

ABSTRACT

Efficiency and sustainability of agriculture supply chains has emerged as new research dimension in the domain of agriculture economics. The operation management has become the subject of numerous researches but there has been lack of due consideration to the marketing management in agriculture supply chain. As the supply chains have become elongated and middlemen play a major part in the marketing of agricultural commodities, therefore, critical evaluation of marketing efficiency of agriculture supply chain with reference to the presence of middlemen has become the need of hour. Furthermore, to ensure sustainability of agriculture supply chain and manage it efficiently, it is necessary to study the marketing dynamics of agricultural commodities, and how the marketing preference of farmers change with respect to source of credit and government policies. Relying on both qualitative and quantitative data analysis, the study has employed mixed method approach. Supply chains of two agricultural commodities, green chilies and tomatoes from two districts Toba Tek Singh and Jhang are selected for analysis. Two marketing channels are identified in which second channel has comparatively higher number of middlemen involved as compared to first marketing channel. Marketing efficiency and price spread was calculated using Modified Marketing Efficiency framework. In the next step, a survey was conducted with 216 farmers from both districts. Findings of the survey were augmented with the findings of semi-structured interviews conducted with eight farmers which were analyzed through content analysis. The study found that, marketing channel 1 is more efficient with lower price spread for both agricultural commodities in both districts, increase in number of middlemen in supply chain is negatively and positively associated with marketing efficiency and price spread respectively, which highlights that major part of prices paid by the consumers go into the marketing margins of 2 middlemen or marketing costs. With respect to marketing dynamics, it was found that middlemen is at the dominant position due to their institutional strength, information asymmetry, lack of competition, and having strong links with the market, With respect to credit, it was found that most of the farmers relied on middlemen for the sake of credit in the form of cash or in the form on inputs which further strengthened the dominant position of the middlemen. Source of credit was found to have no impact on preference of marketing channel as there are there are no alternative channels. Government policies such as support prices are found to have strong influence on the marketing channel preference and hence the marketing efficiency. Support prices are found to be a way of promoting prices and trends awareness among the farmers and in the presence of support prices, farmers have an additional channel of marketing. In light of findings, the study recommends to strengthen the agricultural marketing which can be achieved by providing, real time market information, support prices for maximum number of commodities, cheap cold storage facilities, decreasing marketing costs and marketing margins, strictly enforcing retail prices issued in accordance with the prices received by the farmers, improving and simplifying farmer's access to finance from banks and promoting contract farming.