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Journal of Agricultural Science and Food Research

Perspective

Wheat Market Channels and Actors Role in Digeluna Tijo District of Oromia National Regional State, Ethiopia

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INTRODUCTION

Ethiopia has adopted commercialization of smallholder agriculture as a strategy for its economic transformation. The agricultural services of extension, credit and input supply are expanding significantly to support commercial transformation, although the dominant player in these services remains to be the public sector. The expansion of the agricultural services had significant impact on the intensity of input use, agricultural productivity and market participation of Ethiopian smallholders. The production of wheat in the country is insufficient to meet the increasing demand for food for the ever-increasing population that is Ethiopia's wheat production self-sufficiency is only 75 percent and the remaining 25 percent wheat is imported commercially and through food aid. The study area, Digelu-Tijo district is the major cereals producing area in which wheat is the dominant one among all cereals by majority of households. This district is endowed with available resources that offer high potential for development and have the capacity to grow different annual crops.

DESCRIPTION

Digelu-Tijo district in which the study was conducted is located 198 km southeastern of Addis Ababa and 23 km southeastern of the capital city of Arsi zone Assella. The main asphalt road running from Addis Ababa to Bale Robe also crosses the district. The production of wheat in the Ethiopia is insufficient to meet the increasing demand for food for the ever-increasing population.

Wheat is the second most consumed cereal in Ethiopia next to maize. A total of 123 sample households and 24 traders were considered to identify market channels and wheat market actors. Much of the marketed surplus of wheat was channeled through producers wholesalers processors consumers channel. Concentration ratio of the largest four traders trading in Sagure market was 29.65% which indicate that loose of oligopoly market structure. Marketing performance of wheat was analyzed by estimating the marketing margin considering associated marketing costs. Producers obtained average profit of Birr 504.73 per quintal in 2015/16 cropping year from wheat production. The average total costs incurred by assemblers, wholesalers and retailers of wheat were 3.84, 13.59 and 5.04 Birr per quintal, respectively. Based on the study policy interventions like family planning, awareness creation to farmers to supply wheat to the market when price is fair for them, awareness to farmers on rearing livestock besides farming agricultural crops, encouraging farmers to involve them self in both off-farming and farming activities to improve their livelihood.

CONCLUSION

Wheat does not constitute only the food crops for the majority of the households in the district but also as source of income at household level. Therefore, the study focused on the amount of wheat sold to the market by smallholder farmers as well as identified the factors determining the supply of wheat by smallholder farmers.

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Received: 03-Mar-2021, Manuscript No. JBFBP-21-8786; **Editor assigned:** 08-Mar-2021, PreQC No. JBFBP-21-8786 (PQ); **Reviewed:** 22-Mar-2021, QC No. JBFBP-21-8786; **Revised:** 21-Jun-2024, Manuscript No. JBFBP-21-8786 (R); **Published:** 19-Jul-2024, DOI: 10.35248/2593-9173.24.15.174.

Citation: Wari HD (2024) Wheat Market Channels and Actors Role in Digeluna Tijo District of Oromia National Regional State, Ethiopia. J Agri Sci Food Res. 15:174.