre-harvest contractor is a distinctive character of marketing in Pakistan. Iqbal further reported that various marketing intermediaries are exploiting both farmers and consumers.

Many studies have been undertaken in the past to find out the marketing margins of different fruits and vegetables ranged from 10 to 70 % of the consumer price and showing big marketing margins exist for various agricultural commodities and hence indicating that farmers are exploited by the various marketing middlemen. (Bashir *et al.*, 2001; FAO, 1990a; Iqbal, 1994).

This study is important to sort out the producer's share in consumer's rupee and also to know the shares of different intermediaries involved in the marketing process and the returns made by them. This study will also help to find out the costs incurred at various stages of marketing process.

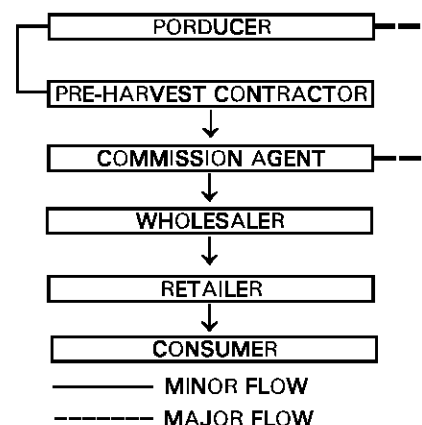
### Materials and Methods

This study was conducted in Pishin district of Balochistan in 1998. A

well structured questionnaire was used to collect data from producers, pre-harvest contractors, commission agents, wholesalers, retailers and consumers. A list of major apple producing villages in sub division Pishin were obtained from the Extra Assistant Director of Agriculture Pishin. Five villages were selected through random technique out of entire population. These villages were, Manzaki, Huramzai Samzai, Kakazai and Alizai. Stratified random sampling technique was used for the selection of apple producers. The 45 apple producers were selected, 30 pre-harvest contractors, 10 commission agents, 10 wholesalers and 30 retailers were selected randomly from Quetta market where the apple growers of Pishin supply their produce. Weighted averages were used for analysis and interpretation of the data.

### Results and Discussion

**Marketing Channels:** The marketing channels common in Pishin are;  
1. Producer- Pre-harvest contractor- Commission agent-Wholesaler - Retailer-Consumer. About 80 % of apple producers market their produce through pre-harvest contractors.  
2. Producer-Commission agent-Wholesaler-Retailer-Consumer. 20% farmers undertake self marketing and get 12 % higher net margin than those marketing through pre-harvest contractor. Henceforth, the first marketing channel will be called as channel-1 and second marketing channel called as channel-2.



Marketing channel for tor kulu apple in pishin

**Marketing Margins:** Marketing margin is the difference between the price received by the producer and the price paid by the consumer of produce. It is also computed as the percentage share of final price received

Table 1: Marketing costs and margins for Kaja (Rs./crate)

Trade level	Net margins/costs in channel-1		Net margins/costs in channel-2	
	Total Rs/crate	% of consumer price (percent)	Total Rs/crate	% of consumer price (percent)
Farmer	150.00	30.86	207.80	42.76
Pre-harvest contractor	60.50	12.45	-	-
Wholesaler	32.35	06.66	35.35	07.27
retailer	65.00	13.37	65.00	13.37
Other costs	178.15	36.66	177.85	36.60
Consumer price	486.00	100.00	486.00	100.00

Source: Annexure-I &II

Annexure-I: Marketing Margins and Costs for Kaja Apple. (Rs/crate)

Channel 1: Producer, Pre-harvest, Contractor, C. Agent, W. Saler-Retailer, Consumer

Trade level and Costs	Margin/Cost (Kaja).Rs.	Net Margin%
<b>Farmer</b>		
Contracted price	150.00	30.86
<b>Pre-harvest Contractor</b>		
Purchase price	150.00	
Orchard management costs	08.50	
Packing, sorting, grading, packing costs	15.00	
Packing material	25.00	
Transport including loading/unloading costs	12.00	
Cold storage charges	12.00	
Commission agent fee	32.00	
Value of physical losses	02.00	
Zilla tax and octroi etc.	02.00	
Other costs	01.00	
Total costs (add I through x)	259.50	
Gross income (selling through auction)	320.00	
Net margin (xii minus xi)	60.50	12.45
<b>Commission Agent</b>		
Auction price	320.00	
Net margin @10% of auction price	32	
<b>Wholesaler</b>		
Purchase price	320.00	
Transport charges	01.20	
Rent of shop	07.73	
Sorting and repacking charges	03.00	
Wastage	05.72	
Total costs (add I through v)	337.65	
Gross income (sale price)	370.00	
Net margin (vii minus vi)	32.35	6.66
<b>Retailer</b>		
Purchase price	370.00	
Rent of shop	0.46	
Sorting costs	01.63	
Repacking costs	+ 01.50	
Transport charges	04.75	
Labor charges	07.15	
Other costs	03.46	
Wastage	03.16	
Total costs (add I through iii)	421.11	
Gross income (sale price)	486.00	
Net margin (x minus ix)	65.00	13.37
<b>Consumer</b>		
Purchase price	486.00	

Standard weight per crate = 18kg Source: (Survey, 1998)  
C. Agent = Commission Agent W. Saler = Wholesaler

by each marketing intermediary. The volume of marketing margins reflect the efficiency of marketing system i.e., the higher marketing margins reflect less share of producer in consumer's rupee and more benefits to marketing middlemen and vice-versa. The marketing margins for Kaja apple were, 69 and 57 % for channel-1 and channel-2 respectively (Annex.I&II).

**Apple Producer Margin/Cost:** In channel-1, apple producer received 31% of the price paid by the consumer, his marketing costs were zero,

Annexure-II: Marketing Margins and Costs for Kaja Apple. (Rs/crate)

Channel 2: Producer, C. Agent, W.Saler, Retailer, Consumer

Trade level and Costs	Margin/Cost (kaja). Rs.	Net Margin %
<b>Farmer</b>		
Sale price	150.00	
Orchard management costs	08.50	
Packing, sorting, grading, packing costs	15.00	
Packing material	25.00	
Transport including loading/unloading costs	12.00	
Cold storage charges	12.00	
Commission agent fee	32.00	
Value of physical losses	02.00	
Zilla tax and octroi etc.	02.00	
Other costs	01.00	
Total costs (add I through x)	109.20	
Gross income (selling through auction)	317.00	
Net margin (xii minus xi)	207.80	42.76
<b>Commission Agent</b>		
Auction price	317.00	
Net Margin @ 10% of auction price	31.70	6.52
<b>Wholesaler</b>		
Purchase price	317.00	
Transport charges	01.20	
Rent of shop	07.73	
Sorting and repacking charges	03.00	
Wastage	05.72	
Total costs (add I through v)	334.65	
Gross income (sale price)	370.00	
Net margin (vii minus vi)	35.35	7.27
<b>Retailer</b>		
Purchase price	370.00	
Rent of shop	02.46	
Sorting costs	01.63	
Repacking costs	01.50	
Transport charges	04.75	
Labor charges	07.15	
Other costs	03.46	
Wastage	30.16	
Total costs (add I through viii)	421.11	
Gross income (sale price)	486.00	
Net margin (xi inus x)	65.00	13.37
<b>Consumer</b>		
Purchase price	486.00	

Standard weight per crate = 18kg Source: (Survey, 1998)  
C. Agent = Commission Agent W. Saler = Wholesaler

because he market his produce through pre-harvest contractor. For the produce marketed through channel-2 the farmers received 43 % of the price aid by the final consumer. The farmer's cost per crate (of 18 kgs)was Rs. 109.20 and a net margin of Rs. 207.80 per crate in this channel (Table 1).

**Pre-harvest Contractor Margin/Cost:** In channel-1 pre-harvest contractor received 12.45% of the price paid by the final consumer. Per crate cost incurred by him was Rs. 259.50 and net margin was Rs. 60.50 Pre-harvest contractors are not involve in channel-2 (Table 1).

**Commission Agent Margin/Cost:** Commission agent charge his commission at the rate of 10% of the auction price for the produce. His

share in channel-1 and channel-2 was 5.14 and 5.08 % of the consumer price (Table 1).

**Wholesaler Margin/Cost:** Wholesaler's share in consumer price was 6.66 and 6.80 % of consumer price in channel-1 and channel-2. The cost per crate incurred by wholesaler was Rs. 337.65 and 334.65 (Table 1).

**Retailer Margin/Cost:** Retailer received 13.37% of the consumer price or a margin of Rs. 65 per crate (Table 1).

**Other Marketing Costs:** These costs include orchard management, picking, packing, sorting, grading, taxes, transport, rents, labor, haulage and cold storage expenses, losses and other costs are 36.66% of the losses consumer price or Rs. 178 per crate, in both the channels.

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