



Farmer's Share in Consumers' Price in Jute Marketing With Reference To Jute Farmers of Barpeta District of Assam

KEYWORDS

Consumer's price, farmer's share, jute, middlemen.

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ABSTRACT According to the latest data, Assam is the second largest producer of Jute in India next to West Bengal. However, most of the farmers across the state that has been engaging in jute farming are small, poor and suffering from indebtedness. Since, there is existence of both regulated and unregulated market system in case of jute marketing in Assam, the existence of middleman is also very prominent in this market. Because of their existence, the jute farmer's share in consumer's price is always an important area which needs to be analysed properly. In this background, the paper attempts to analyse the jute farmers' share in consumer price in Assam in order to test whether 'lower the number of middlemen in the process of marketing of agricultural produce, higher is the farmer's share in consumer's price'. The paper is which both descriptive is and analytical in nature is based on both primary and secondary data. The primary data was collected from the Baharihat area of Barpeta district of Assam. The findings of the study reveal that involvement of more middlemen between farmers and consumers reduces the share of farmers in consumer's price; hence, it is suggested to select another marketing channel by the jute farmers in order to get higher share.

Introduction:

During 2015-16, Assam produces almost 767 thousand bale (1 bale= 150 kg) of jute occupying second position in country's jute production. The demand for Jute-based factory products have also increased manifold during the last few years since they are eco-friendly, bio-degradable and environmentally protective. Traditionally jute is used to make hessian cloths and sacks, but now jute has been diversified to make various products like all kind of bags from necessary to luxury, sacks, carry bags, door-mats, carpets, file-covers, sofa-backs and covers, decorates, shoes and sandals, curtains etc. Besides now jute has also been used to reduce soil-erosion and one of the ingredients of geo-textile etc. Due to its diversified usability, the demand for jute made products have been increasing day by day in the world market as well as domestic market as there is an emerging trend to use eco-friendly product. At farmers' level jute marketing is concerned with domestic market. Basically jute marketing is done as raw jute marketing at farmers' level. It is raw in the sense that farmers sell jute fibre as a raw material without making any change in its physical appearance and grading. There are various grades in jute fibres according to its qualities. Higher grade demands higher prices and vice-versa. As an agricultural product jute is not perishable, it can be stored for long time. But since farmers need money, jute is disposed immediately after the fibre is ready to sell at farmers' level. The final consumers' of jute are jute mills. It may be mentioned that 70 percent of jute produced in Assam is drained out to other states (basically to West Bengal) as there is lack to absorb such huge amount of jute within the state. In Assam there is only one full-flagged jute mill and one factory to produce diversified jute product and a small number of mini units to produce home decorates and domestic usable products.

Barpeta is a major jute producing district of Assam. Barpeta is completely situated at the northern bank of River Brahmaputra. The major crops grown in the districts are paddy, wheat, jute, oil seeds, pulses, and various season-

al vegetables. The two Govt agencies Regulated market (State level) and JCI (Central level) are ready to procure jute from the region. The jute produced in this area is famous as higher quality and better tensile strength in the Terminal market in West Bengal and popularly known as Tara Bari Brand.

From the field study, it is revealed that 80 percent of jute produced in the Baharihat area of the Barpeta district of Assam goes to West Bengal, 10 percent to Nepal and remaining 10 percent to Madhya Pradesh completely through the hands of middlemen. There are many reasons for such consequences but one of the most important reasons is lack of the availability of jute mills and factory in the state. There are certain policies of the government of India which deal with the agricultural products in order to face the challenges of the market and bring the wellbeing of the farmers. The APMC Act may be mentioned in this regard. The APMC have been made specifically responsible for :ensuring complete transparency in pricing system and transactions taking place in market area; providing market-led extension services to farmers; ensuring payment for agricultural produce sold by farmers on the same day; promoting agricultural processing including activities for value addition in agricultural produce; and publicizing data on arrivals and rates of agricultural produce brought into the market area for sale, setup and promote public private partnership in the management of agricultural markets. (Section -26 & 27).

According to the State Agricultural Produce Marketing(Development & Regulation) Act, 2003 "Agricultural Produce" means all produce and commodities, whether processed or unprocessed, of agriculture, horticulture, apiculture, sericulture, livestock and products of livestock, fleeces (raw wool) and skins of animals, forest produce etc. as are specified in the schedule or declared by the Government by notification from time to time and also includes a mixture of two or more than two such products. In addition, "Marketing" means all activities

involved in the flow of Agricultural produce from the production points commencing from the stage of harvest till these reach the ultimate consumers viz grading, processing, storage, transport, channels of distribution and all other functions involved in the process. Though such policies are implemented by the respective state governments, the agricultural producer still do not enjoy the share which they should enjoy. What is the reason behind this? In this paper, the researchers attempt to find out the jute farmers' share in consumer's price in order to know whether the involvement of more middle men in the marketing channel have a significant impact on the farmer's share.

Objectives:

1. To find out the types of marketing channels available in jute marketing in Barpeta district of Assam;
2. To analyse the farmer's share in consumer's price in jute market in Barpeta district of Assam

Hypothesis: Lower the number of middlemen in the process of marketing of agricultural produce, higher is the farmer's share in consumer's price.

Research methodology: The paper which is both descriptive and analytical in nature is based on both primary and secondary data. Schedule which contains both open and closed ended questions have been collected from a sample of 88 jute farmers by employing convenient sampling method from Barpeta district of Assam during June-December 2015. The data have been analysed and interpreted through descriptive statistics.

Review of Literature: According to Das (2015), about 70 percent of total jute production in Assam goes to other states of India through the hands of middlemen where farmers are mostly cheated by middlemen.

Involvement of middlemen in jute disposal clearly depicts that there arise some level of marketing cost. Lower the numbers of middlemen in marketing channel higher will be farmers' share in consumers' rupees and vice-versa (Jaffer (2005) and Sudha.et.al (2005)).

According to Rehman, (1978), 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. For this reason, in the prevailing traditional marketing system in Assam, the producers are not getting actual prices of their agricultural produces due to their dependency on middlemen to dispose their produces.

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 involvement of middlemen like commission agents in the process of marketing etc.

Goyal (1990), after analysing the production growth of jute during 1948-49 to 1980-81 has remarked that modern technology has not made any significant contribution in production of raw jute and suggested that there is need to develop co-operative societies to procure jute either as an agency of JCI or as a self-procurement agency at village

level primary markets or secondary markets which would ensure fair prices directly to jute growers.. According to him, one of the fundamental weaknesses of jute marketing system is prices actually received by jute growers in the village or at 'Haats' are much lower than the prices that prevail in the secondary markets or the terminal market at Calcutta due to existence of long and complex chain of middlemen.

It has been further observed from the study of Acharya and Agarwal, (1994) that the prices of perishable agricultural commodities are generally influenced by the forces of demand and supply. Prices of such agricultural commodities do not reflect its cost of production. Therefore, there is all round depression and dissatisfaction regarding price receive by farmers. Besides, involvement of middlemen indicates high marketing cost and margins and result inefficient marketing system.

A study conducted by Khatkar et. al., (2005) have found that, in 'Marketing of Mushroom in Haryana' the 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.

In their findings of 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. So marketing efficiency is more where there is no middle man. It is observed from many theoretical and practical studies that it is true that farmers are exploited at all time by the middleman whether it is licensed or no licensed.

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Findings and analyses:

Marketing Channels: Marketing channel plays a significant role to play to dispose jute from the hands of farmers to consumers. From the field study, there are two types of marketing channels which have been found in the study area.

Following are two main marketing channels that involve in jute marketing in Barpeta district of Assam.

(1) Farmers —faria (small traders)—big traders (at regulated market) --- jute mill

(F-ST-BT-C)

(2) Farmers ---small trader---big trader—commission agents— jute mill

(F-ST-BT-CA-C)

Farmers’ share in consumers’ Price

In order to find out the farmers share in consumers’ rupee, we use the following formula as given by Acharya and Agarwal (1994) in their book Agricultural Marketing in India (p-330).

$$FS = (RP - MC / RP) \times 100$$

Where FS= farmer’s share in consumer’s price

- RP= retail price
- MC= marketing costs,
- PF= price received by farmer

But, $RP - MC = PF$

Therefore, $FS = (PF / RP) \times 100$.

In case of jute marketing, final consumer accept the bailed jute. So cost of bail is included in MC. Thus,

$$MC = \text{Cost of bailing} + \text{transport cost} + \text{labour cost} + \text{weighing cost} + \text{storage cost} + \text{market fee.}$$

The amount of farmers’ share in consumers’ price depends on the market prices which is flexible over time depending on the availability of jute in the market on one hand and bargaining power of the middlemen on the other. The average price of jute that prevailed during 2014-15 and 2015-16 in Baharihat Regulated market are stated in Table-1.

Table-1. The average price of jute in Baharihat Regulated market during 2014-15 & 2015-16

Price/ time periods	2014-15		2015-16		Consumers’ price during 2015-16
	Regulated market/ PMY	Village market/ SMY	Regulated	'village market	
Maximum price/ quintal	3500.00	3000.00	4500.00	4250.00	5000.00
Minimum price/ quintal	3000.00	2000.00	4500.00	3500.00	5000.00

Source: Baharihat Regulated Sub-Market office.

Thus,

Consumer’s price= Rs 5000.00

Table 2. Cost of cultivation of Jute by the farmers:

Crop season	Labour cost per day	No. of labour/ bigha	Labour cost/ bigha (1)	Tractor cost/ Bigha (2)	Seed cost/ bigha in Rs (3)	Fertilizers + Pesticides + cow dung in Rs (4)	Total cost= TC= (1+2+3+4)	Yield /bigha in qty (6)	Cost /quintal (5)/(6)
During cultivation	200.00	10-15 (12)	2000-3000 (2500.00)	700	150.00 (quality seed)	500+100+3000	6950.00	8-10 mounds or 3.20-4 quintal (3.6quintal)	1930.00 (approx.)
Peak season	''	''	''	''	''	''	''	''	''

Source: Field study. Figure in bracket indicates averages.

Farmer’s Price = Rs4250.00 as maximum in regulated market

= Rs 3500.00 as maximum in unregulated market.

Marketing cost to regulated market involved

Transportation cost= cost of water ways+ cost of road ways
=Rs 25.00+Rs 75.00 =Rs 100.00/quintal.

Thus PF= 4250.00—100.00=4150.00

Therefore, FS= (PF/RP) X100. =83% at regulated market.

In village market, there is no marketing cost.

Thus, FS= (3500/5000) X 100 = 70%

Share difference in percentage between regulated and unregulated market is 13 percent. Thus marketing margin within the notified area is 13 percent, additional 17 percent is incurred by the commission agent or the middlemen himself in order to deliver jute either to terminal market at West Bengal or to Nepal. Out of it, 2 percent is transport cost.

Share of farmer in consumers’ rupee= 70%

Share of middlemen = 13% (83—70=13)

Share of transport cost =2%

Marketing margin = 15%

= 100%

Thus during peak season, farmer’s share in consumer’s price ranges between 83 percent in regulated market and70 percent in village unregulated market on the basis of the data available in the Table no.-1.

According to Acharya and Agarwal (1994), the price difference for a product of same quality in two different places should not be exceeding the cost of transportation. Equality of the two is used as the indicator of efficiency. It is cleared from the calculation that having the marketing cost difference by Rs 100.00/- per quintal, it brings price difference as Rs 625.00/ per quintal.

The profit margin of the farmer can be calculated by considering the data related to the cost of cultivation. The cost of cultivation of jute by the farmers in the study area is shown in Table 2.

All production process is motivated by earning of profit. Actual amount of profit is obtained by deducting total cost from total earnings. The above table reveals that farmer incurs cost of Rs 1930.00/quintal. Thus, at village level

Profit of the farmer= 3500.00—1930.00 =1570.00

Farmers' share in consumers' price = $(1570/5000) \times 100$
=31.4%

38.6% (70-31.4%) of consumers' price is covered by cost of cultivation.

Actual Share of farmer in consumers' price = 31.4%

Share of cost of cultivation = 38.6%

Share of middlemen = 13% (83—70=13)

Share of transport cost = 2%

Marketing margin = 15%

= 100%

After deducting, the cost of production from earnings, the farmer's share in consumer's price is reduced to 31.4%.

Conclusion:

The State Agricultural Produce Marketing (Development & Regulation Act, 2003) clearly mentions that Agricultural marketing is witnessing major changes world over, owing to liberalization of trade in agricultural commodities and to benefit farming community for the new global market access opportunities, the internal agricultural marketing system in the country needs to be integrated and strengthened. In case of Jute also, there is need for strengthening proper marketing system in order to get more benefit to the jute producers. The analysis proved that involvement of more middlemen between farmers and consumers will lower the share of farmers. Hence, a system of marketing channel which is from directly producer to consumer or less number of middlemen between the producer and consumer is the better marketing channel in case of jute marketing in Barpeta district in Assam.

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