Constraints and prospects of agricultural marketing in North-east India

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ABSTRACT

Since the economy of the NE region is essentially agro-based having 77 per cent of the working population engaged in agricultural operations, the development of agricultural marketing system bears considerable importance. Marketing of agricultural commodities in the northeastern states, by and large, is dominated by the private traders due to the absence of proper implementation of Market Regulation Act by the State Agricultural Marketing Boards. The northeastern states have observed high production of fruits, spices and cashew in the recent past but could not fetch market price to the farmers at par with the markets in the other states. The topography of the NE states is not favourable for the movement of the products. Besides, the infrastructure, procurement practices, marketing approaches and processing facilities are also observed as the major constraints in the rural marketing in the NE region. The social and cultural taboos are also responsible to a large extent in not developing agro-industries in the region to provide better value addition to the horticultural crops. It is hence, necessary to diagnose the problems in the NE region for providing improved marketing environment and value added economic benefits to the farmers through better management of various post-harvest functions of the agricultural crops. The proposed paper is targeted to examine the existing position of agricultural marketing in NER with a view to ascertain its problems and prospects with a primary objective of suggesting lines of development in future.

KEY WORDS : Agri-marketing, Consumer, Horticultural crops, Constraints, Suggestions

the marketing system. The new agricultural policy encompasses four dimensions viz., commercialization, diversification, value addition and export orientation. The same agenda figures in World Trade Agreement (WTA) which places emphasis on trade liberalization and globalization. It calls for introducing measures for export promotion through devaluation, relaxation of export quotas, introduction of export subsidies etc., because export-led growth is now the most important strategy in the free trade regime. In India internal marketing of agricultural product is equally important because of high domestic demand. Mostly internal marketing system of agricultural produce is unorganized, mainly in rural areas major role played by middle-man and private traders. As a result, the farmers are generally exploited, they are not getting fare price for their produce.

Since independence, India’s agriculture production has registered a significant increase, resulting in larger marketable surplus and consequential pressure on the marketing system. With the transformation of Indian agriculture, the marketing pattern has also been changed in order to enable farmers to get price commensurate with the quality of their produce. A vital change in the marketing system has been brought about with the intervention of state machinery in agricultural marketing. Through state action the market system is geared to achieve social objectives, which cannot be attained by market mechanism alone. The specific objective for the establishment of regulated market is ‘to regulate sale and purchase of agricultural produce, create conditions for fair competition and thereby ensure a fair deal to the producer-seller’. In view of the above, an attempt has been made to study the existing scenario of agricultural marketing at a microscope level and also to evaluate its performance towards socio-economic development of the nation in general and the north eastern region in particular and suggest measures for effective agricultural marketing in near future in NER. The present study covers three districts in particular of NER namely, Karbi Anglong of Assam, Garo Hills of Meghalaya and Senapati of Manipur to evaluate the constraints in agro-marketing system. These three districts were selected for the study because these districts are facing great difficulties in marketing their agricultural produces and villagers of the districts deprive from their actual benefits.

METHODOLOGY

The study is based on both primary and secondary data. The secondary data were gathered from published reports brought out by the Department of Agriculture of the NER states, Apex Marketing Societies, Statistical Abstract of the states, Directorate of Economics and Statistics, Indian Journal of Marketing, Weekly Journal of Rural Development, other books related with agricultural marketing. The secondary data were also collected from various periodicals and Official Gazettes published by ICAR, NEDFI, DONER, Economic Surveys of India, The publication of Indian Society of Agricultural Economics and International Journal of Commerce and Business Management were also considered. The advice of agricultural experts of NER states and their opinions were also considered in the study. The useful primary data were collected from randomly selected cultivators (households) representing all the three districts i.e. Karbi Anglong of Assam, Senapati district of Manipur and East Garo Hills of Meghalaya through personnel interview with producers-sellers with a structural questionnaire. It covered 51 villages of the three districts. Data so collected were analyzed and interpreted theoretically to draw the inferences.

ANALYSIS AND DISCUSSION

North-eastern region of India has got its definite identity due to its peculiar physical, economic and socio-cultural characteristics. It is a treasure house of diverse problems. The economy of North-Eastern India is also full of potentialities as different valuable natural resources are within the possession of this region. But due to diverse natural location and lack of proper attention, the region couldn’t nourish with its resources. North-east region of India comprising of the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura representing a distinct agro-climatic zone of the country. The region occupies nearly 8 per cent of total geographical area and supports nearly 4.0 per cent of the country’s population as per the 2011 census. More than 77 per cent of the people in these states are dependent on agriculture and allied activities, but with poor resources base and low economic status with limited investment capacity. Since independence, continuous efforts have been put forth and in particular during preceding decade several aggressive policy initiatives have been taken up for all round development of these states. Agriculture in north east region is predominated by subsistence farming, where shifting cultivation still remains important. Subsistence agriculture is an uncertain activity and therefore, risky, particularly when survival is at stake, and is the dominant factor not to change the traditional farm practices even in the face of opportunities. The poor farmers are naturally risk averter and prefer to be safe than sorry; they tend to prefer an inferior outcome that is relatively certain to the prospect of a higher average return with a greater degree of risk attached. However, to cater the economic development, the agriculture sector must be strengthened to play much more active and indispensable role in any overall strategy of economic progress.

The rural marketing is largely unorganized in the region and dominated by the private traders. The northeastern states have observed high production of fruits, spices and cashew in the recent past but could not fetch market price to the
farmers at par with the markets in the other states. The topography of the NE states is not favourable for the movement of the products. Besides, the infrastructure, procurement practices, marketing approaches and processing facilities are also observed as the major constraints in the rural marketing in the NE region. The social and cultural taboos are also responsible to a large extent in not developing agro-industries in the region to provide better value addition to the horticultural crops. It is hence, necessary to diagnose the problems in the NE region for providing improved marketing environment and value added economic benefits to the farmers through better management of various post-harvest functions of the agricultural and horticultural crops.

The total food-grains production in the region amounts to 6365.4 thousand tons in 2008-09 (Ministry of Agriculture, Govt. of India, NEDFI Databank), but very small quantity of marketable surplus is sold in the regulated markets. Among cereals, paddy is the principal crop grown in the northeastern states, which occupies about 70 per cent share of the total area under food-grains in the region. Maize is the next important crop grown in the NE Region except Tripura. However, the pulses are cultivated in small quantities in all the states except Arunachal Pradesh. It shows that a major share of marketable surplus finds its outlet in the poorly equipped markets held periodically in the villages. Most of the transactions in the rural markets involve small quantity of agricultural produce to purchase the commodities of daily requirements. The private traders, middleman, petty retailers and moneylenders locally known as ‘Mahajans’ dominate these markets. The bargaining power of the farmers is very weak and, therefore, the traders dictate the price. One of the main reasons for prominence of traders in the agricultural produce markets in villages is the heavy indebtedness of the farmers to traders, commission agents and middleman. Besides the organizational and functional dimensions of the marketing system, the flow of commodities in the NE region is restricted and localized to certain specific areas due to geophysical conditions as well as lack of infrastructure facilities. The basic infrastructure facilities include storage and warehousing, road links, transportation and communication aids. Of these, storage and transportation network performs a significant role in stocking and mobilization of goods. The storage facilities in NE Region are located mainly at district headquarters and state capitals. Till recently here were practically no rural godowns in the region. The National Cooperative Development Corporation (NCDC) has, however, pioneered the construction of rural godowns in the region. Topographically, the region is crisscrossed by a large number of rivers and rivulets and nearly 70 per cent of the total area is mountainous. Under such conditions the road transport network is the main mode of conveyance to link inter and intra-state movements of goods and services. But road transport is also hampered due to lack of all-weather road links in the region.

In north east India, paddy is the main food-crop grown in all the states. Besides maize, wheat, millets and pulses, potato, jute and mesta, cotton, mustard, ginger, turmeric, areca nut and betel leaf are some of the important cash crops produced in the region. Among the horticultural crops, banana, pineapple, citrus fruits mainly oranges are grown in abundance in medium and lower altitude regions and fruits like plum, pears and peaches are grown in the high altitude temperate region. Though the impact of green revolution in this region is comparably low, the volume of marketable surplus of agricultural produce has increased substantially during the last few years. The existing marketing system is three-tier as in other parts of the country. The primary markets are held periodically at village level, wholesale assembling markets at block level and terminal markets located at towns and at the places from where the goods could be transported. The trade, however, is not regulated due to the absence of enforcement of market regulations in the primary and wholesales produce assembling markets. Among all the NE-states, Assam and Tripura have, to some extent, succeeded in the enactment of market acts to ensure efficient marketing of agricultural products.

Marketing system in NER:

Marketing of agricultural commodities in the northeastern states, by and large, is dominated by the private traders due to the absence of proper implementation of Market Regulation Act by the State Agricultural Marketing Boards. Among all the states in the region, Assam, Meghalaya and Tripura have Market Regulation Act. In Tripura, it has been enacted and implemented to some extent for non-food grain crops like jute and mesta. In Assam, the implementation process is hampered due to various litigations put up by the traders. The agricultural produce marketing act in Meghalaya has been enacted but it is yet to be implemented while in Manipur preparation of the bill is in process. A brief description of the trade practices related to agricultural commodities in different states of the region is given below.

Assam as an agricultural state the rural population is about 87.5 per cent living in 25124 villages (Economic Survey, Assam, 2010-11). Out of the total rural population about 75 per cent depend directly upon agriculture. The overall economy of the state depends upon the agricultural development and, hence, agricultural sector has been receiving considerable attention in the planning process. Assam grows large number agricultural crops like paddy, pulses, oilseed, spices, fibre crop like jute, mesta and cotton and fruits and vegetables. Under the existing system of agricultural marketing in Assam, farm produces change many hands before reaching the consumer. The middleman, in the process extracts a large share of consumer’s rupee while the
farmer gets only a small share. Taking advantage of the farmer’s poor condition and weak bargaining power in the transaction, a set of middleman at different stages have emerged as a powerful channel for the procurement of food grains. Thus, the farmer needs protection from such exploitation and also assistance in many respects, more so in a state like Assam where the agriculturists are subject to natural calamities and various other constraints.

The Assam Agricultural Produce Market Act 1972 has been amended in 2006 to make provisions for (a) Private marketing, (b) Direct marketing, (c) Consumer-farmers market and (d) Contract farming as per guidelines of Govt. of India. The act also empowered Market Boards to levy cess and relieve existing restrictions on movement, storage and transportation etc of agricultural produces. At present the act is under implementation in 25 out of 27 districts of Assam. The Assam State Agricultural Marketing Board (ASAMB) has established 24 Regulated Market Committees, 20 Primary Market Yards, 206 Sub-market Yards, 735 Rural Primary Markets and 405 Wholesale Markets. The Regulated Markets have been covered under AGMARKNET (Economic Survey, Assam, 2010-11). The details of agricultural market infrastructure available in the state may be evident from the Table 1.

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<th>Table 1: Market infrastructure and processing unit development in Assam</th>
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<td>1. Regulated market committees</td>
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<td>Principal market yard</td>
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<td>2. Sub-market yard</td>
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<td>Total regulated market</td>
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<td>Wholesale market</td>
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<td>3. Rural primary market</td>
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<td>4. Organic market</td>
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<td>5. Godown</td>
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<td>6. Cold storage</td>
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<td>7. Processing unit</td>
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<td>8. Drying platform</td>
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<td>9. Grocery society</td>
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<td>10. Auto vans for transportation</td>
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Source: Economic Survey, Assam, 2010-11

Availability of above marketing, storing and processing infrastructures, however, appears to be insufficient to fulfill the marketing aspects in Assam. It was clear from the study of marketing situation of Karbi Anglong district, the farmers of the state and the district are facing problem in disposing their produces. During peak harvesting season of Rabi vegetables i.e., from January to March, the markets are overloaded with vegetables and the farmers have to dispose their produce at a very low price on the very market day due to non-availability of cold storage facility near the market. Inadequate availability of processing unit//cold storage/post harvesting infrastructure like godowns, inadequate transfer of off season vegetable technology and inability of small and marginal farmers to transport their produces to the markets where they can fetch justified market price compel farmers to dispose their produce to the middlemen at lower price.

In Manipur, marketing of agricultural produce in Manipur has not been systematically organized. The lion’s share of the consumers’ rupee goes to the pockets of innumerable middlemen working in between the producer and the ultimate consumer. The agriculturists of Manipur are generally the persons of small means. Their holdings are small and scattered. As such, they have got very little quantity of agricultural produce available individually as a marketable surplus to be disposed off. Obviously it becomes uneconomical to carry the small quantity of produce to the assembling markets located at distant places where middlemen operate at different stages. Under the prevailing practice in the state farm produce is collected from the producers in the interior villages and are brought to a central point, which is the assembling centre, by the womenfolk. Sometimes agriculturists sell their produce to the itinerant merchants. From the village markets it is procured by the itinerant merchants and agents of wholesalers belonging to towns such as Imphal, Thoubal, Churanchandpur etc. A study was conducted in Senapati district to study the constraints in rural marketing system. It was clear from the study that the transport that gives “place utility” to a farm product is one of the main problems in Manipur. As motorable roads do not properly connect most of the production areas, the farmers find it difficult to bring their produce to the primary and terminal markets for sale and thus deprive themselves of remunerative prices. In the state there are about 30 assembling markets and 103 primary markets and no regulated markets in the state. Road transport is the only means of transport for farm products to distant places as there is no rail link in the state. Inadequate transport facility causes glut in the producing area and scarcity in consuming centres at times affecting both the producer for receiving in lower price and the consumer due to irregular supply and high retail price. There is a general shortage of storage facilities in both the urban and rural areas of the state. The prevailing systems of storage in the rural and urban areas are quite primitive and they cannot be regarded as satisfactory. Due to lack of storage facilities, the itinerant traders and small merchants purchase the produce in village immediately after harvest. They either store it in the shops of the big merchants or sell the produce to the wholesalers or consumers. The big merchants purchase the produce and store it in their own godowns till better prices prevail and reap the benefits of escalated prices. For example
the volume of potatoes produced in the state could meet the demand if cold storage facilities are made available and there would be no need to import potato at a higher price during off-season.

In Meghalaya, agriculture is the main occupation in spite of the fact that only about 10 per cent of the total land is available for cultivation in the hilly terrain of the state. Paddy is the main food-crop grown in the state with some other crops like maize, wheat, millets and pulses, potato, jute and mesta, cotton, mustard, ginger, turmeric, areca nut and betel leaf etc. Among the horticultural crops, banana, pineapple, citrus fruits mainly oranges, plum, pears and peaches are grown in abundance in the state. Though the state is deficient in terms of food grains production, there is surplus cash crops and horticultural crops. But, lack of proper marketing outlets in the state is a deterrent factor for increasing productivity and production. Meghalaya so far does not have the required base and the infrastructure facilities for organized agricultural marketing. There are a number of constraints such as transport, communication, suitable organized marketing set-up, weak cooperative organization, and deplorable conditions of the primary markets in the rural areas of the state. A study was done in east Garo hills district to find out pros and cons of agri-marketing system of the state. The study reveals that marketing of surplus agricultural produce and other minor forest produce, supply of essential foodstuffs, agricultural inputs etc. are mostly handled by the private traders. The traders are well organized and are in an advantageous position that dictates the intern as far as the procurement of the surplus agricultural produce is concerned. Farmers, in general, bring their surplus produce from distant villages to the market for disposal and at times, not being aware of the prevailing market trends resort to distress sales. As such the price situation of the surplus agricultural produce is very much fluctuating particularly for the perishable produce like, potato, ginger, fruits and vegetables. The middleman in the process takes advantage of the situation at the cost of the producer and the consumer as well.

In the state mainly primary market is serving but there is no uniform pattern of organizational and management set-up of these markets. The local autonomous administrative bodies are the controlling authorities over these markets including collection of tools and levies without having any control on the price of quality of the produce sold in the market. The primary markets in the rural areas do not have required facilities of a regular and economic transport. Besides, the market stalls are not properly laid down and are mostly of temporary structure made of thatches and bamboo. Basic amenities like godowns or storage facilities, drainage and pavement, parking facilities, supply of drinking water are generally not available in these markets. Therefore, establishment of an efficient agricultural marketing system where the growers may obtain a remunerative price for their produce is most essential for the accelerated development and commercialization of agriculture in the state.

In Tripura, The Tripura Agricultural Produce Markets (Amendment) Act, 1983 has been enacted for the establishment of the Tripura Agricultural Produce Market Board and subsequent amendment was proposed for the constitution of Market Committee of Regulated Markets to increase the number of members. The Tripura Agricultural Produce Markets (Administration) rules, 1985 was framed to allocate powers to the Marketing Board and Committees. In the regulated markets paddy and banana are notified as transactionable commodities. The paddy is admissible in the regulated markets in husked or raw form for transactions. The transactions are made by open regulations between the buyers and the sellers. Some of the markets have been provided with minimum required amenities while the remaining markets have yet to be covered. The minimum basic facilities to be provided at the regulated market are: (a) Sale Hall (Auction platform), (b) Sale Stall, (c) Market Committee’s Office, (d) Godown, (e) Internal Brick lined pathways, including approach road, (f) Providing drinking water facilities, (g) Sanitary block with drainage system. But these facilities fall short mainly in harvesting season which gives the scope to take advantages of the situation to middlemen and traders.

In Arunachal Pradesh, there are no effective regulated markets, the whole trade moves around the private merchants who mostly procure the commodities at local markets in villages held periodically. The traders take the contract of standing crops particularly paddy and fruit and harvest it at their cost paying fewer prices than prevailing market price. The cooperatives are mainly the distributing agencies for consumer goods and do not enter into the product market for procurement of foodgrains, fruits or vegetables. The itinerant traders visit the villages all the six days in a week and collect the produce from them. The conditions of the state do not allow for free and uninterrupted transportation.

Similarly, other north eastern states like Nagaland, Mizoram and Sikkim also are suffering from same types of marketing problems. Entire market is handled by middlemen and private traders. The advantages are taken by the middlemen and traders due to the difficult geographical terrain and lake of proper transportations and other basic infrastructure facilities in rural areas. In these states primary markets are serving but there is no uniform pattern of organizational and management set-up of these markets.

**Major findings:**

The study deduces the following constraints in the present agro-marketing system in NER:

- The basic infrastructure facilities such as transport and communication, power and electricity, capital overheads,
credit and financial institution are totally inadequate in the rural areas of the region.

– Due to lack of marketing infrastructure, shortage of storage facilities and poor road conditions as well as poor road linkage with the headquarters of district, the villagers are deprived from the actual benefits of their agricultural produce. Most of the roads of the villages are seasonal and during rainy seasons their roads are almost cut-off from the market place.

– The villagers still follow the traditional system of agriculture and the qualities of produce are not standardized. There is no proper record on surpluses of agricultural produced.

– Lack of commercial knowledge and information results in exploitation of farmers by a handful of middlemen and traders.

– The initiative of the Government as well as NGO’s for improving market infrastructure and organizational support are not sufficient to develop the conditions of the villages of the districts of NER.

**Measures for improvement of agricultural marketing:**

It is observed in the study that the above mentioned problems in the states of north east region give us a clear picture of a defective agricultural marketing system. A defective marketing makes the farmer to produce only output but a fair return for his produce is not possible. The State Govt. of Assam has taken special initiative to improve the marketing of agricultural produces in the state. The Govt. planned to set up one modern Producer-Consumer Market at Guwahati. A project has been undertaken on pilot basis for setting up facilities on the pattern of e-Choupal in two districts where a private company is being engaged for dissemination of information on weather conditions, farm management, risk management and pricing of various commodities in different markets. It also encourages contract farming and planned to set up cool chain facilities in 11 markets in current financial year. Construction of Mega Food Park at Tihu in Nalbari district and setting up of Agri-Export Zone on Ginger was an appreciable step of the State Government. In order to have the best advantage in marketing of agricultural produce the following measures should be taken.

**Co-operative marketing:**

In the region, maximum farmers are small and marginal and the existence of so many problems in respect of agricultural marketing, co-operative marketing would be the only and right solution in this respect. The objectives of co-operatives are to produce agricultural product and to distribute agricultural inputs at a reasonable price. It can duly collect agricultural produce from the farmers, grade and standardize them, store them, transport and sell them at a point of time when the price is more.

**Regulated markets:**

The next important measure is related to the establishment of regulated markets. The objective of regulated markets is to remove ill market practices, to reduce marketing charges and to ensure fair prices for the farmers. The regulated market is managed by a committee of representatives from the state government, local bodies, traders, brokers and farmers. They issued licenses, fix brokerage rates and ensure use of standard weights. In view of present state of agricultural marketing, regulated markets can be of great help in removing the defects and to save the farmers from the exploitation by the intermediaries and ensure fair prices for their produce.

**Public distribution:**

The public distribution system has a great role to play in the field of agricultural marketing. The objective of public distribution system is to procure produce directly through its outlets at fair price and to distribute throughout the state at fixed price.

**Market information and extension network:**

There is need to develop information and extension network for ensuring smooth supply of quality inputs to the farmers. Strengthening of market information through broadcasting and any other means is highly beneficial for farmers in the rural area of the region.

**Financial assistance:**

Financial assistance is required for meeting operating expenditures relating to agricultural farming, to maintain livelihood and for improving holding capacity of produce to make the best use of marketing opportunities. Among many financial institutions, the co-operative credit society is the best organization to meet financial requirement of the farmers because such an institution is of particular relevance for the farmers with small means. Finance must be linked with marketing arrangements. During the course of providing finance, it should be taken into account that the farmers are selling their produce through co-operative societies. This ensures not only refund of credit but also fair prices for produce.

**Grading and standardization:**

Proper grading and standardization not only improve the quality but also reduce wastage, attract buyers and ensure better prices for agricultural produce. Grading of agricultural produce induces the farmers to grow quality products on the one hand and the buyers find no difficulty in identifying a suitable one for paying right price on the other.
Storage facilities:
Proper storage is an important aspect of agricultural marketing. To carry agricultural produce outside the village, it is necessary to provide adequate storage facilities to hold till better price is not offered. A proper and adequate storage not only enhances the bargaining power of the farmers but it is also ensuring better prices for agricultural produce.

Transport facilities:
For successful agricultural farming, an essential requirement is the availability of transport which can carry agricultural produce to markets at low cost, easily and speedily. Traditional system of transport is, in fact, has little relevance with present state of agricultural marketing. Diesel operated quick moving transport is, therefore, needed for effective agricultural marketing.

Standard weights:
The need for using standard weights throughout the country is a must. Lack of use of standard weights would continue to keep agricultural marketing into an undesirable state of affairs. Despite the introduction of metric weights throughout the country since 1962, the use of old system of weights still persists. It is hopeful that metric system of weights is accepted by all concerned.

Conclusion:
Rural development is the prioritized objective of every state of India. Economic development is measured by the strength and efficiency of the linkages established in various sectors of the economy and business cycle. These are backward and forward linkages constituting financial assistance, technology extension services, marketing, transport and communication network for mobility of output in various trade channels. An integration of these linkages forms the economic system of production in any sectors in rural economy. Of these linkages marketing is one of the important factors that has directly related with the economy predominantly agriculture. Agricultural marketing is a complex phenomenon. Involvement of a number of trade channels in the procurement of agricultural produce, the attitude of farmers towards the selling of their produce and to get immediate returns is the main factors governing the whole market operations. As an agrarian economy marketing of farm produce, therefore, constitutes the nerves centre of rural economy. The agri-business need to be developed and diversifying the agricultural produce marketing system to yield value-added remunerations to the farmers and the end-users of the produce. In the interest of public welfare, the state governments of the region have taken several steps to improve the conditions of agricultural marketing. A single active development agency needs to be identified to develop awareness on the diversified agricultural activity and to boost the marketing of agro-processed products tremendously in the region.

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