

## **A study of marketing of milk under different channels of marketing on the farm's in Agra district**

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### **Abstract**

*The Present study was conducted in two blocks is Khandauli and Bah in Agra District the covered 05 Villages in each block. The Number of cases member and non member was 240 (120 cases members and 120 Non members). There were large numbers of agencies involved in the marketing of milk in Agra Region. The following are the important milk distribution channels, identified in the region. Channel-I-Producer-Consumer, Channel II-Producer-PCDF-Consumer, Channel III-Producer-Private dairies-consumer Channel-IV-Producer-vendors-consumer. Disposal of milk through these channels varied in different blocks/village under study. total marketing cost in the first second and third channels was Rs. 0.95, Rs. 1.17, Rs. 0.79 & Rs. 1.51 Per litre, a counted to to about 7,9,6 and 12 Per cent of the consumer's Price respectively. The Producers Share in the consumers Price was the maximum (92.69%) in channel 1st followed by channel III, II & IV*

Key words: Producer, Private dairies, consumer Channel, consumers Price,

### **Introduction**

Dairy development in India is recognized as an important activity suitable for increasing the income level of rural families, specially the small, marginal farmers and landless labourers. It is also recognized that dairying is an alternative to raise the employment and income of the families in the rural area in general and in case of weaker section in particular, since they have abundant labour and small land base. Milk provides both nutrition and supplementary income to these weaker sections. Milk and milk products play a vital role in the country's agricultural economy. Dairy co-operatives in the village have brought about many benefits to milk producers. They provide a guaranteed market for milk at a remunerative price; supply cattle feed at a reasonable cost and provide adequate veterinary and extension services for the producers of milk. Thus, the dairy co-operatives help members to earn additional income. Therefore, the effectiveness of dairy development programme is helpful in reducing the poverty. The first co-operative activity in dairy enterprise in the country started with the organization of Katra co-operative milk society in 1917 at Allahabad (Uttar Pradesh). In 1938, Lucknow milk producers union was established followed by similar

establishments at Allahabad (1941), Varanasi (1947), Kanpur (1948), Haldwani (1950) and Meerut (1950) to provide effective impetus to the dairy development programme in the state. The State Co-operative Dairy Federation was established in 1962. The Operation Flood programmes phase I, II, and III schemes were launched in the state in 1970, 1982 and 1987, respectively. At present, about 60 districts of the state are covered under the dairy development programme of the co-operative sector. Some distinguished institutions and organizations are involved in promoting dairy development in India, like National Dairy Research Institute (NDRI), Indian Council of Agricultural Research (ICAR), National Dairy Development Board (NDDB), National Co-operative Dairy Federation of India (NCDFI), Bhartiya Agro base Industries Foundation (BAIF), National Milk Grid (NMG), Indian Dairy Association (I D A), and NABARD at the national level, Food and Agriculture Organization (FAO), European Economic Community's (EEC), World Food Programme (WFP), UNICEF and other similar organization at the international level for helping the farmers to Production as well marketing milk.

**Research Methodology**

There were large numbers of agencies involved in the marketing of milk in Agra region. It is important to note that the marketing analysis was focused only on the fluid milk because it was difficult and time consuming to get the information about various activities and expenses incurred in preparation of different milk products preparing Institutions. The following are the important milk distribution channels, identified in the region:

Channel — I Producer — Consumer

Channel — II Producer — PCDF- Consumer

Channel — III Producer -7 Private dairies — Consumer

Channel — IV Producer — Vendors — Consumer

**Results and Discussion**

The disposal of milk through these channels varied in different blocks / villages under study

depending upon the existence of these channels in particular area.

*Price spread in channel-I (Producer- Consumer)*

Although, this is not popular channel for the disposal of milk from the production center to ultimate consumers in case of small farmers. In this channel either producer themselves approach the consumers and sell milk according to their requirement or consumer from the surrounding areas contact milk producer for quality milk.

Table 1 reveals that overall total amount of milk Marketed through this channel was nearly 4014.55 litres i.e. 15 percent of the total marketed surplus of milk and the producer's share in the consumer's price was 92.69 percent, Pannu, et.al. (1993), Singh (1993), Pawar & Sawant (1979), Vashishtha (1981), Kaur (1987), our results are in fair agreement with those of

Table 1: Price spread of milk, marketed through channel I

S.No.	Items	Expenses incurred in Rs.		% of consumer's price
		Per litre	for total milk marketed	
A.	Producer's share	12.05	48375.32	92.69
B.	Marketing cost incurred by producer			
(i)	Labour charges	0.60	2408.73	4.61
(ii)	Transportation	0.30	1204.36	2.30
(iii)	Miscellaneous	0.05	200.72	0.38
(iv)	Total marketing cost	0.95	3813.82	7.30
C.	Consumer's price	13.00	52189.15	100

Foot Note- Price spread of milk through channel-I (producer-consumer's) Total milk Marketed = 4014.55lt.

Table 2: Price spread of milk, marketed through channel II

S.No.	Items	Expenses incurred in Rs.		% of consumer's price
		Per litre	Total	
1.	Producer's Share	10.93	141759.36	80.96
2.	Marketing cost incurred by producer			
(i)	Labour charges	0.20	2593.95	1.48
(ii)	Transportation	0.12	1556.37	0.89
(iii)	Total	0.32	4150.32	2.37
3.	Producer sale price/dairyPurchase price	11.25	14284.68	83.33
4.	Marketing cost incurred by PCDF			
(i)	Labour charges	0.40	5187.90	2.96
(ii)	Collection charge	0.13	1686.06	0.96
(iii)	Transportation	0.31	4020.62	2.99
(iv)	Miscellaneous	0.01	129.69	0.07
(v)	Total	0.85	11024.28	6.29
5.	PCDF margin	1.40	18157.65	10.37
6.	Consumer's price	13.50	175091.62	100
7.	Total marketing cost	1.17	15174.60	8.66

Foot Note.- Price spread of milk through Channel -II (Producer-PCDF-Consumers) Total milk marketed = 12969.75 litre.

Table 3: Price spread of milk, marketed through channel III

S.No.	Items	Expenses incurred in Rs.		% of consumer's price
		Per litre	Total	
1.	producer's share	10.64	41233.19	81.85
2.	Marketing cost incurred by producer			
(i)	Labour charges incurred by producer	0.24	930.07	1.84
(ii)	Transportation	0.12	465.03	0.92
(iii)	Total	0.36	1395.10	2.17
3.	Producer sale price/Private dairy purchase price	11.00	42628.30	84.62
4.	Marketing cost incurred by private dairy			
(i)	Labour charges	0.23	891.31	1.77
(ii)	Collection charges	0.12	465.03	0.92
(iii)	Miscellaneous	0.08	310.02	0.62
(iv)	Total	0.43	1666.37	3.31
5.	Private dairy's Margin	1.57	6084.22	12.08
6.	Consumer's price	13.00	50378.90	100
7.	Total marketing cost	0.79	3061.48	6.07

Foot Note.- price spread of milk through channel III (producer-Private Dairies - Consumer)  
Total milk Marketed = 3875 lt.

Vashishtha (1981) but are higher than those of other authors. This type of disposal system is not suitable for the farms having large amount of marketed surplus and for those farms that are situated very far from the city.

#### *Channel-II (Producer-PCDF-Consumer)*

This is also a common channel for the distribution of milk in the study area and about 46 percent of total milk is collected and distributed by the PCDF functioning in the study area.

The figures in the table 2 indicate that the total amount of milk distributed by the PCDF in the study area was 12969.75lt. for which the consumers paid Rs. 175091.62 ( Rs. 13.50 per litre) the marketing cost incurred by the producer in the marketing of milk through this channel was the labour charges and transportation charges because producer have to go to the collection point of the PCDF which amounted to about Rs. 0.20 and 0.12 per litre. Respectively, occupied 1.48 and 0.89 per cent of the price paid by the consumer.

The average sale price of the producers to the PCDF was estimated to be Rs.11.25 per litre depending up on the fat percent in the milk. From the collection point to the ultimate consumers, PCDF spent about Rs.0.40, Rs.0.13, Rs.0.31 and Rs. 0.01 per litre on labour, collection charges, transport and miscellaneous charges, respectively which were 2.96, 0.96, 2.30 and 0.07 percent of the consumer's price.

The margin of PCDF came to 10.37 percent of consumer's price and the producer share was 80.96 percent. In these channel the consumer has to spend more prices per litre but there is the guarantee of purity of the milk Murthy and Naidu (1992). Present results are in tune with those of the authors.

#### *Channel-III: (Producer- Private Dairies-Consumer)*

This is also an important channel of milk marketing in the study area. Many private dairies are working in the semi urban areas nearby the sample villages. These dairies purchase milk from the milk producers and process the milk into milk cream. Butter and ghee etc. A little amount of milk is sold by these dairies as such. Marketing cost incurred by the different functionaries in this channel and market margin there from has been illustrated in the table 3.

Table 3 reveals that out of the consumer price the marketing cost incurred by the milk producer and dairy was Rs. 0.36 and Rs.0.43/litre of milk which accounted for 2.77 and 3.31 percent of the consumers' price.

The share of producer was 81.85 percent by selling milk at the rate of Rs. 10.64/litre to the private dairies. Dairies earned a margin of Rs. 1.57 per litre which was about 12 percent of the consumer price. Singh (1993) have reported similar trend in his study.

#### *Channel-IV: (Producer-vendor-consumer)*

This is a very common channel for the distribution of milk. Milk vendors supplied about 39 percent total milk through this channel.

Table 4: Price spread of milk, marketed through channel IV

S.No.	Items	Expenses incurred in Rs.		% of consumer's price
		Per litre	Total	
1.	Producer share	10.00	66787.00	76.92
2.	Producer sale price/vendors purchase price	10.00	66787.90	76.92
3.	Marketing expenses incurred by vendors			
(i)	Labour Charges	0.64	4274.42	4.92
(ii)	Transportation	0.81	5409.81	6.23
(iii)	Miscellaneous	0.06	400.72	0.46
(iv)	Total	1.51	10084.97	11.61
4.	Vendor's margin	1.49	9951.39	11.46
5.	Consumer's price	13.00	86824.27	100
6.	Total marketing cost	1.51	6680.30	11.61

Foot Note.- price spread of milk through channel IV (producer-Private Dairies - Consumer)  
Total milk Marketed = 6678.79

Out of total milk marketed by the vendors more than two third milk is supplied to the consumers directly and rest one third of the milk was supplied to the Halwais or private dairies. This channel is very much in practice in urban areas. The following table 4. shows the average marketing cost and producer's share in the consumer's price through channel IV.

The figures un the table 4. indicate that out of total milk distributed by the sample households, 6678.79 litres milk was supplied to the consumers by the vendors. Consumer purchase milk from the vendors at the rate of Rs. 13.00 per kg. and paid about Rs. 86824.27 for total milk. The total marketing cost in this channel came to 11.62 percent of the consumer price or Rs.1.51 per litre. All the marketing expenses in this channel are borne by the vendors. The producer's share and the margin of milk vendors came to 76.92 and 11.45 percent of the consumer's price respectively. Singh (1993) have reported similar trend in his study.

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