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Reviewing the Literature of Agricultural Marketing in Assam with Reference to Jute Marketing

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Abstract

The paper is about the exploration of the existing literature in agricultural marketing with regard to jute in order to find out the research gap. Since, the question of exploitation by the middlemen or intermediaries as has been found as the common marketing channel in marketing of agricultural commodities that has been practicing in most of the parts of the country including Assam, there is need for alternative arrangement for the producers to get optimum benefit. The paper attempts to show the studies which have been conducted earlier in this area.

Keywords: agricultural products, jute marketing, middlemen, farmers.

1. Introduction

Agricultural marketing plays a significant role in a country like India though the share of agriculture in GDP has declined from 51.9 per cent in 1950-51 to 13.7 per cent in 2012-13 at 2004-05 prices. A well organized and efficient marketing system is the pre requisite to bring reasonable returns to the farmers and to make goods available to consumers. Though various steps are taken from the side of the government at central and state levels, lot of controversies and depressions are existed in marketing of agricultural produces. There arise the question of dissatisfaction and injustice in determining the prices received by the farmers and the prices actually paid by the consumers because most of the agricultural goods are bought and sold through the hands of middlemen.

In Assam, most of the agricultural products are marketed through the traditional methods of marketing system where goods are bought and sold in a locally available market place known as 'Haat'. A 'Haat' is a rural market place where basically locally

available agricultural as well as goods made from cottage and handicraft industries are bought and sold. These marketing centres become the business centres where small farmers' productions gather and transported to other areas or regions. Assam is the producer of lots of commercial agricultural commodities such as tea, rice, jute, fruits, and vegetables etc, whose marketing take place through the hands of middlemen. Hence, there is call for serious studies in this regard.

2. Objective of the Paper

To review the existing literature in agricultural marketing in assam with reference to jute marketing

3. Literatures on Agricultural Marketing: A Review

A number of studies on agricultural marketing have been found in field of the literature of agricultural marketing. Some of the literatures that have been reviewed for this paper are presented as:

The National Commission on Agriculture has defined agricultural marketing as a "process that starts with a decision to produce saleable farm products that also includes pre and post harvest operations, assembling, grading, storage, transportation and distribution". These are the main functions of agricultural marketing. It is observed from many theoretical and empirical studies that transfer of agricultural produce from the hands of farmers to the hands of consumers takes place through a chain of middlemen or agencies. On the basis of this, markets are classified as primary, secondary and terminal or export market. These markets are operated through various channels: such as government channel, cooperative channel and private channel (Krishnamacharyulu. and Ramakrishnan, 2011, p 494-495). Among these, lots of intermediaries exist in private channel. In Assam except few, most of the agricultural crops are marketed through private channel. In their findings, Jaffer et.al (2005), show that lower the number of intermediaries higher is the market efficiency and vice versa. A hand full of studies conducted around the world has concluded that distribution costs of agricultural products are relatively higher. In each market channel share of farmer in the consumers' rupee is relatively small as compared to that of several intermediaries due to diversified interest of the farmer, the consumer and the middleman. Sudha. et.al (2005) has found that 'the producers share in consumer's rupee is higher where no middleman existed then where middleman existed'. So marketing efficiency is more where there is no middle man existed

With respect to price, the Linlithgow Committee observes "the spread between the producers' and consumers' prices is unjustifiably wide. Taken as a whole, distributive costs are far heavier burden than society will permanently consent to bear." (Cohen, 1965). Cohen further observes that the farmers get only half the price paid by the consumer for foodstuffs in the United States and about two –fifths in Germany. A study conducted by USDA in USA, over the period of about fifty years (1915 -1964),

resulted that "farmers have received an average of 42 per cent of the consumer's food dollar, while the marketing agencies have received 57 per cent of the food dollar." (Kohl, 1967).

A study conducted by Khatkar et. al., (2005) have found that, in 'Marketing of Mushroom in Haryana'; major share of consumer's rupee is gone to the pockets of the middlemen. He therefore advocated the government intervention to safeguard the farmers' interest by introducing cooperative marketing and processing of agricultural products. One of the important aspects of agricultural marketing of a country is the behaviour of prices of the agricultural produces. The prices of agricultural commodities are lowered generally during the harvesting period. A number of studies revealed that a large number of middlemen function at various stages of agricultural marketing in India. Ahmed (1979) opined that the jute growers in Assam are deprived of getting the actual prices due to the middlemen like commission agents etc.

In Mishra, J.P, (2010) 's study, disputes between Govt and traders is one of the causes that makes farmers ultimate loser from the provision made by regulated market act in favour of farmers. The cooperative network in the state is inadequate and unable to procure agricultural produce from the growers for safeguard the interest of the farmers. The most important factor that exists in developing countries is widespread imperfection in market mechanism. It is due to lack of market information and presence of uncertainty in market demand. Besides, market may be efficient in allocating resources at the margin;--therefore a Govt intervention is crucial in market mechanisms in favour of country's development (Todaro and Smith, 2008).

On the valued recommendation of the *Royal Commission on Agriculture* (1928) the Government of India set up a central organization known as "the office of the Agricultural Marketing Adviser to the Govt. of India" in 1935 and latter it was expanded and renamed as "Directorate of Marketing and Inspection". The Commission in its report asserted the importance of an efficient marketing system and pointed out that the success of any policy on agricultural development and prosperity of farmers depends on the efficient marketing facilities made available to them. The problems of agricultural marketing can be solved by the establishment of regulated markets with marketing efficiency (Mathur and Kulkarni, 1965 & The Royal Commission on Agriculture, 1928). According to Acharya and Agarwal, (1994) the marketing costs in such markets are standardized and practice is regulated.

Wide studies conducted in different parts of Assam showed that the agricultural marketing in Assam has been suffering from manifold problems and the regulated market is associated with various short comings (Deka, 1984). The regulated markets established under different Market Committees by the Assam State Agricultural Marketing Board have been unable to make transactions of notified agricultural commodities satisfactorily. Due to prevailing traditional marketing system in Assam, the producers are not getting actual prices of their agricultural produces (Rehman, 1978).

In addition to the existing literature mentioned above, a handful studies regarding the research work in the area related to 'agricultural marketing' and 'jute' have been

found in Assam. Some of them are– "Study on Agricultural Marketing in Assam: With special Reference to autumn paddy and jute" was done by Abu Rehan Mujibur Rehman(1978);"Regional Cooperation among the jute producing countries" by J.K Bagchi. (1983; "Technological transformation under titled "Technological Transformation of Agriculture-A study in Assam" by M.P. Bezbarua in 1989; "Inter-District Disparity in Industrial Development of Assam: An Econometric Approach" by Monoj Kumar Choudhury (1990), "Jute Industry in Assam: Performance, Problem and Prospects" by Apurba Kumar Das. (1995); "Problems and Prospects of tea marketing in Assam" by Bhupen Talukdar (1999); "Growth and Development of Tea Industry in Assam": An Analytical study by Pradip Barua(2004); "Production and Marketing problems of Cereals with special reference to rice in lower Brahmaputra valley zone in Assam" by Atowar Rehman(2006); "Entrepreneurship Development in Assam: a study of the influencing factors",by, Nibadita Goswami (2007) ;"The Indian Tea Market in The contemporary Economic Environment---challenges and opportunities" by Mukta Mazumder (2011); "Indian Commodity Derivative Market: An analytical study of its operation and performance" D. Mahanta (2011);Abdul Haque Ahmed has done his work on "Production and Marketing of Banana: A case study of East Garo Hills and Goalpara district" by Abdul Haque Ahmed (2011).

4. Research Gap

Though a handful of works on agriculture and its allied activities regarding the marketing, performance, and prospects are found, most of the studies have been done during pre-reform period. In the post reform period, tremendous changes have been taken place in the Indian market. Hence, there is call for serious studies on marketing of agricultural produce during the post liberalisation period and the performance of the agricultural sector in Indian economy.

5. Conclusion

In the present agricultural market, in Assam, we can see two extreme situations: one *"system operated freely by private enterprises''* that is without state intervention and other is *the "the systems completely under state control*". Between these two extreme situations, there are a number of marketing situations which are either semiprivate or semi govt. However, India has been experiencing different forms of marketing systems time to time with changing nature of economic policies, pattern of production and marketing situation (Sinha, 1985). Hence, there is need to focus such issues in the studies of agricultureal marking in insia and Assam in particular.

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