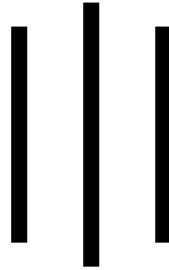
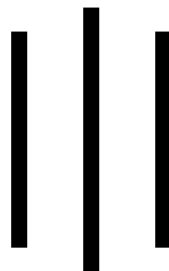


A Study of Wheat Marketing In Kailali District



Submitted By

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Submitted to

**Office Of The Dean
Faculty Of Management
Tribhuvan University
Kirtipur, Kathamandu**

**In partial fulfillment of the requirement for the Degree of
Master in Business Studies (MBS)
Dhangadhi, Kailali(2011)**

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CHAPTER I

INTRODUCTION

1.1 Background

Nepal officially the Federal Democratic Republic of Nepal, is a landlocked country in south Asia. It is located in the Himalayas and bordered to the north by the People's Republic of China, and to the south, east, and west by the Republic of India. With an area of 147,181 square kilometers (56,827 sq mi) and a population of approximately 25.3 million, average annual population growth rate is 2.24. The geographical location of Nepal lies between 80° to $81^{\circ} 15'$ east longitude and $28^{\circ} 22'$ to 29° north latitude. It has covered only 0.3% of total world area. North to south width of country is not uniform however, the mean width of which is 193 Km and east to west length of the country is 885 Km. the entire country is divided in to 14 Zone, 75 District and 5 Development regions.

One third of the country's population is in women and low cast communities. Literacy rate is 54.1 % out of which male are 65.3% and female literacy are only 42.8%.

The majority of population is living in the rural area. Although agriculture is the main occupation, it couldn't meet food demand. Previously we were food exporter but now we are importing food from other countries at present urban are covers about 14.2% of the total population.¹

Nepalese economy is predominantly agricultural. Agriculture is the backbone of the Nepalese economy. It is the major source of the livelihood for the majority of the country's population. Poverty in Nepal is widespread with about majority of the country's population. Poverty in Nepal is widespread with about 38% of the total population living below the poverty line. Agriculture still remains the prime

¹ CBS (2001) Population census 2001, central bureau of Statistics

occupation for majority (80%) of the population in Nepal. It is quite noteworthy that the agriculture sector to gross domestic product over the last 10 year has significantly decline from 49 to 39 %. However the number of labor engaged in agriculture and allied activities has changed little over this period.(About 80% of employment)this has denoted the low productivity of labor indicating poverty increment in future. In fact, the small size of land holding and fragmentation of land in particular area mainly responsible for low agriculture growth.

Due to the open border with India, it is difficult to inquire completer information on agriculture trade. Nepal has yet to take advantage of improved technology in agriculture. In the process of economic development, agriculture development is the pre-condition to provide capital for expansion of other sectors. It provides the food requirement to meet the increase in domestic demand. Agriculture, as the dominant sector of an underdeveloped economy, provides raw materials and capital to develop agro-based and agro-service industries in the country. Increased agricultural production is crucial to earn additional foreign exchange by exporting surplus agricultural products. In fact, in the process of economic development of a country like Nepal, any increase in the agricultural productivity helps to sleep up the investment and employment in non agricultural sector. Increase in net income of each people tends to rise in the demand for manufactured goods and extend the size of the market.

Thus, economic development of Nepal heavily depends on improving the performance of the agricultural sector. Realizing the role of agriculture in economic development plans has placed higher priority upon agriculture in economic development plans has placed higher priority upon agricultural program.

1.2 Profile of Kailali District

Kailali is one of the districts of Seti Zones in far- western development region. The total area of this district is 3235 sq. Km. and the total population 620035. Maximum temperature reaches up to 46⁰c in May to June. Annual average temperature of this district is maximum 30.50⁰c and minimum 17.6⁰c Kailali receives an annual rainfall of

2186.7mm.contents topical sub tropical and temperature type of climate altitude of 109-1957mtr.²

Compared to other district of the region Kailali is known to be better off in physical infrastructure development. In the west lies Kanchanpur of Mahakali Zone in north Doti, Dadeldhura and surkhet district and in the east is Bardiya district and in the south of the district lies India's Uttar Pradesh. The karnali flows in the eastern part of the district and the major rivers in the district are Mohana, Kanari, Khutiya, Shivganga, Pathriya, and Kendal etc. There is tremendous potentiality for industrialization in the district, but so far only some rice and oil mills and crusher has been established here.

In the district nearly 88.4% population are involved in agriculture activities while about 12% do other jobs. Few are engaged in ethnic or Caste occupation. The most indigenous people of the district are known to be Chaudhary (Tharu), who constitute 50% of the total population. Other caste and ethnic groups are known to have migrated from other part of the country and especially from the far western hill. Despite the huge Tharu population other caste, particularly Brahmin, Chhetri, and Thakuri have the access to and the control in resource and other developmental opportunities.

Karnali Bridge, Tikapur Park, Ghoda-Ghodi Lake, and Godawari hill side etc are the visible place of this district. The north area of this district is hilly area which is known as Chure range. Kailali is the food production area. Potato, wheat, Paddy, Maize, Oil seeds are main crops of this district.

The main production area of this district are Chaumala, Tikapur, Malakheti, Narayanpur, Khaild, Thapapur, Sahajpur, Pratappur, Hasuliya, Lalpur, Shukhad, Bhajani, Geta, Bauniya, Masuria and fulbari.

There are two municipalities and forty two VDC. The two municipalities are Dhangadhi municipality and Tikapur municipality. The total cultivated land of this

² District Agriculture Statistical data book (DADO) Kailali 2064/065

District is 90550 Hector land, from that 68976 hector of land is Khet, 21574 hector of land is Pakho and 38976 hector of land is irrigated area and 30,000 hector of land is partially irrigated land.³

The total trade of this place is based in local market and very few of foreign traders connect to India. Small and large industries are also available in this district. According to the report of DADO, Kailali the total population of this district is 620035, between this 312524 male and 307511 female. The growth rate of population is 3.9%. The population density is 190.6 people per sq. Km. there are 95499 household and income per people is Rs. 6424. Literacy rate are 48 %(male59% and female41%).

Present Condition of Major Agricultural Product are as follows:

Table 1.1

Situation of food crops in Kailali District

S.N	Crops	Areas (Hector)	Production (Mt.)	Productivity (Mt. /ha.)
1	Paddy	57900	146076	2.5
2	Wheat	35000	72800	2.08
3	Maize	16650	180	1.6
4	Finger millet	200	180	0.9
5	Barley	150	190	1.2
6.	Buck Wheat	22	20	0.9
Total		109922	246738	

Source: DADO, Kailali 2066/2067

As shown by above table out of total cultivated areas of Kailali district, 60000 hector of land is suitable for paddy, 37000 hector for wheat, 17000, hector for maize and 372 hector is for other crops.

Similarly the situation of cash crops has been presented in the following table.

³ (DADO, Kailali 2064/065)

Table 1.2

Situation of Cash crops in Kailali District

S.N	Crops	Areas (Hector)	Production (Mt.)	Productivity (Mt. /ha.)
1	Sugarcane	1700	62900	47.2
2	Spring maize	400	720	1.8
3	Chaite rice	350	1350	3.86
Total		2450	64970	100

Source: DADO, Kailali 2066/2067

As shown by above table the main cash crops are sugarcane, spring maize and chite rice respectively.

The situation of fruit crops has been presented in the following table.

Table 1.3

Situation of fruit crops in Kailali District

S.N	Crops	Areas (Hector)	Production (Mt.)	Productivity (Mt. /ha.)
1	Deciduous	162 (86)	301	3.5
2	Evergreen	906 (761)	8330	12.0
3	Banana	810 (700)	20500	29.3
4	Citrus	175 (135)	1328	9.8
Total		2053(1682)	31261	

Source: DADO, Kailali 2066/2067

As shown by above table the main fruit crops are deciduous fruit, evergreen fruit, banana and citrus respectively.

Similarly the situation of vegetable crops in Kailali district has been presented below:

Table 1.4

Situation of Vegetables crops in Kailali District

S.N	Crops	Areas (Hector)	Production (Mt.)	Productivity (Mt. /ha.)
1	Winter	1350	18310	13.5
2	Summer	700	9660	13.8
3	Off season(Spring)	300	3630	12.1
Total		2350	31600	

Source: DADO, Kailali 2066/2067

As shown by above table the main vegetable crops are winter vegetables, summer vegetables and off season vegetables respectively.

Similarly, the situation of species crops in Kailali district has been presented below:

Table 1.5

Situation of Spices in Kailali District

S.N	Crops	Areas (Hector)	Production (Mt.)	Productivity (Mt. /ha.)
1	Coriander	18	81	4.5
2	Ginger	415	2556	6.2
3	Garlic	109	130	1.2
4	Turmeric	76	433	5.7
5	Chilly	100	190	
Total		718	3390	

Source: DADO, Kailali 2066/2067

As shown by above table the main spices crops are coriander, ginger, garlic, turmeric, chilly, and onion respectively.

Similarly the situation of pulses crops has been presented below:

Table 1.6
Situation of Pulses crops in Kailali District

S.N	Crops	Areas (Hector)	Production (Mt.)	Productivity (Mt. /ha.)
1	Lentil	21050	15156	0.72
2	Chickpea	200	130	0.65
3	Pigeon pea	50	50	1.00
4	Black gram	278	125	0.44
5	Horse gram	80	36	0.45
6	Soya bean	200	270	1.35
7	Rajma bean	50	73	1.46
Total		21908	15840	

Source: DADO, Kailali 2066/2067

As shown by above table the main pulses crops in Kailali district are Lentil, Chickpea, Pigeon pea, Black gram, Horse gram, Soya Bean, and Ragma bean respectively.

Similarly, the situation of oil seed crop has been presented below:

Table 1.7
Situation of Oil Seed in Kailali District

S.N	Crops	Areas (Hector)	Production (Mt.)	Productivity (Mt. /ha.)
1	Tori(include sarsoo/rayo)	22400	16800	0.75
Total		22400	16800	

Source: DADO, Kailali 2066/2067

As shown by above table the main oil seed crop in Kailali district are Mustard (Tori), Sarsoo and Rayo.

1.3 A Profile of Wheat in Kailali district:

Wheat has been growing since a long, particularly in Far and Mid Western hills of Nepal. It is the third most important crop after rice and maize in Nepal. During mid 1960s the yield potential of dwarf high yielding varieties initiated a scope for raising

wheat production in the country. Several exotic varieties were obtained through CIMMYT and USAID (NARC 1997). National Wheat Development Program me was established in 1972 to organize the research and development works on wheat as a commodity crop. Since then, there have been great achievements brought out by the consolidated efforts of wheat researchers, extension workers and farmers. So far there are 35 improved wheat cultivars and 90% of the wheat area is covered by modern wheat cultivars in Nepal. Currently wheat is mainly used for bread and biscuits and is becoming more important in Nepalese economy.

In Kailali Wheat is cultivated in 35000 hector of land and production of wheat is 72800 metric tons. The productivity is 2.08 metric ton per hector. With reference to district agriculture statistics data book we can say that wheat is the second largest agriculture product. Production and marketing is increasing day by day in Kailali.

We can find nutritive element from wheat. The time for sowing wheat is from Kartik-Mangsir and harvesting time is from Falgun- Chaitra.

The situation of wheat in Kailali districts has been presented below:

Table 1.7
Situation of Wheat in Kailali District

S.N	Crops	Area (Ha.)	Production(Mt.)	Productivity (Mt./Ha.)
1	Wheat	35000	72800	2.08
Total		35000	72800	

Source :
DAD
O,

Kailali, 2066/2067

As shown by above table the potentiality of Wheat production and its marketing is high in Kailali District.

The marketing and distribution system is not well structured and farmer act to some extent as their own sales agent. Moreover, there are large number of small wholesalers as well as retailers, often operating on bull-cart or by cycle and rickshaw in local

communities, larger entrepreneurs are involved in trade with Kathmandu and border towns in India. There is shortage of warehouse to store produced wheat.

There are many type of wheat available in Nepal but only the following types of wheat are available in Kailali district.

- UP 262
- Nepal297
- Annapurna1
- BL1022
- Achyut
- Rohini
- BL1473
- Gautam
- WK1204
- Aditya
- NL971

Kailali, a Terai district in far-western development region is well known for wheat production. The suitable climate, water supply facilities and different types of technology and available seasonable seed of wheat in this district have made Kailali is one of the major wheat production area. The wheat production has a lot of scope mainly in Dhangadhi, Tikapur and the area around it. Its production is highly allured since it is easy, cheap and more advantageous.

The wheat producers say that one can earn a lot of profit from each hector of land per year. The financial support and output of water supply, technical supports and accessible markets have been an additional for maximizing the production of wheat in this district. Agriculture development office pays major role by providing technical support in wheat production and its marketing.

1.4 Statement of the problem

As stated above, for the development of national economy, agricultural production must be raised. But in Nepal existing agriculture sector is suffered by a low productivity. Many factors are responsible for this low productivity. It is mainly due to subsistence nature of farming, geographical structure and dependency on uncertain monsoon, lack of area-based research, prevailing to traditional farming system and

lack of internal inspiration in agricultural sector. It resulted in to the lower crop production and productivity. Contribution of agricultural sector in gross domestic production (GDP) is only about 40 percentages and is in decreasing trend. Lack of proper marketing channel, influence of Indian production, relatively rapid growth in industrial sector, more priority on non agricultural sector, deviation of form labor to urban area, land tenure problem and inaccessibility of supporting services are also important causes of poor agricultural production.

Agriculture is the predominant sector of Nepalese economy. Due to the absence of the alternative employment opportunities the increasing mass production is depending on agriculture. Although wheat production has facing various problems in its farming sector and marketing sector, the main constraints to the development of the sector appear to be insufficient knowledge of wheat production among potential producers. There also seems to be a certain lack of improved varieties of wheat seeds, which are needed for it. Moreover, the general problem in Nepal of transportation limits the marketing possibilities of wheat products which most probably also has a blocking effect on the expansion of production unit.

Mainly local communities consume the entire domestic production of wheat. Generally, in Nepal, transportation is constraint for marketing. There is lack of all weather roads connecting wheat producing areas with consumption centers in Kailali district. Moreover, there is no infrastructure for storing excess production of wheat. Modern harvesting, processing and packaging technologies are still new to the small producers.

Kailali is the successful area of the wheat production. But it has been facing more problems, such as the farmers sell their products to local vendors in credit, which may result in not being able to procure fertilizers and pesticides on time. Farmers are not aware regarding how much of fertilizer, pesticide and varieties of seeds. Lack of access to water supply in many parts of Kailali has hampered the growth of wheat leading to loss for the farmers. There are no traders at the village level; therefore farmers have less economic benefits by not being able to sell the same at markets.

Certain traders are involved for supplying seeds of wheat in projected area. Absence of association leading to bargaining power, poor training, limited access to market linkages etc. Limited knowledge of available of financial services has effect the growth of this enterprise. Limited knowledge of wheat farming and inadequate training leading to low productivity. This leads the farmers not being able to bench marketing their enterprise as compared to other farmers. It has also the problem of transportation and systematic distribution channels. The efficiency of marketing system depends in availability of market infrastructures such as transportation and storage etc. But this region, they are not sufficient. In such situation, it is necessary to seek the responses of some question such as;

What is the pattern of wheat production in Kailali district?

What is the movement of price of wheat product and sold in Kailali district?

What are the constraints opportunities for wheat business?

The study has been undertaken to seek the response of these questions.

1.5 Objectives of the study

The basic objectives of this study are to analyze the status of wheat production and marketing in Kailali district of Far Western Development Region. The general objectives of this study are presented as

- I. To analyze the patterns of wheat production in Kailali district.
- II. To identify the fluctuation in the price of wheat in the selected area.
- III. To identify the market constraints and opportunities in relation to the establishment of viable enterprises relating to the wheat production including to export.
- IV. To study the present situation of the wheat marketing in different parts of Kailali district.
- V. To investigate the market possibilities of wheat.
- VI. To suggest relevant strategy for promotion of wheat marketing business in Kailali.

1.6 Importance of the study

Agriculture is the largest and oldest business in the world. Market had beginning in agriculture. It developed after man was able to produce more than he required and only after that he had found as a way of exchanging the products of his labor for those of others.

This transition from production for consumption. Production for exchange came about slowly. This agriculture marketing is one of the major fields of the marketing, which refers to the marketing of the farm product to be marketed. A farm product is much affected by the force of nature. The product can be spread in each and every area where the demand of product is increasing with the good quality and standard price. Agriculture marketing plays a vital role in accelerating the economic development of under developed country like ours. The country is no urbanized much. As major part of the population stay in the village using traditional methods of production. Most of the farm products are marketed by the farmers themselves or by private business men mostly in unprocessed forms. Most of the industries are best in agriculture, which help our country for developing the economic condition. As results the agriculture production is the backbone of Nepalese economy.

Even though the climate is amazingly different to the geographical structure in Nepal the unequal temperature and topography has naturally affected the agricultural product of Nepal. But in Terai region we can get favorable climatic condition for wheat. According to the view of Kailali district. Wheat is grown in the 35000 hector of land which produces 72800 metric ton wheat. So the productivity is 2.08 (Mt./ha.).⁴ According to this we can say that there is a great potentiality of production of wheat in Kailali district.

Agriculture marketing needs basic improvement in Nepalese condition so that effort directed towards the economic development. To bring a rural Terai are as into the market mechanism a progressive development to efficient marketing is the most.

⁴ District Agriculture Development Office, Kailali

Kailali is the terai district of far- western development region which is well known for wheat production in Nepal. The suitable climate, irrigation facilities, availability of improved seeds and fertilizer has made Kailali the heaven for abundant wheat production. The wheat farming has a tough scope, mainly in Dhangadhi Municipality, Tikapur Municipality and the area around it. Farming in this part of Kailali has been highly allured since it is easy and three to four time advantageous than that of the other traditional crops.

The wheat cultivators say that one can take a lot of profit from each hector of land per year. The financial and technical supports from the local financial organization, natural output of irrigation, fertilizers and accessible markets have been an additional for wheat farm.

1.7 Limitation of the study

Though there have been efforts to mitigate limitations during the course of the study, certain factors have been highlighted for future references while conducting the similar studies.

There are no outright limitations on the approach and modality of the study, but the intended beneficiary of this study should understand the following limitations.

- This study is based on 5 years' data.
- The study is based on sample study of Dhangadhi municipality area and some VDC where farmers, traders and suppliers are available, which may or may not represent the whole district.
- The study is general in nature on the production and marketing of wheat.
- The present study is based mainly on primary information and a little information has been collected from secondary data.

1.8 Organization of the study

The present study “A study of wheat marketing in Kailali district” is organized into five chapters. A brief textual outline of each of the five chapters is depicted below:-

Chapter-1

Introduction: In this introduction chapter the importance of the study, the objectives of the study, the statement of problem and a short description about the study is presented.

Chapter- II

Review of literature:- This chapter deals with the available literatures studied from different sources pertinent to the subject.

Chapter- III

Research methodology: This chapter consist the research methodology followed to achieve the purpose of this study. It consists of study and method of data collection.

Chapter-IV

Presentation and analysis of data: This chapter is related with presentation and analysis. The successive discussion is done on the current situation prevailing on the study.

Chapter-V

Summary, Conclusion and recommendations: The last chapter discusses the finding, conclusion, solution and recommendation applicable in the current situation. After all bibliography and appendix is given at last.

CHAPTER II

REVIEW OF LITERATURE

2. Conceptual Review

“Marketing research is the systematic gathering, recording and analysis of data about marketing problem towards the end of providing information useful in marketing decision making”.⁵

“Marketing research is defined as a Systematic problems analysis model building and fact findings for the purpose of improved decision making and control in the marketing of goods and services.”⁶

Marketing research specifies the information required to address there issues, designs the methods for collecting information, manages and implements the data, collect in process, analyzes the results and communicates the findings and their implications

As it is evident from above mentioned definitions, marketing research are the collection and analysis and interoperation of data for helping marketing manager in making wise decision in marketing field. It includes various subsidiary types of research such as market analysis, sales research, product investigation; recommendation and follow-up marketing problems.

Production and marketing are considered as the two most important economic activities of any economically developed as well as developing country or community. It is regard that marketing is the accelerator of economic growth. It is more important in the underdeveloped country because it is marketing that helps to boost up the economic growth of them.

⁵ Cundiff & still "Marketing Research"

⁶ Philip Kotler & Gray Armostrong, "Principle of Marketing, 1996

2.1 Market

Market is generally understood as the place or geographical area where buyers and sellers meet and enter into transaction involving transfer of ownership of goods, services and securities. In American Marketing Association defines a market as the aggregate demand of the potential buyers for the market. "Market also comprises the organization institution, which facilitates and regulates exchange of good and services".

"Any body or any person who are intimated in business relation and carry extensive transaction in any commodity"⁷ Market is described as the institution that performs the marketing function and acts as the intermediary between buyers and sellers.

"A market represents the aggregate demand of the buyers and the potential buyers for a product or service over a specific period of time."⁸

A market consists of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy their need or want.

2.1 Marketing

Generally, by marketing we mean the selling and buying of goods and services. But actually the concept of marketing is much boarder than what the general people think. Marketing has been defined in various ways.

According to American marketing association, "Marketing is the process of planning and exchange the conception, pricing, promotion and distribution of ideas; goods and services to create exchange that satisfy individual and organization objectives."⁹

"Marketing as a process by which individual and group obtain what they need and want by creating and exchange products and value with others."¹⁰ Armstrong in their joint contribution "Principles of marketing" States that the marketing is "A social and

⁷ M.Jevens, "Theory of Political Economy", Pg.No.54

⁸ Victor P. Buell, Marketing Management, 1998, Mc Graw Hill Book Company.

⁹ Philip Kotler, "Marketing Management 9th Edition 1998 Prentice Hall of India Pvt. Ltd.

¹⁰ Peter D. Bennet, (ED) Dictionary of Marketing terms, AMC Chicago, USA 1995.

managerial process by which individual and groups obtain what they need through creating and exchanging products and value with others”¹¹

Marketing is concerned with designing an efficient and fair system, which will direct and economy’s flow of goods and services from producers to consumers and accomplish the objectives of the society.¹²

In modern marketing the different stages are important which are shown below:-

The production concept lies in the philosophy that the consumer will favor products that are available and highly affordable and that management should there fore focus on improving production and distribution efficiency.

Kotler and Armstrong think it is still a use philosophy in two types of situation. When the demand for a product exceeds the supply, management should look for ways to increase the production. When the cost of production is high and is required to decrease to expand market.¹³

The product oriented stage

The idea that the consumers will favor that offers the most quality, performance and features to the origination should there fore devotes it’s energy to make continues product improvement.¹⁴

The sales oriented stage

This stage emerged with the philosophy that consumers would not buy enough of the organization product unless the origination undertakes a large scale selling and promotion effort.¹⁵

¹¹ Kotle & Armstrong Op.Cit. Pg. No.6

¹² E.J.Mc Crthy 5th Edition. "Basic Marketing" (Pg.No.18)

¹³ Philip Kotter print 1997, Pg. 17

¹⁴ Kotler & Mrmstrong G. 1997 Pg.14

¹⁵ Philip Kotle Print 1997, Page 17

Marketing oriented stage

The basic taint of the stage is the achievement the organization goal depends of determining the needs and wants of target market and delivering the desire satisfaction more efficiently and effectively than the competitors.¹⁶

Societal –Marketing oriented stage

This is the latest development in the field of marketing. The stage is based on the origination should determines the need, want and interest of the target market and the desired satisfaction more effectively efficiently than do competitors in a way that maintain of improves the consumers and society well being.¹⁷

The societal marketing orientation stage attempts at maximizing the objectives simultaneously. The human welfare on social front utility maximization on consumer’s front and maximizing of the companies as shown by the following pyramid.

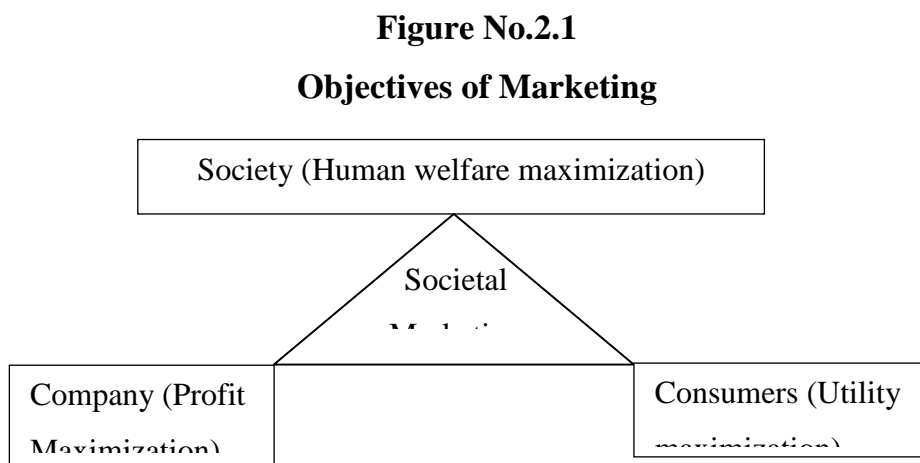
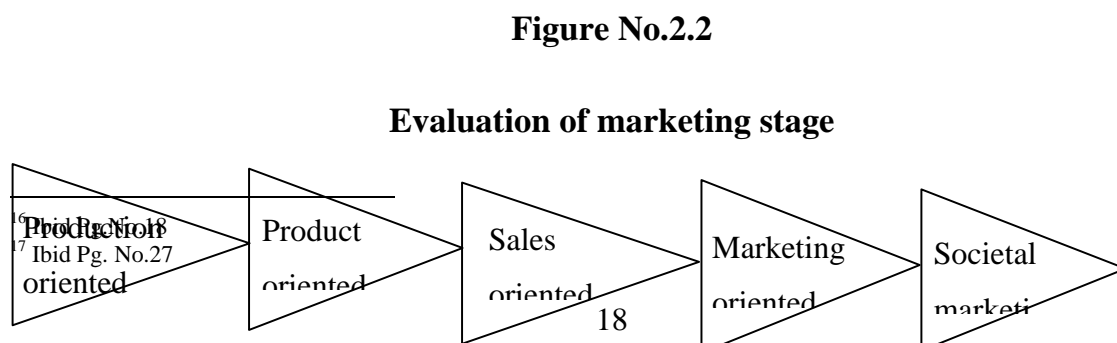


Figure from (Kotler. P. and Armstrong G., 1999, P.28)

Thus the evolution of modern marketing concept can be seen from the following chart.



2.3 Marketing System

W.J. Stanton in his book entitled fundamentals of marketing defines marketing system as a “regular interacting of inter dependent group of item forming a unified whole” and it is compared of”

- ❖ Marketing origination.
- ❖ Product, service, idea or person being marketed.
- ❖ Target market.
- ❖ Intermediaries helping in exchange between the market organization and its market. These are retailers, wholesaler’s transportation agencies and financial institution.
- ❖ Environmental constraints; demographic factors, economic conditions, social and cultural force, technology and competition.

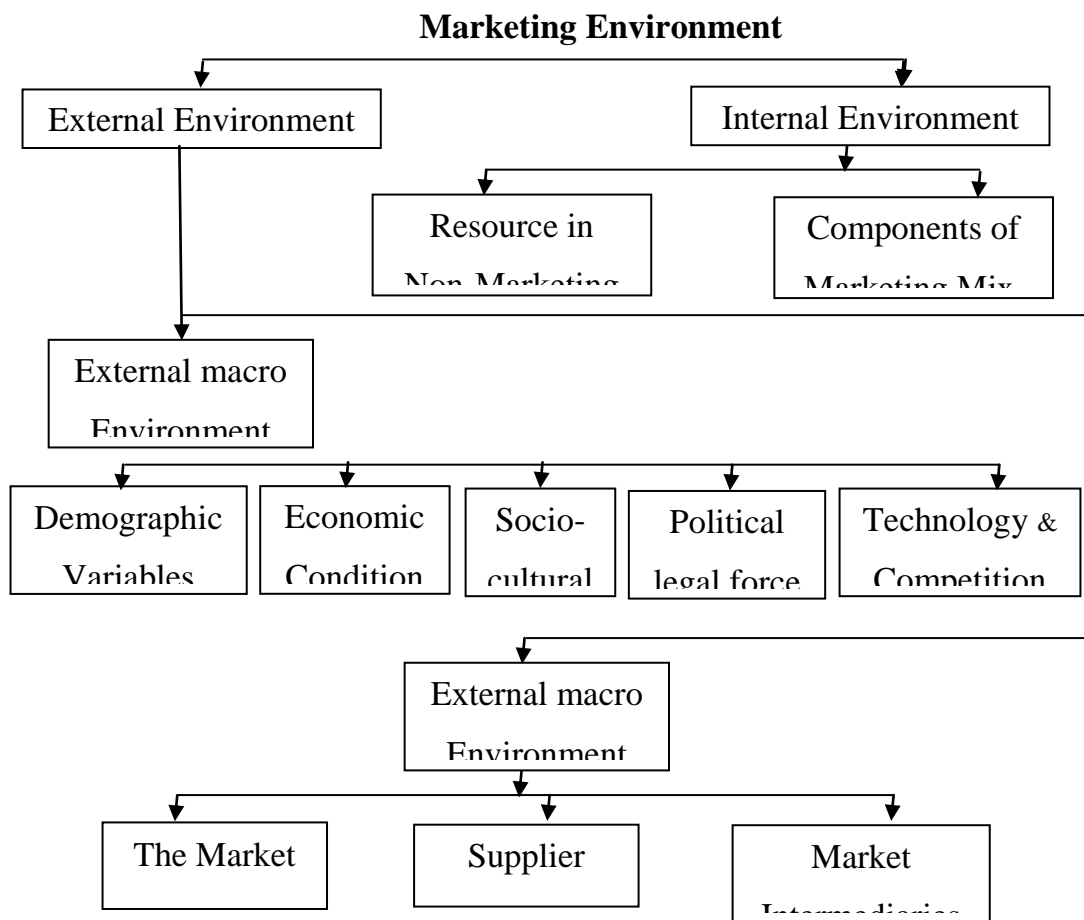
He further adds that there are two interacting elements in marketing system they are marketing organization and its market. These two variables are linked by the exchange associated with exchange of goods or services with something of value.¹⁸

K.D. Koirala in his book Marketing Decision states that system theory of marketing is based on the work of Bertlanti who is credited with coining the phases “General System Theory” Bertlanti defines a system as a set of objected together with the relationship among them and their attributes. Among them and their attributes. As such a marketing system refers to the group of individuals firms with a set of objectives together with a relationship with their attributes. Thus the system is required to make attempt at their best so as to attain the goal.

2.4 Marketing Environment

Kotler and Armstrong defines marketing environment as the actor and forces outsides marketing that affect marketing management’s ability to develop and maintain successful transaction with its target consumers. The various forces in marketing environment are shown in the chart.

Figures 2.3



The marketing environment plays very important role in the marketing forces. The external environment is uncontrollable by the company or firms and the firms are expected to adapt to the external environment. However, the firm has a very significant degree of control over the internal environment.¹⁹

2.5 Marketing Mix

The marketing mix is the set of controllable variables that the firm can use to influence the buyer's responses. It is also the set of controllable tactical marketing tools that the firm blends to produces the response it wants in the target market. In order to satisfy the wants and needs of consumer, a business firm must determines a marketing mix.

The marketing mix is the set of marketing variables, which the organization blends to achieve the marketing goal in a defined target market. The marketing mix consists of

¹⁸ Stanton W.J., 1987, Pg No.19

everything the organization can do to influence the demand for its product in the target market. Thus, marketing mix is a blending of elements of marketing mix are interdependent and interrelated and its dynamic concept as it keep on changing with changes in market and the environment.

2.5.1 Product

Generally product is both what sellers sell and what buyer has to buy. Product is a set of tangible and intangible attributes including packing, color, price, manufactures prestige, retailer's prestige and manufacturer's and retailer's services²⁰

A product may be either a good or service and an idea. Anything that can be offered to a market for attention, acquisition, use or consumption that satisfy a want a need.²¹

A product may be either a good or service and an idea. "Anything that can offer to a market for attention, acquisition, use or consumption that satisfy a want a need". The key element of marketing mix is the product. "Product is a bundle of utilities, features and accompanying service."²² A product represents a marker's offering as it perceived by potential customers. The offering represents a bundle of benefits both tangible and intangible designed to satisfy the needs and wants of target market. A product may be a physical object, a service, an idea or same combination thereof.²³

Thus a product is any goods or service that consumer wants. It is a cluster of tangible and intangible attributes.

2.5.2 Price

Mostly, price may be defined as the expressed in term of dollar and cents or any other monetary medium of exchange and mechanism of exchange between firm and customer. "The amount of money charged for a product or service or the sum of the

¹⁹ Koirala. K.D. Marketing Management, 2057 BS 1992 Pg No.20-21

²⁰ Stanton & Fultrell. "Fundamental of Marketing 8th Edition, Mc.Graw Hill Int. Pg.No.189

²¹ Kotler & Armstrong "Principle of Marketing 8th Edition, Prentice Hall ofIndia Pg. No.7

²² Alderson W."Marketing Behaviour and Executive Action "III Richard D. Irving 1957 Pg. No. 274.

²³ Buell, V.P. "Marketing Management" Pg. No. 412

value that the customer exchange for the benefits of having or using the product or services”²⁴

Price is another crucial element of marketing mix. It may be defined as the value of product attributes expressed in monetary terms which a customer pays or it is expected to pay in exchange and anticipation of the expected utility. According to American Marketing Association, “Price is the amount for which product, service or idea is exchanged or offered for sale, regardless of its worth and value of potential purchase”

Price is the important element of marketing mix and policies have direct influences on sales value and profit of business. So it is the measuring rod of the business or firm.

2.5.3 Promotion

Promotion component of the marketing mix is concerned with bringing products to the knowledge of customer's and persuading them to buy. Promotion is applied communication used by marketers to exchange persuasive message between buyers and sellers and its necessary information to make customers and public, with which an organization interests, aware of the existence of product. “Having a great product is not enough. People must be made familiar with the product's benefits.” It is the function of informing and influencing the customers”. Promotion is the ingredient used to inform and persuade the market regarding a company's product.”²⁵

Promotion is the element in an organization's marketing mix that is to inform and persuade the market regarding organization; product and service. The promotion mix includes advertisement, Personal selling, sales promotion, publicity and public relation.

²⁴ Kilter & Armstrong, "Principle of Marketing 8th Edition 1999, Prentice Hall of India Pvt. Ltd. Pg. 47.

²⁵ Zikmund & Damico "Marketing" Pg. No. 472

2.5.4 Place

Place makes the product physically available and this element of the marketing mix involve the choice of the place where the products are to be displayed and made available to the customers. A product is not much good to a customer if it is not available when or where he or she wants it. We must consider where, and by whom the goods are to be affected for sale. In distribution network, dealer promotion and motivation system and physical distribution of the product.

2.6 Historical background of wheat market in Kailali

District:

In the past there were few small buyers of wheat in market of Kailali district. The farmers used to produce wheat for their family consumption. After producing wheat people used to consume for their own purpose and supply a little quantity of wheat to the consumer in the village area. But at that time, the huge amount of wheat was transported by India for the purpose of buying and selling.

According to available source from Mr. Ram Bdr. Thapa of Chaumala VDC the wheat production was very low at that time but was an exciting thing for the farmers to get the market facilities. There was some small mandis in Dhangadhi municipality area where some varieties of wheat product were found. The transportation facilities like truck and tractors were not available. There were only local breeds of wheat cultivated in this district.

Kamiya System was mainly formed in the Terai region of far-western development region. The landlords used to keep the Kamaiyas in their house for the purpose of cultivating the land and help them in the household works. With the help of the Kamaiyas the landlords used to produce wheat in the farm and supply to the village market.

After the development of mills and bigger buyers in rapid speed the farmers were attracted to produce wheat in their field for increasing the income source. Due to increase number of mills and buyers wheat production has become higher.

None of the above studies has done about the “wheat marketing in Kailali District” so that the present study will focus on present situation of wheat marketing, its marketing activities, promotional and distribution channel activities. I hope that this thesis will be helpful to the researcher, planner and expert in Nepal.

2.7 Review of related study in Kailali

“A study of rice marketing of Kailali district” carried by Mr. Bhupendra Bdr. Balayar on 2066 A.D. in the following objectives.

- To study the present situation of rice marketing in Kailali district.
- To study the historical background of rice marketing in Kailali district.
- To analyze the promotional activities and distribution channels of rice in Kailali district. To study the price situation of rice in the market of Kailali district
- To investigate the market possibilities of rice.
- To suggest for the rice market in Kailali district.

A dissertation titled “A study of Potato marketing in Kailali district carried by Mr. Ramjee Bagale on 2061-062 B.S. in the following objectives & finding:-

- To analyze the patterns of Potato production in Kailali district.
- To identify the fluctuation in the price of Potato in the selected area.
- To identify the market constraints and opportunities in relation to the establishment of viable enterprises relating to the potato production including to export.
- To study the present situation of the potato marketing in different parts of Kailali district.
- To investigate the market possibilities of potato.

- To suggest relevant strategy for promotion of potato marketing business in Kailali.

The major findings of the study are:-

- Most of the people are dependent on agriculture in Kailali district.
- Terai area is suitable for potato production. Terai sector is the main production area of this district.
- Different bank branches are located in different parts of this district.. It is also found from survey that 95% of the total institutional loan is served by ADBN. Big Potato traders have been taking loan from joint venture bank that is below 5% in quantity.
- The yield rate of potato production in Kailali is increasing.
- DADO has recommended many types of Potato in Kailali district.
- Quality improved Potato breeds are made available by DADO Kailali and various agro vests but it is not sufficient to make reachable to the rural farmers.
- Farmers are not trained about fertilizers, modern agricultural cultivation system and their argument is “They are left Away from the help of government service”
- Due to low saving because of little sources of income farmers can't adopt improved method of farming.
- Some farmer borrow from local merchant, others from financial institution and few of the farmers use their own capital
- 40 Percentage of total production is destroyed by many kinds of disease.
- Dhangadhi, Attariya, Chaumala, Pahalwanpur, Lamki, Tikapur, Narayanpur etc are main market point of Potato trade.
- The price of Potato is higher in off season than season. The price of Potato is increasing every year.
- Cycle is heavily used as the means of transportation of Potato all over the district. In local area, bull cart is used. In city area rickshaw are using but truck and jeep for supplying other district.
- Maximum transportation cost is Rs25 per quintal in this district.
- Marketing environment of Kailali is mainly effected by India.
- The Potato market coverage of Kailali is defined as local market coverage and district market coverage.
- Potato is supplied into different parts of Far Western Development Region.

- Storage facility is low in farmer sector. If they have that is traditional style. So they are obliged to sell Potato in the market in low price. Potato may be damaged quickly.
- No modern concept is used for product decisions and promotions. They sell with their direct relation. Simply telephone is used.

According to Narendra Lal Shrestha, in his dissertation "Role of chemical fertilizer in agriculture production with special reference to wheat production in Kathamandu " The low productivity of wheat is not because to the inferiority of land and labor. Some of main factors responsible for the low productivity are the inadequate supply of various essential input fertilizers, improved varieties of seeds, lack of irrigation facilities, insecticides. On this basis hypothesis has been stated that agricultural production can be increased with judicious use of chemical fertilizers.

Dr. Hari Dahal in his article entitled, "Agriculture perspective plan and farm credit distribution pattern in Nepal." Presents contribution of agriculture perspective plan in the field of poverty reduction and agriculture growth. Dr. Dahal mentions that agriculture is the engine of economic growth of Nepal. He express that APP has been undertaking the major objective to reduce the poverty percentage from 49 to 14 by the end of the plan period by creating the employment in agricultural and its allied activities. Further, he highlights that fertilizer irrigation, technology, road and electricity are major inputs priorities are of APP while livestock, high value commodities, agribusiness and forestry are major output of app Dr. Dahal mention that strong correlation upholds between adequate and timely available of farm credit and agriculture growth. Considering such prime importance of credit in agriculture growth and poverty reduction, he suggests to expand credit in technically feasible commodities in remote and poverty districts.

Another literature entitled, " A survey of wheat production in Nepal." By S.P. Munakarmi mentioned light on the production and productivity problems related to wheat production in the country. The problem identified have been on the basis of gaps existing between the target of plan and achievement in respect to wheat production. The study is mainly concerned with the examination to relationship existing between the price of other competing crops, between marketing for wheat and wheat production and finally the timely showing of wheat and wheat yield.

" A study of wheat production in Nepal." By Bala Ram Narsing Joshi has concluded that wheat production in Nepal is low not because of the land in Nepal is Unfertile unproductive and farmer are lazy but because they have been in hardship in every aspect of their life. He has emphasized on the improvement utilizing modern technology.

Another work by Ashok Jib Tuladhar entitled, " A study of wheat production in Kathmandu" has tried to create a relationship between the production of wheat and inputs of cultivation of wheat. He has tried to find out whether the relationship is significant one or not. The result of the calculation reflects that the expenses increased in the cultivation of wheat would lead to an increase in the production of wheat.

" A study of wheat production in Rasuwa Nuwakot district" by Madhav Prasad Tripathi has felt that if farmers get guidance to use improved wheat seeds, input by technicians, then wheat production will also be increased. So there is a need to assist the farmer in proper usage of inputs and techniques in plant protection.

Mr. Kenichi Ohashi in his article entitled " Irrigation in Nepal- Thinking beyond the green revolution" presents the four major components viz, irrigation, agriculture, rural electrification and rural road should follow in integrated way. On the way of presenting his idea, he suggests that ground water irrigation schemes is more suitable in terai than capital intensive surface irrigation scheme (take longer time to construct). In the mean time, he also express that shallow tube well are quite affordable to many farmers, especially if electric pumps can be used. In order to promote agriculture in hills, he further suggests to adopt small scale irrigation schemes with relatively short canals to reduce the vulnerability of landslides.

According to Meena's thesis on " Wheat production in Nepal with reference to Kathandu Valley" the main reason of low productivity is due to lack of adequate improved agricultural inputs including irrigation facilities and technical assistance.

In marketing of farm products(Published by HMG of Nepal FAMS), Dr. Puspa Ram Mathema stressed that farm products do not reach the consumers directly in absence of marketing services. This was a common directly in absence of marketing services. This was a common belief that the marketing system will come up along with improvement in production in the developing countries. But in Nepal agriculture programmes have received a very little place. That is why the marketing system is less developed in Nepal.

Agriculture marketing conference proceeding 21-24 February 1972 stressed on the weakness in the Nepalese agricultural marketing system. There is no national market that effects to the increase in the size of domestic market. Marketing infrastructures such as transportation, communication system, grading and standardization and marketing laws are far from adequate.

Due to the lack of national market surplus food grain of terai has been exported to India while there is deficit production in most of hill areas. The view has been expressed in " However, some areas in the hills during years of adverse weather conditions may be seriously in defect of food grain because of their inaccessibility to commercial market surplus wheat is concentrated in the terai region which as close market to India.

A study titled, " Marketing efficiency in Indian agriculture" by Jasdan Walla, Z.Y. Published in 1996 mentioned that one of important function of price, in general, is to guide and direct production to ensure that movements in production occur in consonance with consumer demand and thus to avoid a misallocation of resources.

The demand for Nepal's wheat from abroad is very negligible to some extent India is one of the export market for Nepal. In " A preliminary study on market prospect for Nepalese wheat by," Dr. P.R. Mathema efforts have been made to estimate the expected amount of wheat surplus in important wheat growing areas of the country. There are possibilities of increasing demand in the internal market and better prospect of export of grains in the external markets. These possibilities can be brought in to action through measure designed to improve marketing, production transportation and distributions situation as well as through changes in public policies and suitable bilateral transit agreements.

Mr. R. Haridaya in his article,"Agricultural marketing problem in Nepal" states that Nepalese agriculture many problem of which marketing problem is vital one. Lack of marketing facilities hinders much the economic development of the country. In the year 1974/75 farmers of the far western terai districts could not get market outlet for their products like wheat and mustard seed. And the result is area under wheat cultivation and production decreased in 1975/96 as compared to 1974/75. Here it will be proper to quote the believe of many economists that market structure and marketing accelerates the economic development and external market. Another literature by T.B. Shrestha entitled " Marketing of Wheat" also needs to mention here. In his article he has emphasized to make effort to develop local

markets in the different feasible areas where there is lack of roads and communication. The farmer should be assured of remunerative price at least for their output.

" A study of wheat production and marketing in Nepal." By Chandra Devi Bajracharya has stated that large number of farmers are not obtaining proper amount of wheat seeds and fertilizer at right time and right place. So Nepal is suffering from low quantity as well as low quality of wheat production. Unavailability of cheap credit, lack of proper market of wheat problem of pricing of wheat also affects the wheat productivity. The Nepalese marketing network is quite inefficient. The farmer have to sell wheat in low price during the harvesting season due to the absence of transportation and storage facilities. The present market situation has provided wide and alluring marketing margins to the middle man in food grains marketing. There is wide price difference between the price paid to the such wide marketing margins has alienated both producers and consumers effecting the production.

A study titled " Agricultural Marketing system in Nepal." By C.Y. Lee best point out the general and the characteristic problem of Nepal agricultural marketing. He points the problem as due to the lack of national market and infrastructure the losses in the distribution, small volume of unit transaction, insufficient cultivation of potential demand and lack of co-ordination among the various supporting agencies. Lack of modern transportation network covering the country and lack of efficient information dissemination system has largely caused to the isolation of the marketing as per the geographical regions. Similarly losses in terms of physical quality during the distribution are associated with the lack of proper handling practices and processing methods.

The develop or developing country which produce or consumes sizeable quantity of food grain requires a government pricing policy for food grain, because of their importance in the national economy. Basically the aims of such a policy should be similar in developed and developing countries, in that the interest of the consumer as well as the producer must be given attention. For the producer, the policy should seek to ensure that the price he obtains does not fall below a certain level for the consumers, the policy to ensure that the price he pays is within his reach, such a pricing policy, however appears to be an attempt to reconcile two irreconcilable interests.

A recent PAO/ ECAEE meeting²⁶ analyzed in detail effects on production of the fixing of guarantee minimum or procurement price in Far East countries. Since expecting Ceylon and Japan these policies have been aimed principally at protecting the interest of non farm consumers. Their impact on farmer has been largely incidental but the incidental effect where important. On the one hand it appeared that price policies for industrial or cash crops had sometimes stimulated a shift away from food grains. On the other hand low procurement prices coupled with compulsory purchase apparently handicapped development of food grain in production in some countries.

This scheme is implemented through a network of about 4500 multipurpose Co-operative societies with operating at the village level. The societies are expected to buy the produce from farmers at the price set by the government, which for a long time (1952-1960) remained higher, than the free market price of paddy. As a result a large proportion of paddy was sold to the government.

(Symposium of Food Grain Market in Asia Rg. No. 29)

Mr. Prem Bahadur Shrestha in his article entitled " Strategic Approach to new product development" present prime role of integrated product development (IPD) practice including strategic integration, functional integration and logistic integration. Mr. Shrestha has mentioned that the major objective of product design are intended to fulfill the customer needs, deliver the products at a competitive price and time to market to bring the products to market earlier than the competitors. Mr. Shrestha clearly mention about the product development process such as idea, generation, screening developing and finalizing concept and product intervention mechanisms. In addition he highlights some major component i.e. cost, quality reliability time to market and innovativeness need to be considered at the time of product design, finally, Mr. Shrestha emphasizes to assess strengths and weakness of institution by focusing on the 'gap' between present and future destination. He suggests that gap analysis must be focused to the best opportunities that would give highest returns.

An annual progress report (2059/2060) by crop diversification project, implementation unit Dadeldhura shows in its report that due to geographical variation and social cultural norms, it has depended specific cropping pattern. Though all the district has smaller area for farming, market centre are well established in terai area than in hilly area. In order to promote

²⁶ Meeting was held on "Food and agricultural policy in Asia and the East"

production and marketing systems of crops, department of marketing can bring the high market opportunities both export and import of crops in the region. It also shows that low farmers mobility, lack of using improved production technology, traditional attitude of farmer, lack of established market centre, low effectiveness of farmer group, less participation of women group in mixed farmer group are the problem of production and marketing of crops. It emphasize on training on institutional development, resource mobilization, leadership conflict management and record keeping and additional training on technical aspects, in courage women's participation. It also shows that due to unorganized marketing system, farmers product fetches low price. So there is need to provide supports for organized marketing system.

A privatized extension service in PPA's Annual progress report(2060/2061) by crop diversification project, project implementation unit Dadeldhura Shows that PSPS have to work strategically for promotion unit production and marketing of lead as well as crops other crops in the PPA. The PSP and DADO need to work collectively for marketing promotion of crops as the marketing development activities implemented by PSP could not solely sufficient for the purpose. It emphasize on the ultimate aim of social mobilization in strengthening of FGs and strengthening and registration of FGCCS as CBO/ co-Operatives.

A dissertation titled " A study on banana marketing in Kailali District" carried by Mr. D. Rawal has mentioned that in Kailali District, there are some lack of Knowledge to the farmers. Farmers are attracted to earn profit from bananas, regular maturing is necessary operation. Directly or indirectly provided technical Knowledge to the various banana farmers, HMG has been given due attention to the banana farming in technical aspect in this area. The lack of irrigation facility. The farming of fruits depends on the seasonal irrigation by channel. Some farmers have irrigated by boring(Pump set). But this method of irrigation is very costly for banana farming. Financial supporting services program is also lacking there. Especially the Agriculture Development Bank is responsible to provide the loan for banana production. It provides the loan Rs. 96000 per bigha in 9% interest rate to the banana cultivation. ADB 60% Nawajivan Bank seven percentage and Malika Development Bank three Percentage investment in total banana cultivation and 20% of investment in banana farming by banana farmers themselves farmers cannot achieve the expected loans easily and quickly. There is less co-ordination between banana farmers. The variety of banana farmers only one (Harichbal) cultivated there. The varieties of banana like Robusta, cevies, and malbhog etc

are not cultivated. The scientific storage facilities are completely lacking here. All of the farmers use local method of storage. The channel system is very simple and not well developed. The channel for the local or near by market comprise of the growers who sell directly to the consumers by taking them to the field itself. There are not any research activities done about marketing situation by banana growers. Growers are not feeling marketing problems in present but the problem of marketing situations will come in future.

Agriculture is the largest sector and back bone with agriculture and 40% GDP is contribution by agriculture itself of Nepalese economy. Agriculture marketing is an essential part of business marketing. Agriculture credit is most important for food production and it marketing. Agriculture credit is most important for food production and it marketing. However ADBN plays the most important role in rural agriculture credit. Asian Development Bank appraised the fifth Agricultural credit project in Nepal in 1987 AD. That leveled some conclusions. ADBN involves directly and indirectly in agricultural development by providing financial and technical support. About 90% of all institutional credit to agriculture (including agro-based industries) is provided by ADBN. During the past year ADBN has played a pioneering and central role in encouraging development initiatives by the farming community and disseminating new and viable technologies for farm and rural development. Nepal has been providing more emphasis to agriculture beginning of its planning stage. In every fifth year plan, agriculture sector. Occupies first priority in its development budget. In this fifth year plan, agriculture occupies first priority also.

The government developed the Agricultural perspective(APP) in 1995 AD. Accelerate the growth of the agriculture sector. To APP states that agricultural growth rate will increase from 3 % to 5% per year.

APP aims at,

1. Increasing crops intensity
2. Diversifying crops pattern
3. Introducing the high value crops.
4. Improving the delivery system for irrigation fertilizer seed and pesticides.

CHAPTER III

Research Methodology

3.1 Introduction

The basic objective of the present study is to generate consumer profile and to evaluate the marketing system and market share of sugarcane in Dhangadhi, Kailali, and Methodology is the science of method. It is a body of methods used in a particular branch of activity. Beside these objectives it is also aimed to identify the consumer's perception on price, quantity, taste, and other relative aspect. To achieve these objectives of aims, data successfully collected from the sample consumer, wholesalers and retailers, Hotel and other sources.

This chapter presents the methodology of this study. The main objectives of this study are to study, analyze and investigate about potato production and its marketing in Kailali. The following research methodology has been adopted for the systematic presentation of results of study.

3.2 Research Design

Research simply means to search again and again. It is a systematic activity to achieve truth or finding solution to a problem. It consists of collecting data, analyzing data and finding the conclusion which helps in decision making process. Research is thus, analysis and synthesis.

A research design is the logical and systematic planning and directing of a piece of research according to selltitz, Jahoda, Deutsch and cook. "A research design is the arrangement of condition for collection and analysis of data in a manner that aims of combine relevance to the research purpose with economy in procedure."²⁷

²⁷ P. Kilgannon; "Business Data Processing & System". Edward Arnold 40 London, 1984. Pg. No.267

“Research design is the plan, structure and strategy of investigation conceived so as to obtain answers to research question and to control variance.” N. Kerlinger.

The research has been designed according to the objective of the study. The required data are collected by conducting field survey and some data from government office, institution and NGOs. For the fulfillment of the objectives of the study data are collected from potato producers, potato traders and final consumers. They are selected using random sampling technique.

3.3 Population and sample of the study

This research is supposed to represent the general situation prevailing in Kailali district. In this research, one municipality and village development committee (VDC) of Kailali district namely Dhangadhi, Geta, Attaraiya were selected by the judgment and random sampling.

Among the ten hotels were approached with a structure of questionnaire. As it was difficult to collect the questionnaire from the consumer due to the large area of study. So it was suitable to collect the sample from some of the consumers and traders of Kailali district.

3.4 Data collection procedure

In the course of material collection, the researcher prepared bibliography cards. The questionnaire converted different aspects of marketing, complications applicable to different aspects of marketing practices. Three different sets of questionnaire were prepared. In the first set of questionnaire fourteen questions were prepared to be distributing among the customers. In the second set of questionnaire thirteen questions were prepared which was distributed among the retailers. Finally in the third set of questionnaire twenty two questions were prepared to be distributed among the wholesalers. For distributing the questionnaire and taking the interview with the wheat producer, wholesaler, retailer and the consumers the researcher personally visited.

Consumers were chosen from different socio economic background for the interview and relevant discussion was carried out. In the process of data collection, the

researcher was also in the touch with the responsible officers of the hotel industries. The formal questionnaire is attached to the appendix column.

3.5 Sources of data

The main sources of data are taken into consideration for the preparation of this is listed below:-

The relevant information and data have been collected through personal interview and questionnaire. The questions were carefully designed first of all with a view of facilities the concerned respondent in providing the accurate, reliable and indispensable information and statistics without confusion.

At the time of field observation, several questions were asked with the interview in Kailali and out of Kailali.

While reviewing the related literature I have gone through various international publications relating pricing policy for food grains and some agricultural journals published from agricultural service department. In this connection, I have devoted a lot of time at documentary section of T.U. Library and Agricultural Marketing Department.

For the effective survey, two types of data are collected from framer wheat traders and final consumers and secondary data are collected from District Agricultural Office, NGO office and journals.

3.6 Data Processing Procedures

After collection of data, it is necessary to process the data for analyzing. The collected data has to be ordered and carefully processed then only it helps us to bring the variable output using statistical tools. The main procedures for the preparation of this thesis are listed below.

Preparation of preliminary bibliography cards in order to process available list of accurate information and statistical needed for the present research study. On the basis

of the bibliography card, the review of the related literature has been carried out and related data has been collected.

All the relevant data and statistics collected have been tabulated according to the need of the study. The tabulated data have been analyzed and interpreted using simple line regression model, percentage, index figure and also presented in graphs.

On the basis of the study some suggestion and recommendations have been developed relating to the improvement of production and marketing structure of wheat production in Kailali district.

As above said since my thesis report is based on primary and secondary sources of data, I have used the readymade

According of my requirement of my thesis reports. In some cases using statistical tools have obtained where the data were not readymade but quite essential from the standard point of study.

CHAPTER IV

ANALYSIS AND PRESENTATION OF DATA

4.1 Introduction

To analyze some thing is to break down to its constituent parts and to identify the relationship between them. This is necessary to understand how things work and therefore, the necessity for each of the parts and their relatives.

The presentation of data is the basic organization and classified of data for analysis. After data collection is completed, there will be in the “raw form”. The data will still be on questionnaire, data collection form and note cards. It is to arrange the data to make some sense.

So, in order to know the importance of some particular things or “Parts and to assess their relative important”, we are first to analyze the existing situation of sugarcane marketing on the study area. The discussion on the later section of the chapter is thus, directed towards this.

4.2 Role of Agricultural Marketing in Economic Development

In an agricultural country like Nepal, marketing is the combination of activities by which agricultural products and raw materials are made ready for or capable of consumption and reach the final consumer in a suitable time and in the place he want them.

Efficient marketing of farm products has been realized as a must in the process of economic development of an agricultural country like Nepal. Majority of the Nepalese people belong to the subsistence level. In such type of economy, the expansion and development of marketing is desired for the sake of better standard o living of masses.

However, a subsistence farmer may sell greater volume of its farm products to meet daily necessities produced in the non-form sector; prices of his farm products are low.

Agricultural marketing is a far more embracing term than the industrial marketing. In our situation, marketing particularly in the agriculture sector has dual role to play. In the beginning it has to activate the use of inputs to make them more popular together with dissemination of knowledge and later on, it has to work as sales agent to facilitate farmers by getting their commodities sold. Thus, procurement and distribution aspect of the marketing process needs a well knit program to support the preceding discussion.

The agriculture production activities carried on in commercial scale heavily depend upon markets for inputs as well as disposing of output. At this stage, farmers have to look not production efficiency but also have to watch and seek of markets for their products. They should be able to take their products to the market at the least cost so that they can continue the farm business and secure responsible rate of return from investment. More encouragement of increase in production without organizing marketing system will have harmful effect. Marketing adjusts production to demand and reduces risks in demand and price. Thus, here it will be proper to quote believes that market structure and marketing accelerates the economic development in the country.

4.3 Present Market situation in Kailali

The marketing of agricultural commodities is not well developed. The role as well as techniques of marketing in its totality has been traditional. After 1960, the change is found to have appeared the opening of public sector corporations to land the helping hand in growth of national economy. Agricultural Input Corporation, National trading limited, Jute development, Agricultural lime stone Industry, Nepal transport etc. were established. The openings of their corporation have lead as the demand potential, to further influence the supply factors.

In Kailali, there are some public corporations. They are helping to enhance the agriculture markets. So public corporation in Kailali area are, National trading limited, Nepal Khadya sansthan, Salt trading limited, Agriculture Development Bank, District Agriculture Development office, Irrigation office etc.

There are many points in Kailali, due to the transportation and other facilities available than other district of far western development region, many small business man are working sugarcane and other agricultural marketing. Dhangadhi is the main market of Kailali. The entire agriculture products collect in this market from the local market.

S.N.	Market Name	Distance from Dhangadhi	Transportation Facility
1.	Satti	104	Bus
2	Tikapur	95	Bus
3	Chisapani	93	Bus
4	Lamki	79	Bus
5	Chuba	70	Bus
6	Bauniya	68	Bus
7	Pahalmnpur	52	Bus
8	Masuriya	47	Bus
9	Chaumala	36	Bus
10	Sukhad	59	Bus
11	Attariya	16	Bus
12	Malakheti	20	Bus
13	Bhajani	77	Bus
14	Phulbari	20	Bus
15	Joshiapur	76	Bus
16	Hasuliya	30	Bus
17.	Khandada	38	Bus
18.	Phaltude	69	Bus

Source: Sudur Paschimanchal Bus tatha mini Bus byabashai samiti

Besides them there are other many small local market in the district where wheat and other agricultural products are selling and buying. The above table shows that every market has transportation facility everyone can reach there by vehicles like bus, truck,

tractor and other small vehicles. The transportation facility helps to enhance and encourage the farmer, businessmen for development of the marketing.

In this district, there is operating the agricultural product Hat Bazaar. They are:-

Table 4.2

Description of Agriculture market and collection center

S. N.	Krishi upaj Hat bazar	VDC/MUN.	Market day	Infrastructural Development work
1.	Tikapur	Tikapur-9	Sat.Wed.	6 Lakh DADO, PIU, GTZ.
2.	Dhangadhi	Dhangadhi	Sun, Tue, Fri.	
3.	Dhangadhi	Dhangadhi-1	Sat, Wed	
4.	Attariya	Geta-4	Wed.	CDP.
5	Lamki	Baliya	Sat.	1 Lakh DADO + 235th Ujalo
6	Chumala	Banbenda	Thu.	50th DADO
7	Chumala	Chumala	Sat.	1 lakh DADO + 35TH NGO
8	Joshiपुर	Joshiपुर	Mon.	1 Lakh DADO.
9	Masuriya	Masuriya Bazar	Sat.	50th DADO
10	Bhajani	Bhajani Bazar	Sun.	110th DADO
11	Munuwa	Munuwa Bazar	Fri	50th DADO + 50TH DDC
12	Durgauli	Durgauli Bazar		80th DADO.
13	Pathraiya	Pathraiya		1Lakh DADO
14	Sukhad	Sukhad Bazar		1Lakh DADO + 2Lakh VMD
15	Phulwari	Phulwaris Dipo and 25 Ghar Bazar		50th DADO + 50TH DDC
16	Urma	Urma, Bhada Bazar		50TH DADO
17	Nigali	Nigali Bazar		50TH DADO
18	Sahajpur	Sahajpur Bazar		80TH DADO
19	Khanidanda	Khanida Bazar		50th DADO
20	Ramshikharij hala Bazar			50th DADOS

South side of Kailali lies in India, Which is more developed and available more facilities than it so, markets for the most of the important form product is till concentrated in India. The change in Indila markets affects the performances of the market in Kailali.

Agriculture tools, fertilizers and Capital are most essential things for wheat and other agricultural cultivation. Many agro-vets, co-operative institutions and dealers are working in Kailali market that have been providing agricultural and marketing lone, agricultural tools, fertilizer and technical support.

The following table shows the number of institution working in the fields of agricultural to support them in Kailali.

4.4 Agriculture Support Organization in Kailali District

S.N.	Organization Category	No of Organization
1	Agro-vets	59
2	Fertilizer Seller	165
3	Co-operatives	60

The above organizations are working for the support of farmers. In case of co-operative, 44 co-operatives are in active and 16 are in inactive. The consumer's demand for wheat is spread over the whole year. Thus, farmer has to store the wheat at the desires time but in the lack of storage facilities the farmer are force to sell of their product soon after the harvested is over and middle man take away a huge portion of their profit.

The farmer and the seller in the village are generally poor and the unit volume of transaction is very small individually they can't have bargaining capacity. Under such a condition they can't sell the products at better price. So they have to introduce the business on behalf of big seller or businessman of agriculture product.

Though there are some institution for marketing, government efforts are unbalanced between production and marketing. Many efforts have been done and are still being done in production side such as irrigation and extension but not enough attention has been given to market side. That is why the present marketing services are as traditional as they were before the outcome of cooperative and other institutions in the public sector. The problem of inadequate market information still exists, which hampers the development of organized market. It make therefore be concluded that in

present situation also the problem of infrastructure, information, innovation, and management disturbed the development of organized market and cultivation are always to obtain a fair price for their products.

4.5 Condition of wheat market:

The marketing channel for the wheat which is produced in Kailali can be shown in the following ways:

Producer \Rightarrow consumer

Producer \Rightarrow Retailer \Rightarrow Consumer

Producer \Rightarrow Collector \Rightarrow Retailer \Rightarrow Consumer

Produce \Rightarrow wholesaler \Rightarrow Retailer \Rightarrow Consumer

Producer \Rightarrow Wholesaler \Rightarrow Industry \Rightarrow Consumer

Producer \Rightarrow Wholesaler \Rightarrow Industry \Rightarrow Retailer \Rightarrow Consumer

Producer \Rightarrow Collector \Rightarrow Industry \Rightarrow Retailer \Rightarrow Consumer

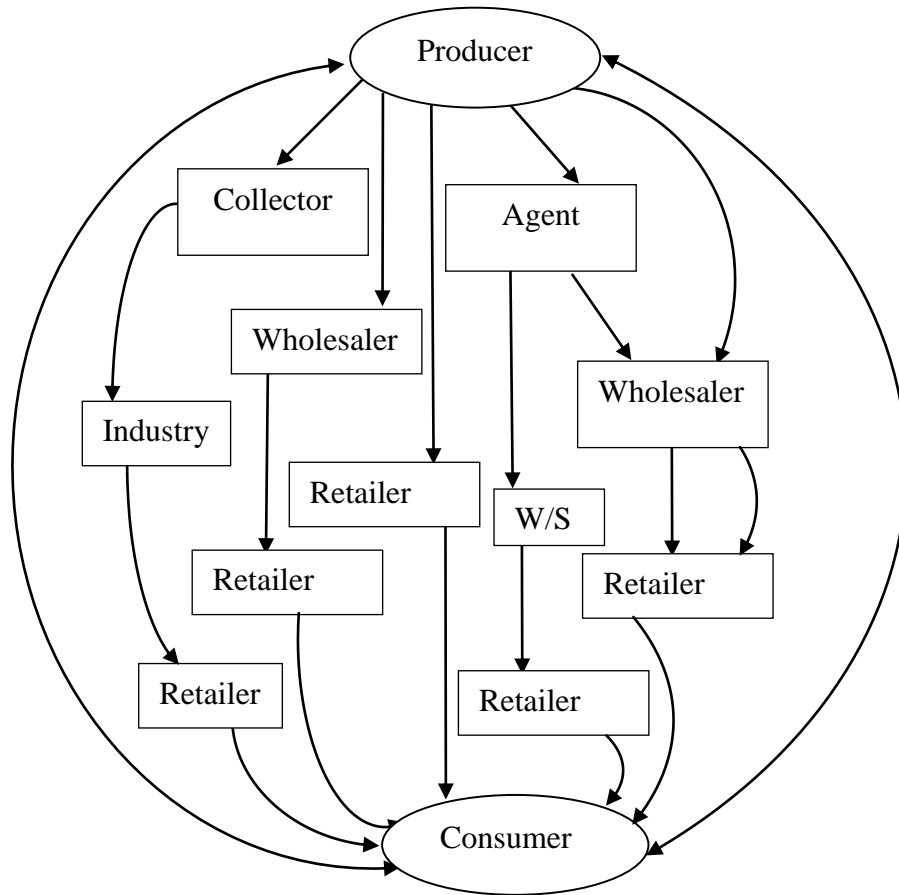
As shown in figure the wheat is sold in different way in Kailali. Either it is sold directly to consumer or retailer. Collector collects wheat from producer than they sell it to retailer and from retailer sells to the ultimate consumer. Some big farmers sell their product to wholesaler. Retailer buys from wholesaler. Wholesaler also sells their product to different industries. And these mills process the wheat and sell to consumer in different packing. These mills sell their product to retailer also. Likewise collector also sells wheat to mill.

4.6 Existing marketing system of wheat

While observing the existing marketing system of system of Dhangadhi, the wheat will reach towards consumer through different channel. The condition of Rice market

and wheat market is same. The marketing system of wheat in Dhangadhi can be presented below.

Figure 4.2



By the help of above table it became that how the wheat reaches to the place of consumer from the place of production. Who are the intermediaries found between producer and consumer will be cleared. It needs certain effort to get benefit from the marketing of wheat.

Likewise there is a system in Tikapur and other Village areas.

Figure 4.2

Existing marketing system in Tikapur Municipality

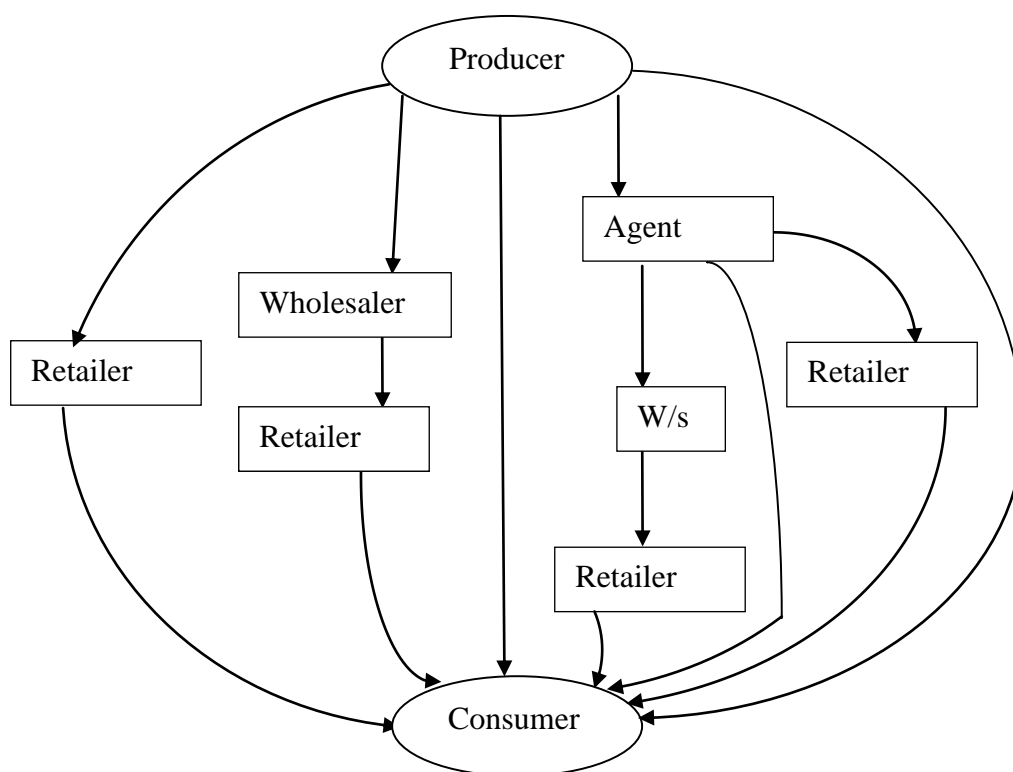


Table 4.4

The quantity of Wheat coming in the market on the basis of Place

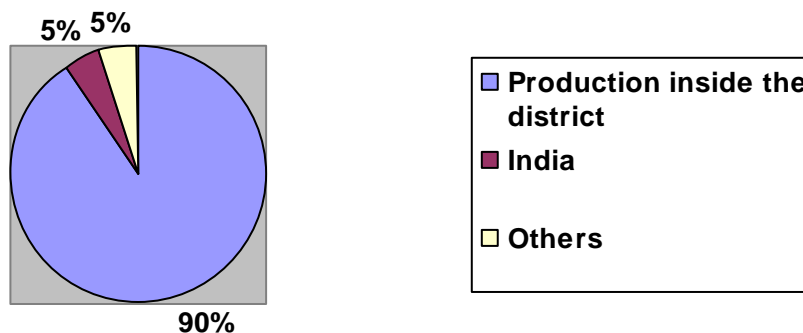
S.N.	Place From coming	Percentage	Remarks
1	Production inside the District	90	
2	India	5	
3	Other	5	

Source: DADO Kailali

Above tables shows that the market of wheat is based on the production of its own district. In second position there is India and other place is very low. The above table can be presented in pie chart. This is shown below.

Figure 4.3

The quantity of wheat coming in market on the basis of place.



4.7 Average Production of wheat in Kailali District

The trend of wheat production of Kailali district is given below

Table 4.5

The trend of wheat production Kailali District

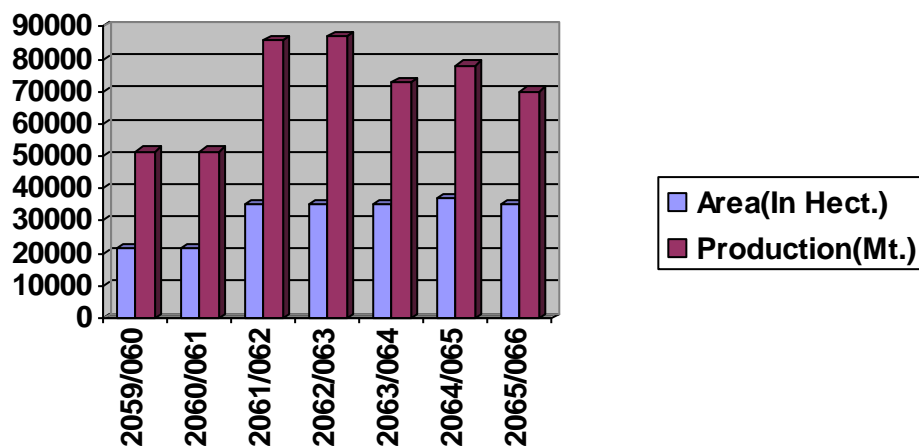
Fiscal Year	Area (In hect.)	Production (mt.)
2059/060	21500	51600
2060/061	21500	51600
2061/062	35000	85750
2062/063	35000	86943
2063/064	35000	72800
2064/065	37000	78070
2065/066	35000	70000

Source: From the field survey

The above table can be shown in the following diagram.

Figure No.4.4

The trend of wheat production in Kailali District.



While analyzing the above diagram and table we can see that wheat production in Kailali district is highest in 2062/063. 37000 hector of land was occupied in 2064/065. If we see the table from 2059/060 we can say that the cultivation of wheat is in increasing trend. The statistics proved that there is great potentiality of the production of wheat in Kailali District.

The following varieties of wheat are found popular on the basis of its cultivation on their farm by the farmers.

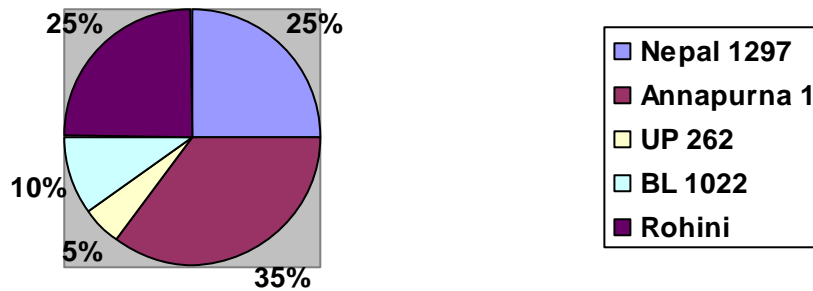
Table 4.6

Some varieties of wheat on the basis of cultivation

S.N.	Varieties of wheat	Percentage	Remarks
1	Nepal 1297	25	
2	Annapurna 1	35	
3	UP262	5	
4	BL1022	10	
5	Rohini	25	

Source: From Field Survey

Above table can be presented in pie chart under the following way:-



The above statistics show that Annapurna 1 is found in first position in this district. The breed has maximum production. Nepal1297 and Rohini are seen in second position. The statistic shows that UP262 is new brand but becoming popular day by day in this district from the view point of production. UP 262 variety is very good variety from different angle. So its demand is also increasing recently.

10 Quintile has been consumed in Dhangadhi and 5 quintile of wheat has been consumed in Tikapur per day. Transaction of 70 Quintile is done in Dhangadhi and 15 quintile of wheat is sold in Tikapur. The stated data can be presented as follows.

Table 4.7
Daily consumption of Wheat

(In local Market)

Place	Nepal1297		Rohini		Remarks
	Quantity	Percentage	Quantity	Percentage	
Dhangadhi	22	55	18	45	
Tikapur	4	50	4	50	

Above tabel shows that the market of Nepal 1297 is 55% and the market of Rohini is 45% in Dhangadhi. Whereas, the market of Nepal 1297 is 50% and the of Rohini is 4% in Tikapur. Therefore, the commercial production of Nepal 1297 in Dhangadhi can be determined.

4.8 Wheat varieties

In Kailali mainly we can find five varieties of wheat production, which are Nepal 1297, Rohini, Annapurna 1, UP262, BL1022. Nepal 1297 and other in 253 hector of the total land area.

According to the information obtained from the wheat growing farmers we can say that there are other varieties of wheat but they are rarely found. Besides this wheat varieties India also export some higher quality of wheat. It is used in different forms.

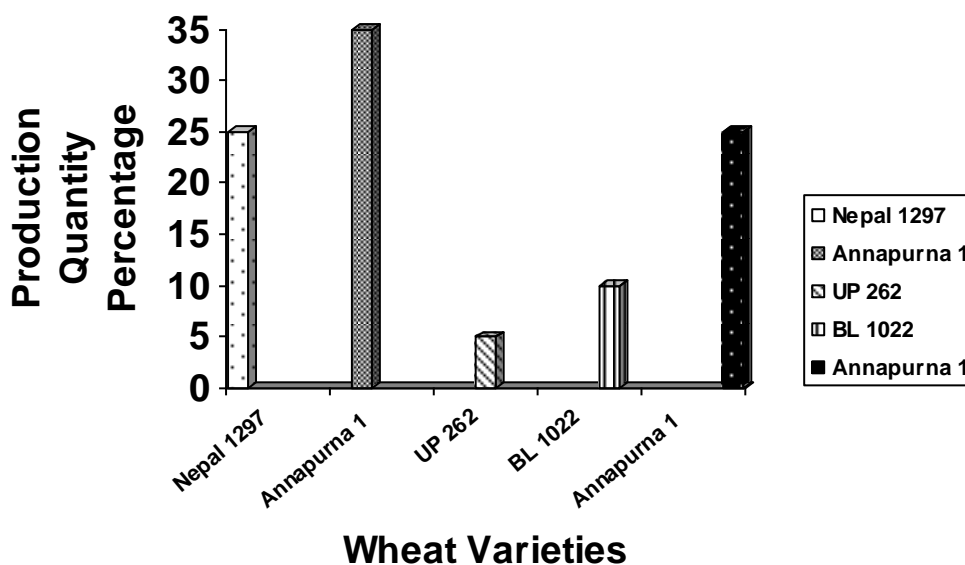
Table 4.9

Production quantity of different wheat varieties

S.N.	Varieties of wheat	Production quantity
1	Nepal 1297	25
2	Annapurna 1	35
3	UP262	5
4	BL1022	10
5	Annapurna 1	25

Source:- from field survey

Figure 4.6



In the table Cardinal wheat is mostly produced in this district which is 35% of the total production. Then we find the wheat production of Rohani which is 25% of whole

production of wheat. Besides these two varieties Rohni and Nepal1297 are quality of wheat and the production is 5% and 19% respectively of the total production of wheat in the Kailali district.

These are other varieties which hold 25% of total production. By this we can prove that the Nepal 1297 is the only wheat, which is mostly demanded by the consumers and the farmers also grow this type of wheat due to the good production and well market.

4.9 Production Cost of Wheat

The production cost of wheat in this area contains the cost of planting the wheat

Crops and harvesting the potato by the farmers. After that in the first stage the cost of transporting, loading and unloading charges are charged to collect the wheat up to the market. Then the warehousing charge is added until the wheat is not taken to the market.

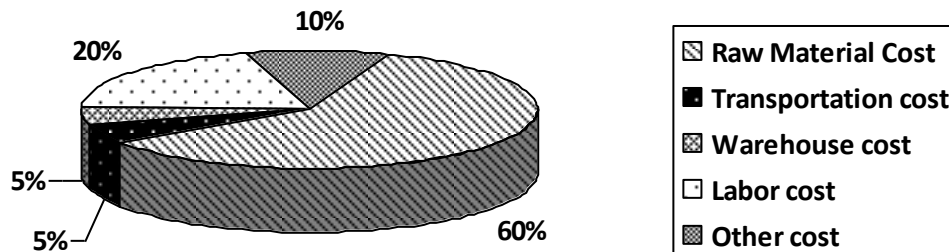
Table 4.10

Cost of Production of Wheat

S.N.	Particular	Estimated cost (In Percentage)
1	Raw Material Cost	60%
2	Transportation Cost	5%
3	Warehousing Cost	5%
4	Labour Cost	20%
5	Other Cost	10%

Sources from field survey

Figure 4.7



By the above table we find that the wheat production cost is depended on the raw material, transportation, warehousing, labor and other costs. Mainly 60 percentage of the total cost is charged in the raw material then after the five percent is charged in the transporting charge while bringing the wheat up to the market and land. After this, five percentage charges is charged in the wheat storage or warehouses. Then twenty percentage of the total cost is in included with the labor cost is finally 10 percentage for other cost like taxes, wastes etc.

4.10 Consumers

Consumers are the main part of product thus it is necessary to understand the consumer's concepts to spread the product or to sell the product in the market. We can say the consumers are the gods for the producers, wholesaler, retailer and others.

In this study the researcher has also taken some views from then consumers which are shown below by the table.

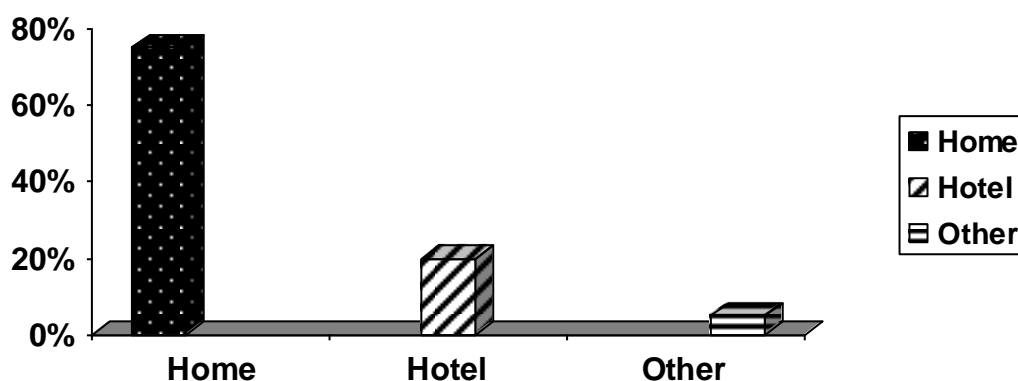
Table No. 4.11

Mostly Wheat Consumed Places

S.N	Option	No. Of Respondents	Percentage
1.	Home	85	75%
2.	Hotel	10	20%
3.	Other	5	5%
	Total	100	100%

Figures 4.8

Consumption of Wheat Eaten Place



As

shown in the above table the wheat is mostly eaten in homes, which is shown by the chart, which we see 90 percentage of the total people use wheat at home while 10 percentage of the people use wheat in hotels and only 5 percentage of the people use wheat in other places like marriages, parties, and so on places.

S.N.	Brand	No. Of Respondents	Percentage
1.	Nepal 1297	60	60%
2.	Rohni	30	30%
3.	Annapurna	10	10%
	Total	100	100%

As presented in the above table the 100 respondents surveyed in kailali where 60 percentages of the respondents prefer Nepal 1297, 30 percentages of the respondents

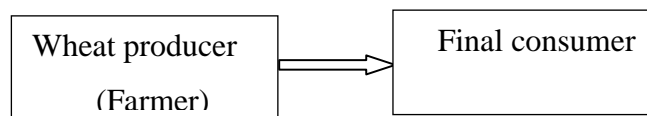
prefer Rohini while the rest of the 10 percentage respondents prefer Annapurna. Thus consumers mostly like to use the Nepal 1297 due to good taste.

4.11 Marketing Channel

According to Prof. William J. Stanton, distribution channels consists of the sets of people and firms involved in the transfer of title to a product as the Product moves from producer to ultimate consumer or business user. In the market operation of Nepal, there are large sequences of intermediaries. A majority of the farmers are not aware of the prevailing malpractices in the market, which help the middleman to obtain more benefit in wheat trade the marketing channel of Kailali are divided into following part channel structure of wheat marketing in Kailali for consumer product:-

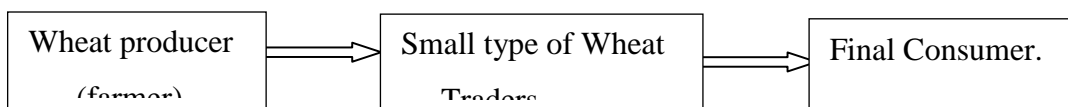
1 Zero level/Channel

In this level the parts producers or farmer sell their product to final consumer directly,



One level channel

In this channel, small types of potato seller have been working between wheat producer and final consumer. They are small type of wheat collector, who purchase wheat from farmer and sell it in to final consumers.



There is only one type of channel structure of Wheat marketing in Kailali.

4.12 Marketing Environment

Marketing can be affected by internal and external environment. They are product, Price, Place, Promotion, Organization's objectives, policies, Structures and political, economic, socio-cultural and technological factors. The potato marketing of Kailali is

also affected by several factors. Farmers of Remote area has low source of income. So they are compelled to sell their Product in low price.

4.13 Wheat Pricing

The principle function of agricultural marketing is to determine the price of Price of every agriculture production its farm gate to its consumption stage. Fair and reasonable privacy system of agriculture production is one of the most effectively encouraging criteria to the products and consumers as well.

Price stability is an important thing. But in our country, price of wheat is moving ups and downs over the periods. It is the same problem of Kailali District also. There is not strict rule and pricing policies that compel the People to follow the price rate exercised by the businessmen or traders. In General, agricultural products often receive low prices for their products because they are obliged to sell them in the market at a time when supply exceeds demand. Moreover, storage facilities are inadequate both in number and capacity. The working capital of producers and merchant is limited. Thus, the bulk of marketable surplus move to the market within 2 or 4 weeks of the harvest periods. Price trend is to be the lowest during this period and reach their peak during this period and reach their peak during the planting and before the monsoon.

The main problem of pricing in Kailali the farmer or producer, who are actual owner or first marketer, have not effective role in price determination. They have to sell their product in the price that determined by wheat traders. Whole the market of wheat is affected on behalf of potato traders or middlemen.

Table 4.13

Monthwise wholesale price of wheat at Dhangadhi and Tikapur

Month	Minimum	Maximum	Average
Baishakh	19.50	20.00	20.00
Jestha	19.50	20.50	20.00
Asadh	21.00	21.50	21.00

Shrawan	21.50	22.00	22.00
Bhadra	22.50	23.00	23.00
Ashoj	22.00	22.50	22.00
Kartik	20.00	20.50	20.00
Mangsir	21.00	21.00	21.00
Poush	19.50	20.00	19.00
Maagh	18.00	19.00	18.50
Falgun	12.00	12.50	12.00
Chaitra	08.00	08.50	08.00

Sources: From field Survey

4.13.1 Why Indian Wheat is cheaper?

To increase the wheat production, government need to give priority to utilize huge area of land. People are becoming more conscious about their health and are changing their eating habits from meat to green vegetables, but the consumption of Nepalese wheat has not increased as per expectation, because price of wheat produced in Nepal is higher than imported from India. Wheat price in India is cheaper because the government has been providing various types of subsidies such as breeds, fertilizers and even tax free on land. incase of Nepal, wheat production is neglected sector and there are no more subsidies provided by the government of Nepal, resulting in higher cost of production and lower productivity. Therefore, price of imported wheat is cheaper than wheat produced in Nepal.

4.14 Profit Margin

The data are collected by questionnaire and discussion to the farmers, small wheat traders. According to them, farmers are getting proper profit. They only getting profit to recover the production cost and sometimes they have to loss. The wheat traders are getting little profit. They collect wheat directly from farmers and sell it into village to village door to door in little profit (near 10 to 15%). From this study, the data are collected to know the profit margin situation in Kailali. The data are collected to know

the profit margin situation in Kailali. The data are collected in three categories like wheat trader is profitable deficit and expenses coverage, the following table shows profit situation provided from survey.

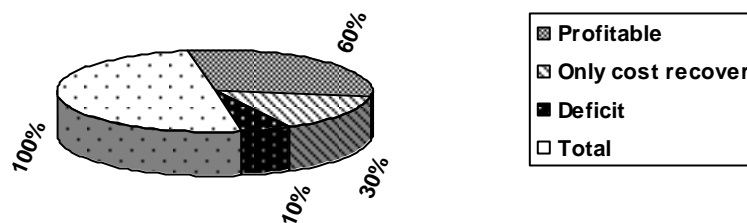
Table 4.14
Profit Margin in Wheat Trade

Profitable	Only cost recover	Deficit	Total
60%	30%	10%	100%

From the above table 60% of wheat seller express that wheat trader is profitable, 30% express that wheat trader is no profitable. It is only cost recover. 10% Wheat seller express that they have no profit. It has deficit.

Figure 4.10

Profit Margin of Wheat



4.15 Transportation

Transportation is one of the important factors of marketing. The development of the country is also depending to transportation facilities. Without the transportation facilities, producer cannot carry their products from production center to marketing centers. Thus, transportation has its own importance in the function of physical supply of commodity.

Kailali is a Terai district. So it can be easily carried products from one place to another place with any means of transport. The graveled and temporary roads are

linked with one corner to another corner of the district. Some defined agricultural roads are as follows.

Table 4.15

Agricultural roads in Kailali district

S.N	Name of the road	Length of the road
1	Joshipur to Lalbojhi	15km
2	Sukhad to Khairala	18km
3	Gulara to Gadariya	10km
4	Rajipur to Gadariya	9km

The black top road is also connected the different part of the district. Mahendra highway which links the whole nation, bhim datta marg, tikapur marg, Dhangadhi attariya marg are located in this district. Kailali is established as the market of far western development region and success to take a place as one of the marketing point of the country.

4.16 Transportation system

The transportation system, using by the wheat trader is defined in three types. Transportation tools are using in local market of remote area, local market area of city and export to another area.

The nearest market of remote and village of Terai area, the wheat trader usually use to carry wheat bull cart, truck, tractor, bus, cycle etc. From the data collection, it is found that the use of vehicle for carrying of wheat is as follows:

Table 4.16

Use of vehicle in remote area of Kailali

S.N.	Option	Percentage
1	Bull cart	15
2	Tractor	30

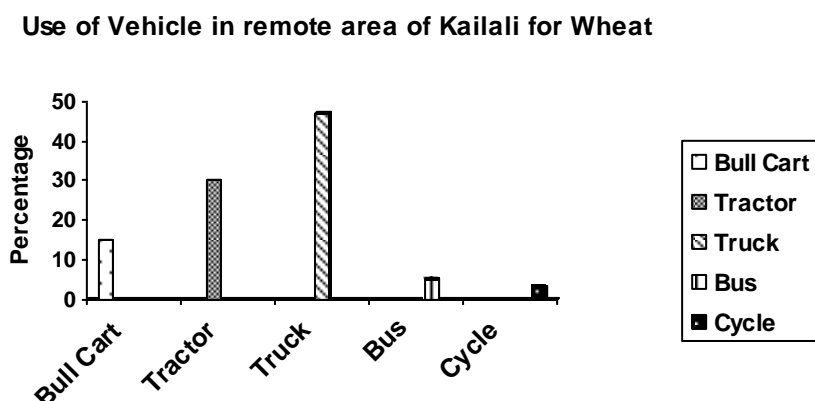
3	Truck	47
4	Bus	5
5	Cycle	3

Source: DADA, Kailali

In the above table we found that 35% of the wheat is supplied from 15% the remote area of this district by cycle. 25% by tractor, 20% by bull cart, 15% by bus and 5 by truck. By this we can know that mostly off the wheat is supplied to the remote area by bus and tractor.

The above table can be seen in the following figure.

Figure 4.11



The nearest market of Terai area like Dhangadhi, Tikapur, Attariya, the wheat trader usually use to carry wheat Rickshaw, Jeep, Tempo, Cycle. From the data collection, it is found the use of vehicle for carrying of wheat is as follows

Table 4.17

Vehicles used in city area of Kailali

S.N.	Option	Percentage
1	Rickshaw	25
2	Jeep	40
3	Tempo	15

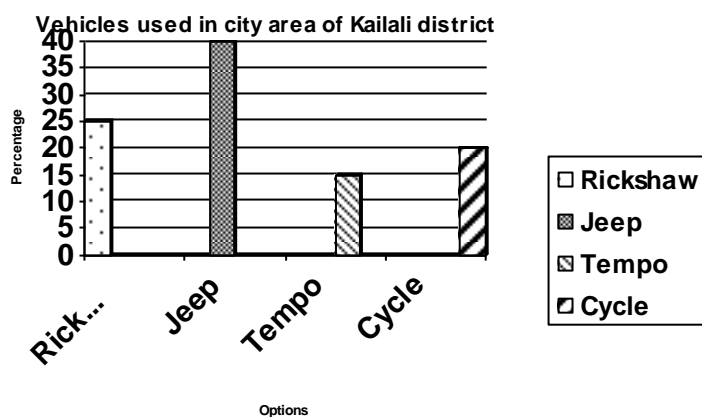
4	Cycle	20
	Total	100

Source: DADO Kailali

In the above table we find that 40% of the wheat is supplied in city area of this district by jeep, 25% by Rickshaw, 20% by cycle and 15% by tempo. B y this we can know that mostly off the wheat is supplied in city area by jeep and Rickshaw.

The above table can be presented in the following diagram.

Figure 4.12



But, in the hilly area of this district bus, horses and men are used as transportation tools.

4.17 Transportation Cost

According to survey, the transportation cost of different vehicles in Kailali district is as follows:-

Table 4.18

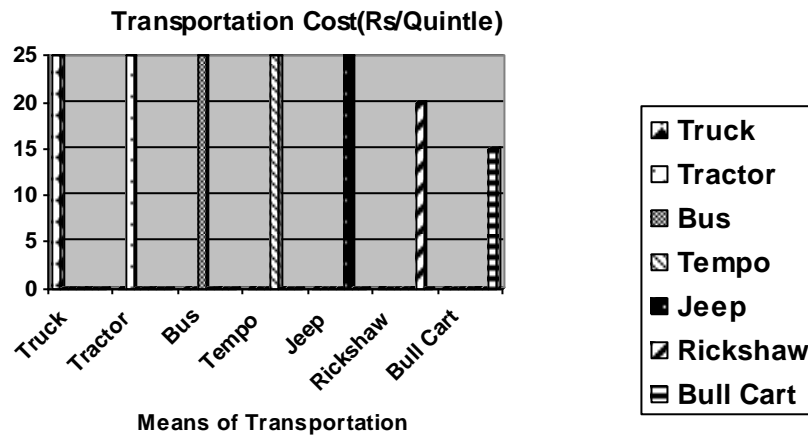
Average transportation cost of wheat in local area

S.N.	Means of Transportation	Transportation Cost(Rs/Quintal)
1	Truck	25
2	Tractor	25
3	Bus	25
4	Tempo	25
5	Jeep	25
6	Rickshaw	20
7	Bull cart	15

The above table shows that the transportation cost per quintal of wheat. The rate of truck, tractor, tempo, jeep, bus have same rate. But the jeep, truck, and bus are rarely used for transport into the market are like Dhangadhi, Tikapur and Attariya. Rickshaw is used by customer. Some businessman for a few goods. Otherwise truck, tractor and bull cart are used. The farmers are used bull cart in transportation of wheat. In the village are the main transportation means are bull cart and cycle. The businessmen and villagers say that they are very useful to use to us because they can easily available, cheapest and they can drive everywhere and any kinds of road.

The above table can be presented in the following diagram.

Figure 4.13



4.18 Capital requirement for wheat production

Capital is necessary for the farmers just as it is for other entrepreneurs to increase expenses in producing goods in advance of receiving payment for the finished product. That is to say farming requires capital. But in Nepal, the income in agriculture sector is quite low as the amount of sales of agricultural product is not very high. The product in the farm economy is spending for home consumption. Wheat ever amount received by sales of agricultural produce is spend generally on necessary goods such as clothes, medicines and foods. In the rural area, the surplus left after meeting daily necessary things is very low or sometimes n surplus at all. Under this situation farmer can not adopt any improved method of production and it leads to progressive decline in yield of agricultural of products. This particular situation prevails in the case of wheat also.

The question of borrowing arises when the farmers will not have much saving. It is necessary of borrowing for farming. I have conducted a survey among the farmers. In their version it is very difficult to get surplus from the production of the wheat. They have to get borrow from local mahajans, financial institution etc. The survey shows that farmers are getting loan easily from financial institution.

There are many financial institutions in Kailali. They are agriculture development bank, Rastriya Banijya bank, Nepal bank limited, malika bikash bank, Everest bank limited, Nepal Bangladesh bank and Nawajeevan co operative etc. Besides of them, according to data more than ninety five percentage of agriculture credit is served by ADBN. Thus, it has its best image in the public for its service.

Until now we are considering about borrowing as a source of capital to the cultivators. It is only short run solution. We must think about the better opportunities to the farmers to increase their income. Income among the farmers is dependent upon the amounts received from the sales of agricultural products. Net return from the wheat production is low due to the reduction in the price of wheat and increasing in the price of fertilizers and other agricultural inputs.

4.19 Sources of capital

The main sources of capital of Kailali are loan facilities provided by the financial institution, local merchant and surplus after sales of production. In their view the farming cost per hector is Rs. 10,000.

The following table shows that the farmer of Kailali how to fulfill their capital requirement.

Table 4.19

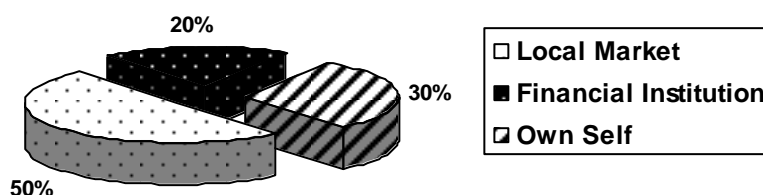
Sources of capital of farmer in Kailali

Local Merchant	Financial Institution	Own Self	Total
30%	50%	20%	100%

Sources:- From Field Survey

Figure 4.14

Source of Capital of farmer of Kailali(In Percentage)



The above table and figure indicates that 20% farmers use their own capital in farming, 50% take loan from financial institution and 30% take loan from local merchants. In case of financial institute above 95% farmers take loan from ADBN. But the trend in providing loan especially for the wheat producers is decreasing nowadays.

In their views, the interest rate is very high from the local merchant. But the lack of financial institution in remote area, they have to depend on merchant only. The following table shows the name of financial institution working in Kailali.

Table 4.20

Name of Financial Institution

S.N.	Financial Institution's Name	Branch
1.	Agriculture Development Bank	Dhangadhi
2 .	Rastriya Banijya Bank	Dhangadhi
3.	Malika Vikash Bank Ltd	Dhangadhi
4.	Nepal Bank Ltd.	Dhangadhi
5.	Nepal Bank Ltd.	Tikapur
6.	Nepal Bangladesh Bank Ltd.	Dhagadhi
7.	Everest Bank Ltd	Dhangadhi

8.	Sunrise Bank Ltd	Dhangadhi
9.	Nawajeevan Co-operative Bank	Dhangadhi
10.	Bank of Kathmandu Ltd	Dhangadhi
11.	Bank of Kathmandu Ltd	Dhangadhi
12.	Himalayan Bank Ltd	Dhangadhi
13.	Sidhartha Bank Ltd	Dhangadhi
14.	Sidhartha Development Bank Ltd	Dhangadhi
15.	Kanchan Development Bank Ltd	Dhangadhi
16.	Macchapuchare Bank Ltd	Dhangadhi
17.	Investment Bank Ltd	Dhangadhi
18.	Nabil Bank Ltd	Dhangadhi
19.	NIC Bank Ltd	Dhangadhi
20.	Kist Bank Ltd	Dhangadhi
21.	Global Bank Ltd	Dhangadhi
22.	Bank of Asia Nepal Bank Ltd	Dhangadhi
23.	SBI Bank Ltd	Dhangadhi

4.20 Production Technology of Wheat in Kailali

For the study, 100 samples were selected for questionnaire, discussion and interview. It was found the different system adopting by the farmers in wheat production. The farmers have been adopting both traditional and modern production system. The farmers who are living at remote area, farming with traditional technology. In the duration of survey, it is found that the landlord who are in few numbers and a little few who are known about the farming system adopting the modern technology.

The following table shows the number of farmers adopting farmer technology.

Table 4.21

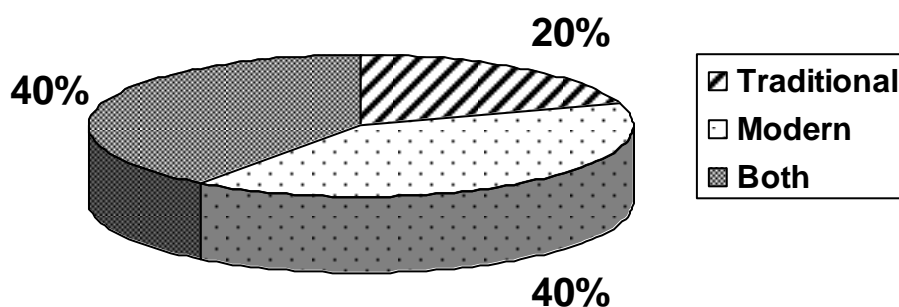
Farming technology adopting by the farmers

Traditional	Modern	Both	Total
40%	40%	20%	100%

It will also be clear by pie-diagram which is given below:-

Figure 4.15

Wheat Production Technology in Kailali(In Percentage)



The above table and diagram indicates that 40% of people has been adopting traditional farming, 40% modern and rest 20% has been adopting both methods of farming in Kailali district.

To say them for the modern farming methods they are unknown about it. If they want to adopt it, they have lack of training. Therefore, they have to use traditional method.

4.21 Wheat Marketing; Strength, Weakness, Opportunity and Threats

Strength :-

Productive area

Several small type of crops market

Irrigation and other facility

Uneducated farmers

Import from India

Lack of adequate infrastructure

Lack of training to the farmers

High interest rate

Lack of motivation and government effort to the farmers.

Unlimited market

Transportation and communication facility

Many NGO/INGO working in this side

Threats:- Indian market

Organization of market

4.22 Opportunities of Wheat market in Kailali district

There is need to increase the quantity of wheat so as to capture the main markets of the Kailali district. At present, wheat from villages does not reach the major towns and cities of the district.

There is a huge potential in terms of import substitution. In Kailali 5% of wheat is imported from India. Through various training and awareness creation on the aspects such as disease management, harvesting techniques and season storage device, the product of the farmers can substitute the wheat imported from India.

Demand of wheat has been increased rapidly.

Farmers should have direct linkage with traders for the maximization of profit and penetration of the major markets. The project should facilitate in the establishment of traders for better bargaining power for the farmers and penetration of the major markets.

There are various INGOS supporting this sub sector technically as well as financially. There are also government offices. Since the district is adjacent to the Indian border, the inputs can also be imported as and when required.

Since farmers work in groups, it is easier for them to form an association through facilitation by the strategic partners in the respective district.

There is a possibility of off-season crops farming in the Kailali district.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

Nepal, where about 80% people are engaged in agriculture, is an agriculture country. 15% area of country contains 16 districts cover Tarai area. Within Terai, Kailali is the most important district in the view of production and agricultural market, where 80.4% of people engage in agriculture occupation.

All the rural area of this district take important place for production and Dhangadhi, Tikapur, Lamki, Attraiya, Sukhad, Bhajani, Phulbari etc are main market point and other several small markets are located in the district. The located area is the geographical and other of this market.

All the primary dates are randomly collected from the farmers, small wheat traders and final consumers. In totality 100 samples are selected Secondary data are selected from different institution like DADO, NSC,ADBN,INGO and various books, newspaper, articles, booklets and internet. Most of the data are collected with the help of the questionnaire and discussion methods and suitable Formats are used for collecting data. Most of the presentation and analysis are made on the basis of primary data and same are used as secondary data also.

The analysis shows that cultivated area and productivity of wheat have been increasing every year. The figure shows that the current average yields rate of wheat in Kailali. But farmers get low return from it. Although Kailali is wheat production area, there is still requirement to the consumers. Sometimes, it creates shortage of this market. The DADO Kailali has recommended various wheat varieties. Farmers are adopting traditional and modern farming system, but traditional system is used more

than modern, local varieties are mostly used. Local merchant and ADBN is the main source of capital to the farmer.

At present, there are many public corporations, small and local and main market point in different area of the district. Above 16 Hat Bazaar located different part of district. 59 agro vets, 165 fertilizer seller and 60 co operatives and about 13 branches of different banks are working and rendering service to the farmer of this district. The research shows that the marketing departments are not organizing as generally general manager. The market of wheat markets covers local district and national market. The coverage is affected by different channels of Marketing. The current wheat price is Rs 12/18 per kg and selling price Rs 14/20 per kg in season and off season. Farmer cannot get proper profit from wheat. Only 60% people express it is profitable, 30% only cost recoverable and 10% deficit. Every where in the Terai belt, the transportation facility is viable.

Rickshaw, tempo, bus, truck, cycle and bull cart are used for transportation and tempo, bus and cycle is used more than other vehicles in local and district markets. It is used for external market maximum transportation cost is Rs40 per quintal in local market but the rate is different in long term district. There is no modern storage facility to the farmer and small traders of wheat in this district. Any types of product promotion strategy are not used properly only personal contract is the marketing Promotion strategy.

5.2 Conclusion

The conclusions of major findings of the study are as follows:

About 80.4% of people are dependent on agriculture in Kailali district.

Besides o hilly area, Terai area is suitable for Wheat production. Terai sector is the main production area of this district.

Elimination of Kamaiya Pratha effects production and productivity of agriculture. 12023 Kamaiya families are (84164) are eliminated.

13 different bank branches are located in different parts of this district. Besides of them 3 loan branches of Agriculture Development Bank Ltd. are located in rural areas. It is also found from survey that 95% of the total institutional loan is served by ADBN. Big wheat traders have been taking loan from joint venture bank that is below 5% in quantity.

DADO has recommended many types of wheat of Kailali district, but it is found that the wheat varieties like Nepa1297, Annapurna, UP262, BL1022, Rohini etc.

Quality improved wheat breeds are made available by DADO Kailali and various agro vests but it is not sufficient of make reachable to the rural farmers.

Farmers are not trained about the dose of fertilizers, modern agricultural cultivation system.

Due to low saving because of little sources of income farmers can't adopt improved method of farming.40% farmers are adopting traditional farming system and 20% are adopting both farming system and improved varieties of wheat.

30% farmer take borrowing from local merchan,50% from financial institution and 20% use their own capital

20% of total production is destroyed by many kinds of disease.

In Kailali, more than 16 agricultural outputs Hat Bazar are started in different parts of district.

Dhangadhi, Attariya, Chaumala, Pahalwanpur, Lamki, Tikapur, Narayanpur etc are main market point of wheat trade.

The price of wheat is higher in off season than season. The price of wheat is increasing every year.

Mahendra Highway and other highway and other several graveled and temporary roads are located in Kailali.

Cycle is heavily used as the means of transportation of wheat all over the district. In local area, bull cart is used. In city area rickshaw are using but truck and jeep for supplying other district.

Maximum transportation cost is Rs25 per quintal in this district.

The marketing department of wheat market in Kailali is selling and purchasing department.

Marketing environment of Kailali is mainly effected by India.

The wheat market coverage of Kailali is defined as local market coverage and district market coverage.

The channel of wheat market is zero to two levels in consumer product.

Wheat is supplied into different parts of Far Western Development Region.

Storage facility is low in farmer sector. If they have that is traditional style. So they are Forced to sell wheat in the market in low price.

No modern concept is used for product decisions and promotions. They sell with their direct relation.

Despite of the government efforts to increase wheat production in Kailali. Production could not be increased satisfactory. The productivity of wheat per hector has remained considerably low which is 15.25(mt/ha).The finding of the study has also shown that the input like Chemical fertilizers, improved seeds, irrigation, technical assistance etc increased the wheat yield per hector. But still a large number of farmers are not obtaining proper amount of facilities at right time and in right place. Government has more expenditure on agriculture. But farmers are away from government services. Due to the lack of controlling system of government and above causes, Nepal is suffering from low quality as well as low quantity of wheat production although the total yield per Hector is progressing yet; it is far below the target. Besides the unavailability of chemical fertilizers and improved seeds, there are some other serious

handicaps which affect the productivity of wheat. Unavailability of cheap credit, lack of proper market of wheat, problem of pricing, storage facility also affect the wheat productivity and its market. ADBN and other banks has invested huge amount in wheat production and is marketing. Food and agriculture marketing service department and many NGO has been contributing a lot for wheat production and marketing. But still there is need of improvement in the functioning of these institutions.

Lastly, Kailali district is the potential area of wheat production and there can be so much opportunities and strength in wheat marketing in Kailali.

But there are so many circumstances in wheat production and marketing. The Government and public sector must be tried to omit those circumstances and problems lies in wheat production and its marketing

5.3 Recommendations

On the basis of study some recommendations can be suggested to improve wheat production and marketing in Kailali. They are as follows.

Still some farmers are farming wheat for self use. They are unknown about the wheat marketing. So, farmers should be empowered with modern agriculture technology. So, education must be given to the farmers by the occasional training by rendering information.

It is necessary to manage grow more wheat campaign in different parts of remote areas of this district by the District Agriculture Development Office. Also use better seeds campaign should be done by DADO. In wheat development program emphasis should be given to raise the quality to wheat.

Farmers have to provide training about use of fertilizers, improved seeds.

Farmers have to establish their reference group for the welfare of the farmers.

Farmers have low income and they are always suffering from capital. Thus cheap credit and technical assistance should be provided with easy terms and conditions.

The government has been investing more budgets for the agriculture development. But work is completed so little than the ratio of expenditure. The government has to manage a good controlling system of technical staffs and other variance of its subordinate's offices.

There is need improve marketing by providing adequate transportation facilities by the government and other subordinates institutions so that the small farmers can cultivate wheat for commercial purpose.

Storage houses, cold store should be constructed to facilitate the farmers storing their production and provision should be made to extend credit against their product. In this work, social groups and government should be laborious.

It is necessary to establish a good networking system of wheat market and it should be controlled through the market inspections.

Price uncertainty of wheat has to be reduced through appropriate stabilization measures. So that, farmers and consumers can sell and purchase their product in reasonable price.

Every consumer wants to consume best quality in reliable price. So grading and standardization system should be developed.

The demand of wheat market is sure. So, preference should be given towards its area expansion, production growth and commercialization.

Traders and farmers should be given Post harvest training.

Hat Bazar which is operating at different parts of the district should be managed. The provision of permanent location is essential.

TPS variety of seeds should be made popular along with other varieties of wheat in this district.

Priority must be given for adequate irrigation facility especially in pocket area of production by deep tube well, small irrigation program etc.

Training, tour and fair should be organized for modern technology.

There should be coordination between stakeholders.

The process of borrowing having low rate of interest may encourage the farmers to involve activity in wheat production and its marketing activities in Kailali district.

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APPENDIX-I

Name:-

Age:-

Sex:-

Address:-

Questionnaire for Wheat Production

(Please fill the following information. Those will be kept secret and used for research purpose only)

1. When do you start producing wheat?

Ans: -----

2. What type of wheat seed do you use for farming?

(a)Local (b)Improved (c)Both

3. What type of technology do you use for wheat farming?

(a)Local (b)Improved

4. What type of wheat seed is getting more production? How?

(a)Traditional (b)Modern (c)Both

5. What quantity of wheat do you produce actually?

Ans: -----

6. What is the cost you have spent for the production?

Ans: -----

7. Have you have the facility of warehouses in your farm/locality?

Ans: -----

8. Have you any transportation problems?

Ans: -----

9. What rate do you pay for the transportation while collecting the wheat?

Ans: -----

10. In which market do you supply your product

Ans: -----

11. What are the media of supplying the product in the market?

Ans: -----

12. Why are the prices differing in different season?

Ans: -----

13. Do you have any loan facility for wheat production?

Ans: -----

14. How much interest do you pay for the loan?

Ans: -----

15. Are you satisfied by the loan facilities provided by the financial institutions?

Ans: -----

16. Which year the production was high from(2057 to 2067 B.S.)

Ans: -----

17. Are you satisfied by the wheat production trend?

Ans: -----

18. What are the main problems which pinch you more in the wheat production?

Ans: -----

19. Has the government cooperated in the present situation? What is your suggestion about it?

Ans: -----

20. What do you feel the problem in wheat production and have you any suggestion?

Ans: -----

21. Where do you sell your wheat?

Ans: -----

22. In what rate do you sell your wheat?

(a)Rs.-----Kg in season (b)Rs.----Kg in off season

23. What types of vehicle do you use for selling?

(a)Cycle (b) Rickshaw (c)Bus (d)Bull Cart e)Others

24. How much do you pay for the transportation cost?

(a) Rs...../Kg

25. How much do you get profit from the wheat?

(a) Cost unrecoverable (b) Satisfactory (c) Good

26. Do you get any training of agriculture?

Ans:-.....

27. Are technicians come from DADO?

(a) Regularly (b) Sometime (c) No

- (a)By improving quality (b)As purchase as sell

9. Do you have storage facility? If how much?

Ans:-

10. Who are your main consumer?

- (a)Hotel (b)School (c)Local consumer (d)Other

11. Do you consider the consumer's satisfaction?

Ans:-

12. How much do you pay for the transportation cost?

Ans:-

13. Do you have loan to operate your trade?

- (a)Own investment (b)Local merchant (c)Bank

14. What type of transportation tools do you have?

- (a)Own (b)Public carrier

15. Who determine the purchase price of wheat?

- (a)Farmer (b)Government (c)Wheat trader (d)Other

16. Any type of business training have you got? If got where from and what type of trainin?

Ans:-

17. Any problem and suggestion about wheat trade?

Ans:-

APPENDIX-III

(Please fill the following information. Those will be kept secret and used for research purpose only)

Name:-

Age:-

Address:-

Sex:-

Date:-

1. What type of wheat do you like most?

Ans:-

2. Where do you use wheat?

(a)Home (b)Hotel (c)Other

3. What type of wheat do you purchase?

(a)local (b)Indian (c)Other

4. From where do you purchase wheat?

(a)With farmer (b)Local market (c)Wheat trader

5. Why do you use wheat?

(a)Easy to consume (b)To avoid appetite (c)It is healthy

6. How much wheat do you like to purchase?

(a)1Kg (b)More than Kg (c)Less than Kg

7. Do you have knowledge about wheat production?

Ans:-

8. In which rate have you been purchased wheat?

Year 2061 2062 2063 2064 2065

2066

Wheat/Kg

9. Is Indian wheat cheaper/expensive than local wheat?

Ans:-

10. Any suggestion, problem about the market, availability of wheat in your market?

Ans:-

APPENDIX-IV

Wheat crop production cost (per bigha)

S.N.	Particulars	Quantity	Rate	Total Amount
1.	Wheat seed	1200 kg	20/-	2400/-
2.	Compost manure	14000kg	5/-	70000/-
3.	D.A.P.	70kg	30/-	2100/-
4.	Urea	75kg	15/-	1125/-
5.	Mu wheat	45g	17/-	765/-
6.	Wheat Minerals	10kg	95	950/-
7.	Pesticides	2000kg	30/-	6000/-

Labor cost

1.	Ploughing the field (1 Bigha)	4 times	800/-	3200/-
2.	Wheat planning	10 labor	150/-	1500/-
3.	Irrigation(1 Bigha)	3 times(20 hours)	140/-	2800/-
4.	Weeding(1 Bigha)	3 times		3000/-
5.	Harvesting, Grading & Packing			2000/-
6.	Spraying pesticides, Fertilizers	3 times		3000/-
7.	Transportation(Home, market and cold store)			8000/-
8.	Other expenses			10000/-
	Investment			65700/-
	Income	18000 Kg	9/-	172000/-
	Investment per kg			4/10
	Investment			65700/-
	Profit/Bigha			62300/-
	Profit/Katha			3115/-
	Profit/Hector			93450

(sources:- From field survey)

APPENDIX-I

Name:-
Sex:-

Age:-
Address:-

Questionnaire for Wheat Production

(Please fill the following information. Those will be kept secret and used for research purpose only)

28. When do you start producing wheat?

Ans:-----

29. What type of wheat seed do you use for farming?

(a)Local (b)Improved (c)Both

30. What type of technology do you use for wheat farming?

(a)Local (b)Improved

31. What type of wheat seed is getting more production? How?

(a)Traditional (b)Modern (c)Both

32. What quantity of wheat do you produce actually?

Ans:-----

33. What is the cost you have spent for the production?

Ans:-----

34. Have you have the facility of warehouses in your farm/locality?

Ans :-----

35. Have you any transportation problems?

Ans:-----

36. What rate do you pay for the transportation while collecting the wheat?

Ans:-----

37. In which market do you supply your product

Ans:-----

38. What are the media of supplying the product in the market?

Ans:-----

39. Why are the prices differing in different season?

Ans:-----

40. Do you have any loan facility for wheat production?

Ans:-----

41. How much interest do you pay for the loan?

Ans:-----

42. Are you satisfied by the loan facilities provided by the financial institutions?

- Ans:-----
43. Which year the production was high from(2057 to 2067 B.S.)
 Ans:-----
44. Are you satisfied by the wheat production trend?
 Ans:-----
45. What are the main problems which pinch you more in the wheat production?
 Ans:-----
46. Has the government cooperated in the present situation? What is your suggestion about it?
 Ans:-----
47. What do you feel the problem in wheat production and have you any suggestion?
 Ans:-----
48. Where do you sell your wheat?
 Ans:-----
49. In what rate do you sell your wheat?
 (a)Rs.-----Kg in season (b)Rs.-----Kg in off season
50. What types of vehicle do you use for selling?
 (a)Cycle (b)Rickshaw (c)Bus (d)Bull Cart (e)Others
51. How much do you pay for the transportation cost?
 (b) Rs...../Kg
52. How much do you get profit from the wheat?
 (b) Cost unrecoverable (b) Satisfactory (c) Good
53. Do you get any training of agriculture?
 Ans:-----
54. Are technicians come from DADO?
 (b) Regularly (b) Sometime (c) No

APPENDIX-II

Questionnaire for Wheat seller

(Please fill the following information. Those will be kept secret and used for the research purpose only)

Name:-

Age:-

Sex:-

Address:-

Date:-

18. When did you establish your firm?

Ans:s

19. What type of wheat do you purchase?

Ans:- -----

20. Which varieties do you purchase more and sell more?

Varieties of wheat	Pp/Kg	Sp/Kg
-----	-----	-----
-----	-----	-----
-----	-----	-----
-----	-----	-----

21. From where you purchase the wheat?

(a)Local farmer (b)Out of District (c)From India

22. How do you purchase the wheat?

(a)Farmer comes here (b)I go to door to door (c)Import from India
(d)All of them

23. Where do you sell the wheat?

(a)Local market (b)Out of district (c)Export to india

24. How much profit do you get from the wheat trade?

(a)Good (b)Medium (c)Expenditure Recoverable (d)Deficit

25. How do you sell the wheat?

(a)By improving quality (b)As purchase as sell

26. Do you have storage facility? If how much?

Ans:- -----

27. Who are your main consumer?

(a)Hotel (b)School (c)Local consumer (d)Other

28. Do you consider the consumer's satisfaction?

Ans:- -----

29. How much do you pay for the transportation cost?

Ans:- -----

30. Do you have loan to operate your trade?

(a)Own investment (b)Local merchant (c)Bank

31. What type of transportation tools do you have?

(a)Own (b)Public carrier

32. Who determine the purchase price of wheat?

(a)Farmer (b)Government (c)Wheat trader (d)Other

33. Any type of business training have you got? If got where from and what type of trainin?

Ans:- -----

34. Any problem and suggestion about wheat trade?

Ans:- -----

APPENDIX-III

(Please fill the following information. Those will be kept secret and used for research purpose only)

Name:-
Address:-

Age:-
Sex:-
Date:-

11. What type of wheat do you like most?

Ans:-

12. Where do you use wheat?

(a)Home (b)Hotel (c)Other

13. What type of potato do you purchase?

(a)local (b)Indian (c)Other

14. From where do you purchase wheat?

(a)With farmer (b)Local market (c)Wheat trader

15. Why do you use wheat?

(a)Easy to consume (b)To avoid appetite (c)It is healthy

16. How much wheat do you like to purchase?

(a)1Kg (b)More than Kg (c)Less than Kg

17. Do you have knowledge about wheat production?

Ans:-

18. In which rate have you been purchased wheat?

Year 2061 2062 2063 2064 2065

2066

Wheat/Kg

19. Is Indian wheat cheaper/expensive than local wheat?

Ans:-

20. Any suggestion, problem about the market, availability of wheat in your market?

Ans:-

APPENDIX-IV

Wheat crop production cost (per bigha)

S.N.	Particulars	Quantity	Rate	Total Amount
1.	Wheat seed	1200 kg	20/-	2400/-
2.	Compost manure	14000kg	5/-	70000/-
3.	D.A.P.	70kg	30/-	2100/-
4.	Urea	75kg	15/-	1125/-
5.	Mu wheat	45g	17/-	765/-
6.	Wheat Minerals	10kg	95	950/-
7.	Pesticides	2000kg	30/-	6000/-

Labor cost

1.	Ploughing the field (1 Bigha)	4 times	800/-	3200/-
2.	Wheat planning	10 labor	150/-	1500/-
3.	Irrigation(1 Bigha)	3 times(20 hours)	140/-	2800/-
4.	Weeding(1 Bigha)	3 times		3000/-
5.	Harvesting, Grading & Packing			2000/-
6.	Spraying pesticides, Fertilizers	3 times		3000/-
7.	Transportation(Home, market and cold store)			8000/-
8.	Other expenses			10000/-
	Investment			65700/-
	Income	18000 Kg	9/-	172000/-
	Investment per kg			4/10
	Investment			65700/-
	Profit/Bigha			62300/-
	Profit/Katha			3115/-
	Profit/Hector			93450

(sources:- From field survey)