



DISTRIBUTION MECHANISM AND PRICE SPREAD OF SELECTED HORTICULTURE CROPS IN SOUTH KASHMIR

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INTRODUCTION

Horticulture has been consistently growing in importance and is contributing to the employment, nutritional security, land productivity, exports and farm incomes by offering an extensive range of choices to the farmers for crop diversification. However, in Indian economy the Fruits and vegetable crops assume a distinctive role in improving the income of the rural households. Horticulture being the labour intensive generates a lot of employment opportunities especially for the rural population. As per the Economic Survey, of 2015-16, India has witnessed a huge increase in horticulture production over the last decade. The Momentous progress in area expansion has resulted in higher production of the horticultural produce. The area under horticulture grew by about 2.7 per cent per annum from the last decade and annual production increased by 7.0 per cent (Economic survey 2016). During 2013-14, the production of horticulture crops was about 283.5 million tonnes, from an area of 24.2 million hectares. Out of the six categories e.g., Fruits, Vegetables, Flowers, Aromatic plants, Spices and Plantation Crops, the highest annual growth of 9.5 per cent is seen in fruit production during 2013-14 moreover The production of vegetables has increased from 58,532 thousand tones to 1,67,058 thousand tonnes since 1991-92 to 2014-15 (Economic Survey 2015-16). Gujarat, Maharashtra, Tamil Nadu, Andhra Pradesh, West Bengal, and Jammu and Kashmir are among the major horticultural producing states in India.

The horticulture sector in J&K accounts only for 13 per cent of the net sown area but contributes 45 per cent of the state's agricultural GDP (Economic survey 2013-14). The diversified agro-climatic zones in the state, ranging from temperate in Kashmir to sub-tropical in Jammu, and cold arid in Ladakh, make it favourable to grow different high value horticulture produce, Which contributes enormously to strengthen the financial condition of Jammu and Kashmir economy.

The forward and backward linkages offer tremendous potential for employment generation and rural uplift (Malik 2013). Horticultural sector contributes around 6000 crores to the annual income of the state of Jammu and Kashmir and also this sector provides employment directly or indirectly who are involved in horticulture trade to about 7 lakh families comprising of 33 lakh people (Economic survey 2013-14). Among the all-horticultural crops, which are grown in the state, apple occupies the predominant position. It constitutes near about 45 per cent of the total area under horticulture crops (Banarsi 2016). It has been observed that around 40 lakh tones of fruits are exported annually from the state (Taili 2014).

It can be summed up that this sector contributes significantly to the economic and ecological development, employment generation, export and nutritional requirement of the people of Jammu and Kashmir. However, gains to the producer are more or less dependent on the marketing structure of horticultural products. The extent of price spread affects the returns to the growers i.e. greater the price spread lesser the returns and vice versa. It has been seen that grower who sell their produce directly to consumer retains all returns, while the producers who sell their products through intermediates loses a major part of their profit. (More 1999 and Sunil. 2002) found that in channel-II (Producers - Village traders/commission agent – Consumers) producers profit is maximum. Furthermore, estimated that the marketing cost of producer-seller was 15.17 per quintal for banana, of which was 38.01 per quintal commission agent cum wholesaler and 52.24 per quintal in retailer within his study area of Maharashtra. Similarly (Gangal 2002) on the same grounds found that 60 per cent of farmers were utilising channel-I and remaining was sold through channel- II. In case of (Koujalagi et al. 1992) the commission charges have found the major item of marketing cost in pomegranate in both channels of marketing. It has constituted about 44 percent of the total marketing cost in both channels. The distance from farm to market is an important factor in determining the efficiency of a particular marketing channel as (Kakaty 2009) in his study entitled “potentialities of horticultural crops and marketing accessibility. Thus, it is very important to analyse the situation of different distribution channels and price spread, especially in south Kashmir. This study has epically focused on two major horticulture produce viz. Apple and pear of the area. The study will analyze the distribution mechanism and price spread of apple and pear fruits in the study area that is south Kashmir. It will help us to understand the market efficiency under different market channels operating in the study area. Therefore, analysis of market efficiency is important part of this study. In this regard, the study carries below mentioned objectives.

OBJECTIVES

- 1) To know about the marketing channels prevailing in the study area
- 2) To analyse the price spread mechanism in the respective marketing channels
- 3) To evaluate the marketing efficiency of different channels

METHODOLOGY

The two districts i.e. Kulgam and Shopian on the basis of the heavy concentration of apple and pear have been chosen. From these two districts, we chose two Tehsils each. From Kulgam we have selected four villages and from Shopian six villages. By applying Krigice Morgon method we obtained a simple size of 300 growers. It was then distributed among the 10 villages. To obtain information regarding market mechanism and price distribution, interview schedule was framed. Merchants and intermediaries were interviewed to record their responses for the same.

PRODUCER'S SHARE IN THE CONSUMER RUPEE

$${}^1\text{PSCR} = \text{PNP} / \text{RP} \times 100$$

PRICE SPREAD

Price spread is the difference between the price paid by the consumer and that received by the producer of commodity.

$${}^2\text{PS} = \text{RP} - \text{PNP}$$

THE MARKETING EFFICIENCY

The marketing efficiency of apple of different channels in the present study has been calculated with the following formula:

$${}^3 \text{ME} = \frac{\text{PCR} - \text{PPS}}{\text{MC}} *$$

DISTRIBUTION MECHANISM

Distribution is the path traced in the direct or indirect transfer of ownership to the produce, since it moves from a producer to the ultimate consumer or user (Cundiff, et. al 1980). It is a structure of dealers and intra-agents, retail and wholesale through which a produce is marketed (Banergee 1981). In the ultimate analysis, the most suitable marketing channel immensely affects decisions regarding produce, pricing methods, strategies, programmes and promotional policies (Nizamuddin and Muqet 2012).

Since the horticulture, markets are of scattered nature and the selection of an appropriate marketing channel is a highly complex issue. The choice of distribution and channel has a great bearing on other elements of marketing mix. However, there is a wide gap between the producer

* *PSCR = Producer's share in consumer rupee RP = Retailers selling price PNP = Producer's net price*

{}^2\text{PS} = Price Spread RP = Retailers Selling price PNP = Producers Net Price

{}^3\text{ME} = Marketing Efficiency PCR = Consumers retail price PPS = Producers selling price MC = Marketing cost

and the ultimate buyer particularly in horticulture products, a host of intermediaries, such as selling agents, forwarding agents, wholesalers, semi wholesalers, independent retailers, producer owned retailer outlets, commission agents, brokers, and accredited dealers have to be employed to bridge the gap between producer and the target market. Thus, marketing institutions, which are of particular interest in Horticulture marketing, can be classified as follows.

1) Merchant Middlemen

Intermediaries who act on their own right, buying and selling goods at a desirable profit are called merchant intermediaries or merchants. They acquire the title to the goods and bear the risks of trade besides performing various functions like storing, grading, packing, and packaging etc (Amarchand and Rajan 1983). Merchant intermediaries are further divided into two categories, "Retailer traders" and the "Wholesale traders". Former are the intermediaries who buy goods from producers or wholesalers and sell the same to the ultimate consumers, and later are the merchants who buy goods from producers or their agents and sell the same to consumers or retailer traders.

2) Agent Middlemen

Those who undertake various marketing functions in the process of distribution of goods without having ownership rights are called agent middlemen; they operate on behalf of owners (Ranjay 2016). They perform the specific functions of purchase and sale. Those marketing intermediaries who bring together the buyers and sellers and bargain the terms and conditions of sale on behalf of either the sellers or buyers are termed as brokers. For his services the broker receives a fixed percentage of the value of transaction as brokerage from the man who employs him i.e. either buyer or seller. On the other hand, commission agent is a middleman or intermediary who sells goods as an agent of the owner.

Viewed against this background a review of the existing marketing channel structure of Horticulture industry (apple and pear) of the Jammu and Kashmir State depicts that the choice of channels by and large confirms to the channels adopted in the case of horticultural products in the country as a whole.

The channel linkage operative in the apple and pear industry takes the following form:

I) Zero - Level Channel or Direct Channel

No existence of intermediary between growers and consumers are there in this type of situation. Hence, in another words it is also called the direct channel.

Grower → Consumer

Among all the Channels, which are prevailing in the horticulture sector, the most profitable channel in the marketing of apple and pear produce in Kashmir valley is the “direct sale to consumer channel”. As in this channel not a single middle man is found to be working as an intermediary in between the grower and final consumer, therefore this channel is the shortest distribution channel. However, producers using this channel for marketing usually have small size of orchards and is mainly practiced by the those growers whose orchards are near the places of tourist interests on the road side, especially on highways, and as well as sell their fruits on small shops, or make supply to hotels, restaurants or super bazaars.

II) Three - Level Channel

The three level channels is a market situation in which apart from the growers and the consumers’ three stages i.e. intermediaries are involved in the distribution process. In apple and pear industry of the state, this type of channel exists in two forms as shown below:

- I) Grower - Commission Agent – Wholesaler – Retailer – Consumer
- II) Grower – JKHPMC – Wholesaler – Retailer – Consumer

In the alternative channel (II), the place of commission agent has been taken by JKHPMC (Jammu and Kashmir horticulture produce marketing and processing corporation) while other intermediaries are common in both the situations. Thus in channel II JKHPMC acts as a commission agent.

III) Four – Level Channel

In Jammu and Kashmir the four level channels operates in the three forms i.e.

- I) Grower – Pre-harvest Contractor – Commission Agent – Wholesaler – Retailer – Consumer
- II) Grower – Cooperative Society – NAMFED – Wholesaler – Retailer – Consumer
- III) Grower – Forwarding Agent – Commission Agent – Wholesaler – Retailer – Consumer

It is obvious from the above channels that in case of six tyre channel structure from producer to ultimate consumer with different functionaries are playing their specific role. As a matter of fact a broad classification of channels in apple and pear industry in Jammu and Kashmir can broadly be divided into two headings:

- I) Pre – harvest Channel and
- II) Post – harvest channel.

In case of “Pre – harvest channel” only one channel with a linkage of four tiers i.e. growers, pre-harvest contractors, commission agent, wholesaler, retailer, and consumer, is included while as rest of the types are operative in the post harvest situations.

Table 1.1: Marketing of Horticulture Crops (Apple and Pear) through different Channels in South Kashmir (study area)

S.No	Marketing Chanel	Small	%age	Medium	%age	Large	%age	No of Orchardists Total	%age of Orchardists to the total Sample
1	Commission agent	74 (50.34)	35.23	108 (87.80)	51.42	28 (93.33)	13.33	210	70
2	Forwarding Agent	37 (25.17)	69.81	14 (11.38)	26.41	2 (6.66)	3.77	53	17.66
3	Pre-harvest sale to Contractors	36 (24.48)	97.2	1 (0.81)	2.70	0	-	37	12.33
4	Total	147 (100.00)		123 (100.00)		30 (100.00)		300	100

Source: Field survey data

STATISTICAL ANALYSIS OF PREVAILING MARKETING CHANNELS

COMMISSION AGENTS CHANNEL

The empirical results obtained during the period of field investigation clearly shows that the most common channel adopted by the growers in the study area of South Kashmir is the three level channels i.e. through commission agents channel. Empirical results show that about 70 % of growers were using this channel in the study area. The contribution of medium farmers using commission agents channel was highest i.e. 51.42 percent it was followed by small growers. About 35.23 percent of the total contribution came from small growers.

Commission agent’s channel being the most popular and common trading and marketing channel for apples and pear in the study region of south Kashmir, the produce is consigned to them, which they used to sell, by auction in the terminal markets. Growers after plucking, grading and packing their fruit dispatch it to the commission agents, at terminal markets for sale. The commission agents there by sell these lots of the growers to the wholesalers. They (commission agents) not only sell the fruits of growers but also finance those growers who dispatch their produce to them. Financing usually starts from the month of March with the first spray of fruit orchards. In the month of June, growers are financed for fungicides to protect their fruits and trees from harmful effects of “scab” which is the most common disease, resulting in the great loss of the growers produce. In harvesting season, commission agents finance for empty boxes, papers and other packaging material also. The commission on the packaging of fruits is around 6 to 12 % of the total gross sale value as reported in the study area (enquired by scholar).

FORWARDING AGENT'S CHANNEL

Another factor of four level channels which links the growers with the consumer involving Forwarding agent, Commission agent, Wholesaler, and Retailer has been found to be the next important Channel after the Commission agent's channel in the study area. Table 1.1 reveals that 51 percent of fruit growers were utilizing commission agent channel to sell their produce in the market. It was followed by small farmers, who accounted for 35.23 percent of growers which were using this channel. In case of forwarding agent channel, the proportion of small farmers was 69.81percent it was followed by medium growers and small growers respectively.

In case of forward agent, the intermediary performs functions of transporting fruit to the desired market. Forwarding agents assists in marketing small quantity of fruit of orchard owners otherwise individually transporting small fruit produce to market would render it uneconomical due to low bargaining power of individuals.

Presently Rs. 15 to 30 per standard box of apple and pear are charges by these agents from the growers for such facilities (fruit traders union Kulgam). Once the fruit is sold through the commission agent at the terminal market the grower is provided with a sort of bill type income and expenditure statement technically called as "Watak", (financial document on which daily expenses are recorded) through these forwarding agents. Those growers who want to minimize the transport risk choose such type of market channel usually. However, such channel has some serious weaknesses

- ✓ Forwarding agents do not reveal real value of fruit to the growers and growers had to depend on forwarding agents.
- ✓ Many times bills produced by forwarding agent are unauthorized and these agents manage to charge extra from the growers.
- ✓ In addition to this, price spread increase in case of forwarding agent channel; therefore, produce receives fewer shares in consumer's rupee as compared to other channels.

PRE – HARVEST CONTRACTOR'S CHANNEL

Pre-harvest channel, which links growers, pre-harvest contractor, commission agent, wholesaler, retailer and consumer, is mostly found in case of marginal and small farmers in the valley. Under this method, the orchard is given on a contract for a specific period, which lasts, normally for one harvest and in some rare cases it can even last for two or three harvests. Under this agreement the contractors themselves take the responsibility of looking after the orchard and its produce. In this mode the marketing risks are shifted from growers to the pre – harvest contractors. The beauty of this linkage is that the grower feels safe even in the adverse conditions resulting in the loss to the contractors. Contractors are typically financed by the respective forwarding

(commission) agents because the produce would be marketed through them only. According to the survey results conducted in the south Kashmir district, it has been noticed that around 12 percent of the total surveyed respondents were using pre-harvest sale to contractor's channel. Almost entire contribution to this channel came from small grower's i.e. around 97.2 percent users of this channel were small farmers.

Despite the fact that the pre – harvest contract system has some advantages, but the fact remains that this system on the whole has proved detrimental to the interest of the growers in more than one way.

- ✓ The advance payment made to the orchardists under this system proves to be unfair, under the influence of which the growers are hardly able to know the actual worth of their produce. Hence resulted in the reduction of bargaining power of the fruit growers
- ✓ It has been found that, small and marginal growers consists majority of farmers who undergo the contract with the pre-harvest contractors. The contractors sometimes does not get the farmers produce at the comparatively lower prices which in turn makes situation distressing for the contractors who fail to keep their promise under these depressed market conditions, because of the price fluctuating nature of horticulture fruits in horticulture markets.
- ✓ as the contractors are mainly concerned with the current year produce and neglects the future prospects of the orchards, with the result maintenance of orchards is neglected, which is one of the most serious drawbacks in this system.
- ✓ The growers consequently have to be contented even in the absence of recovering the outstanding instalments.

MARKETING COST AND NET RETURN ANALYSIS

The main marketing channels prevalent in this area are:

- I) Grower – Consumer
- II) Grower – Commission agent – Wholesaler – Retailer – Consumer
- III) Grower – preharvest Contractor – Commission agent – Wholesaler – Retailer – Consumer
- IV) Grower – Forwarding agent – Commission agent – Wholesaler – Retailer – Consumer

Marketing costs are “the total cost associated with delivering goods or services to customers”. The marketing cost may include expenses associated with transferring title of goods to a customer, storing goods in warehouses pending delivery, promoting the goods or services being sold, or the distribution of the product to points of sale (Business dictionary). Prof. R. L. Kohls, in his book “marketing of agricultural products” has rightly defined the marketing cost as “the difference between the amount consumers pay for the final product and the amount producers receive as food marketing bill” or the “marketing margin” (Kohls, R.L., Uhl, 1980). The bill or

margin includes all the costs incurred for moving the product right from the production to the consumption centres.

About 70 percent of the apple production in India is transported to and sold in India’s largest wholesale fruit and vegetable market at Azadpur in Delhi. The major marketing channels for apples is for growers to harvest and pack their crop and ship it 1-2 days by unrefrigerated truck to the Azadpur market, where the consignment is then handled and sold by a commission agent (Satesh et al. 2006).

The amount of costs varies with the nature of the products. In the case of fruits the cost components are too many and risk factors are prominent. Since a wide range of functionalities are involved in the marketing operation of horticulture fruits (apple and pear), the product is therefore loaded with a multiple costs and margins. The feasibility of the choice of channel cost – wise is depicted in the table 3.2.

Table 1.2: Cost of Marketing of Horticulture fruits (Apple and Pear) in Delhi market (2016-2017)

Items of cost	Channels							
	Direct Channel		Commission Agent’s channel		Pre-harvest Contractor’s Channel		Forwarding Agent’s channel	
	Cost(₹)	Percent	Cost(₹)	Percent	Cost(₹)	Percent	Cost(₹)	Percent
Plucking, grading & packaging	15.15	5.58	14.84	4.77	14.75	4.39	14.90	4.38
Cost of packaging material	139.82	51.48	137.16	44.07	136.17	40.51	137.99	40.55
Loading of trucks and transportation up to Delhi	83.30	30.67	81.73	26.26	81.14	24.14	82.21	24.16
Unloading charges in Delhi market	2.09	0.77	2.054	0.66	2.05	0.61	2.07	0.61
Tool taxes/octori from production centre to Delhi	30.88	11.37	30.28	9.73	30.08	8.95	30.46	8.95
Association Charges	-	-	1.49	0.48	1.37	0.44	1.49	0.44
Commission of marketing agency at export centre	-	-	-	-	26.89	8.00	27.26	8.01
Commission of marketing agency at export centre	-	-	39.99	12.85	39.69	11.81	40.22	11.82
Postage	0.35	0.13	0.809	0.26	0.907	0.27	0.81	0.24

Expenses of marketing agency at export market	-	-	2.86	0.92	2.96	0.88	2.86	0.84
Total marketing cost	271.59	100.00	311.21	100.00	337.17	100.00	340.27	100.00

Source: Compiled from the information collected from the official records and discussions held with the officials of the;

- a) Directorate of horticulture planning and marketing, GOVT. of Jammu and Kashmir.
- b) Jammu and Kashmir horticulture produce marketing and processing corporation, Srinagar.
- c) Commission agents and forwarding agents at Shopian, Kulgam, Pulwama and Delhi.

Table 3.2 depicts that the zero-level channel incurred the least marketing cost among all the six channels. While some costs are common in all the channels, a few vary from channel to channel.

In this case the common costs are:

- I) Plucking, Grading and Packing
- II) Cost of packing material
- III) Loading and unloading of truck and transportation up to Delhi
- IV) Tool taxes / octroi from production centres to Delhi market and
- V) Postage.

In the final analysis it is clear to find the zero-level channel is the most economical one so far as the cost structure is concerned. Total marketing cost of this channel worked out to be ₹ 271.59 as is borne out by this table. This is the least loaded channel as linkage is only between the growers and the consumers. Hence the commission of marketing intermediaries is absent in this channel. Despite the fact that this type of channel is less expensive growers hardly opt for it for the obvious reasons aforementioned.

Cost wise the second economic channel coming under three level channel systems is that of Commission agent's channel, in this channel commission of marketing agency at export centre has been eliminated like in direct channel but commission of marketing agency at export centre has been included unlike in direct channel. It is estimated that the total cost in marketing of one box comes to ₹ 311.21 in the adoption of this channel.

Among the four level channels, Pre-harvest contractor's channel and forwarding agent's channel are more or less the same when we analyse them in cost perspective. The pre-harvest contractor's channel seems parallel with Forwarding agent's channel, where marketing cost of former is ₹ 337.17 but little bit less than the later which comes to be ₹ 340.27 per box.

PRICE SPREAD ANALYSIS

The price spread usually refers to the difference between the price paid by the consumer and price received by the producer for an equivalent amount of farm product. This spread consists of marketing costs and margins of intermediaries (Jagdish Prasad 1989) Thus, it is a device, which indicates how much, actually is received by the producer out of every rupee that is spent by the consumer and what portion goes into the funds of intermediaries. In the maddest of the diversity of marketing functionaries, it has been observed that not all that is spent by the consumer finds its way into the producer's pocket. Infact a sizeable proportion of that is swallowed by the intermediaries performing a variety of functions and services from point to point. Price spread or margin includes all the various types of cost of moving the product from the point of production to the point of consumption.

In the fallowing analysis, an attempt has been made to find out the share of the actual producer of horticulture fruits (Apple and Pear) and those of the intermediaries involved in the distribution system right from growers to the consumer's markets.

COMPARATIVE ANALYTICAL INFERENCES OF MARKETING COST AND MARGINS UNDER DIFFERENT CHANNELS

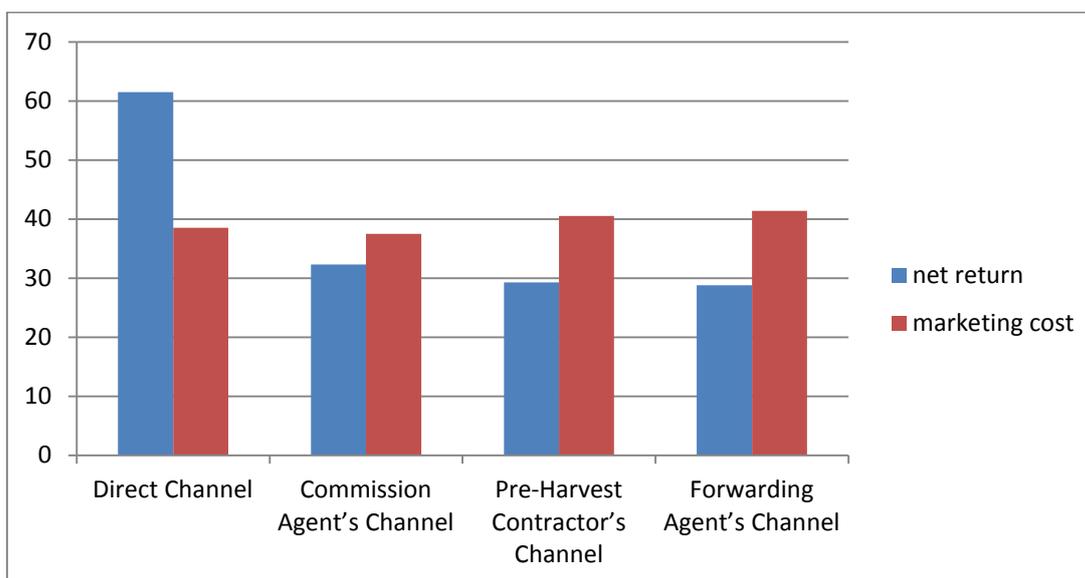
A comparative study of all the channels involving in varying degrees of costs and margins of different functionaries is given in the tabular form in table 3.7.

It is interesting to observe from the table 3.7 that retailer and wholesaler enjoys equal margins in all channels. Another interesting feature to note is that in zero level channels the impact of wholesalers and retailers on Apple and pear trade is absent. In rest of the three channels it is observed that the wholesalers have an upper hand over the retailers. There margins are greater and costs lesser when compared to those of the retailers. It therefore proves that wholesalers enjoy relatively larger proportion of margin in the consumer's rupee as compared to the retailers. However the position is different in the case of Zero – level channel where cost incurred on intermediaries is nil.

Table 1.3: Marketing cost and margins from Apple and pear marketing (2016-2017) through different channels

S.No	Level of trade	Zero-Level Direct Channel	Commission Agent's channel	Pre-harvest Contractor's Channel	Forwarding Agent's channel
1)	Grower's				
a)	Marketing Cost	38.50	37.50	40.50	41.00
b)	Net Return	61.50	32.3	29.30	28.8
2)	Wholesaler's				
a)	Expenses	-	4.20	4.20	4.20
b)	Margins	-	11.00	11.00	11.00
3)	Retailer's				
a)	Expenses	-	5.00	5.00	5.00
b)	Margin	-	10.00	10.00	10.00

Source: Compiled by the scholar



Generally, speaking producer's marketing expenses are on the whole higher in all channels, but in case of Forwarding agents channel these expenses are still greater. These costs vary from 38.50 percent to 41.00 percent of the consumer's rupee in the channels operation, the cumulative effect of all these factors has resulted in the reduction of producer's net receipts.

The above findings further lend support to this paper wherein it was made clear that cost wise the ranking of the channels confirms pretty well to the channels ranked in order of net returns to the growers. Cost wise as well as return wise, the order of performance of the channels emerges as under:

- a) Direct channel
- b) Commission agent's channel
- c) Pre harvest Contractor's channel

d) Forwarding agent's channel

MARKETING EFFICIENCY

Efficiency of marketing of any product is worked out by the size of share, which the producer receives from the price paid by the consumer. The relationship between the producer's and the consumer's price is known as the price spread. In other words, price spread refers to the difference between the price paid by the consumer and the price received by the producer. It consists of various components of marketing cost and the margins of intermediaries, which ultimately reflect in overall effectiveness of marketing system. In nutshell, it explains the variance between the prices received by the producer and paid by the consumer.

Table 1.4: Marketing cost and marketing efficiency of horticulture fruits (Apple and Pear) in different channels

S.No	Particulates	Zero-Level Direct Channel	Commission Agent's channel	Pre-harvest Contractor's Channel	Forwarding Agent's channel
1)	Producer's price	433.89	268	243.19	239.04
2)	Producer's Share in Consumer's Rupee	61.50	32.28	29.3	28.8
3)	Marketing Cost	271.61	311.25	336.15	340.3
4)	Consumer's Price	705.5	830	830	830
5)	Marketing Efficiency	1.00	1.80	1.74	1.73

Source: Constructed by the scholar

From the above table it has been observed that Commission agent's channel is the most efficient channel and is opted by the majority of the fruit growers in the study region, in which producer's share in consumer's rupee is more than 3rd and 4th channels and also marketing cost is less than these channels. This channel is followed by pre – harvest contractor's channel and forwarding agent's channel. Although the consumer's price is same in channel 2nd, 3rd, and 4th but the involvement of intermediaries costs at different levels accelerates the marketing cost of producer, due to which the producer's share in consumer's rupee get fluctuated in respected channels. Hence as for as marketing efficiency is concerned, it may be noted that channel 2nd is the most efficient channel, followed by channel 3rd, 4th in the study area of south Kashmir.

CONCLUSION

The basic objective of the current study was to analyze the efficiency of marketing mechanism and price spread of apple and pear fruits in south Kashmir. Growers from south Kashmir were interviewed to obtain information regarding the prevailing marketing channels and price distribution in each market channel. Apart from these, commission agents, merchants,

wholesalers etc. were asked to provide information regarding costs involved in different marketing channels. The results indicate that mainly three market channels existed in the study area, although many studies found more than three market channels were in force in Kashmir horticultural sector (Malik 2013). The marketing channel, i.e. direct sale to consumer, is no doubt the most profitable channel, but in practice, it is very rare due to number of problems faced by growers to get the produce marketed. All marketing function has to be performed by the grower himself, which is a very tough task for an individual.

In case of three levels channel and four level channel commission agents played vital role in the marketing practices and provide link between growers and wholesalers, and were usually charging 20-30 rupees per box depending on bargaining power of individual agent and level of market information attained by grower. Moreover, it was found that the commission agents usually sell fruits to those wholesalers who are known to them and with whom they have a good understanding. Consequently, some serious malpractices arise in this system of marketing which in turn adversely affect the producers. The producer is at the mercy of the commission agent. The commission agent may even prepare and send fictitious "watak". It was also observed that the commission agents at the terminal market used to cheat the growers by "Hatha" system (a practice of secret negotiation among traders carried out by shaking hands) of sale. The commission agents have also been found charging as much as 5% to 12% (by Former interactions) of gross sale as commission in addition to charges in the name of charity, hundi, entrance tax and others. The drawbacks of this system, therefore clearly necessitate setting up of some sort of public commission agency at the terminal markets. In fact, the orchardists have become conscious of the malpractices on part of the commission agents. Some of the well aware orchardists now send their nominee to the terminal markets so that the produce is auctioned in his presence.

Since the overall marketing system of Horticulture crops, at present, has not been efficient and economical. As a result, therefore the growers get quite a low share in the consumer's rupee. It needs to be strengthened by way of developing a suitable marketing infrastructure. A defective distribution system alone is not responsible for the low returns to the growers. The fact of the matter is that a host of other factors have adversely affected the profitability of fruit trade. Once these bottle necks are removed or corrected the fruit industry is bound to flourish to the maximum advantage to the growers in particular and to the state in general.

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