

**TOMATO MARKET EFFICIENCY ANALYSIS: A  
STUDY OF NYERI AND KARATINA MARKETS,  
KENYA**

**By**

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**A152/24497/2011**

**A research proposal submitted in partial fulfillment of the requirements for the degree of Master of Science in Agribusiness Management and Trade in the school of Agriculture and Enterprise Development of Kenyatta University**

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## DECLARATION

### Student's Declaration

This proposal is my original work and has not been presented for a degree in any other University or for any other award.

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Sign.....

Date..10/7/2013.....

### Supervisors' declaration

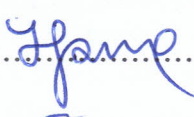
This proposal has been submitted for examination with our approval as the university

supervisors.

Dr. Newton Nyairo (PhD)

Lecturer

Department of Agribusiness Management and Trade.

Sign..........

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## ABSTRACT

Agriculture is the backbone of the economy of Kenya. It contributes about 26% of the annual GDP directly and 25% indirectly. Over 70% of Kenyans particularly those living in the rural areas earn their livelihood from it. Sustainable agricultural growth is therefore crucial for improving their living standards and stimulating economic growth. It is estimated that over 250,000 ha of the total cultivated land in Kenya are under fruits and vegetables production and that over 80% of the total producers are small scale farmers. It is also estimated that over 90% of the total fruits and vegetables produced are traded in the local markets. Agricultural produce marketing is vital in Kenya and other developing countries as it creates an incentive to improved production thus positively contributing to food security and household income. Improved agricultural production increases the demand for farm inputs and implements which promotes industrial growth. Marketing creates job opportunities both directly and indirectly hence contributing to millennium development goal (MDG) number one on extreme poverty and hunger eradication. Through marketing, those living in low and none productive areas like municipalities are able to get enough food supplies. Literature shows that despite its importance, agricultural produce marketing has been neglected by researchers for long not only in Kenya but also in other developing countries. There has been a lot of research on how to increase agricultural production as opposed to marketing improvement. This has resulted to low development of the existing marketing systems. Literature also shows that agricultural produce marketing has been low in efficiency not only in Kenya but also in other developing countries. Moreover, most agricultural produce like tomatoes and other fresh vegetables are highly perishable and cannot be stored for long. Tomatoes are highly sensitive to poor handling and exposure to excess heat. They are highly demanded countrywide but produced only in suitable areas or in greenhouses by able farmers. Moreover there has been production increase caused by adoption of greenhouses in recent years. Due to these factors, tomatoes require a highly efficient marketing system. Market efficiency is affected by market structure and conduct among other factors. Nyeri and Karatina markets are expected to differ in structure based on their size difference. Their current level of efficiency is not known. This study therefore, will look at the efficiency of tomatoes marketing and the factors that influence it in Nyeri and Karatina markets, within Nyeri County, Kenya. A survey will be conducted by interviewing a sample of tomato market traders in the two markets of study. Sampling of tomato market traders will be done using simple random sampling method. Those sampled will then be guided to fill the questionnaire. The data so collected will be synthesized and recorded in excel spread sheet. Analysis will be done in four stages. The first stage will involve determination of marketing cost and market margin. In the second stage market efficiency level will be determined as percentage. In stage three, the efficiency percentage obtained in stage two will be regressed on some independent variables hypothesized to have effects on market efficiency. This will be done to estimate their effect on the efficiency. Stage four will compare the efficiency of the two markets. The findings of this research will increase the level of Knowledge on marketing efficiency. It will facilitate planning for improvement of agricultural produce marketing. This will translate to better farm gate prices, better consumer prices and reasonable profit for traders. Farmers and traders will therefore earn more income, while consumers will have some savings. The beneficiaries of this study therefore will be farmers, traders, consumers and Kenyan citizens at large will benefit from the contribution made to the economy.