

MARKETING OF RAW WOOL IN THE PUNJAB

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This study was undertaken to investigate various sources of supplies of wool marketing channels and malpractices etc. at various stages in wool marketing. To collect the necessary information, appropriate number of farmers, Nomadic "oods," "beoparies", commission agents, wholesalers and processors were interviewed. Rate of growth of population of sheep averaged at 8.49 percent per annum. Annual production of wool was estimated at 46.2 thousand tonnes during 1981-82. Marketing margins of the middlemen were quite high. The profit margin of the wholesalers was the highest.

INTRODUCTION

Livestock is an important subsector of the agriculture sector, which is the backbone of the economy of Pakistan. Livestock subsector not only provides proteins but also supplies some raw materials, wool being the most important of these. Wool and Woolen Carpets fetched 2293 million rupees from exports (7.8 percent of the total exports of Pakistan) during 1980-81. (Govt. of Pakistan, 1981). Pakistan occupies 13th position amongst the sheep producing countries. Uptil 1976, there were 28.46 million heads of sheep. Punjab and Baluchistan had 42% and 27% of the total population of sheep respectively; the population has been increasing at 8.49% annually. Wool production was estimated at 46.21 thousand tonnes during 1981-82.

There is wide scope for the improvement in the quality of wool through efficient management, clipping, marketing, handling and storage. This study was conducted to investigate various sources of wool supplies, marketing channels and malpractices etc., at various levels of marketing.

MATERIALS AND METHODS

Sargodha Division (erstwhile) was selected for present study because it was not only an important source of wool supplies but could also fulfil all the

requirements of the study. Four Union Councils were selected, one from each district of the Division. For detailed investigation, two villages with larger sheep populations were selected from each Union Council. Then, from each village one stable wool producer and two nomadic herdsmen from within the district were randomly chosen.

One major wool market was selected from each district. Two beoparies, 4 commission agents and 2 wholesalers were chosen from each selected market. Two wool processing factories located at Lahore were selected for the study. The data were collected by personal interview method.

RESULTS AND DISCUSSION

The results revealed that farmers owned 86.57% sheep and 13.43% goats. These figures for Odes (nomads) were 97.3% and 2.7% respectively. Total wool produced is given in Tables 1 and 2.

Table 1 : *Sheep population and wool production in Sargodha Division Division. (Erstwhile).*

District	Sheep population during 1978.* (Nos.)	Wool Production 1977-1978 ** (kg)
Mianwali.	848,177	916,000
Sargodha.	452,494	646,000
Jhang.	452,108	646,000
Faisalabad.	305,397	436,000
Total	1,856,176	2,644,000

Source : *) Livestock Census 1978, Government of Pakistan.

**) Agricultural Statistics of Pakistan, 1980.

There are two shearing seasons namely spring and autumn. Wool quality of spring shearing season was superior but the wool production was 0.25 kg per animal lower than the autumn shearing season.

Marketing of Wool :

Buses were used to transport wool from production areas to the markets. Prices of wool ranged from Rs. 7/- to 10/- and Rs. 5/- to Rs. 7/- per animal during spring and autumn shearing season respectively. Wool marketing is a

seasonal business and January and February are the slack months. Out of the total wool marketed each year, spring season wool constituted 58% and the rest came from autumn season.

In wool marketing three intermediaries were involved :-

- i) Itinerant traders/village Beoparies (village dealer)
- ii) Commission agents.
- iii) Wholesalers.

I) Itinerant Trader/Village Beopari :

This intermediary purchased 51% of the wool from farmers and 49% from the oeds at the rate of Rs. 213 and 219 per 40 kg from farmers and oeds, respectively. About 75% of the village beoparies brought uncleaned wool to the market and sold to wholesalers at the rate of Rs. 269.9 per 40 kg and earned Rs. 53.8 and Rs. 35 per 40 kg as marketing margin and net profit respectively.

II) Commission Agent :

The commission agent charged normally 7-8 percent commission on the sale of wool. 53% of the total wool marketed was supplied by the nomadic oeds and rest of the 47% was supplied by the farmers. Nomadic oeds were the regular suppliers of wool and got higher prices than the farmers. Deducting all the costs incurred from his Rs. 19/- per 40 kg commission fee, the commission agent earned Rs. 17 per 40 kg as profit (Table 3).

Table 2: Wool production by the two categories of producers.

Classification	Wool Production (kg.)	Share percentage
Farmers.	362.75	24.08
Oeds.	1144.50	75.92

Table 3: Marketing margin, cost and net profit of various intermediaries in the marketing of wool during 1982. (Rs. 40 kg⁻¹).

Agencies.	Sale Price	Purchase Price.	Marketing Margin.	Cost Incurred	Net Profit.
Village beopari.	269.9	216.1	53.8	18.7	35.1
Commission Agent.	260.0	241.0	19.00	2.0	17.1
Wholesaler.	350.6	268.4	92.2	48.7	43.5

III) Wholesaler :

In Jhang market, wholesalers also acted as commission agents, especially

during peak business season. In other districts they did only wholeselling. Wholesalers got supplies from the beoparies, nomadic, oeds and commission agents at the rate of Rs. 258.4 per 40kg and sold at the rate of Rs. 350 per 40kg.

Marketing margin, cost incurred and net profit averaged at Rs. 92.2 48.7 and 43.5 per 40 kg of wool, respectively. Cleaning and grading were done by the wholesalers. Yarn manufacturing factories, woolen mills, wool merchants and exporters bought wool from the wholesalers.

About 62.2% of the total produce was sold to the processors and the remaining 27.8 percent to the wholesalers at Karachi who exported it. For the supply of export quality wool the wholesalers were given a quality premium in the form of higher prices at the rate of Rs. 15 per 40 kg.

IV) *Processor :*

The wool from wholesalers was carried to the processors, where scouring (boiling and washing) was done. Whole of the supply was sold by the wholesalers at the rate of Rs. 346 per 40 kg on 100% spot payment basis. The colouring, dying and threading was done by the processing agencies. The threads were sold out to the carpet manufacturers and cottage industries. Some processing agencies had their own carpet manufacturing units in their factory premises (Table 3).

CONCLUSION

The marketing channel, though is not lengthy but the marketing margins of the market intermediaries are quite high. Efficiency in the marketing system could be created by providing more competition, through an organization like 'wool marketing Board'. More competition will enable to reduce the marketing margins. Education to the shepherds about rearing of good breeds and marketing of wool, if imparted through the extension service, will help to increase producer's share in the consumer's rupee.

ACKNOWLEDGEMENT

The data collected by Mr. Aftab Ahmad is gratefully acknowledged.

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