

# Chapter I

## Introduction

### 1.1 Background

Nepal is a least developed, small land-locked and mountainous country of 147181sq km.area in South Asia with the population of 25.3 million. Average annual population growth rate is 2.24. The geographical location of Nepal lies between 80<sup>0</sup> to 81<sup>0</sup> 15' east longitude and 28<sup>0</sup> 22' to 29<sup>0</sup> 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 percent out of which male are 65.3 percent and female literacy are only 42.8 percent.

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 area covers about 14.2 percentage of the total population<sup>1</sup>

Nepalese economy is predominantly agricultural. Agriculture is the backbone of the Nepalese economy. It is the major source of the livelihood for majority of the country's population. Poverty in Nepal is widespread with about 38 percent of the total population living below the poverty line. Agriculture still remains the prime occupation for majority (80percent) of the population in Nepal. It is quite noteworthy that the agriculture sector share to gross domestic product over the last 10 year has significantly declined form 49 to 39percent.However the number of labor engaged in agriculture and allied activities has changed little over this period. (About 80 % of employment)

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<sup>1</sup> CBS(2001) Population census 2001, central bureau of statistics .

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 complete 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-services 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 agricultural program.

### **Profile of Kailali District**

Kailali is one of the district of Seti zones in far-western development region. The geographical location of Nepal lies between the 80<sup>0</sup> to 81<sup>0</sup> 15' east longitude and 28<sup>0</sup>22' to 29<sup>0</sup> north latitude. The total area of this district is 3235 sq km. and the total population is 620035. maximum temperature reaches up to 46<sup>0</sup> c in May to June. Annual average temperature of this district is maximum 30.5<sup>0</sup> c and minimum 17.6<sup>0</sup> c Kailali receives an annual rainfall of 2186.7 mm. It

contents topical sub tropical and temperature type of climate altitude of 109-1957 mtrs<sup>2</sup>.

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 this district nearly 88.4 percent population are involved in agriculture activities while about 12 percent either has jobs are engaged in ethnic or Caste Occupation. The most indigenous people of the district are known to be Chuddar (Tharu), who constitute 50 percent of the total population. Other caste and ethnic groups are known to have migrated from other part of the country and specially from the far western hill. Despite the huge Tharu population other caste, particularly Brahamen, 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 visitable 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, Khailad, Thapapur, Sahajpur, Pratappur, Hasulia, Lalpur, Shukhkhada, Bhajani, Geta, Dhangadhi, Baunia, Masuria and Phulwari.

There are two municipality and forty two VDC. Dhangadhi which is the headquarter of Kailali and Tikapur are the Municipality the total cultivated land of this District is 90550 hector land, from that 68976 hector of land is Khet,

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2 District agriculture statistical Data Book (DADO) Kailali 2064/065.

21574 hector of land is Pakho and 38976 hector of land is irrigated area and 30000 hector of land is partially irrigated land<sup>3</sup>

The total trade of this place is best 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 3.94%. The population density is 190.6 people per sq. km. There is 95499 household and income per people is Rs.6424. Literacy rate are 48% (male 59% and female 41%).

The situation of landing of Kailali district are as follows:-

**Table 1.1**  
**Situation of Food Crops in Kailali District**

<b>S.N</b>	<b>Crops</b>	<b>Area (ha.)</b>	<b>Production (mt.)</b>	<b>Productivity (mt/ha.)</b>
1	Paddy	60000	153380	2.55
2	Wheat	37000	78070	2.11
3	Maize	17000	27804	1.64
4	Finger Millet	222	200	1.8
5	Barley	150	190	1.27
<b>Total</b>		<b>115122</b>	<b>261714</b>	

(Source:- DADO, Kailali 2064/065)

As shown by above table out of total cultivated area 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.

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3. (DADO, Kailali 2064/065)

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

**Table 1.2**  
**Situation of cash crops in Kailali District**

S.N.	Crops	Area ( ha.)	Production(mt.)	Productivity (mt/ha.)
1	Sugarcane	1700	79900	47.0
2	Spring maize	400	720	1.8
3	Chaite Rice	350	1350	3.86
<b>Total</b>		<b>2450</b>	<b>81970</b>	

(Source:-DADO, Kailali 2064/ 065.

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

Similarly,the situation is of fruit crops has been presented below.

**Table 1.3**  
**Situation of fruit crops in Kailali District**

S.N.	Crops	Area ( ha.)	Production(mt.)	Productivity(mt/ha.)
1	Deciduous	162	567	3.5
2	Evergreen	769	9229	12
3	Banana	880	20650	23.47
4	Citrus	190	1871	9.85
<b>Total</b>		<b>2001</b>	<b>32317</b>	

(Source:- DADO, Kailali 2064/065.)

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 vegetable crops in Kailali District**

<b>S.N.</b>	<b>Crops (Vegetables)</b>	<b>Area ( ha.)</b>	<b>Production (mt.)</b>	<b>Productivity (mt/ha.)</b>
1	Winter	1265	16556	11.09
2	Summer	810	11745	14.5
3	Off season	570	7182	12.60
<b>Total</b>		<b>2645</b>	<b>35483</b>	

(Source:- DADO, Kailali 2064/065.)

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

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

**Table 1.5**  
**Situation of Spices crops in Kailali District**

<b>S.N.</b>	<b>Crops ( Spices)</b>	<b>Area (ha.)</b>	<b>Production (mt.)</b>	<b>Productivity (Mt/ha.)</b>
1	Coriander	20	90	4.5
2	Ginger	421	3057	7.26
3	Garlic	115	156	1.36
4	Turmeric	80	464	5.8
5	Chilly	108	173	1.6
6	Onion	200	2900	14.5
<b>Total</b>		<b>944</b>	<b>6840</b>	

(Source:- DADO, Kailali 2064/065.)

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**

<b>S.N.</b>	<b>Crops ( Pulses)</b>	<b>Area (ha.)</b>	<b>Production (mt.)</b>	<b>Productivity (mt/ha.)</b>
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
5	Rajma bean	50	73	1.46
<b>Total</b>		<b>21908</b>	<b>15840</b>	

(Source:- DADO, Kailali 2064/065.)

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

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

**Table 1.7**

**Situation of oil seed crops in Kailali district**

<b>S.N.</b>	<b>Crops</b>	<b>Area ( ha.)</b>	<b>Production (mt.)</b>	<b>Productivity (mt/ha.)</b>
1	Tori (include sarsoo/ rayo)	22400	16800	0.75
<b>Total</b>		<b>22400</b>	<b>16800</b>	

(Source:- DADO, Kailali 2064/065.)

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

## A Profile of Potato in Kailali district

Potato is one of the major food crops of the world. It is originated from the mountain chain of Andes. It is firstly admitted from Patna of India in Nepal. It was brought from Darjeeling, Simla, Nainital and Deharadun cities of India. It has placed fifth position among different crops of Nepal also. On the basis of production it lies fourth position and as per productivity it comes in first position. It's production and marketing is increasing day by day in Kailali also. We can find nutritive element of Potato. All type of necessary constituent like protein, fat, minerals and carbohydrate can be achieved. It lies in solinacy family it grows from winter to summer it grows twice a year. The soil must be fertile and well drained. Light and loan soil is best for potato which is available. It can be harvested after 90-120 off sowing. It is used for making different varieties like vegetable, boil, pickle, chips, pakauda, tikky and samosa.

Kailali district is popular in potato cultivation. It is produced in different parts of Kailali district such as Dhangadhi, Tikapur, Lalpur, Geta, Ratanpur and Chaumala.

The situation of potato crop in Kailali district has been presented below:-

**Table 1.8**

### Situation of potato crop in Kailali Distict

S.N.	Crops	Area ( ha.)	Production (mt.)	Productivity (mt/ha.)
1	Potato	2530	38583	15.25
<b>Total</b>		<b>2530</b>	<b>38583</b>	

(Source:- DADO, Kailali 2064/065.)

As shown by above table the potentiality of potato production and it's 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. More ever, there are large number of small wholesalers as well as retailers, often operating on foot or by cycle and

Rickshaw in local communities, larger entrepreneurs are involved in trade with Kathmandu and border towns in India. There is a problem of warehousing to store produced potatoes.

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

- ✿ Dejire
- ✿ T.P.S.(TPSII/67)
- ✿ Cardinal
- ✿ Janakdev
- ✿ Tharu potato
- ✿ Kufrisinduri

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

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

### **Statement of theProblem**

As stated above, for the development of national economy, agricultural production must be raised. But in Nepal exciting 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 un gross domestic production (GDP) is only about 40 percentage 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 potato production has facing various problem in its farming sector and marketing sector, the main constraints to the development of the sector appear to be insufficient knowledge of potato production among potential producers. There also seems to be a certain lack of improved varieties of potato seeds, which are needed for it. Moreover, the general problem in Nepal of transportation limits the marketing possibilities of potato products which most probably also has a blocking effect on the expansion of production units.

Mainly local communities consume the entire domestic production of potato. Generally, in Nepal, transportation is constraint for marketing and this is particularly true for a perishable product such as potato. There is a lack of all-weather roads connecting potato producing areas with consumption centers in kailali district. Moreover, there is no infrastructure in the from of cold storage or insulated vehicles for potato distribution. Modern harvesting, processing and packaging technologies are still new to the small producers.

Kailali is the successful area of the potato production. But it has facing more problem, such as the farmers sell their products in villages on credit, which many 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 Tikapur has hampered the growth of potato 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 such as Dhangadhi. Certain traders are involved for supplying seeds of potato in projected area. Absence of association leading to poor bargaining power, poor training access, market linkages etc. leading the farmers to sell their product at lower cost. Limited knowledge of available financial services limiting the growth of this enterprise. Limited knowledge of potato 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 depend in availability of market infrastructures such as transportation and storage etc. But in 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 potato production in Kailali district? What is the movement of price of potato product and sold in Kailali district ? What are the constraints opportunity for potato 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 to analyze the status of potato 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 potato production in Kailali district.
- ii. to identify the movement in the price of potato in the selected area.
- iii. to identify the market constraints and opportunities in relation to the establishment of viable enterprises relating to the potato production including import and export.
- iv. to study the present situation of the potato marketing in different parts of Kailali district.

- v. to investigate the market possibilities of potato.
- vi. to suggest an appropriate action plan to facilitate the potato 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 the 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. Agricultural 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 a 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 potato production. According to the view of Kailali district, potato is grown in the 2530 hectors area of land which produces 38583 metric ton potato. So the productivity is 15.25 (mt/ha.)<sup>4</sup>. According to this we can say that there is a great potentiality of production of potato in Kailali

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4. (District Agriculture Development Office, Kailali)

district.

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

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

The potato 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 potato 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 year's 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 to be confined on the production and marketing of potato.

\*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 potato marketing in Kailali district" is organized into five chapters. A brief textual outline of each of the five chapters is depicted below:-

### **Chapter-I**

**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 source 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 chapters 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 the recommendations 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 problems towards the end of providing information useful in marketing decision making"<sup>5</sup>.

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."<sup>6</sup>

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 finding 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 research and sales promotion and planning research. It is a continuous process of 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.

### 2.1 Market

Market is generally understood as the place or geographical area where

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5. (Cundiff & still "Marketing Research")

6. (Philip Kotler & Gray Armostrong, "Principle of marketing, 1996)

buyers and sellers meet and enter into transactions involving transfer of ownership of goods, services and securities. An American Marketing Association defines a market as the aggregate demand of the potential buyers for a market. "Market also comprises the organization institution, which facilitates and regulates exchange of goods and services".

"Any body or any persons who are interrelated in business relation and carry extensive transaction in any commodity".<sup>7</sup> Market is described as the institution that performs the marketing functions 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."<sup>8</sup>

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.

## **2.2 Marketing**

Generally, by marketing we mean the selling and buying of goods and services. But actually the concept of marketing is much broader 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 organizational objectives. "<sup>9</sup>

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

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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 9 th Edition 1998 Prentice Hall of India Pvt. Ltd.

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

obtain what they need and want through creating and exchanging products and value with others."<sup>11</sup>

" 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. "<sup>12</sup>

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 that 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.<sup>13</sup>

### **The product oriented stage**

The idea that the consumers will favor that offers the most quality, performance and feature to the origination should there fore devote it's energy to make continues product improvement.<sup>14</sup>

### **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.<sup>15</sup>

### **Marketing oriented stage**

The basic taint of this stage is the achievement the organizational goal depend on determining the needs and wants of target market

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11 Kotler & 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 & Armstrong G.1997 pg. 14

15 Philip Kotler Print 1997, Page 17

and delivering the desire satisfaction more efficiently and effectively than the competitors.<sup>16</sup>

### **Societal- Marketing oriented stage**

This is the latest development in the field of marketing. The stage is based on the origination should determine the need, want and interest of the target markets and the desired satisfactions more effectively efficiently than do competitors in a way that maintain of improves the consumers and society well being.<sup>17</sup>

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 No. 2.1**

### Objectives of Marketing

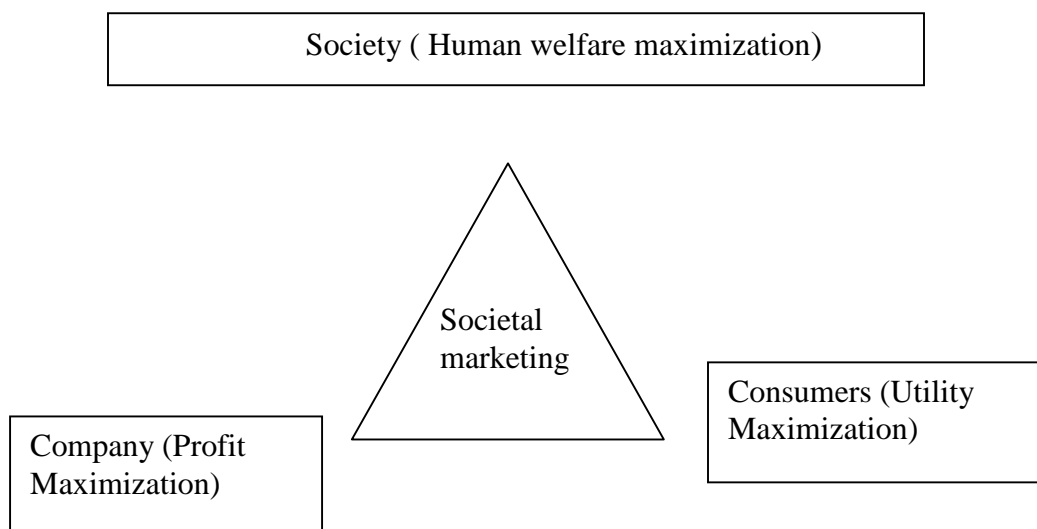


Figure from (Kotler.P.and Armstrong G.,1999,P.28)

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

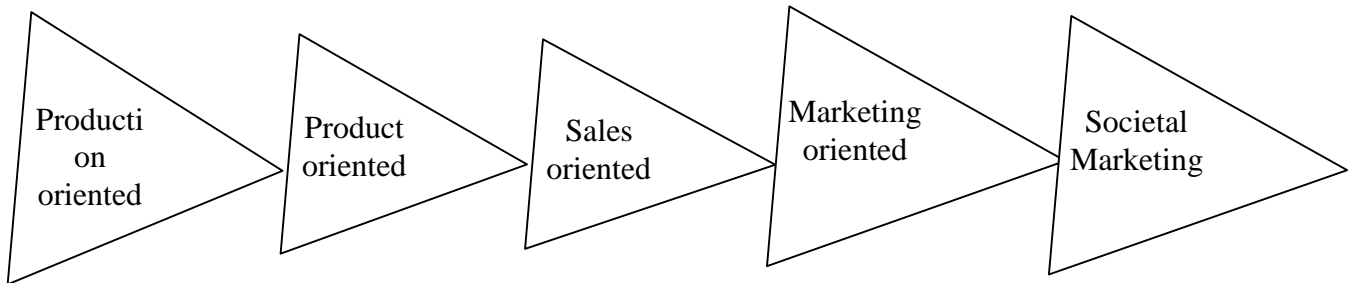
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16. Ibid Pg.No. 18

17. Ibid Pg.No.27

**Figure No. 2.2**

**Evaluation of marketing stage**



(Figure from Stanton W.J. 1981.Pg.No.11)

**2.3 Marketing system**

W.J. Stanton in his book entitled fundamentals of marketing define 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 it's market. These are retailer's, 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 it's market. These two variables are linked by the exchange associated with exchange of goods or services with something of value.<sup>18</sup>

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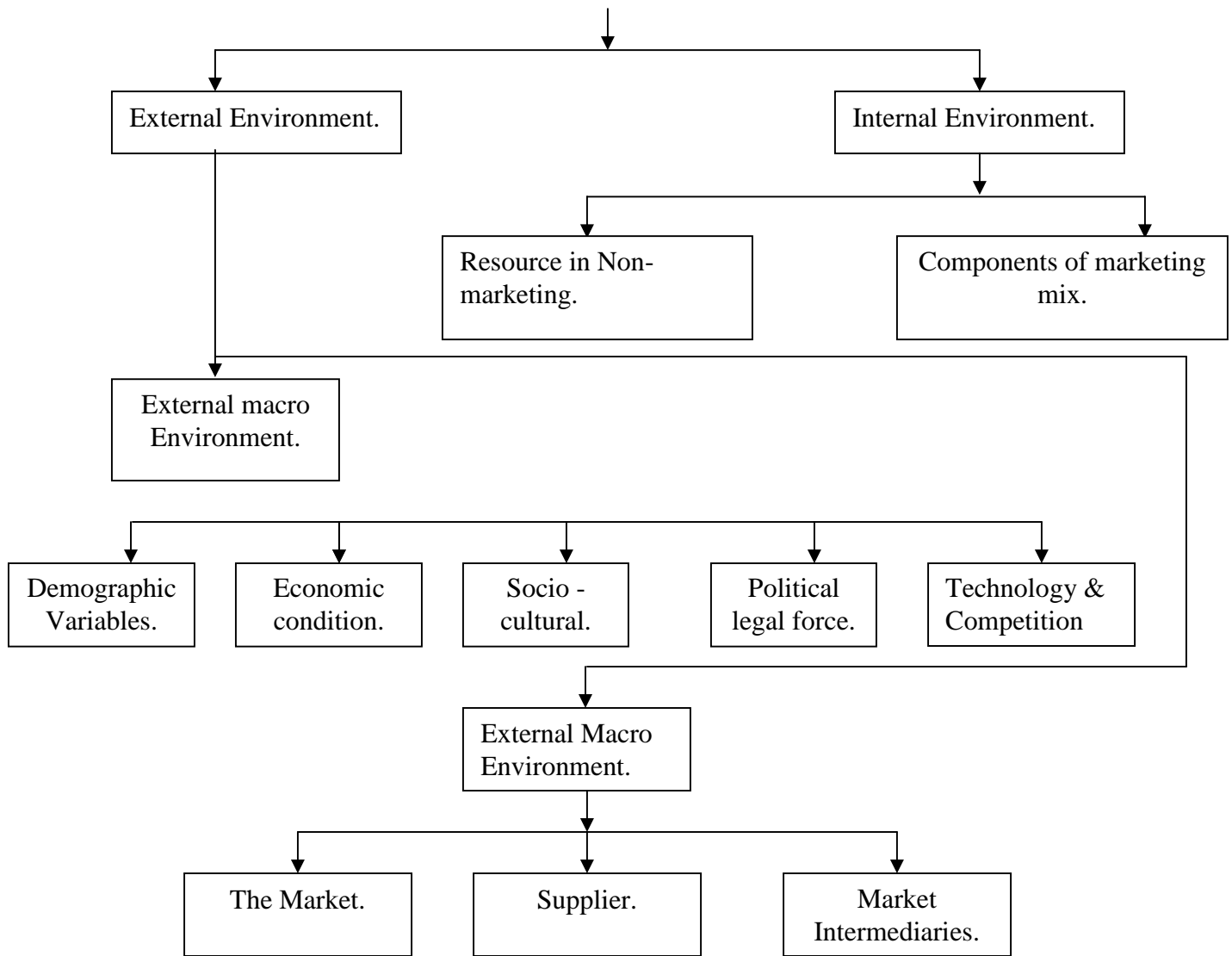
18. Stanton W.J.,1987, Pg No- 19

K.D. Koirala in his book Marketing Decision states that system theory of marketing is based on the work of Bertalanffy who is credited with coining the phrase "General System Theory" Bertalanffy defines a system as a set of objects together with the relationship among them and their attributes. As such a marketing system refers to the group of individuals and firms with a set of objectives together with a relationship with their attributes. Thus the system theory is based on the concept of common goal and all the elements of marketing system are required to make attempt at their best so as to attain the goal.

## **2.4 Marketing Environment**

Kotler and Armstrong define marketing environment as the actor and forces outside 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.

**Figure 2.3**  
**Marketing Environment**



The marketing environment plays very important role in facilitating the marketing forces. the external environment is uncontrollable by the company or firm and the firms are expected to adopt to the external environment. However, the firm has a very significant degree of Control over the internal environment.<sup>19</sup>

## 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

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

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 produce the response it wants in the target market. In order to satisfy the wants and needs of consumer, a business firm must determine 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 everything the organization can do to influence the demand for it's product in the target market. Thus, marketing mix is a blending of decisions in four Ps and to provide a marketing offer to the target market. These elements of marketing mix are interdependent and interrelated and it's dynamic concept as it keeps on changing with changes in market condition and the environment.

### **2.5.1 Product**

Generally product is both what a seller sell and what a buyer has to buy. Product is a set of tangible and intangible attributes including packaging, color, price, manufacturer's prestige, retailer's prestige and manufacturer's and retailer's services.<sup>20</sup>

A product maybe 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".<sup>21</sup>The key element of marketing mix is the product."Product is a bundle of utilities, features and accompanying service".<sup>22</sup>A product represents a marketer's offering as it is 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

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

21. Kotler & Armstrong " Principle of marketing 8 th Edition, Prentice Hall of India Pg. No- 7

22. Alderson W." Marketing Behaviour and Executire Aciton" III Richard D. Irwing 1957 Pg. No. 274.

service, an idea or same combination thereof.<sup>23</sup>

Thus, a product is any goods or services 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 value that the customer exchange for the benefits of having or using the product or services."<sup>24</sup>

Price is another crucial element of marketing mix. It may be defined as the value of product attributes express in monetary terms which a customer pays or it is expected to pay in exchange and anticipation of the expected offered utility. According to American Marketing Association," Price is the amount for which product, service or idea is exchanged on offered for sale, regardless of in 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 messages between buyers and sellers and its necessary and information to make customers and other public, with which an organization interests, aware of the existence of a product. "Having a great product is not enough. People must be made familiar with the product's

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

24. Kotler & Armstrong, " Principle of Marketing 8th Edition1999, Prentice Hall of India Pvt. Ltd. Pg. 47

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".<sup>25</sup>

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

#### **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, when and by whom the goods are to be affected for sale. In place or distribution mix includes design of the distribution channels, distribution network, dealer promotion and motivation system and physical distribution of the product.

### **2.6 Historical Background of Potato Market in Kailali District**

In the past there were no potato markets in Kailali district but the farmers used to produce potato for their family consumption only. After producing potato people used to consume for their own purpose and supply a little quantity of potato to the consumers in the village areas. But at that time, the huge amount of the potato was transported by India for the purpose of buying and selling.

According to available source from Mr. Ratan Bdr. Shah of Malakheti VDC the potato production was very low at that time but was an exciting thing for the farmers to get the market facilities. There was some hotel in Dhangadhi municipality area where some varieties of potato product were found. The transportation facilities like truck and tractors were not available.

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

There were only local breeds of potato cultivated in this district.

Kamaiya 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 propose of cultivating the land and helping them in the household works. By the help of the Kamaiyas the landlords used to produce potato in the farm and supply to the village market.

After the development of hotel and restaurant in the rapid speed the farmers were attracted to produce potato in their field for increasing the income source. After the year 2047 Hatbazaar was established in kailali to regulate the market of potato in different part of the district. Potato production is also been from past three decades. There were many customers in Kailali district. The huge amount of potato production helps to fulfill the demand of the people of this district.

None of the above studies has done about the " Potato marketing in Kailali district" so that the present study will focus on present situation of potato marketing, it's 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 2006 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 on banana marketing in Kailali district carried by Mr.D. Rawal on 2057B.S in the following objectives:-

- ❖ To study the present situation of banana market in Kailali district.
- ❖ To analyze the existing marketing situation of banana in Kailali district.
- ❖ To analyze the promotional activities and distribution channels of banana in Kailali district.
- ❖ To study the price situation of banana market of Kailali district, Nepalgunj and Kathmandu.
- ❖ To investigate the market possibility of banana.

The major findings of the study are:-

1. In Kailali district, there is some lack of knowledge to the farmers. Farmers are attracted to earn more profit from banana farming without technical knowledge. In order to get good production of banana, regular maturing is necessary operation. There is only one person Mr.Kalu Hamal who has directly or indirectly provides technical knowledge to the various banana farmers. But he has not enough time to observe all banana cultivation. The government has been given due attention to the banana farming in technical aspect in this area.
2. The lack of irrigation facilities, the farming of fruits depend on the seasonal irrigation by channel. Some farmers have irrigated by boring (Pumpset). But this method of irrigation is very costly for banana farming.
3. Financial supporting services program is also lacking there. Specially the Agriculture Development Bank is responsible to provide the loan for banana production. It provides the loan Rs96,000 per Bigaha in 15% to the banana cultivation. Agriculture Development Bank 60 percent, Nawajeevan Bank 7 percentage and Malika Development Bank 3 percent investment in total banana cultivation and 20 percent of

investment in banana farming by banana farmers themselves. Farmers cannot achieve the expected loans easily and quickly.

4. There is a less co-ordination between banana farmers. There is only one origination (Kerabali Bikash Samuha) of banana farmers.
5. The variety of banana is only one (Harichhal) cultivated there. The varieties of banana like Robusta, Cevies and Malbhog etc. are not cultivated there.
6. The total area of banana cultivation is 103 Bigha and 15 Katha till Oct.2000. And total annual production will be 12,45,000 dozen of bananas in one-year period.
7. in that area, special packing is not done neither it requires. There are not using any special containers for packing.
8. The scientific storage facilities are completely lacking here. All of the farmers use local method of storage. Farmer's store the banana in the ground floor and hang the bunches meanwhile some farmers send the banana directly to the market from the field.
9. The channel system is very simple and not well developed. The channel for the local or nearby market comprise of the growers who sell directly to the customers by taking them to the field itself.
10. According to the respondent 80 percentage of the farmers are educated so that they can acquire technical knowledge in rice farming.
11. The banana farmers give attention to the quality of banana production in that area. They are given to consideration only about the quantity of banana production in present.
12. 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.

# 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 potato in Dhangadhi, Kailali. 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 or aims, data successfully collected from the sample consumer, wholesalers and retailers, Hotel and others 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."<sup>26</sup>

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

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

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, random convenience sample method is used. For the collection of primary information, one municipality and village development committee (VDC) of Kailali district namely Dhangadhi, Geta, Attariya were selected by the judgement 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 consumers. 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 potato producer, wholesaler, retailers 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 Source 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 interviewers 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 farmers, potato traders and final consumers and secondary data are collected from District Agriculture 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 statistics 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 potato 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 to my requirements 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 my 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 there fore, 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 questionnaires, 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 asses their relative important", we are first to analyze the existing situation of potato 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 of living of the masses. However, a subsistence farmer may sell greater volume of its farm products to meet daily necessities produced in the non-farm sector, whenever, 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 sectors 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 agricultural production activities carried on in commercial scale heavily depend upon markets for inputs as well as disposing of output. At this stage, farmer has to look not only production efficiency but also have to watch and seek for 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 technique of marketing in its totality has been traditional. After 1960, the change is found to have appeared the opening of public sector corporations to lend 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 opening of these corporations have led as the demand potential, to further influence the supply factors.

In Kailali, there are some public corporations. They are helping to enhance the agricultural markets. So public corporations in Kailali area are, National

trading limited, Nepal Khadya sansthan, Salt trading limited, Agricultural input corporation Ltd, National seed company, Agriculture Development Bank, District Agriculture Development office, Irrigation office etc.

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

**Table 4.1**  
**Local Markets in Kailali**

<b>S.N.</b>	<b>Market Name</b>	<b>Distance from Dhangadhi(K.M.)</b>	<b>Transportation facility</b>
1.	Satti	104	Bus
2.	Tikapur	95	Bus
3.	Chisapani	93	Bus
4.	Lamki	79	Bus
5.	Chuha	70	Bus
6.	Bauniya	68	Bus
7.	Pahalmanpur	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.	Joshiपुर	76	Bus
16.	Hasuliya	30	Bus

17.	Khandanda	38	Bus
18.	Phaltunde	69	Bus

(Source: Sudur Paschimainchal bus byabsai samittee, Dahangadhi)

Besides of them there are other many small local market in the district where potato 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 incourage the farmer, business men for development of marketing.

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

**Table 4.2**  
**Description of Agriculture Market and collection Centre**

S.N.	Krishi upaj Hat bazaar	VDC/MUN.	Market day	Infrastructural Development work
1.	Tikapur	Tikapur-9	Sat,Wed.	6 Lakh DADO,PIU,GTZ.
2.	Dhangadhi	Dhangadhi-1	Sun,Tues, Fri.	
3.	Dhangadhi	Dhangadhi-2	Sat, wed.	
4.	Attaria	Geta-4	Wed.	CDP.
5.	Lamki	Baliya	Sat.	1 Lakh DADO+ 235 <sup>th</sup> Ujalo
6.	Chaumala	Banbenda	Thu.	50 <sup>th</sup> .DADO
7.	Chaumala	Chumala	Sat.	1 Lakh DADO+35 <sup>th</sup> ,NGO.
8.	Joshiapur	Joshiapur	Mon.	1 Lakh DADO.

9.	Masuriya	Masuriya Bazaar	Sat.	50 <sup>th</sup> .DADO.
10.	Bhajani	Bhajani Bazaar	Sun.	110 <sup>th</sup> .DADO.
11.	Munuwa	Munuwa Bazaar	Fri.	50 <sup>th</sup> .DADO+50 <sup>th</sup> .DDC
12.	Durgauli	Durgauli Bazaar		80 <sup>th</sup> .DADO
13.	Pathraiya	Pathraiya Bazaar		1 Lakh DADO.
14.	Sukhad	Sukhad Bazaar		1 Lakh DADO+2 Lakh VMD.
15.	Phulwari	Phulwari Dipo and 25 Ghar Bazaar		50 <sup>th</sup> .DADO+50 <sup>th</sup> .DDC
16.	Urma	Urma, Bhada Bazaar		50 <sup>th</sup> .DADO.
17.	Nigali	Nigali Bazaar		50 <sup>th</sup> .DADO
18.	Sahajpur	Sahajpur Bazaar		80 <sup>th</sup> .DADO.
19.	Khanidanda	Khaninda Bazaar		50 <sup>th</sup> .DADO
20.	Ramshikharjhalala	Ramshikharjhala Bazaar		50 <sup>th</sup> .DADO

(Source:- DADO Kailali )

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

Agriculture tools, fertilizer and Capital are most essential things for potato 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.

**Table 4.3**

**Agriculture Support Organization in Kailali District**

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

(Source: DADO, Kailali)

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 potato is spread over the whole year. Thus, farmers have to store the harvested potato at the desired time, But in the lack of storage facility farmers are faced to sell off their product. Soon after the harvested is over and middlemen takeaway a huge portion of their profit.

A farmer and seller in village in generally poor and the unit volume of transaction are very small. Individually they can't have bargaining capacity. Under such condition they can't sell the products at better price. So, they have to introduce their business on behalf of big seller or businessmen of agricultural products.

Though there are some institutions 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 present marketing services are as traditional as there were before the outcome of co-operatives and other institution in the public sector. Problem of inadequate market information still exist, which hampers the development of organized market. It make there fore 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.

#### **4.4 Condition of Potato Market**

The marketing channel for the potato which are produced in Kailali can be shown in the following ways:

Producer → Consumer

Producer → Retailer → Consumer

Producer → Collector → Retailer → Consumer

Producer → Wholesaler → Retailer → Consumer

Producer → Wholesaler → Industry → Consumer

Producer → Wholesaler → Industry → Retailer → Consumer

Producer → Collector → Industry → Retailer → Consumer

There are two types of market for potato in Kailali they are agricultural upaj Hatbazaar and permanent type of market. Sunday, Tuesday and Friday are found as a Hatbazaar in Dhangadhi municipality area. There is another Hatbazaar in Chauraha organized one Wednesday and Saturday. Many traders are attractive in such type of market to sell the potato and many buyers are also attractive for buying their needs. There are 30 traders who sell potato and other vegetables in Dhangadhi area.

There are 2 types of market in Tikapur also. They are Hatbazaar and Vegetable shop. The condition of hatbazaar in Tikapur is very good which was established in 2054 B.S. Around 40 traders of Tikapur are involved for dealing of potato production.

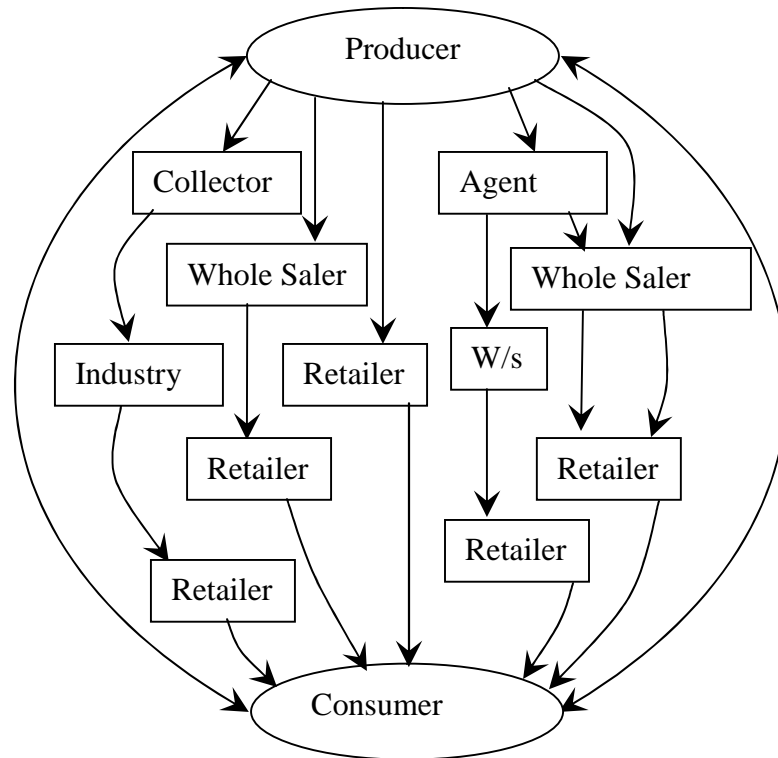
Besides these there are other VDC areas where the transaction of potato found good. Hasuliya, Pratappur, Munuwa, Urma, Chaumala, Lalpur, Geta, Masuriya etc are the places where the production and marketing activity of potato is not so weak. Marketing is done specially for family use. Average price of potato in these area Red Potato per kg Rs.10 and White Potato per kg Rs.8/-

.In municipality area the price of potato is minimum 5.7 and maximum 10-12 per kg. Some parts of potato has been imported from India also.

#### 4.5 Existing Marketing System of Potato

While observing the existing marketing system of Dhangadhi, the potato will reach towards consumer through different channel. The condition of vegetable market and potato market is same. The marketing system of potato in Dhangadhi can be presented below.

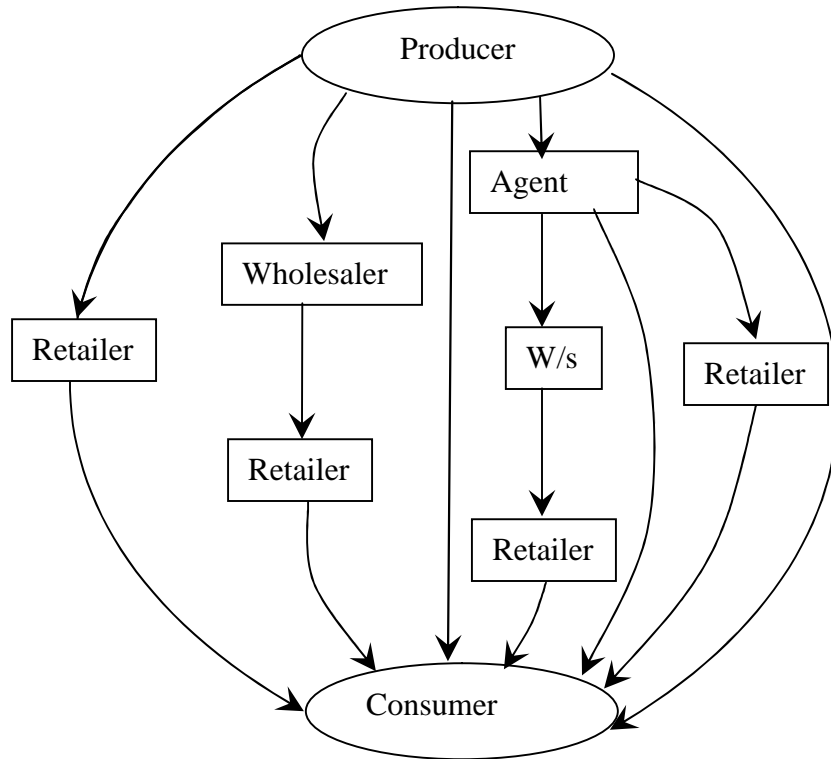
**Figure 4.1**  
**Existing Marketing System of Dhangadhi Municipality**



By the help of above table it became that how the potato 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 potato.

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

**Figure 4.2**  
**Existing marketing system in Tikapur Municipality**



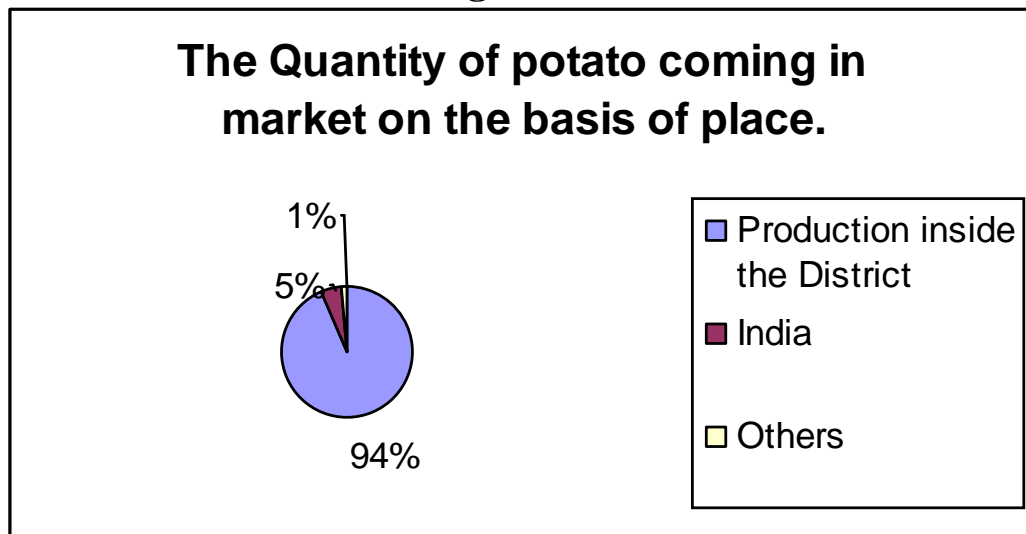
**Table 4.4**  
**The Quantity of Potato coming in the market on the basis of Place**

S.N.	Place from where coming	percentage	Remarks
1.	Production inside the district	94	
2.	India	5	
3.	other	1	

(Source: DADO Kailali)

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

**Figure -4.3**



#### **4.6 Average production of potato in Kailali District**

The trend of potato production of Kailali district is given below

**Table 4.5**

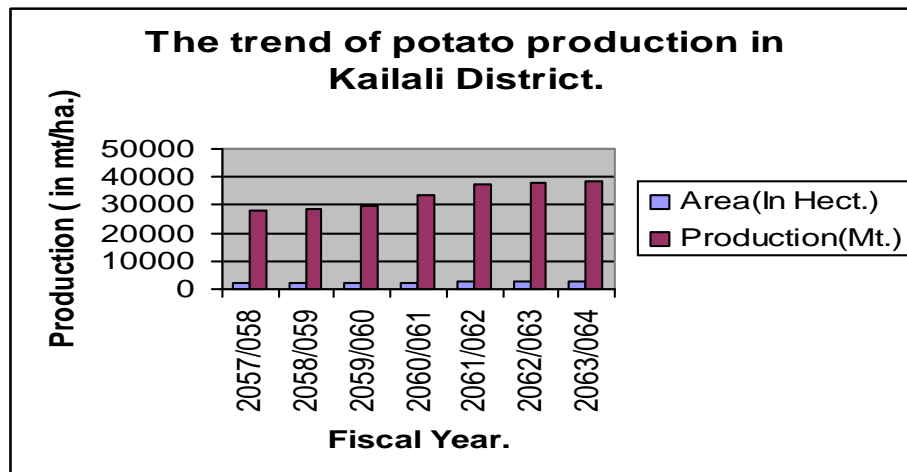
#### **The trend of Potato production in Kailali District**

<b>Fiscal Year</b>	<b>Area(In Hect.)</b>	<b>Production(Mt.)</b>
2057/058	2015	28210
2058/059	2030	28826
2059/060	2044	29638
2060/061	2250	33750
2061/062	2500	37500
2062/063	2510	38150
2063/064	2530	38583

(Source: From the field Survey)

The above table can be shown in the following diagram.

**Figure No. 4.4**



While analyzing the above diagram and table the production trend of potato is progressive. The production and area of this crop has been expanded rapidly According to the data available of the fiscal year 2061/061 and fiscal year 2061/062, the area of crop and production has been increased by 11% and 9% respectively. This sadistic proved that there is great potentiality of the production of potato in Kailali District.

The following varieties of potato are found popular on the basis of it's cultivation on their farm by the farmers.

**Table 4.6**

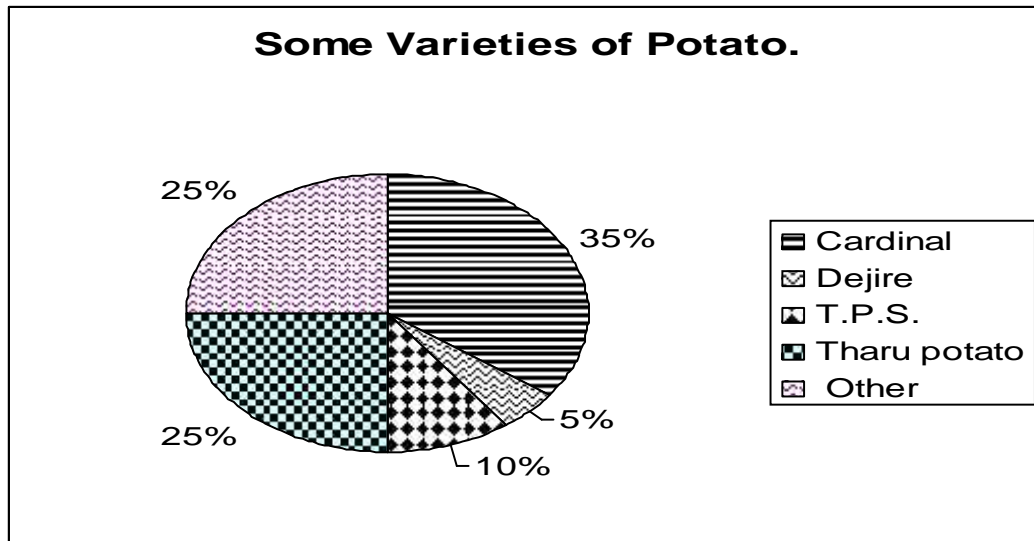
**Some varieties of Potato on the basis of cultivation**

S.N.	Varieties of potato	percentage	Remakes
1.	Cardinal	35	
2.	Dejire	5	
3.	T.P.S.	10	
4.	Tharu potato	25	
5	Other	25	

(Source:-From Field survey)

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

**Figure 4.5**



The above Statistic shows that Cardinal is found in first position in this district. The breed has maximum production were as Tharu potato is seen in send position. The statistic shows that T.P.S. is new brand But becoming popular day by day in this district from the view point of production. TPS variety is very good variety from different angle. so it's demand is also in creasing recently.

55 % Red potato and 45% white potato market is found in dhangadhi market and 50 % Red potato and 50 % white potato market is found in Tikapur. 6 Quintile potato has been consumed in Dhangadhi and 3 quintile potato has been consumed in Tikapur per day . Transaction of 50 quintile potato is done in dhangadhi Hat bazaar and 14 quintile potato is sold in Tikapur Hat bazaar. The stated data can be presented as follows.

**Table 4.7**  
**Daily Consumption of Potato**  
**(In local market)**

Place	Red		White		Remarks
	Quantity	Percentage	Quantity	Percentage	
Dhangadhi	2.5	62.5	1.5	37.5	
Tikapur	1.0	50	1.0	50	

(Source:- From field survey)

Likewise the condition of Hat bazaar market is shown below.

**Table No. 4.8**  
**Daily Consumption of Potato**  
**(In Hatbazaar)**

Place	Red Potato		White Potato		Remarks
	Quantity	Percentage	Quantity	Percentage	
Agriculture Hat bazaar Dhangadhi	22	55	18	45	
Agriculture Hat bazaar Tikapur	4	50	4	50	

Above table shows that the market of market of red potato in Dhangadhi Hat bazaar is more which is 55% the market of red potato and white potato in Tikapur Hatbazaar is some which demand of red potato in Hatbazaar is some which is 50 % respectively the demand of red potato in Hat bazaar is big. Therefore, the commercial production of red potato in Dhangadhi can be determined.

## 4.7 Potato Varieties

In Kailali Mainly we can find five varieties of potato production, which are Cardinal, Dejire, T.P.S, Tharu potato and other in 253 hector of the total land area.

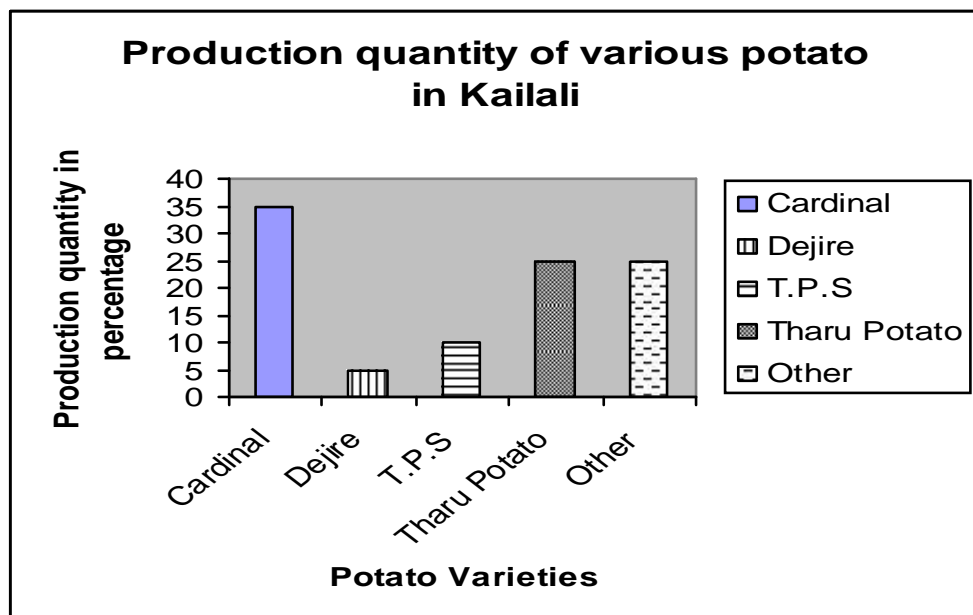
According to the information obtained from the potato growing farmers we can say that there are other varieties of potato but they are rarely found. Beside this potato varieties India also exports some higher quality of potato. It is mainly used in the functions, marriage program and ceremony.

**Table 4.9**  
**Production Quantity of Different Potato Varieties**

S.N.	Varieties of potato	Production Quantity
1	Cardinal	35
2	Dejire	5
3	T.P.S.	10
4	Tharu Potato	25
5	Other	5

(Source:-From field survey)

**Figure: - 4.6**



In the table Cardinal Potato is mostly produced in this district which is 35% of the total production. Then we find the potato production of Tharu Potato which is 25 percentage of the whole production of potato. Beside these two varieties Dejire and T.P.S are the quality of potato and the production is 5 percentage and 19 percentage respectively of the total production of potato in Kailali district.

There are other varieties which holds 25 percentage of total production. By this we can prove that the Cardinal Potato is the only potato, which is mostly demanded by the consumers and the farmers also grow this type of potato due to the good production and well market. Tharu market is also becoming popular in some market of this district due to different test especially in Tharu community.

#### **4.8 Production Cost of Potato**

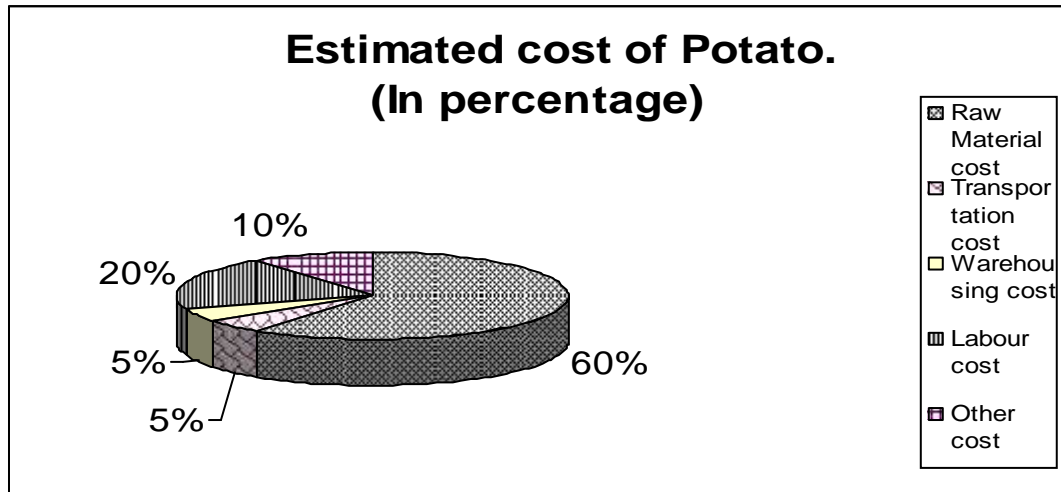
The production cost of potato in this area contains the cost of planting the potato crops and harvesting the potato by the farmers. After that in the first stage the cost of transporting, loading and unloading charges are charged to collect the potato up to the market. Then the warehousing charge is added until the potato is not taken to the market.

**Table 4.10**  
**Cost of Production of Potato**

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%

(Source:-From the field of survey)

**Figure 4.7**



By the above table we find that the potato 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 percentage is charged in the transporting charge while bringing the potato up to the market and land. After this, five percentage charges is charged in the potato storage or warehouse. Then twenty percentage of the total cost is included with the labor cost and finally 10 percentage for other cost like taxes, wastes etc.

#### **4.9 Consumers**

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

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

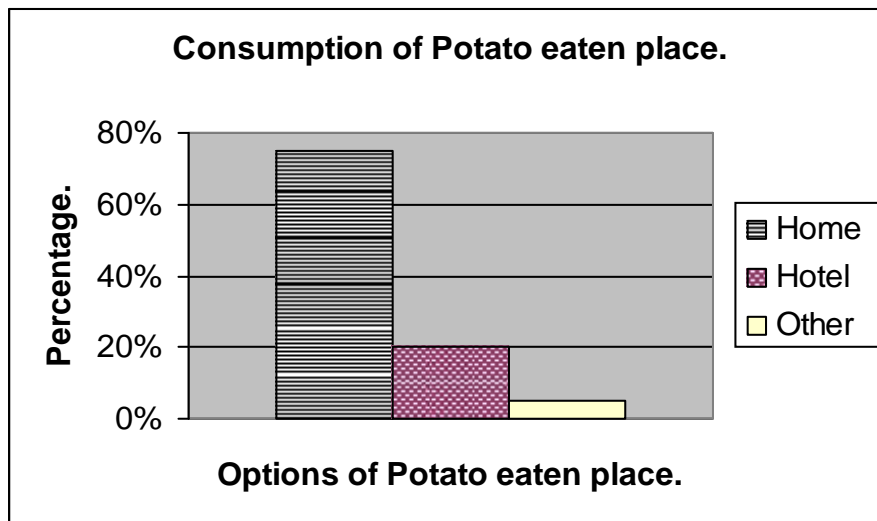
**Table No. 4.11**

**Mostly Potato Consumed Places**

S.N.	Options	No. of Respondents	Percentage
1.	Home	75	75%
2.	Hotel	20	20%
3.	Other	5	5%
		100	100%

(Source: From the field survey)

**Figure 4.8**



As shown in the above table the potato is mostly eaten in homes, which is shown by the chart, which we see 75 percentage of the total people use potato at home while 20 percentages of the people use or eat potato in hotels and only five percentage of the people use potato in other places like marriages, parties and so on places.

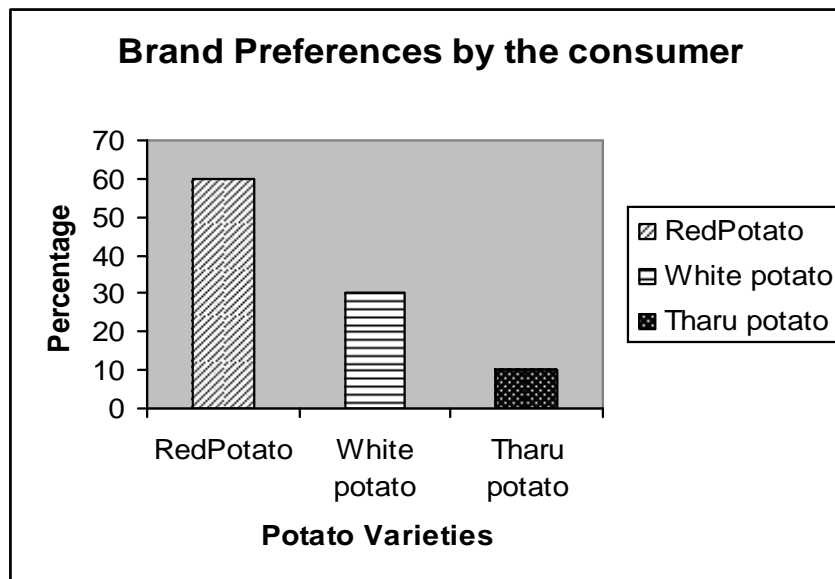
**Table 4.12**

**Brand preferences by the consumer**

S.N.	Brand	No. of Respondents	Percentage
1.	Red Potato	60	60%
2.	White Potato	30	30%
3.	Tharu Potato	10	10%
		100	100%

(Source:- From field survey)

**Figure No: - 4.9**



As presented in the above table the 100 respondents surveyed in Kailali where 60 percentage of the respondents prefer Red Potato,30 percentage of the respondents prefer White Potato while the rest of the 10 percentage respondents prefer Tharu Potato. Thus, consumers mostly like to use the red potato due to good taste.

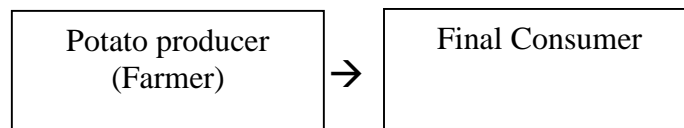
**4.10 Marketing Channel**

According to Prof. William J. Stanton, distribution channels consist of the set 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 potato 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 potato trade. The potato marketing channel of Kailali are divided into the following parts. Channel structure of potato marketing in Kailali for consumer product:-

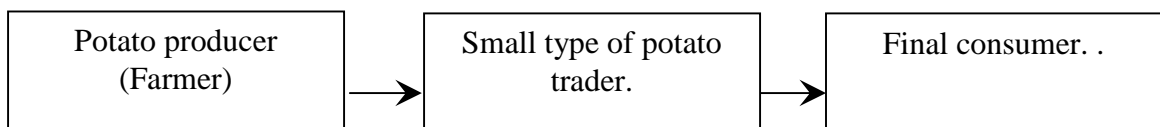
### **1 Zero level / Channel**

In this level the potato 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 potato producer and final consumer. They are small type of potato collector, who purchase potato from farmer and sell it into final consumers.



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

## **4.11 Marketing Environment**

Marketing can be affected by internal and external environment. They are product, price, place, promotion, organization's objectives, policies, resources, structure 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.

#### **4.12 Market segmentation and market coverage**

The potato market segment of Kailali is defined in one type, which is consumer market. The marketers or sellers purchase the potato from farmers and then sell it into final consumers. These types of seller are located at high population density where the potato user. This type of market segment is affected by geographical and behavioral variables. If we want to know the potato marketing coverage of Kailali, it can be divided in to two parts

There are many small size of potato seller and purchaser in remote, rural and production area. They collect potato directly from farmers and sell it into village to village( Door to Door). Some potato sellers are collecting potato from farmers then sell in to cities like Dhangadhi, Attariya and Tikapur.

#### **4.13 Potato pricing**

The principle function of agricultural marketing is to determine the price of every agricultural production it's farm gate to its consumption stage. Fair and reasonable privacy system of agricultural 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 potato 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 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 potato traders. They are not getting reasonable price in the ratio of profit aiming by potato traders. Whole the market of potato is affected on behalf of potato traders or middlemen.

**Table 4.13**  
**Monthwise wholesale price of potato at Dhangadhi and Tikapur Hatbazaar (Per kg 2007/2008)**

Month	Minimum (Rs)	Maximum(Rs)	Average(Rs)
Baishak	19.50	20.00	20.00
Jestha	19.50	20.50	20.00
Ashad	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
Mangshir	21.00	21.00	21.00
Poush	19.50	20.00	19.00
Magh	18.00	19.00	18.50
Falgun	12.00	12.50	12.00
Chaitra	8.00	8.50	8.00

(Source: From field Survey)

#### 4.13.1 Why Indian Potatoes are cheaper?

To increase the potato production, government needs 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 potato has not increased as per expectations, because price of potato produced in Nepal is higher than imported from India. Potato 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. In case of Nepal, potato 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 potato imported from India is cheaper as compared to potato produced in Nepal.

#### 4.14 Profit Margin

The data are collected by questionnaire and discussions to the farmers, small potato traders. According to them, farmers are getting proper profit. They only getting profit to recover the production cost and sometime they have to loss. The potato traders are getting little profit. They collect potato directly from farmers and sell it into village to village or door to door and Hat bazaar market 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 in three categories like potato trader is profitable deficit and expenses coverage, the following table shows the profit situation provided from survey.

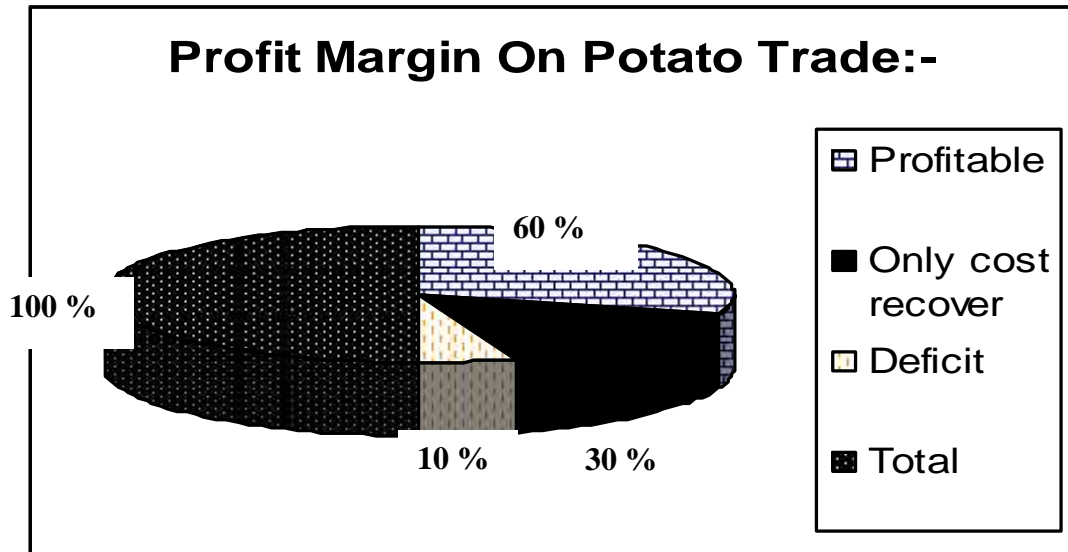
**Table 4.14**  
**Profit Margin in Potato Trade**

<b>Profitable</b>	<b>Only cost recover</b>	<b>Deficit</b>	<b>Total</b>
60 %	30%	10 %	100 %

(Source:- From Field Survey)

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

**Figure 4.10**



#### **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 can not carry their products from production center to marketing centers. Thus, transportation has it's 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**

<b>S.N.</b>	<b>Name of the road</b>	<b>Length of the road</b>
1	Joshiपुर to Lalbojhi	15 km
2	Sukkhad to Khairala	18 km
3	Gulara to Gadariya	10km
4	Rajipur to Gadariya	9km

(Source:- DADO,Kailali)

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 Attaria 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 potato 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 potato trader usually use to carry potato bull cart, truck, tractor, bus, cycle etc. From the data collection, it is found that the use of vehicle for carrying of potato is as follows:

**Table 4.16**

**Use of vehicle in remote area of Kailali**

<b>S. N</b>	<b>Option</b>	<b>Percentage</b>
1	Bull cart	20
2	Tractor	25
3	Truck	5
4	Bus	15
5	Cycle	35

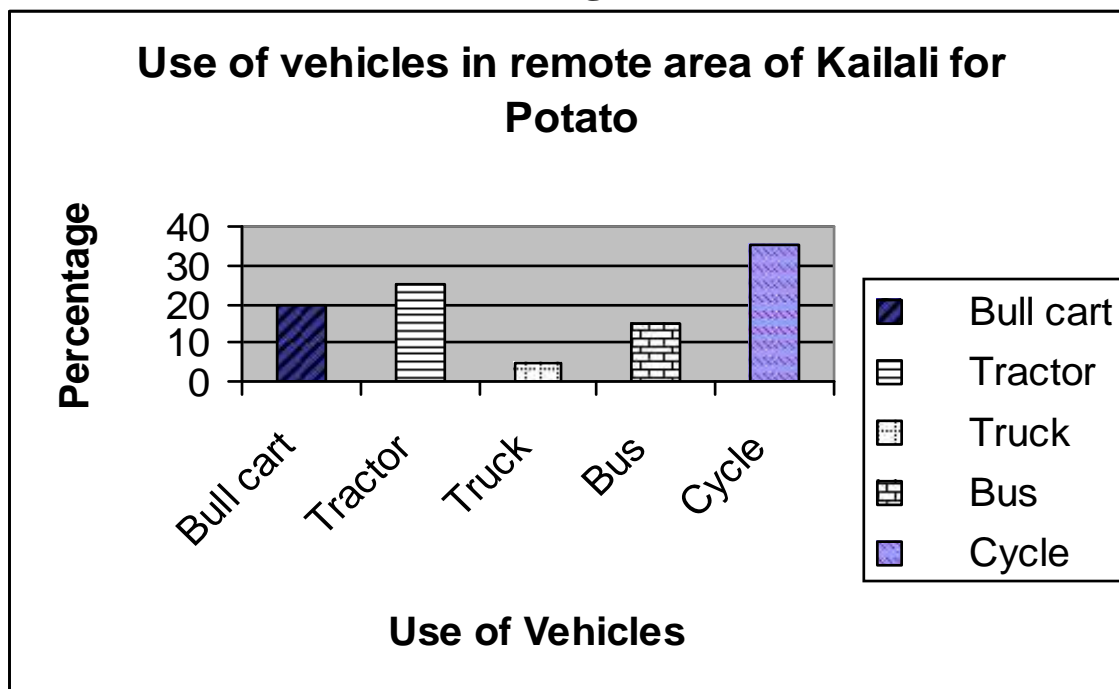
(Source: DADO, Kailali)

In the above table we found that 35% of the potato 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 potato 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 potato trader usually use to carry potato Rickshaw, Jeep, Tempo, Cycle. From the data collection, it is found the use of vehicle for carrying of potato is as follows

**Table 4.17**

**Vehicles used in City area of Kailali**

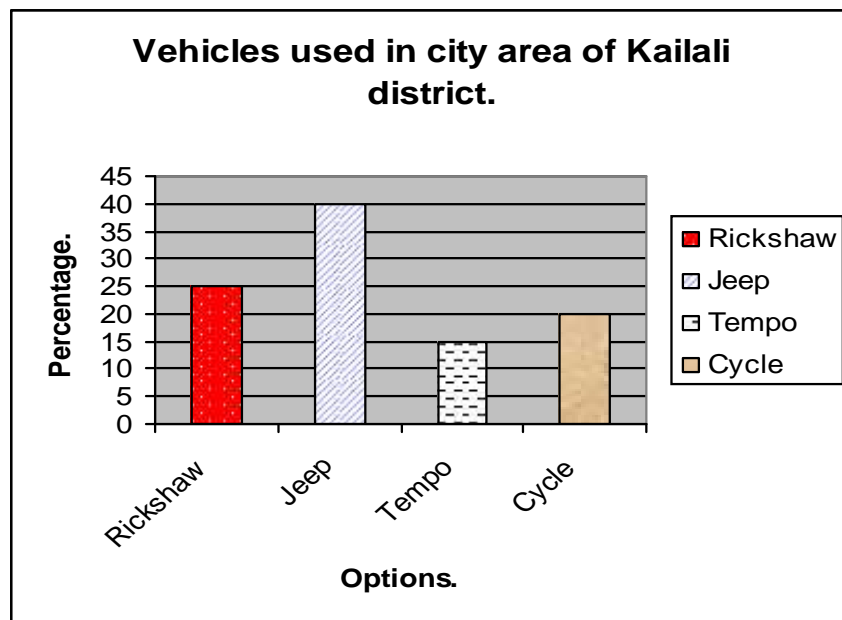
S.N	Option	percentage
1	Rickshaw	25
2	Jeep	40
3	Tempo	15
4	Cycle	20
	Total	100

(Source: DADO Kailali)

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

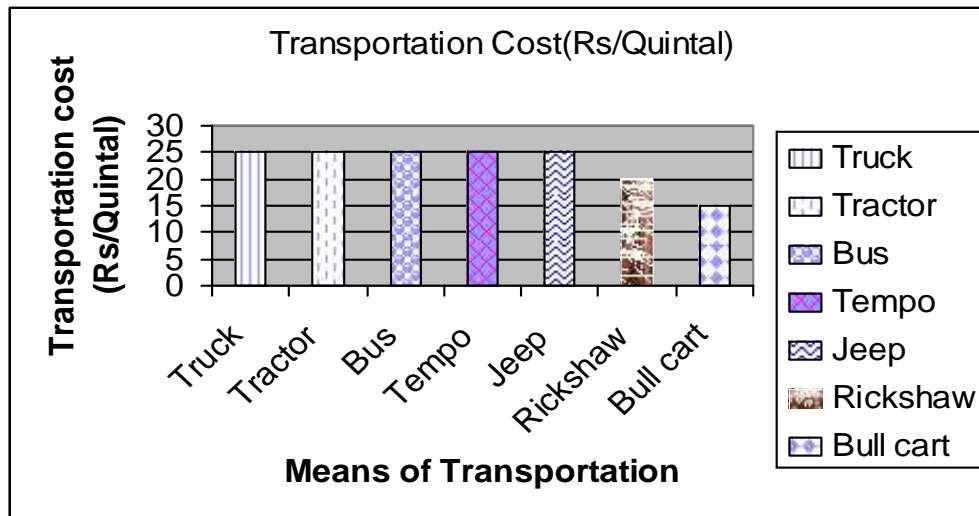
S.N	Means of transportation	Transportation Cost(Rs/Quintal)
1	Truck	25
2	Tractor	25
3	Bus	25
4	Tempo	25
5	Jeep	25
6.	Rickshaw	20
7	Bull cart	15

(Source : DADO, Kailali)

The above table shows that the transportation cost per quintal of potato. 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 potato. 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 Potato 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 products. 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 products is not very high. The product in the farm economy is spending for home consumption. What 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 no surplus at all. Under this situation farmers 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 potato 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 potato. 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 institution in Kailali. They are Agriculture Development Bank, Rastriya Banijya Bank, Nepal Bank Limited, Malika Bikas Bank, Everest Bank Limited, Nepal Bangladesh Bank and Nawajeevan Co-operatives etc. Beside 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 potato production is low due to the reduction in the price of potato and increasing in the price of fertilizers and other agricultural inputs.

#### **4.19 Source of capital**

The main source of capital of Kailali is 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 tables shows that the farmer of Kailali how to fulfill their capital requirement.

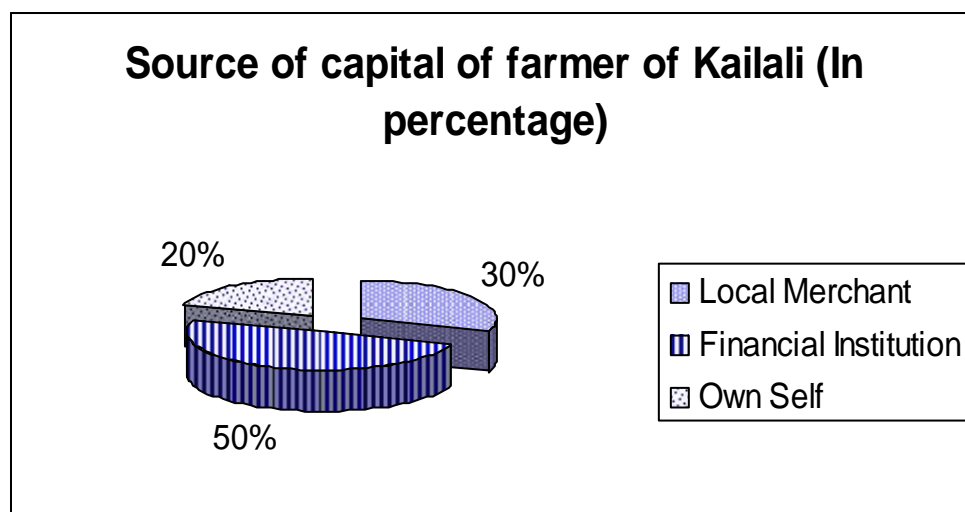
**Table 4.19**

#### **Source of capital of farmer in Kailali**

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

(Source:- From Field Survey)

**Figure 4.14**



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 specially for the potato producers is decreasing nowadays.

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

**Table 4.20**

**Name of Financial Institutions**

S. N.	Financial Institution's Name	Branch
1.	Agriculture Development Bank	Dhangadhi
2.	" " "	Tikapur
3.	" " "	Bhajani
4.	Nepal Bank Limited	Dhangadhi
5.	" " "	Tikapur
6.	Rastriya Banijya Bank	Dhangadhi
7.	" " "	Bhajani

8.	" " "	Attariya
9.	Malika Bikas Bank	Dhangadhi
10.	" " "	Tikapur
11.	Everest Bank Limited	Dhangadhi
12.	Nepal Bangladesh Bank	"
13.	Bank Of Kathmandu	"
14.	Sunrise Bank	"
15.	Nabil Bank	"
16.	Nepal Investment Bank	"
17.	Nawajeevan Co-operatives Bank	"
18.	" " "	Attariya
19.	" " "	Tikapur

#### **4.20 Production Technology of Potato 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 potato production. The farmers have been adopting both traditional and modern production system. The farmers who are living at remote area, farming with traditional technology whereas the other are farming in both in traditional and modern 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 farming technology.

**Table 4.21**

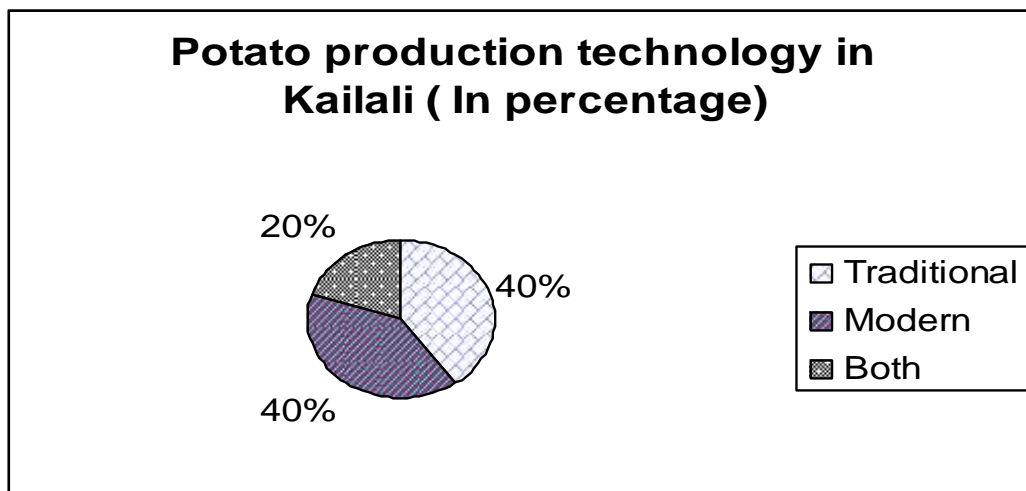
**Farming technology adopting by the farmers**

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

(Source:-From Field Survey)

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

**Figure 4.15**



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 Potato Marketing; Strength, Weakness, Opportunity and Threats**

### **Strengths:-**

- ❖ Productive area
- ❖ Several small type of vegetable market
- ❖ Irrigation and other facility

### **Weakness:-**

- ❖ 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.

### **Opportunity:-**

- ❖ Unlimited market
- ❖ Transportation and communication facility
- ❖ Many NGO/INGO working in this side.

### **Threats:-**

- ❖ Indian market
- ❖ Organization of market

## **4.22 Opportunities of Potato market in Kailali District**

- ❖ There is a need to increase the quantity of potato so as to capture the main markets of the Kailali district. At present, potato from villages do not reach the major towns and cities of the district.
- ❖ There is a huge potential in terms of import substitution. In Kailali 5% of potato is imported from India. Through various training and

awareness creation on the aspects such as disease management, harvesting techniques and season and storage device, the product of the farmers can substitute the potato imported from India.

- ❖ Demand of potato has been increased rapidly.
- ❖ Farmers should have direct linkages 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 I/NGOs 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 vegetable farming in Kailali district.

# CHAPTER-V

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 SUMMARY

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

All the rural area of this district take important place for production and Dhangadhi, Tikapur, Lamki, Attariya, Sukhad, Bhajani, Phulwari 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 potato 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, newspapers, 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 potato have been increasing every year. The figure shows that the current average yields rate of potato in Kailali. But farmers get low return from it. Although Kailali is a potato production area, there is still requirement to the consumers. Sometimes, it creates shortage of this market. The DADO Kailali has recommended various potato 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 potato of Kailali is affected by Indian potato Market. The market of potato market covers local district and national market. The coverage is affected by different channels of Marketing. It seems the Indian market in price determination of potato. The current potato price is Rs12/18 per kg and selling price Rs14/20 per kg in season and off season. Farmer cannot get proper profit from potato. Only 60% people express it is profitable, 30% only cost recoverable and 10% deficit. Everywhere in the terai belt, the transportation facility is a viable.

Rickshaw, tempo, bus, truck, tractor, 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 Rs25 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 potato 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:

1. About 80.4% of people are dependent on agriculture in Kailali district.
2. Besides of hilly areas, terai area is suitable for potato production. Terai sector is the main production area of this district.
3. Elimination of Kamaiya Pratha effects production and productivity of agriculture. 12023 Kamaiya families are (84164) population) are eliminated.

4. 13 different bank branches are located in different parts of this district. Besides of them 3 loan branches of agricultural 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 potato traders has been taking loan from joint venture bank that is below 5% in quantity.
5. The yield rate of potato production in Kailali is increasing.
6. DADO has recommended many types of potato for Kailali district, but it is found that the potato varieties like Cardinal, Dejire, T.P.S, Tharu potato etc.
7. Quality improved potato breeds are made available by DADO Kailali and various agro vets but it is not sufficient to make reachable to the rural farmers.
8. Farmers are not trained about the dose of fertilizer, modern agricultural cultivation system and their argument is “They are left Away from the help of government service”
9. 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. The study also shows that big farmers are adopting modern farming system and improved varieties of potato.
10. 30% farmer take burrowing from local merchant, 50% from financial institution and 20% use their own capital.
11. 20% of total production is destroyed by many kinds of disease.
12. In Kailali, more than 16 agricultural outputs Hat Bazaar are started in different parts of district.
13. Dhangadhi, Attariya, Chaumala, Pahalwanpur, Lamki, Tikapur, Narayanpur etc are the main market point of potato trade.
14. The price of potato is higher in off season than season. The price of potato is increasing every year.

15. Mahendra Highway and other highway and other several graveled and temporary roads are located in Kailali.
16. 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.
17. Maximum transportation cost per quintal is Rs25 in this district.
18. The marketing department of potato market in Kailali is selling and purchasing department.
19. Marketing environment of Kailali is mainly effected by India.
20. The potato market coverage of Kailali is defined as local market coverage and district market coverage.
21. The channel of potato market is zero to two levels in consumer product.
22. Potato is supplied into different parts of Far Western Development Region.
23. 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.
24. No modern concept is used for product decisions and promotions. They sell with their direct relation. Simply telephone is used.

In spite of the government efforts to increase potato production in Kailali, production could not be increased satisfactory. The productivity of potato 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 potato 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 quantity as well as low quality of potato 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 Same other serious handicaps which affect the productivity of potato. Unavailability of cheap credit, lack of proper market of potato, problem of pricing, storage facility also affect the potato productivity and its market. ADB/N and other banks has invested huge amount in potato production and its marketing. Food and agricultural marketing service department and many INGO has been contributing a lot for potato production and marketing. But still there is need of improvement in the functioning of these institutions.

Lastly, Kailali district is the potential area of potato production and there can be so much opportunity and Strength in potato marketing in Kailali. But there are so many circumstances in potato production and marketing. The Government and public sector must be tried to omit those circumstances and problems lies in potato production and its marketing.

### **5.3 Recommendations**

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

1. Still, some farmers are farming potato for self use. They are unknown about the potato marketing. So, farmers should be empowered with modern agricultural technology. So, education must be given to the farmers by the occasional training by rendering information.
2. It is necessary to manage grow more potato campaign in different parts of remote areas of this district by the District Agricultural Development Office. Also use better seeds campaign should be done by DADO. In potato development program emphasis should be given to raise the quality of potato.
3. Farmers have to provide training about use of fertilizers, improved seeds and pesticides.

4. Farmers have to establish their reference group for the welfare of the farmers.
5. Farmers have low income and they are always suffering from the capital. Thus cheap credit and technical assistance should be provided with easy terms and conditions.
6. 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 offices.
7. There is need improve marketing by providing adequate transportation facilities by the government and other subordinate institutions so that the small farmers can cultivate potato for commercial purpose.
8. 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.
9. It is necessary to establish a good networking system of potato market and it should be controlled through the market inspections.
10. Price uncertainty of potato has to be reduced through appropriate stabilization measures. So that, farmers and consumers can sell and purchase their product in reasonable price.
11. Every consumer wants to consume best quality in reliable price. So, grading and standardization system should be developed.
12. The demand of the potato market is sure. So, preference should be given towards its area expansion, production growth and commercialization.
13. Traders and farmers should be given Post harvest training.
14. Hat Bazaar which is operating at different parts of the district should be managed. The provision of permanent location is essential.

15. TPS variety of seed should be made popular along with other varieties of potato in this district.
16. Priority must be given for adequate irrigation facility especially in pocket area of production by deep tube well, small irrigation program etc.
17. Training, tour and fair should be organized for modern technology.
18. There should be coordination between stakeholders.
19. The process of borrowing having low rate of interest may encourage the farmers to involve actively in potato production and its marketing activities in Kailali district.

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## APPENDIX-I

Name:-

Age:-

Sex:-

Address:-

### Questionnaire for Potato Producers

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

1. When do you start producing potato?

Ans: - \_\_\_\_\_ .

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

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

3. What type of potato seed is getting more production? How?

(a)Local            (b) Improved

4. What type of technology do you use for potato farming?

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

5. What quantity of potato do you produce annually?

Ans: - \_\_\_\_\_ .

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

Ans: - \_\_\_\_\_ .

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

Ans: - \_\_\_\_\_ .

8. Have you any transportation problems?

Ans : - \_\_\_\_\_ .

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

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 potato 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 2065 B.S)

Ans: - \_\_\_\_\_ .

17. Are you satisfied by the potato production trend?

Ans:- \_\_\_\_\_ .

18. What are the main problems which pinch you more in the potato 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 potato production and have you any suggestion?

Ans: - \_\_\_\_\_ .

21. Where do you sell your potato?

**(a)**Local Market (distance..... km) **(b)** Hat Bazaar Market (distance..... km)

22. In what rate do you sell your potato?

**(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 potato?

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

26. Do you get any training of agricultural?

Ans: - \_\_\_\_\_.

27. Are technicians come from DADO?

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

# APPENDIX-II

## Questionnaire for Potato Seller

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

**Name: -**

**Sex :-**

**Age: -**

**Address:-**

**Date:-**

1. When did you establish your firm?

Ans: ----- .

2. What type of potato do you purchase?

Ans: ----- .

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

<u>Varieties of potato</u>	<u>Pp/Kg</u>	<u>Sp/Kg</u>
-----	-----	-----
-----	-----	-----
-----	-----	-----
-----	-----	-----

4. From where you purchase the potato?

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

5. How do you purchase the potato?

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

6. Where do you sell the potato?

(a) Local Market    (b) Hat Bazaar    (c) Out of District    (d) Export to India

7. How much profit do you get from the potato trade?

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

8. How do you sell the potato?

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

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

Ans: -\_\_\_\_\_ .

10. Who are your main consumers?

(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 (c) Both

15. Who determine the purchase price of potato?

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

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

Ans: -\_\_\_\_\_ .

17. Any problem and suggestion about potato Trade?

Ans:-\_\_\_\_\_ .

## APPENDIX-III

### Questionnaire for consumers

(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 potato do you like most?

Ans: - \_\_\_\_\_ .

2. Where do you use potato?

(a) Home

(b) Hotel

(c) Other

3. What type of fish do you purchase?

(a) Red potato

(b) White potato

(c) Other

4. From where do you purchase potato?

(a) With farmer

(b) Hat Bazaar

(c) Potato Trader

5. Why do you use potato?

(a) Easy to consume

(b) To avoid appetite

(c) It is healthy

6. How much potato do you like to purchase?

(a) 1kg

(b) More than 1kg

(c) Less than 1kg

7. Do you have knowledge about potato production?

Ans:- \_\_\_\_\_ .

8. In which rate have you been purchased potato?

Year

2060

2061

2062

2063

2064

2065

Potato/kg

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

Ans: -\_\_\_\_\_ .

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

Ans:- \_\_\_\_\_ .

**APPENDIX-IV**  
**Potato Crop Production Cost (Per Bigaha)**

S.N.	Particulars	Quantity	Rate	Total Amount
1.	Potato seed	1200 Kg	20/-	2400/-
2.	Compost manure	14000 Kg	5/-	70000/-
3.	D.A.P.	70 Kg	30/-	2100/-
4.	Urea	75 Kg	15/-	1125/-
5.	Mu Potas	45 Kg	17/-	765/-
6.	Potato Minerals	10 Kg	95/-	950/-
7.	Pesticides	2000 Kg	30/-	6000/-
<b>Labor Cost</b>				
1.	Ploughing the field (1 Bigaha)	4 Times	800/-	3200/-
2.	Potato Planting	10 Labor	100/-	1000/-
3.	Irrigation (1 Bigaha)	3 times (20 Hours)	140/-	2800/-
4.	Weeding (1 Bigaha)	3 times		3000/-
5.	Harvesting, Grading & Packing			2000/-
6.	Spraying pesticides, Fertilizer	3 times		600/-
7.	Transportation (Home, Market & Cold Store)			6000/-
8.	Other Expenses			5000/-
	Investment			65700/-
	Income	16000 Kg	8/-	128000/-
	Investment Per/kg			4/10
	Investment			65700/-
	Profit/ Bigaha			62300/-
	Profit/ Kaththa			3115/-

	Profit/ Hector		93450/-
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(Source:- From field survey)

## **APPENDIX-V**

### **Production Area and Productivity Covered by Potato in Different Development Regions (2060/061)**

<b>Dev. Region</b>	<b>Area (Hector)</b>	<b>Production (Mt)</b>	<b>Productivity (Mt/ha)</b>
Eastern	52895	579282	10.952
Central	45094	617191	13.687
Western	18980	200483	10.563
Mid-western	17319	163666	9.450
Far- western	8539	82735	9.4670
<b>Total</b>	<b>143027</b>	<b>1643357</b>	<b>11.490</b>

(Source: Statistica information on Nepalese agriculture 2003/004), Agribusiness Promotion Statistics

Division, Singha Darbar, Kathmandu.