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Marketing Management of Onion Seed in Ahilyanagar District of Maharashtra

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Abstract **– This study explores the marketing management practices of onion seed producers in the Ahilyanagar district of Maharashtra-one of the state's prominent regions for onion cultivation. Despite having high potential for producing quality seeds, farmers in this region face several challenges, such as inefficient marketing channels, high marketing costs, and low returns due to the involvement of multiple intermediaries. The research focuses on evaluating marketing efficiency, cost structure, marketing margins, price spread, and the producer's share in the consumer rupee. The study was conducted in three major talukas-Sangamner, Shrirampur, and Rahuri-based on the extent of onion cultivation. Two representative villages from each taluka were selected, and a total of 90 farmers were surveyed. These farmers were categorized into small, medium, and large farm size groups. Data were collected through structured interviews and field visits. The findings reveal that a total of 258.18 kg of onion seed was available for sale, with 180.70 kg marketed through Channel I (Producer → Consumer), which emerged as the most efficient method of distribution. In contrast, Channel II (Producer → Wholesaler → Retailer → Consumer) accounted for 77.48 kg of the total marketed seed. The average price spread per kg was ₹1.12 for Channel I and ₹677.88 for Channel II. Based on the calculated marketing efficiency, Channel I was found to be more efficient than Channel II.**

Keywords **– Ahilyanagar, Marketing Channels, Onion Seed, Price Spread, Cost.**

I. INTRODUCTION

Onion is not just a regular ingredient used in everyday cooking in India- it is also a key commercial crop that plays an important role in the livelihood of millions of farmers. Among the leading onion-producing states, Maharashtra holds a prominent position, and within it, the Ahilyanagar district is known for producing high-quality onion seeds. Thanks to its favorable climate, skilled farmers, and long-standing cultivation practices, this region has emerged as a vital hub for onion seed production. Despite having great potential, onion seed farmers in Ahilyanagar face several challenges when it comes to marketing their produce. The marketing system is often unorganized and depends heavily on local traders, commission agents, and multiple intermediaries. This setup reduces the share of income that actually reaches the farmers. Most small and medium farmers lack access to bigger markets and have limited bargaining power. As a result, they are often forced to sell their seeds at lower prices, especially when selling at the farm gate or nearby village markets. In addition, poor infrastructure- such as lack of storage, grading facilities, and timely market information- further weakens the marketing process. These gaps lead to inefficiencies and a wide difference between the price paid by consumers and the price received by producers. Although government schemes and development programs like Farmer Producer Organizations (FPOs), direct marketing models, and improved supply chains have been introduced to address these issues, their adoption is still limited in many rural areas, including Ahilyanagar. Understanding the existing marketing channels, the cost structure, and the margins at each stage is essential to improve the marketing efficiency of onion seed in this region. A detailed study is required to evaluate how the current system works, where the losses occur, and what can be done to strengthen the process. This research aims to do exactly that- by studying different marketing channels used by farmers in selected villages of Ahilyanagar district, comparing their efficiency, and suggesting ways to enhance farmers' income through better market

access, collective action, and improved marketing strategies. The findings of this research will not only help identify the most efficient marketing channels but also guide farmers, policymakers, and agricultural planners in making informed decisions for improving the onion seed value chain in the region.

II. METHODOLOGY

This study was carried out using a structured and systematic approach to ensure reliable and valid findings on the marketing management of onion seeds in Ahilyanagar district of Maharashtra.

A. *Selection of Study Area*

Ahilyanagar district of Maharashtra was purposively selected for this study due to its significant area under onion cultivation and its reputation as a major onion seed production belt. Within the district, three talukas - Sangamner, Shrirampur, and Rahuri - were selected based on their higher acreage under onion crop, the concentration of seed growers, and accessibility for field data collection.

B. *Selection of Villages and Sampling*

Two villages were selected from each taluka purposefully. The selected villages were:

1. Sangamner Taluka: Maldad and Jawale Kadlag.
2. Shrirampur Taluka: Bhairavnathnagar and Khairi.
3. Rahuri Taluka: Nimbhere and Dhanore.

A total of six villages were covered to ensure representation of different farm sizes and marketing practices. A purposive sampling technique was used to identify onion seed-producing farmers within these villages. From each village, 15 farmers were randomly chosen, ensuring representation from small, medium, and large farm size groups. Thus, the total sample size comprised 90 farmers (6 villages × 15 farmers).

C. *Nature and Sources of Data*

Primary data was used for this study: Primary data were collected directly from the farmers through personal interviews. The schedule covered details such as area under onion seed cultivation, production, quantity marketed, marketing channels used, marketing costs incurred, prices received, problems faced.

D. *Data Collection Procedure*

Farmers were contacted personally and interviewed in their fields or homes to ensure accurate responses. Data collection was done during the marketing season to capture realistic cost and price information.

E. *Analytical Tools and Techniques*

The following standard tools and methods were used to analyze the collected data:

Total marketing Cost:

$C = Cf + Cml + Cm2 + ----- + Cmn$

Where,

C = Total Marketing cost.

Cf- Cost paid by the producer from the time the produce leaves the farm till he sells it.

Cmi- Cost incurred by ith middle man in the process of buying and selling the product.

Price Spread:

Price spread = Consumer's price - Price received by farmer.

Ps = CF - PF

Where,

CF- Consumer's price.

PF- Price received by.

Marketing Margin:

MT = (Si-Pi)/Qi

Where,

MT-Total marketing margin.

Si- Sale value of a product paid by ith firm.

Pi- Purchase value of a product paid by ith firm.

Qi- Quantity of product handled by ith firm.

Producer’s Share in Consumer Rupee:

It is the ratio of the net price received by the producer to the price paid by the consumer and can be calculated as:

Producer’s Share = (Net price received by producer / Price paid by consumer) × 100

Where,

PF- Price received by producer

CF- Price paid by consumer

Marketing Efficiency:

The modified marketing efficiency can be calculated using the new formula proposed by Acharya and Agarwal (1999), which is as follows:

MME - RP/(MC+MM)

Where,

MME- Modified measure of marketing efficiency,

RP- Price paid by consumer or retailers sale price.

MC- Total marketing cost and,

MM- Net marketing margin.

III. Results and Discussion

For a complete analysis of the production and marketing of onion seed, one needs to understand different channels involved in marketing and problems regarding to it. Based on the data given by onion seed growers the following two channels have been noticed as follows:

Channel I : Producer → Consumer.

Channel II : Producer → Wholesaler → Retailer → Consumer.

The table 4.1 below shows Channel I, which represents direct marketing such as farmer-to-consumer, is utilized by all three farmer categories. Specifically, Small farmers marketed 24.32 units, Medium farmers 72.12 units, and large farmers 84.27 units through Channel I, contributing to a total of 180.70 units. In Channel II, which probably involves intermediaries, is used exclusively by large farmers who marketed 77.48 units through it. The overall marketing volume across both channels amounts to 258.18 units, with large farmers contributing the highest quantity (161.75 units), followed by Medium (72.12 units) and Small (24.32 units) farmers.

Table 4.1. Marketing Channels by Size Group.

Sr. No.	Particulars	Small	Medium	Large	Total
1	Channel I	24.32	72.12	84.27	180.70
2	Channel II	0.00	0.00	77.48	77.48
	Total	24.32	72.12	161.75	258.18

The analysis of marketing cost for onion seed across two marketing channels reveals a significant difference in expenses. In Channel I, where the producer sells directly to the consumer, the total marketing cost is just ₹ 1.12 per kg. Most of this cost is due to packing charges (₹0.68), which alone account for over 60% of the total. Minor costs include miscellaneous charges, while there are no expenses for weighing or labour. This low cost is possible because consumers collect seeds directly from the producer's farm, avoiding the need for extra processing or transport. In contrast, Channel II, which includes wholesalers and retailers, has a much higher marketing cost of ₹23.57 per kg. Although the producer's cost remains minimal (₹1.11), the wholesaler adds the largest share (₹20.10), from processing (₹12.00), packing (₹7.00), transport (₹0.96) and labour (₹0.14). The retailer adds another ₹2.36, including charges like labour, Forwarding and TCS. Overall, the findings clearly show that marketing costs rise steeply with the involvement of intermediaries. Direct marketing not only reduces costs but also benefits both producers and consumers by ensuring fair prices and better margins.

Table 4.2. Marketing cost of onion seed (₹/kg).

Sr. No.	Particulars	Size Group			
		Channel I		Channel II	
		Cost (₹)	Percentage	Cost (₹)	Percentage
1	Cost incured by producer				
	a) Packing charges	0.68	60.71	0.98	4.16
	b) Weighing charges	0.00	0.00	0.05	0.21

Sr. No.	Particulars	Size Group			
		Channel I		Channel II	
		Cost (₹)	Percentage	Cost (₹)	Percentage
	c) Labour charges	0.00	0.00	0.08	0.34
	d) Other	0.44	39.29	0.00	0.00
	Subtotal	1.12	100.00	1.11	4.71
2	Cost incured by wholesaler				
	a) Packing charges			7.00	29.70
	b) Processing charges			12.00	50.91
	c) Labour charges			0.14	0.59
	d) Transporation			0.96	4.07
	Subtotal			20.10	85.27
3	Cost incured by retailer				
	a) Labour charges			0.17	0.74
	b) Forwarding charges			0.58	2.45
	c) TCS on sales			1.61	6.83
					10.02
	Total marketing cost	1.12	100.00	23.57	100.00

The data presented in Table 4.3 highlights the difference in price spread and producer's share in the consumer's rupee across two marketing channels for onion seed. In Channel I, where the seed is sold directly by the producer to the consumer, the producer receives nearly the entire consumer price, with a share of 99.95%. This is because there are no intermediaries involved, and only a minimal marketing cost of ₹1.12 per kg is incurred by the producer. The net price received by the producer is ₹2275.92 per kg, which is almost the full amount paid by the consumer (₹2277.04). On the other hand, Channel II involves both wholesalers and retailers, which leads to a reduced share for the producer. The gross price received by the producer in this case is ₹1423.23 per kg, and after deducting the marketing cost of ₹1.11, the net price received is ₹1422.12 per kg. The consumer purchase price, however, increases to ₹2100 per kg due to added margins and costs by the wholesaler and retailer. The price spread in Channel II is significantly higher at ₹677.88, indicating the difference between the price paid by the consumer and the amount actually received by the producer. The producer’s share in the consumer rupee thus drops sharply to 67.72%. This shows that as more intermediaries get involved, the producer’s share decreases, and the marketing efficiency also drops. Marketing efficiency is 3 in Channel II. These findings emphasize the benefits of direct marketing for producers and show how intermediaries can erode producer profits and increase consumer prices. The channel-wise marketing efficiency of onion seed was calculated using the modified method proposed by Acharya and Aggarwal (1999).

Table 4.3. Channel wise price spread.

Sr. No.	Particulars	Size Group	
		Channel I	Channel II
A	Producer		
1	Gross price received	2277.04	1423.23
2	Cost incurred by producer	1.12	1.11
3	Net price received	2275.92	1422.12
B	Wholesaler		
1	Wholesalers purchase price		1423.23
2	Cost incurred by wholesaler		20.1
3	Wholesalers sale price		1740
4	Net margin		296.67
C	Retailer		
1	Retailers purchase price		1740
2	Cost incurred by retailer		2.36
3	retailers sale price		2100
4	Net margin		357.64
D	Consumer		
	Consumer purchase price	2277.04	2100
	Price spread	1.12	677.88
	Producers share in consumer rupee	99.95081334	67.72
	Marketing efficiency		3

IV. CONCLUSIONS

Based on the analysis of the marketing cost and price spread for onion seeds across two different marketing channels, it is evident that Channel I is significantly more efficient and beneficial to producers compared to Channel II. In Channel I, the entire marketing cost is borne by the producer, amounting to only ₹1.12 per kg, whereas in Channel II, the cost is shared among the producer, wholesaler, and retailer, totaling ₹23.57 per kg. This leads to a higher price spread of ₹677.88 in Channel II compared to just ₹1.12 in Channel I. Consequently, the producer's share in the consumer's rupee is substantially higher in Channel I (99.95%) than in Channel II (67.72%). Moreover, the marketing efficiency stands at 3 Channel wise. The involvement of multiple intermediaries in Channel II increases the marketing cost and reduces the share of profit that ultimately reaches the producer. Thus, the findings clearly indicate that Channel I is more economically favorable and efficient for both producers and consumers in the onion seed market, supporting the promotion of direct marketing practices with minimal intermediaries to improve profitability for farmers.

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