CHAPTER-V
SUMMARY AND CONCLUSION

India is one of the four major players in the vegetable oil scenario of the world next to USA, China and Brazil, being one of the important oilseed grower, oil producer, importer and exporter. Nine annual oilseed crops are being cultivated in 28.52 million ha in India, with the production of 32.87 million tonnes and the productivity of 1094 kg/ha (2014-15). Our country ranks first in area under groundnut, rapeseed-mustard, sesame, safflower and castor and also in production of sesame and castor. The oilseeds account for 13 per cent gross cropped area, 3 per of Gross National Product (GNP) and 10 per value of all the agricultural commodities. (2014-15). Groundnut is called as the ‘king’ of oilseeds. It is one of the most important food and cash crops of our country. The oil content of the seed between 45 to 55 per cent, depending on the varieties and agro climatic conditions.

Groundnut is cultivated in more than 100 countries in the world. The production is largely confined to Asian and African countries. Asian accounts for about 50 per cent of area and 60 per cent of world groundnut production. The major groundnut producing countries in the world are China, India, Nigeria, USA, Sudan, Argentina, Indonesia etc. Out of the total area of 25.45 million hectares are put under it annually and the production is about 42.24 million metric tonnes in the world. India occupies the first place in area and second place in production in the world. About 5.5 million hectares area put under it annually and the production is about 6.3 million metric tonnes. Groundnut is grown mostly in five states namely Gujarat, Andhra Pradesh, Karnataka, Rajasthan and Tamil Nadu, and together they account for about 80 per cent of the crop’s total area and 85 per cent of the production.

In India, oilseeds marketing in general and groundnut marketing in particular are mainly in the hands intermediaries like village traders, commission agents, wholesaler and oil millers. Hence, the groundnut growers are only a price receiver. Therefore, many a times they have to resort to distress sale due to uncertain situation in the marketing of oilseeds. In the process of marketing, the producer has to incur various marketing cost.

With this background, the present study was carried out with the following specific objectives.
1. To analyze marketing efficiency of groundnut growers
2. To identify the factors affecting the marketing efficiency
3. To find out financial feasibility of groundnut processing unit
4. To determine the technical efficiency of groundnut oil industries

Two stage sampling technique was adopted as per the objectives of the study. At the first stage, two taluks of Junagadh district were selected randomly. At the second stage, 50 farmers and 10 wholesalers from each taluka were selected purposively. So this way 100 farmers and 20 wholesalers were selected for the study. Five groundnut oil manufacture companies were selected randomly from Junagadh district to estimate the technical efficiency.

Primary data required for the study were collected through personal interview with the farmers and wholesalers using well prepared questionnaires. The information regarding groundnut oil manufacturing company data were collected from the company authorities and staff. The tabular analysis were used to study marketing efficiency of farmers and wholesalers. Other analytical tools like multiple linear regression analysis, project evaluation techniques and Data Envelopment Model (DEA) was used according to the objectives.

5.1 MAJOR FINDINGS OF THE STUDY

5.1.1 Marketing Efficiency of Groundnut Growers

Four groundnut marketing channel were identified in the study area. Four channels were, channel-I: Farmer → Broker → Wholesaler → Oil miller, channel-II : Farmer → Wholesaler → Oil miller, channel-III : Farmer → Broker → APMC → Oil miller and channel-IV : Farmer → Oil miller.

Consumption of groundnut is 4 per cent and marketed surplus is 96 per cent. Thus, about 46.39 quintals was found to be marketed surplus in all four channel. Maximum quantity of groundnut was sold through channel-I (29.86).

In channel-I, net price received by farmer was Rs. 4070.1 per quintal in which farmer’s share in oil miller’s rupee was 90.31 per cent, expenses borne by the farmers were 0.77 per cent and by wholesaler were 5.83 per cent. In this channel the margin of the wholesaler Rs.138.86 per quintal Price spread was Rs.436.57 and farmer’s share and oil miller’s rupee 90.31 per cent.
In channel-II only one intermiditeris from farmer to oil miller was found. The price paid by oil miller was 4506.25 per quintal in which farmer’s share in oil miller’s rupee was 90.31 per cent. The expenses borne by the wholesaler were Rs. 257 per quintal which was about 5.7 per cent of the oil miller’s price. Hence, the total price spread was Rs. 463.75 which accounted for 10.29 per cent of the oil miller’s rupee. The farmer’s share in oil miller’s rupee in this channel was found to be 89.71 per cent.

In channel-III the farmer’s sale price of groundnut was Rs. 3891.42 per quintal and expenses borne by the farmer were Rs. 65.44 per quintal. The net share received by the farmer was 88 per cent. The marketing cost incurred by farmer and wholesaler were Rs. 65.44 per quintal and Rs. 93.84 per quintal respectively. Price spread was Rs. 521.52 The farmer’s share in oil miller’s rupee in this channel was found to be 88 per cent.

In channel-IV no middleman was involved, farmers that sold groundnuts directly to oil miller. The farmer’s sale price/oil miller purchase price was Rs. 4303.95 per quintal, expenses borne by the farmer being about 1.18 per cent the net price received by the farmer was 98.82 per cent of oil miller’s price.

As compared to the channel I, II and III farmer’s share in channel IV was more on account of direct sale by the famer to oil miller. The channel IV was found to be most efficient with marketing efficiency of 84.23 compared to channel-I (9.32), channel-II (8.72) and channel-III. The low marketing efficiency in channel-III was on higher marketing margin and lower price received by farmer in this channel.

5.1.2 Factors Affecting the Marketing Efficiency

The functional analysis of the factor affecting the marketing efficiency has revealed that co-efficient of determination ($R^2$) was 0.9522. It showed that the selected five variables explained 95.22 per cent variation on marketing efficiency of groundnut in study area. It was observed that marketing margins and marketing cost had negative and significant relationship in relation to marketing efficiency. Other variable like purchase price of oil millers, volume of the produce handled and length of the market channel is non-significant.
5.1.3 Financial Feasibility of Groundnut Processing Unit

The financial feasibility of the processing unit was assessed by using the discounted cash flow techniques. The economic life of the groundnut processing units was taken as 5 years. The various discounted cash flow methods used are NPV, BCR, IRR and BEP.

Net present value of groundnut oil processing units was estimated at Rs.393.66 lakhs over the life span 5 year. Benefit cost ratio for groundnut oil processing unit was 1.85, indicates that return per rupee cost of investment Rs. 1.85 is obtained. The internal rate of return was also high 48.70 per cent. Calculated IRR is greater than that of opportunity cost indicates the investment on groundnut processing unit plant is financial viable. In the groundnut processing unit break-even point reached 805.43 quintal. All the indicators revealed that economic feasibility of groundnut processing units.

5.1.4 Technical Efficiency of Groundnut Oil Industries

Five years data (2013-2017) of five groundnut oil manufacturing company were used. The mean efficiency scores of the five groundnut oil manufacturing company were found to be 0.911 in input- oriented CRS model. The values above the mean was said to be technically efficient. The efficient companies are Vinay Industries Ltd. (1.000), Sr. Laxmi Industries (0.961), Govardhan Oil Products Pvt. Ltd. (0.917) because their value are more than the mean value. The rests two companies technically inefficiency are i.e. Pooja Oil Mill (0.775) and Jagdish Export Industries (0.902).

5.2 CONCLUSION

The project was undertaken to assess marketing efficiency and financial feasibility of groundnut oil industry. The study was carried out in Manavadar and Junagadh talukas of Junagadh district. Total sample size of 100 farmers, 20 wholesalers and 5 groundnut oil manufacturing company were selected. The marketing efficiency was found highest in channel IV 84.23 followed by channel-I (9.32), channel-II (8.72) and channel-III (6.21). The high marketing efficiency in channel IV has been because of direct sale by the farmer to oil miller. Groundnut oil processing unit was financially viable because of NPV is positive i.e., Rs. 393.66 lakhs, BCR was 1.85 which is greater than one, IRR was 48.70 greater than the opportunity cost and break-even point reached 805.43 quintal which was achieved in the year 2016 (900 quintal).
Summary and Conclusion

Analysis (DEA) was used to identify the most technically efficient groundnut oil manufacturing company, there were two (Pooja Oil Mill and Jagdish Export Industries) among five manufacturing company which needs to increase their efficiencies and rest of other (Vinay Industries Ltd., Sr. Laxmi Industries and Govardhan Oil Products Pvt. Ltd.) were technically efficient.