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Marketing Channel and Margin Analysis of Wheat the Case of Debre Elias Woreda, Northwestern Ethiopia

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Abstract

Agriculture is the basic economic sector on which the country relies for its social and economic development. Its contribution to the gross domestic product (GDP), employment, and foreign exchange earnings of the country is about 35.8, 72.7 and 90 percent, respectively. This research attempted to analyse the market chain of wheat in Debre Elias woreda. Specifically aims to analyse the market structure-conduct-performance of wheat market. The result of this study was analysing the market chain of wheat in Debre Elias woreda. Specifically aims to analyse the market structure-conduct-performance of wheat market. To collect primary data, 154 wheat producers were selected using simple random sampling method and 31 traders were selected purposively. To address the objectives of the study, descriptive statistics were used. The result indicated that Debre Elias wheat market was inefficient, characterised by oligopolistic market structure. The major barrier to enter into the market was shortage of capital. Licensing and years of trading experience did not hinder entry into wheat trading activities. Moreover, the markets were overwhelmed by information asymmetry with low degree of market transparency. Although trading of wheat is profitable across all sample farmers and traders, problems like oligopolistic market structure and information asymmetry made the trading business uncompetitive and inefficient. The enhancement of wheat producers' bargaining power through cooperatives is the best measure that should target at reducing the oligopolistic market structure in the Debre Elias regional market. The measure also favours the sustainable supply of wheat at reasonable price to consumers. The study recommends the agricultural sector should improve wheat production capacity by providing new technologies and create stable market system for farmer's surplus production.

Keywords: Conduct, market, performance and oligopoly, structure, wheat