

## RURAL-URBAN RETAIL PRICES AND MARKETING MARGINS OF FRESH FRUITS AND VEGETABLES IN PAKISTAN

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**ABSTRACT:-** The study was designed to estimate the marketing margins and rural-urban price differences of fresh fruits and vegetables. A checklist and an open-ended questionnaire were developed and used to interview a total of 200 retailers (rural and urban), 100 producers, 30 commission agents and 10 transporters in July 2010. Price data were collected from rural and urban retailers in Hyderabad, Faisalabad, Peshawar, Muzaffarabad and Quetta. It was observed that the retail prices of fresh fruits and vegetables were higher in rural markets as compared to urban markets and differences were even higher in vegetables as compared to fruits. For fruits the difference ranged from 8.6-25.0% in Hyderabad, 5.2-39.0% in Faisalabad, 2.3-22.0% in Muzaffarabad, 20.0-50.0% in Peshawar and 11.0% in Quetta. Difference in rural-urban retail prices for vegetables varied between 12.0-36.0% in Hyderabad 6.3-89.0% in Faisalabad, 4.0-25.0% in Muzaffarabad and 6.7-66.7% in Quetta. The producer's share of the price was more or less 25.0% for most fruits and vegetables. It was observed that the total marketing margin for potatoes was 84.2%, onion 130.8%, persimmon 334.8%, pear 128.6%, banana 371.7%, sweet lemon 389.8%, and guava 176.2%. The net margin to intermediaries for potatoes, onion, persimmon, pear, banana, sweet lemon, and guava was accounted at 43%, 111.4%, 316.5%, 104.5%, 353.9%, 370.8% and 152.4%, respectively.

*Key Words: Fruits; Vegetables; Marketing Margins; Retail Prices; Rural-Urban; Pakistan.*

### INTRODUCTION

Agricultural productivity growth has been a central debate in Pakistan for decades, but little attention has been given to market responses to productivity growth. The core problems in Pakistan's agricultural sector are low productivity and profitability, and the main factors behind this include the use of low quality inputs, imperfect commodity markets, and inefficient water

resource management (Tahir, 1997). Marketing is an important, but often overlooked, phase of all production activities. Ensuring farmers reasonable marginal prices for their produce is the key to enhance the productivity. Moreover, efficiency of resource allocation in agriculture depends on the functioning of commodity markets (Tahir and Riaz, 1997).

There are number of channels through which agricultural markets

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in Pakistan operate and commodities are exchanged. There are mainly two types of markets, wholesale markets and retail markets. There are 700 wholesale markets in the country, out of these 205 are regulated, 132 in Punjab, 71 in Sindh, 2 in Balochistan. Intermediaries engaged in marketing channels include beoparies, commission agents, wholesalers and shopkeepers. (SDPI, 2004; Reardon et al. 2002 and USDA, 2000). The commission agents/arthies act as the major player to provide informal credit/advances to the poor resource constraint farmers for the purchase of inputs with the condition that they will sell their produce to them. These market agents not only charge the poor farmers higher interest rates on the loaned money, they also purchase their produce at relatively very low rates. This leads to benefit the commission agents/arthies at the disadvantage of the weaker parties' i.e. farmers and consumers (Gill, 2009). Khan et al. (2005) calculated the marketing margins of several vegetables and sum up that the net margin available to the farmer is low and eroded by the middleman involved in various marketing activities. They suggested that the direct marketing of fruits and vegetables by the farmers can increase their share in consumer rupee. Aujla et al. (2007) also pointed to the fact that the producer share in consumer rupee for most of the fruits is one fourth of the price and remaining margin is taken by the intermediaries. Khair et al. (2002) stated that the major proportion of consumer rupee goes to the various middlemen. The marketing margins vary with the nature of the com-

modity, the more perishable the produce is, the higher is the share that traders' capture from the marketing surplus (Haji, 2008). For the prices to stabilize the marketing margins and price spread are of major consideration as the narrow price spread and higher share of producer in consumer rupee are the pre requisite for the better price fixation policy (Ahmad et al., 2008).

Realizing the importance of the marketing activities in agricultural production this study was conducted to address the issues behind the rapid increase of commodities prices like fruits and vegetables across the country. The main purposes of the study are:

- To critically analyze the existing market regulations and their implementation.

- o analyze the price differential prevailing between the rural and urban retail market prices of fresh fruits and vegetables.

- o evaluate the producer share in consumer rupee.

- o estimate the net profit margin of intermediaries.

## **MATERIALS AND METHOD**

The study was based on primary as well as secondary data. The primary data were collected from producers, rural and urban retailers and commission agents in July 2010. The data regarding the wholesale prices of different fruits and vegetables were taken from the official website of Agriculture Marketing Information Service, Government of Pakistan. Checklists were developed to collect the price

information of fruits and vegetables and an open-ended questionnaire was developed to gather information regarding the existing market structures and regulations. Urban retail price data was collected from the Hyderabad, Faisalabad, Muza-ffarabad, Peshawar and Quetta, and 20 fruit and vegetable retailers from each city and 5 commission agents each from Faisalabad, Peshawar and Muzaffarabad city were interviewed. Rural retail prices data was taken from the surrounding villages of Faisalabad, Tandojam, Tarnab, Quetta and Muzaffarabad and total of 100 rural retailers and 100 producers were interviewed. The main thrust of the study was to calculate the price differentials and margins that's why more emphasis was given to collect data from producers and retailers.

To analyze the market mechanism and to estimate the net margins to intermediaries 15 commission agents and 10 transporters were interviewed from the Peshawar, Faisalabad, Jhang, Multan and Toba Tek Singh. To check the status of market regulations and their implementation 5 commission agents were interviewed from Faisalabad, Muza-ffarabad and Peshawar fruits and vegetables markets. The study was basically a descriptive study and the selected sample was sufficient to attain the desired results as it mainly used the simple arithmetic mean technique to compare the prices at different level of market operations. The percentage difference between the rural and urban retail prices is thus calculated by calculating the following equation:

$$\frac{RPR - RPU}{RPU} * 100$$

(Equation 1)

where,

RPR = rural retail price

RPU = urban retail price.

In the next step the producer share in consumer rupee is calculated by:

$$\frac{PP}{RPU} * 100 \text{ and } \frac{PP}{RPR} * 100$$

(Equation 2)

where,

PP = average farm gate price of the fruits and vegetables that a producer receives by selling his produce,

RPU = average urban retail price

RPR = average rural retail price.

To calculate the net profit margin to intermediaries, the percentage share of transportation cost per kg for selected fruits and vegetables (persimmon, pear, banana, guava, sweet lemon, potatoes and onion) was computed as:

$$\frac{TC}{PP - RP} * 100$$

(Equation 3)

where,

TC = the average transportation cost,

PP = the average farm gate price the producer receives.

RP = the average retail price paid by the final consumer.

These computations are further used to calculate the net profit to the intermediaries by subtracting the percentage share of transportation cost from the percentage difference between prices at the both ends; producers and retail level.

## RESULTS AND DISCUSSION

### Market Regulations and Implementation

The government has formulated the Agricultural Produce Marketing Act 1978 to channelize agricultural

commodity transactions in a manner that lessens the role of intermediaries and ensures the provision of the competitive market price to the farmers for their produce. However, in reality this system restricts farmers such that they cannot sell their produce directly to retailers and instead must channelize their produce through regulated markets and licensed traders. This is why farmers are unable to get reasonable marginal price for their produce.

The fruit and vegetable market in Faisalabad was established in 1950 under the Marketing Act in the center of the city with operational land holdings of 6 acres. In 1998, the market was shifted from the center of the city to Chak No. 245 R.B., which is 17 km from the main city with operational land holdings of 26.5 acres. Faisalabad's fruit and vegetable market falls under class A category as its annual income is  $\geq 16$  Lac. There the number of daily purchasers vary between 5000 and 6000 and the number of sellers (producers/contractors) ranges from 250 to 300.

In Peshawar the approximate number of buyers was 350 and sellers was 125 in the fruit market while in vegetables market there were approximately 3000 sellers and 1200 buyers.

In Muzaffarabad there is no public sector fruit and vegetable market, and only one fruit and vegetable market was operating since 1993. There are 22 commission agents operating the market. The fruits and vegetables in Muzaffarabad markets are usually brought from Rawalpindi and Mansehra.

The key informants in these sites

told that the permission for trading in markets is given by the market committee. Major duties of market committees include, enforcing the provision of ordinance and rules, to establish agriculture produce markets, to collect and disseminate prices of agriculture produce and to coordinate with district administration for organizing Sunday, Friday, Ramzan, and Sasta Bazaars. Commission agents are the key player in the market. They provide advances to growers/contractors for the supply of produce in the market. They have their own arrangements for the hosting producers / contractors.

According to key informants, the prices of commodities are usually adjusted through the auction announced by the commission agents. According to the Market Committee Ordinance, the commission agent can receive 2.5% and 3.12% commission on fruits and vegetables sale price, respectively. However, key informants are receiving 6% as a commission which tends to increase at the time of supply shortages. According to Agricultural Produce Marketing Act, 1978, commission agents have to charge marketing fee (Rs. 1 per 100 kg) from buyers (pharias/retailers) and deposit it with the market committee. In reality, key informants indicated that they charge Rs. 5 to Rs. 10 per crate/bag of 40-50 kg depending upon the kind of fruit and vegetable from wholesalers and only deposit an official rate (Rs. 1 per 100 kg) to the market committee. Mostly commission agents told that they are not aware of the commission rates and marketing permissible under marketing act.

The market committee collects daily auction prices and display them in the market for growers/contractors and buyers. The wholesale and retail prices are also distributed among different government departments on daily, weekly or monthly basis. The committee, keeping in view the auction price of the day and retail price of the previous day, announces the retail prices of fruit and vegetables.

According to the Market Committee Ordinance, 70% of plots in newly developed markets will be allotted to the already working commission agents and only 30% will be sold to the growers through open auction (Punjab Agricultural Produce Market Ordinance, 1978). Key informant interviews, however, indicated that this 30% also goes to existing commission agents and new entrepreneurs (growers) are deprived of their reserved share. Gill (2009) was of the same view as the results indicate that arthies as heirs generation after generation, are running public sector regulated markets and commission agents act as the price makers in these markets of their own control. Commission agents are the only source of information regarding the market situations and expected price of produce to the farmers. The findings of the study conducted by Shah et al. (2010) also supported the view that due to non availability of appropriate information regarding the market forces and expected price of their produce the growers suffer huge losses. This kind of distortions in the supply chain induces the artificial rise in the prices of fruits and vegetables at different stages of marketing. The absence of the infor-

mation flow between producers and consumers is the basic reason for the exploitation at both ends because it acts to widen the gap between the price consumer pay and the price grower receives (Smith and Thomas, 1991).

### **Rural-Urban Retail Price Differentials and Producer Shares**

On the basis of data collected, the differences in retail prices of various fruits were compared between rural and urban markets and producer share in consumer rupee was estimated. The fruits and vegetable prices in Hyderabad and Tandojam were higher in rural markets than urban markets (Table 1).

The prices of mango, banana, papaya, apple, dates and chicku are higher in rural market as compared to urban retail prices and difference ranges 8.6-25.0% for different fruits (Table 1). Vegetables such as onion, potato, tomato, okra, green chillies, cauliflower, cabbage, bitter gourd, cucumber are sold at higher prices in rural areas in comparison with urban markets and this difference ranges from 12.0-36.4% for different vegetables (Table 1).

There is a clear variation between the prices producers receive and the prices that consumers pay. It has been observed that mango producers receive about 48-52% of the retail price. The producer's share in rural retail price was higher for mango (47.9%) and lower for banana (34.2%) whereas producer share in urban retail prices is higher for mango (52.3%) and lower for banana (37.1%). As far as the variation of the vegetables price is concerned, the data (Table 1) shows that the share of producer in the final rural retail

**Table 1. Mean prices of different fruits and vegetables across markets in Hyderabad and Tandojam**

Commodity	Producer price	Whole-sale price	Retail price (Rural)	Retail price (Urban)	Difference in retail price(%)	<i>(Rs./kg or dozen)</i>		
						Producer share in RP <sub>R</sub>	Producer share in RP <sub>U</sub>	Difference in RP <sub>R</sub> and RP <sub>U</sub>
<b>Fruit</b>								
Mango	28.75	44.50	60.00	55.00	09.1	47.9	52.3	-04.4
Banana	13.00	24.00	38.00	35.00	08.6	34.2	37.1	-02.9
Chicku	18.50	30.00	51.50	42.75	20.5	35.9	43.3	-07.4
Papaya	26.50	40.00	68.50	60.00	14.2	38.7	44.2	-05.5
Apple	-	70.00	100.00	80.00	25.0	-	-	-
Dates	37.00	68.00	85.50	75.00	14.0	43.3	49.3	-06.1
<b>Vegetable</b>								
Onion	09.75	17.50	23.50	20.00	17.5	41.5	48.8	-07.3
Potato	-	18.00	25.00	20.00	25.0	-	-	-
Tomato	08.25	20.00	30.00	25.00	20.0	27.5	33.0	-05.5
Okra	16.50	30.00	45.00	40.00	12.5	36.7	41.3	-04.6
Green Chillies	10.50	20.00	30.00	25.00	20.0	35.0	42.0	-07.0
Cauliflower	16.50	25.00	40.00	35.00	14.3	41.3	47.1	-05.9
Cabbage	15.50	30.00	40.00	35.00	14.3	38.8	44.3	-05.5
Bitter Gourd	9.50	18.00	30.00	22.00	36.4	31.7	43.2	-11.5
Cucumber	24.00	40.00	56.00	50.00	12.0	42.9	48.0	-05.1

prices varies between 27.5-42.9% for different vegetables, however producer share in urban retail prices for different vegetables varies between 33.0-48.8%.

The price data from Faisalabad and its nearby villages showed that the urban retail prices for most of the vegetables except cauliflower, peas and cucumber were higher as compared to rural retail prices. The rural retail prices of cucumber (6.3%), peas (19%), and cauliflower (89.4%) were higher as compared to urban shops (Table 2). However the prices of fruits were slightly higher in rural shops due to carriage from urban markets to rural areas. The prices of some fruits like grapes (39%), banana (30.2%), mango (14.7%) and apricot (5.2%) were higher in rural retail markets (Table 2). The producer's share in rural retail price was higher for apricot (80.0%) and lower for banana

(48.3%) whereas producer share in urban retail prices is higher for papaya (85.7%) and lower for banana (62.9%). As far as the variation in the producer share in rural retail prices of vegetables is concerned, the data (Table 2) shows that it varies between 33.0-80.9% for different vegetables, however producer share in urban retail prices for different vegetables varies between 44.7-79.3%.

Prices of all fruits and vegetables recorded higher in rural markets as compared to urban retail prices in Muzaffarabad (Table 3). Percentage difference between the urban and rural retail prices varies by the commodities. Apricot retail prices are higher in rural markets by 22.1%, followed by grapes (17.8%), pear (10.5%), mango (10%), apple (8.1%). As far as the difference of vegetable rural-urban retail prices are concerned cabbage retail prices are 25% higher in rural markets

**Table 2. Mean prices (Rs./kg or dozen) of different fruits and vegetables across markets in Faisalabad**

Commodity	Producer price	Wholesale price	Retail price (Rural)	Retail price (Urban)	Difference in retail price (%)	<i>(Rs./kg or dozen)</i>		
						Producer share in RP <sub>R</sub>	Producer share in RP <sub>U</sub>	Difference in RP <sub>R</sub> and RP <sub>U</sub>
<b>Fruit</b>								
Mango	40.00	52.82	65.00	56.67	14.7	61.5	70.6	-09.1
Banana	25.00	30.00	51.75	39.75	30.2	48.3	62.9	-14.6
Papaya	60.00	70.00	-	70.00	-	-	85.7	-85.7
Apple	70.00	85.00	90.63	97.06	-6.6	77.2	72.1	5.1
Dates	70.00	90.00	100.00	110.00	-9.1	70.0	63.6	6.4
Grapes (Gola)	75.00	134.00	135.00	97.14	39	55.6	77.2	-21.7
Apricot	65.00	71.50	79.41	75.50	5.2	80.0	83.7	-4.2
<b>Vegetable</b>								
Onion	18.00	19.60	22.25	22.71	-2.02	80.9	79.3	1.6
Potato	19.00	32.00	27.14	37.60	-27.8	70.0	77.1	19.5
Tomato	20.00	39.00	36.62	41.12	-10.9	54.6	48.6	6.0
Green chillies	12.60	23.00	27.45	28.21	-2.7	45.9	44.7	1.2
Cauliflower	18.40	24.40	55.76	29.43	89.4	33.0	62.5	-29.5
Peas	50.00	60.00	78.57	66.00	19	63.6	75.8	-12.1
Cucumber	15.00	22.20	33.57	31.57	6.3	44.7	47.5	-2.8

followed by cucumber (20.4%), brinjal (16.7%), cauliflower (14.7%), onion (8.2%), potato (7.7%) and tomato (4%). The producer's share in rural retail prices of different fruits was higher for apple (57.3%) and lower for apricot (29.7%), whereas the share of producer in urban retail prices was higher for apple (61.9%) and lower for plum (35.8%). In vegetables the producer share in rural retail prices varies between 28.6-57.1%, however in urban retail prices producer share varies between 33.3-64.9% for different vegetables (Table 3).

Price variation analysis of the Peshawar urban and rural retail markets shows that the rural retail prices of apple (50%), mango (28%) and banana (20%) are higher as compared to urban retail prices, while the urban prices of vegetables are higher than rural prices except onion (16.7%) (Table 4). It has been observed that the share of fruit producers in rural retail prices for different fruits vary between 40.0-

54.7%, and producer share in urban retail prices of different fruits varies between 40.0-70.0%. The producer's share in rural retail prices for different vegetables was highest for bitter gourd (70.0%) and lowest for mint (16.7%), whereas in urban retail prices the producer's share was highest for onion (53.3%) and lowest for mint (16.7%). The study conducted by Khan et al. (2005) also justifies that the price received by the vegetable producers usually varies between 30.0% and 60.0%.

The prices of banana and apple are high in the urban retail markets in Quetta as compared to rural markets, whereas the prices of most of the vegetables are high in rural retail market. The producer share in the urban-rural retail prices of vegetables is low in Quetta when compared with other provinces. Onion producers received 26.7% of both rural and urban retail prices while producer share in rural retail prices for other vegetables ranges between 10.0-42.9% and in urban

**Table 3. Mean prices of different fruits and vegetables across markets in Muzaffarabad**

*(Rs./kg or dozen)*

Commodity	Producer price	Wholesale price	Retail price (Rural)	Retail price (Urban)	Difference in retail price(%)	Producer share in RP <sub>R</sub>	Producer share in RP <sub>U</sub>	Difference in RP <sub>R</sub> and RP <sub>U</sub>
<b>Fruit</b>								
Mango	-	56.08	69.50	63.20	10.00	-	-	-
Banana	-	54.80	68.00	63.75	06.70	-	-	-
Apple	40.20	55.70	70.20	64.93	08.10	57.30	61.90	-4.6
Apricot	35.70	92.02	120.25	98.50	22.10	29.70	36.20	-6.6
Pear	30.30	46.56	58.00	52.50	10.50	52.20	57.70	-5.5
Plum	31.50	75.92	90.00	88.00	02.30	35.00	35.80	-0.8
Grapes	-	130.12	185.50	157.50	17.80	-	-	-
<b>Vegetables</b>								
Onion	14.50	22.11	27.35	25.27	08.20	53.00	57.40	-4.4
Potato	12.00	21.46	26.00	24.13	07.70	46.20	49.70	-3.6
Tomato	25.00	39.00	43.75	42.07	04.00	57.10	59.40	-2.3
Brinjal	10.00	23.70	35.00	30.00	16.70	28.60	33.30	-4.8
Cauliflower	12.00	21.72	30.00	26.15	14.70	40.00	45.90	-5.9
Cabbage	15.57	22.00	30.00	24.00	25.00	51.90	64.90	-13.0
Cucumber	15.00	22.94	35.00	29.07	20.40	42.90	51.60	-8.7

**Table 4. Mean prices of different fruits and vegetables across markets in Peshawar and Tarnab**

*(Rs./kg or dozen)*

Commodity	Producer price	Wholesale price	Retail price (Rural)	Retail price (Urban)	Difference in Retail Price(%)	Producer share in RP <sub>R</sub>	Producer share in RP <sub>U</sub>	Difference in RP <sub>R</sub> & RP <sub>U</sub>
<b>Fruit</b>								
Mango	35.00	40.00	64	50	28.0	54.7	70.0	-15.3
Banana	30.00	45.00	60	50	20.0	50.0	60.0	-10.0
Apple (Quetta)	35.71	60.00	80	80	-	44.6	44.6	0.0
Guava	27.80	35.00	60	40	50.0	46.3	69.5	-23.2
Garma (Kabli)	20.00	40.00	50	50	-	40.0	40.0	0.0
Grapes	53.12	60.00	100	100	-	53.1	53.1	0.0
<b>Vegetables</b>								
Onion	16.00	20.00	25			64.0	53.3	10.7
Potato	14.00	20.00	25	36	-30.6	56.0	38.9	17.1
Tomato	17.00	20.00	30	38	-21.1	56.7	44.7	11.9
Brinjal (Gol)	08.75	15.00	20	20	-	43.8	43.8	0.0
Bitter Gourd	7.00	12.00	10	14	-28.6	70.0	50.0	20.0
Cucumber	12.50	25.00	25	25	-	50.0	50.0	0.0
Mint (Godi)	0.50	2.00	3	3	-	16.7	16.7	0.0

retail prices producer's share in consumer rupee was between 12.0 and 50.0% (Table 5). The study conducted by Aujla et al. (2007) also postulated the fact that producer

share in consumer rupee for various fruits is low and it is generally perceived that intermediaries grasp the benefits by taking the high margins on their investments.

It has been observed in the above analysis that the difference between producer's share in rural-urban retail prices is almost negative for most of the fruits and vegetables in all the five location and this difference was highest in perishable fruits and vegetables than less perishable ones. The above analysis, however, highlighted that the retail prices in rural areas for most of the fruits and vegetables was higher as compared to the retail prices of these commodities in urban retail outlets. These commodities are first routed to urban markets, and after changing hands are routed back to rural markets, at which point additional costs associated with transportation charges, loading/unloading charges, commissions, and other costs are incurred.

### Marketing Margins

The marketing margin is the difference between the price paid by the ultimate consumer and the price received by the producers. The

number of intermediaries involve in various channels of marketing has strong effect on marketing margins. The high marketing margins reflect high profit to the intermediaries and less income to the producers.

The marketing of fruits and vegetables involves commission charges, labor cost (loading and unloading charges) and transportation cost. The day by day increase in the prices of fruits and vegetables is usually associated with the increase in energy prices such as fuel and diesel prices that are assumed to increase transportation cost per kg of fruits and vegetables. To calculate the percentage share of transportation cost in the retail prices per kg, the data has been collected for six fruits and two vegetables incorporating the marketing cost at all stages (Table 6).

In share of transaction cost in retail prices, difference between the farm gate and retail prices have been calculated and net benefits to the intermediaries computed which

**Table 5. Mean prices (Rs./kg or dozen) of different fruits and vegetables across markets in Quetta**

Commodity	Producer price	Wholesale price	Retail price (Rural)	Retail price (Urban)	Difference in retail Price(%)	<i>(Rs./kg or dozen)</i>		
						Producer share in RP <sub>R</sub>	Producer share in RP <sub>U</sub>	Difference in RP <sub>R</sub> and RP <sub>U</sub>
<b>Fruit</b>								
Mango (Desi)	-	40	50	45	11.1	-	-	-
Banana	-	25	40	55	-27.3	-	-	-
Apple (Quetta)	-	70	100	120	-16.7	-	-	-
Dates	-	80	120	120	-	-	-	-
<b>Vegetable</b>								
Onion	8	25	30	30	-	26.7	26.7	0.0
Potato	-	20	30	30	-	-	-	-
Tomato	15	30	35	30	16.7	42.9	50.0	-7.1
Green Chillies	10	20	40	30	33.3	25.0	33.3	-8.3
Brinjal	7	10	25	15	66.7	28.0	46.7	-18.7
Cauliflower	12	30	45	40	12.5	26.7	30.0	-3.3
Bitter Gourd	20	60	80	75	6.70	25.0	26.7	-1.7
Capscicum	22	30	60	50	20.0	36.7	44.0	-7.3
Mint (Godi)	3	10	30	25	20.0	10.0	12.0	-2.0

**Table 6. Mean prices of fruits and vegetables including transportation cost**

Fruit and Vegetable	Farm gate prices (Rs/kg)	Total transportation cost*	(Rs. kg <sup>-1</sup> )		
			Prices after including transportation Cost	Wholesale prices	Retail prices
Potato	19.0	4.60	23.6	31	35
Persimmon (ordinary)	9.2	3.62	12.8	34	40
Persimmon (special)	14.3	4.84	19.0	36	50
Pear	17.5	3.41	21.0	33	40
Onion	26.0	4.60	30.6	35	60
Banana	10.6	5.00	21.5	37	50
Sweet lemon	16.5	6.90	23.4	55	80
Guava	18.1	5.60	23.7	36	50

\*Transportation cost includes the carriage, loading and unloading charges, commission charges at 10% and retail level carriage charges.

clearly depicts that the share of transaction cost in retail prices was not as much the increment in prices at the retail level as compared to the farm gate prices (Table 7). The more perishable nature of the commodity the greater the difference between the prices growers receive and the prices consumer pay. It is observed that the net profit margin to the intermediaries was maximum in perishable commodities like persimmon, banana, sweet lemon etc. the producer share for most of the commodities lie between 20.0-28.0%. However the overall analysis suggests that the gross marketing margin for different agricultural

**Table 7. Percentage share of transportation cost in retail prices and net profit to intermediaries**

Commodity	Producer share in consumer Rs.	Difference between farm gate and retail prices	Share of transportation cost in retail prices	Net profit to the intermediaries
Potato	54.0	84.3	41.3	43.0
Persimmon (ordinary)	23.0	334.7	18.2	316.5
Persimmon (special)	28.6	249.7	19.2	230.5
Pear	43.7	128.5	24.0	104.5
Onion	43.0	130.8	19.4	111.4
Banana	21.2	371.7	17.8	353.9
Sweet lemon	20.6	384.8	14.0	370.8
Guava	36.2	176.2	23.8	152.4

commodities fruits and vegetables across different regions vary between 43.0-370.0% for different fruits and vegetables (Table 7).

## Conclusion and Recommendations

The study concluded that arthies as heirs generation after generation were running public sector regulated markets practicing exploitative malpractices. The market committee mechanism of the Agricultural Marketing Act is virtually dysfunctional and only routine market functions are supervised, but with no real representation of either growers or consumers.

The prices of the majority of commodities that are consumed daily (i.e. fruits and vegetables) are higher in rural areas despite the fact that these commodities are produced in rural and peri-urban areas. This is because of the fact that these commodities are usually routed through urban markets/centers and their prices are increased due to the addition of marketing margins of intermediaries and other transaction charges. Promoting vegetable cultivation in far-flung rural areas and cooperative marketing of perishable food items may be one of the possible solutions to provide cheaper agricultural commodities to the dwellers of small cities and rural areas.

There is also a need to bring reform in marketing operations and networks in the country to transfer the real benefits to the farmer.

It is recommended that the Marketing Act should be revised

and amended to address the representative needs of farmers in the market. Monopolies should be replaced by the competitive markets and market forces should have to work to give the correct price signals to the growers.

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