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## **Economics of RAM Marketing in Pankshin Local Government Area of Plateau State, Nigeria**

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**Abstract** This study examined the economics of ram marketing in Pankshin Local Government Area of Plateau State, Nigeria. Data used were collected through structured questionnaire from two different markets purposively. The data collected were analyzed using descriptive statistics and gross margin analysis. The results revealed that majority (42%) of ram marketers were within the age range of 21-30 years. Most (60%) of the traders were male, 90% of the ram marketers in the study had acquired formal education. The result also indicated that most (50%) of the ram marketers were married, 44% had marketing experience ranging from 1 to 5 years. Gross margin analysis showed that total cost of ram was ₦14,145.00, while total revenue of a ram was ₦16,735.00. Net income was found to be ₦2,590.00 and return per naira invested was ₦1.18. There is possibility for increased profit in the study area if major constraints such as inadequate market information and price fluctuation are addressed by both the government and marketers.

**Keywords** Ram, Marketing, Economic, Constraints, Pankshin

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### **Introduction**

Agricultural marketing remains the driving force for economic development and has a guiding and stimulating impact on production and distribution of agricultural produce. Agricultural commodities are homogenous in nature and mostly display characteristics of a perfect market. There are many buyers and sellers, and no barrier to entry and exit. Most of the commodities are not regulated in term of price. As a result of that prices are determined by haggling. Usually, the buyer will have a price in mind above which he is not willing to buy the commodity. The buyer-maintained price depends on his affluence and keenness to buy. The seller also has a price in mind below which he is not willing to sell. The seller's minimum price depends on his cost of production and profit desires [1]. Farmers apply marketing concepts in their production plans, because they have to meet the needs of the consumers.

In Nigeria, ram production and marketing is an important component of agricultural economy, which provides food as well as employment opportunities for a considerable population of farm families in northern part of the country. It was estimated that over 85% of rural farmers in the north keep small ruminants as primary source of investment. Rams are said to be used as daily supply of meat in both rural and urban areas. They are also used in ceremonial festivals and providing important trade between rural and urban people in terms of milk, wool, hides and skin for making shoes, traditional drums, bags, considerable amount of manure which serves as one of the important sources of organic manure [2]. There is the need for livestock improvement system in Nigeria and this could begin with the re-orientation of graduates on the need to get involved in agro-livestock business as a form of self employment.

There is no report on the economics of ram marketing in Pankshin Local Government Area of Plateau State, Nigeria and so sheep farmers, policy makers and traders are not well informed about the revenue rates and



constraints as well as ways of improving ram business. This study aims to: determine the socio-economic characteristics of ram marketers; determine the profitability or estimate the cost and returns of ram marketing; and identify the constraints of ram marketing in the study area.

### Methodology

This study was carried out in Pankshin Local Government Area (LGA) located on the Jos Plateau between Latitude 8° and 10°North and Longitude 7° and 11°East of the Greenwich Meridian. The settlement is essentially rural setting with a few semi-urban environments. The major economic activity of the area is agriculture with combination of trade, art and craft being practiced by the people. The common livestock reared are sheep, goats, pigs, dogs and poultry for family consumption with the surplus sold in the local markets.

Purposive sampling was employed in selecting two markets within the LGA for this study. This was based on proximity of the markets to the base of the research and high level of ram production and marketing. Fifty ram marketers were randomly selected from each market making a total of one hundred respondents, out of which wholesalers, retailers, agents and distributors were 44, 32, 8 and 16 respectively. Both primary and secondary data were used for the study. Primary data were obtained from ram marketers through the use of structured questionnaires. While secondary data were obtained from journals, proceedings, relevant text materials and seminar papers. The information collected for the generation of primary data includes: age, gender, educational level, marital status, marketing experience, cost and other inputs. Descriptive statistics (percentage and frequency distribution table) was used to analyzed most of the data collected while gross margin analysis was used to analyze for net income (profit) of the enterprise [3].

Gross margin analysis is the difference between total returns and total variable cost and was determined as thus:

$$GM = TR - TVC$$

Where: GM = Gross Margin, TVC = Total Variable Cost

$$TVC = TC - TFC$$

TFC = Total Fixed Cost

Net returns – This was determined by the following equation.

$$Net\ returns = TR - TC$$

Where: TR = Total returns, TC = Total cost

Returns on naira invested – this is the return obtained from ram marketing per naira invested. It was calculated as thus:

$$RNI = TR/TC$$

Where: RNI = Returns on naira invested, TR = Total revenue and TC = Total cost.

### Results and Discussion

Socio-economic attributes of the respondents is presented in Table 1. The majority (42%) of ram marketers were within the age range of 21-30 years. This implies that youths in the study area may be willing to assume risk in anticipation of high returns than older ones that are often more risk averse. This is line with the submission of Donald (2009) who reported that an age distribution with large proportion of young population is an indicator of presence of productive labour force.

**Table 1:** Socio-Economic Characteristics of the Respondents

Variables	Frequency	Percentage
<b>AGE (YEARS)</b>		
21-30	42	42
31-40	26	26
41-50	20	20
51-60	12	12
<b>Gender</b>		
Male	60	60
Female	40	40



<b>EDUCATIONAL ATTAINMENT</b>		
Primary Education	32	32
Secondary Education	34	34
Tertiary Education	24	24
Non-formal Education	10	10
<b>MARITAL STATUS</b>		
Married	50	50
Single	38	38
Divorced	0	0
Widow	7	7
Widower	5	5
<b>MARKETING EXPERIENCE (YEARS)</b>		
1-5	44	44
6-10	34	34
11-15	12	12
16-20	4	4
21 and above	6	6

Source: Field Survey.

The table also reveals that most (60%) of the traders are male. This means that men are more into the marketing of rams. This is line with the findings of Lenka *et al.*, [4] who reported that men are more into the marketing of agricultural products than women in the far north of the country. Educational level in Table 1 shows that most (34%) of the traders had acquired secondary school education, while primary, tertiary and non-formal education had 32%, 24% and 10% respectively. This implies that majority (90%) of ram marketers in the study area had acquired formal education. This is a healthy situation because through education farmers could acquire skills and knowledge of managing risk associated with agricultural marketing thereby increasing their revenue rate and socio-economic well being.

The tables showed that 50% of the traders were married while 38% were single, 7% were widow and 5% were widower. This implied that married people participated more in ram marketing in the study area. This revelation agrees with the report of Adamu [5] who found that 95% of people engaged in agricultural activities in Jigawa state were married. The table indicates that most (44%) of the marketers had marketing experience ranging from 1 to 5 years, followed by the traders with experience ranging 6 to 10 years which constituted 34%. This trend may be due to the fact that many of the trader may have dropped out of the business on one hand because of inability to take decision and manage risk properly associated with marketing of rams and on the other have transferred service to other areas of economic activities. This agrees with Agwu and Ibeabuchi [6] who reported that experience start from somewhere and when continued leads to perfection in marketing activities.

The gross margin analysis of marketing activities is presented in table two (2). Table 2 shows that total cost of ram was N14,145.00. The total revenue was N16,735.00. Gross margin was found to be N2,590, while return per naira invested was N1.18k.

**Table 2:** Gross Margin Analysis of Ram Marketing in Pankshin Local Government Area of Plateau State.

Market Variable	P/Cost (₦)	%	C/Cost (₦)	%	A/Cost (₦)
<b>Acquisition</b>	10,020	61.54	10,850	63.13	
<b>Cost of Marketing Services</b>					
i. Rural assembling	1,806		1,300		1,533
ii. Commission Agent	206		454		330
iii. Transportation Cost	554		600		577
iv. Handling Cost	250		250		250



v.	Trade Union	200		200		200
vi.	Revenue (Tax)	800		800		800
<b>Total Cost of Marketing</b>		3,816	23.44	3,604	20.97	
Total Cost		13,836				
Wholesale Share		1,220	7.50	1,302	7.58	1,261
Retail Share		1,226	7.52	1,432	8.32	1,329
Total Revenue		16,282		17,188		16,735
<b>Gross Margin</b>		2,590				
<b>Return per naira invested</b>		1.18				

Source: Field Survey, 2015

P/Cost= Pankshin Cost, C/Cost= Chip Cost.

### Conclusion

It is concluded that ram marketing is a profitable venture. Return per naira invested in the business was small but positive. The economic implication is that rate of return can be increased through increase in funding the business. Also, there is possibility for increased profit in the study area if major constraints such as inadequate market information and price fluctuation are addressed by both the government and marketers of ram.

### Recommendations

- i. Provision of credit facilities in the form of soft loans to ram marketers by financial institutions is strongly recommended to enable small volume traders increase their sales volume and enjoy economic of scale.
- ii. Roads networks should be extended to rural communities where rams produced to ease access to markets.
- iii. There is the need to reduce the disparity in the flow of ram marketing information between rural and urban ram marketers. This can be achieved by improving upon the information environment.

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