

CHAPTER-II

REVIEW OF LITERATURES

2.1 INTRODUCTION

2.2 MARKETING OF AGRICULTURAL COMMODITIES

2.3 MARKETING OF JUTE

2.1 Introduction

This chapter makes a review of the existing literature directly related to our study as well as the review of some literature which are not so much directly related to our study. The whole review has been subdivided in to two principal segments. The first is the through review of literature related to marketing of agricultural commodities and the second segment is about marketing of jute.

2.2 Marketing of agricultural commodities

Collins & Jamison (1958) had done a study which provides a structure of food marketing system. The authors indicated where change was taking place, and pointed some adjustments that might be warranted. The dynamic merchandising techniques which characterised the business of food distribution, particularly at the retail level, were having repercussions throughout the marketing structure. The income of the agricultural producer was becoming continually more sensitive to the profit determinants of the retailer. Strengthened lines of communication from top to bottom were a requisite for profit maximization at all levels. The specifications of retail demand provided strong impetus for closer coordination between producers and marketing firms. Established marketing institutions in direct contact with the producer were obliged to make a critical appraisal of their organisation and services in view of the changing nature of retailer demand.

Narin (1961) studied marketed surplus output ratio of important agricultural commodities in India. He estimated distribution of marketed surplus by different holding size-group. According to the study marketed surplus as a percentage of gross value of output was around 33.4 percent. He found that a part of marketed surplus have a direct relation to price change and the other part have an inverse relation.

Abbott (1962) mentioned in his study "The Role of marketing in the development of backward agricultural economies" that food marketing problems occur simultaneously all along the line from the planning of production to meet market demand, through transport, wholesaling, and processing to retail distribution. According to him these phases are so closely interrelated and the difficulty of breaking through the interdependence is often so

great, that success in establishing improvements in any one of the various marketing phases frequently depends on corresponding improvements taking place in others. In consequence, rich potential markets may have little impact on agricultural producers within easy access.

Jumper (1974) discussed the wholesale marketing structure of fresh vegetable in the United States. According to him the market is producer oriented, consumer oriented and distributor oriented. The archaic conditions of this market structure have contributed to faster rises in price of fresh than processed vegetable. The marketing of fresh vegetables is changing rapidly. He mentioned that chain stores and other large firms seek to lower cost through bypassing segments of the structure and through purchasing directly from shipping points and bargaining association are replacing producer oriented markets. He also mentioned small, inefficient markets are eliminated, directed shipping is increasing, facilities are being improved and some terminal markets are merging with wholesale food distribution centres that serve larger areas.

Lasdanwalla (1977) had done a study on “Efficient agricultural marketing” and made an assessment of the efficiency of the marketing structure for agricultural products in India. She formulated certain criteria for judging marketing efficiency at the micro and macro levels. After reviewing various aspects of marketing practice, the author concluded that the existing marketing structure did not require radical overhaul development of the economy. She, however, argued for a series of improvements in transport, in grading and storage systems and in the adoption of fair practices.

Sarkar (1981) in his study “Marketing of food grains-an analysis of village survey data for West Bengal and Bihar” mentioned detail analysis of the relationship between different classes of producers and different categories of traders who act as marketing channels for paddy and rice in West Bengal and Bihar. It shows that the market is not only far from competitive. It is also relatively even less competitive from the point of view of the poor producers than from the point of view of the richer ones. He found that different types of marketing channels are used by different classes of producers as their

most important, next most important or lesser channels, the relative importance of a channel for a class of producers being judged by the extent of its marketed surplus actually channeled through it. Different classes of traders or marketing channels depend mainly or exclusively on different classes of producers. Different classes of traders pay different prices to different classes of producers. Different classes of traders have different practices of making advance payments to poor producers.

Rajagopal (1986) has identified different paddy marketing channels and their marketing efficiency in Madhya Pradesh. The author applied Shepherd Index Method to measure the marketing efficiency. The results reveal that the farmers get the highest benefit if they sell their produce through the cooperative marketing and processing units. He suggested that the cooperative should be given more incentives by the government to enable them to perform the marketing activities in the village more efficiently to give the farmers their highest share.

Acharya and Agarwal (1987) have discussed agricultural marketing and its different issues in India. Agricultural marketing plays an important role not only in stimulating production and consumption, but in accelerating the pace of economic development by optimising use of resource, increase farm income, widening of markets, adoption of new technology, employment creation and generation of national income etc. The authors studied marketable surplus of various agriculture commodities. There is considerable inter-state variation in the marketed surplus-output ratios of crops. Agriculture marketing involves various functions and processes such as packaging, transportation, grading and standardisation, storage and warehousing, pricing, buying and selling etc. Performance of these functions influences the efficiency of marketing. There are different marketing agencies, institutions and channels through which farm produces move from producer to consumer. With the expansion in transportation and communication network, changes in the structure of demand and the development of markets, marketing channels for farm products in India have undergone a considerable change, both in terms of length and quality. The authors have mentioned some measures such as Shepherd Index Method,

Acharya's Modified Method to assess the efficiency of the marketing system. According to Acharya's Method,

$$MME = FP / (MC + MM)$$

Where,

MME = Modified measure of marketing efficiency

FP = Net price received by farmer

MC = Total marketing cost

MM = Total marketing margin of intermediaries.

Bhat (1996) studied marketing cost and margins of agricultural commodities. He has mentioned that intensive application of technology in agriculture has brought about remarkable increase in production of agriculture produces. Several marketing functionaries has come to market this farm produces in the country. Producers have choice to prefer marketing functionary to sell their produce. A major difficulty in the process of improvement of agriculture marketing in India is the enormous sources of supply of small marketable surpluses from huge number of small farmers who are operating independently in all parts of the country. An efficient marketing is necessary to move these commodities from producer to ultimate consumer. The author has discussed marketing efficiency in terms of marketing costs, margins and price spread. Price spread analysis is an essential apparatus to measure the extent of market integration and marketing efficiency. He has mentioned different methods of analysing the price spread. Various government institutions have emphasized the need of studying the market structure and trying to improve it with a view to protecting the interests of the producers and increasing their income by making the market structure more competitive and efficient. He has concluded that continuous effort is necessary to find out the imperfections in the marketing system and to locate the distortions in the components of the price structure.

Shyamsunder *et al.* (1996) have studied price spread and marketing of onion in Kolar district of Karnataka. They have identified four distribution channels in the marketing of onion. Various intermediaries such as village trader, wholesaler, commission agent and

retailer exist in these channels. Among the four channels, channel II is the most important from the standpoint of quantity surpluses which passed through this channel. The authors have studied price spread and the results indicate that producers get the highest net price per quintal in channel II and lowest in channel I.

Krishnaiah (1998) has conducted a study on cotton marketing in Warangal district of Andhra Pradesh. He has found various marketing intermediaries involved in the marketing of cotton. The intermediaries are village trader, Cotton Corporation of India, cooperative agency, ginner etc. These intermediaries function in different marketing channels. The marketing process is dominated by these intermediaries. The marketing cost and margin vary according to the length of marketing channel. Growers receive different prices in different marketing channels because of differences in lower and higher marketing cost and margin. Growers are always deprived. It is stated that government intervention in regulating cotton market has not been successful in arresting the market inefficiencies.

Mitrannavar and Gummagolmath (1999) have done a study to find the marketing cost, margin and price spread of potato marketing in North Karnataka. They selected two markets namely Belgaum and Hubli. The authors identified two marketing channels of potato in the selected markets. In the study the price spread at various levels of marketing of potato brought out important results. The difference between consumer's price and retailer's price in case of channel II was highest in Hubli market followed by Belgaum market. Channel I in both the markets was found to be efficient in so far as the price spread was found to be smaller than that in channel II. The producer's share in consumer rupee did not cross over 80 percent in channel I. Village merchant and the wholesaler grabbed maximum share of the consumer rupee. The net price received by producer in channel I was higher in Belgaum market than the Hubli market. According to the authors wholesalers and commission agents were better informed about various market activities and they were in easy access to market facilities such as storage, grading, financing. As result wholesalers and commission agents got highest possible return in the market.

Ram (1999) has done a study where he discussed the various issues and challenges of agriculture marketing. He described the marketing network of different agriculture produces. According to him there were two aspects relating to the movement of agriculture produces, the first was channel of distribution and second was the volume and seasonality of movement. Marketing channel differed from commodity to commodity and type of market. The prevailing marketing system was traditionally dominated by marketing intermediaries. Producer sellers were the weakest part of the marketing chain. He emphasised due to lack of infrastructure, improper management, marketing intelligence and credit, farmers were deprived. There was little government intervention in the marketing of commodities except the commodities like rice, wheat, jute etc which have importance in the national economy. The situation was changed after enactment of various legislations by state government and central government. He mentioned that after development of various administrative infrastructure and organisation like Agricultural Price Commission, Food Corporation of India, Jute Corporation of India, National Agricultural Cooperative Marketing Federation etc the marketing system and practices had been improved. He recommended some measures to improve the situation like development of market infrastructure facilities, development of rural primary markets, creation of grading and packaging houses, development of rural godowns and implementation of finance scheme etc.

Marothia *et al.* (2001) have identified two marketing channels of vegetables in his study. The channels were producer seller-commission agent-retailer-consumer (channel-I) and producer seller-consumer (channel II). The study revealed that maximum portion of produce of medium & large farmers transacted through channel-I. The large farmers sold relatively more quantity of vegetables as compared to medium group farmers. Small farmers usually preferred to sell their produce directly to consumer. The authors selected two vegetable crops tomato and brinjal and two markets namely Subhas market and Shatri market for price spread analysis. In case of tomato, producer received 53.55 percent share of consumer's rupee in Shastri market and 58.28 percent share of consumer's rupee in Subhas market due to the reason that cost of marketing of producer was higher in Shastri market. In case of brinjal, the producer received 41.37 percent and 53.95 percent of consumer's rupee in Shastri and Subhas market respectively. Low profit earned by retailer was the main reason for the higher price received by producer in

Subhas market. In comparison between channels within the same market, channel II was estimated as most efficient channel than channel I. They recommended some policy measures to improve the vegetable marketing system. These were improvement of transportation system, regulation of vegetable trading and implementation of storage facilities in the market yard.

Chole *et al.* (2002) conducted a study on marketing of tomato in Raigad district. It discussed marketing cost, margin, price spread in the study. It identified three marketing channels in the study area. The channels were producer-retailer-consumer (channel-I), Producer-wholesaler-retailer-consumer (channel-II), producer-commission agent-wholesaler-retailer-consumer (channel-III). According to the study, the producer's share in consumer's rupee was highest in channel-I (62.23 percent) followed by channel-II (56.05 percent) & channel-III (49.58 percent) which indicated the inverse relationship with the number of marketing middleman. The share of total marketing cost was maximum in channel III followed by channel-II & channel-I. This indicated direct relationship of total marketing cost with the number of marketing middleman involved in channels of marketing. Authors computed marketing efficiency by using Shephard formula. The result revealed that marketing efficiency was highest in channel-I followed by channel-II & channel-III.

Gauraha et al. (2002) studied marketing strategy of rice in Drug district of Chhattisgarh. This study estimated the producers' share in consumer rupee, marketing cost, margin of intermediaries, marketing efficiency and price spread in different marketing channel of rice. According to the study three marketing channels were identified. The study revealed marketing cost and margin varies according to the length and of distribution channel. Again price paid by the consumer were same irrespective of marketing channels but variation occurred only in price which received by the farmers in different channel because of differences in lower and higher marketing cost and margin. The authors found share of producer in consumer's rupee was inversely proportional to the length of marketing channel. In the study, the authors applied Shepherd's Index Method for judging marketing efficiency and the result revealed that index of marketing efficiency

was highest in channel I followed by channel II and channel III. They mentioned that efficiency of channel I was the highest due to not having any intermediaries in the distribution channel

Acharya (2004) studied agricultural marketing framework and its related aspects in India. He has discussed different issues such as marketed surplus, marketing channels, marketing infrastructure, institutional marketing framework and overall efficiency of the agricultural marketing. The agricultural marketing has undergone conspicuous changes during the last five decades due to increased marketed surplus, increase in urbanization and income, changes in the pattern of demand for marketing services, increase in market linkage and changes in the form and degree of government intervention in agricultural markets. There has been a considerable increase in the marketed surplus-output ratios of various agricultural commodities during last fifty years. Various marketing channels and intermediaries perform activities for movement of these agricultural commodities from producer to consumer. The share of these channels in total marketed surplus varies from commodity to commodity and from state to state or region to region. In regulation and development of agriculture markets Directorate of Marketing and Inspection (DMI), Government of India has played leading role in the country. The establishment of regulated markets and increase in their number have created orderly marketing conditions for the farmers. Significant improvement in marketing infrastructure has accelerated the marketing system. Development of various infrastructure facilities such as packaging, grading, transportation, storage, telecommunication and market yards have helped the growers and other marketing stakeholders for marketing their commodities properly. Apart from physical infrastructure a strong institutional infrastructure has helped the farmers. It also improves the marketing system. Various organisations such as Food Corporation of India (FCI), Cotton Corporation of India (CCI), Jute Corporation of India (JCI), Commodity Boards for tea, coffee, tobacco, horticulture products etc, State Trading Corporation (STC), Directorate of Marketing and Inspection (DMI), Commission for Agricultural Cost and Price (CACP), State Marketing Boards, Council of State Agricultural Marketing Boards (COSAMB) and Central and State Warehousing Corporations have accelerated the overall marketing system. The authors have also discussed marketing efficiency by analyzing marketing cost, margin and price spread of various agricultural produces.

Mohammad *et al.* (2004) conducted a study to examine the producer's share in consumer price to understand the level of marketing efficiency of major crops (rice, wheat and jute) in selected markets of Bangladesh. The authors identified four marketing channels of each crop in the study area. They mentioned market intermediaries functioned at various markets namely primary market, secondary market and terminal market. The highest marketing margin of rice received by miller which followed by the baperi and retailer. In case of wheat, the highest marketing margin received by retailer followed by miller and flower wholesaler. On the other side in jute marketing highest marketing margin received by exporter followed by pucca baler and kutchha baler. Producer's share in consumer rupee of rice was highest in channel IV followed by channel III, channel II and Channel I. In the case of jute and wheat the producer's share in consumer's rupee was highest in channel IV followed by channel III, channel II and channel I. The authors applied Composite Index Method to know the marketing channel efficiency of three commodities. In all the commodities (rice, wheat and jute) channel IV possessed highest marketing efficiency followed by channel III. According to the study channel I and channel II for all the commodities were not relatively efficient in agriculture marketing sector of concerned commodity producing regions. It was due to low prices received by the farmers as compared to other channels. The authors suggested that government intervention was necessary to enhance the share of farmers in marketing process.

Verma *et al.* (2004) discussed the price spread, marketing efficiency and constraints in marketing of onion in Indore district of Madhya Pradesh. The producer received, the study revealed, maximum share of consumer's rupee in channel I (97.33 percent) followed by channel II (72.00 percent) and channel III (58.12 percent). The highest share in consumer's rupee was obtained by the farmers in channel I as there was no intermediary between producers to consumer. In second channel, the producer received only 72.00 percent of consumer's rupee and retailer received 11.27 percent of consumer's rupee. In third channel the farmer received less i.e. 58.12 percent of consumer's rupee. The producer's share was less in channels II and III as producers were located at a large distance from the market place. The intervention of marketing intermediaries has reduced the producer's share in consumer's rupee. The authors examined marketing efficiency by applying Shepherd's Method and the result obtained was that channel I was most efficient followed by channel II and channel III. Unremunerative prices during the peak

season and lack of storage facilities were the main constraints of onion growers, they mentioned. Besides, skilled labour, lack of credit facility, information of price and arrival of produces in the major consuming markets were also the problems faced by growers. The analysis revealed that adequate input facilities and timely supply of cheaper credit by the financing agencies to the producers, processors and traders would help in increasing the productivity as well as efficiency in the marketing of the produce.

Dutta (2005) has studied marketing pattern of farmers and their views on regulated market in West Bengal. The marketing system for agricultural commodities in West Bengal is pyramidal in structure having four tiers. These are villages/farm-gates at the bottom phase, primary market/sub-market at the second phase, secondary wholesale markets in the third phase and terminal market at the final stage. He has mentioned that a large section of producers sell their produce at market place. Because they remain busy in the chain of production for sowing and harvesting of variety of crops throughout the year. This extensive engagement in the field prevents the grower from going market to sell their crops. The cultivators with small quantity marketable/marketed surplus do not consider it economic to travel long distance market for selling their produce by incurring a sizeable amount of transportation cost and personal labour all through the day. The big and medium cultivators do not prefer to sell their produces at a time because they hold some stocks to meet their urgent future requirements. The author has noticed that farmers of North Bengal have a preference to sell their produce at market place whereas the farmers of South Bengal prefer to sell there produce at farm gate. He has observed that only 42.16 percent farmers are aware about regulated market and their conceptual clarity about this market is very poor.

Banafar *et al.* (2006) studied marketing cost, margin, price spread in different channels of mustard in Surguja district of Chattisgarh. The study revealed that marketable surplus of mustard increased with the increase in production and size of farm due to the facts that proportional retention of mustard for various purpose on farms decreased with the increase in production. The study revealed the main functionaries of mustard engaged in the selected markets were village traders, wholesalers, retailers of mustard seed and wholesalers, retailers of mustard oil and cake. The authors identified three marketing channels in the study area. The total marketing cost in per quintal of produce was higher

in channel I followed by channel III and channel II. Again net price received by producer was highest in channel II followed by channel III and channel I. The most efficient marketing channel for mustard found to be channel II followed by channel III and channel I because producer share in consumer rupee was higher in channel II. The authors mentioned some constraints of mustard marketing such as lack of storage, lack of regulated market and lack of cooperative societies.

Sharma and Pant (2006) discussed price spread and problems in marketing of onion in Sikar district (Agro-climatic Zone II-A) of Rajasthan. Three marketing channels were identified in study area. These channels were producers-consumers (channel I); producers-local traders-consumers (channel II); producers-commission agents-retailers-consumers (channel III). Channel II was the most popular channel because 75 percent growers preferred to sell their produce through this channel. The average gross price received by the farmer was highest in channel I followed by channel II and channel III. The per quintal cost of marketing was highest in channel III followed by channel II and channel I. Lesser number of intermediaries decreased the marketing cost of channel II and channel I as compared to channel III. The producers share in consumer's rupee was highest (96.14 percent) in channel I and lowest (48.15 percent) in channel III. The producers' share in consumer's rupee in channel II was lowest because the producers marketed their produce through commission agent and retailers who reaped the shares from consumer's rupee. The authors indicated some major problems faced by growers in the marketing of onion. Some of these were lack of storage, lower price due to seasonal glut, high cost of marketing, lack of marketing information etc. The authors suggested to create proper storage facilities in the study area.

Saravanan *et al.* (2006) studied on marketing of cashew kernel in Cuddalore district of Tamil Nadu. Authors discussed about marketing channel, marketing cost, marketing margin and price spread of cashew kernel. They identified three marketing channels in the study area. The channels were Processor-wholesaler cum retailer-consumer (channel I); processor-wholesaler-retailer-consumer (channel II) and processor- wholesaler cum retailer-retailer- consumer (channel III). The processor was considered as producer of cashew kernel. In channel I, the processor received highest share (96.38 percent) of consumer's rupee followed by channel II (94.95 percent) and channel III (95.35 percent).

The study revealed price spread in percentage of consumer rupee and these were 34.74 percent in channel I, 37.03 percent in channel II and 36.43 percent in channel III. Marketing efficiency was analysed by using Composite Index Method and Shepherd's Method. Price spread, share of consumer's rupee received by the processor, marketing cost per rupee of consumers' price and marketing margin per rupee of consumers' price were taken as performance indicators in Composite Index Method. It is found that channel I is the most efficient followed by channel III and channel II respectively. It is due to lower price spread, larger share of consumer's rupee received by the processor and lower marketing margin per rupee of consumer's price in channel I. The results of the both methods followed the same direction.

Forhad and Umali (2007) analysed the effect of facilities and infrastructure available at the market place on a farmer's decision to sell at the market using a comprehensive survey of farmers, markets and villages conducted in Tamil Nadu. The econometric estimation revealed that the likelihood of sales at the market increases significantly with an improvement in market facilities and a decrease in travel time from the village to the market. The results suggested that wealth reduces a farmer's cost of accessing market facilities more than it increases her/his opportunity cost of leisure. The wealthy farmers are able to capture a disproportionate share of the benefits of facilities available at congested markets. The policy simulation, however, revealed that the marginal benefits from an improvement in market facilities will favour poorer farmers in the context of India.

Lakshminarasmha (2007) studied the agricultural marketing and food supply chain in the state of Karnataka. He found various inefficiencies exist in the marketing and distribution process of agricultural produces. He observes that there is a wide gap between per unit cost of final produce and the price received by the farmers due to lack of distribution infrastructure and wastage. The market nearest to the village is acted as a major determinant of decision on selling location. Markets are placed quite far from a village and therefore, the small and medium farmers find it economical to sell their produces to the intermediaries. Several leading domestic and foreign companies have already entered the agribusiness sector, mainly in the areas of processing, export, logistics, organized

retailing, etc. He concludes that India has a huge opportunity to become a leading global food supplier if only it has the right marketing strategies and of course agile and efficient supply chains.

Kumar, *et al.* (2008) have done a study on marketing and post harvest losses of cabbage and cauliflower in Coochbehar district of North Bengal. It is found that about 87 percent of cabbage and 99 percent of cauliflower are sold in the market and remaining part is sold in village at farm gate. According to the study producer- forwarding agent/commission agent cum wholesaler- secondary wholesaler- retailer- consumer was the most important marketing channel for cabbage and cauliflower marketing in the study area. Cabbage and cauliflower are packed into jute bags and bamboo baskets with the help of jute fabric for its transport to distance market. Handcart cycle van and cycle are the mode of transportation from farms to local market and trucks are used to transport the produces from local market to distance market. The study reveals that the major causes of post harvest losses in cabbage is damage and rotting during the transportation from the farmer's field to retailer's shop followed by damage due to insect infestation, cracking of cabbage heads and infection of diseases during crop growth period. The main causes of post harvest losses in cauliflower is disease during crop growth period followed losses due to damage during transportation from field to shop. It is suggested to develop farmers' knowledge regarding control diseases and to improve packaging.

Kumar, *et al.* (2008) studied marketing cost, margin and price spread of vegetables in Vaishali district of Bihar. They have mentioned that perishable nature of vegetables, lack of proper storage and processing facilities, lack of market information and presence of number of middlemen in vegetable market lead to a wide range of fluctuation in prices which affect both farmers and consumers. The authors have measured marketing efficiency by Shepherd's Index Method. The marketing margin in relation to consumer's price is higher. Growers spend more marketing cost due to distance marketing and higher labour cost. The Marketing efficiency of vegetables is very low for tomato followed by brinjal and cauliflower.

Chand *et al.* (2010) have studied price spread, marketing efficiency and constraints of carrot marketing in Rajasthan. The authors have identified two marketing channels. Channel I is through producer- wholesaler- commission agent- retailer- consumer and channel II is through producer- commission agent- retailer- consumer. Channel I is found to be more preferred as about 85 percent produce is sold through this channel. The major reason behind popularity of this channel is that farmers can sell their produce on the same day of harvest. The authors have also estimated total marketing cost and margin of both the channels. Marketing cost and margin of channel I is more than that of channel II. The authors have applied Shepherd Index Method and Acharya's Modified Method to find out the marketing efficiency. According to both the methods channel II is more efficient than channel I. The authors again applied Multiple Linear Regression Model to know the effect of marketing cost, marketing margin, open market price, volume of produce handled and number of marketing intermediaries on marketing efficiency. The regression result revealed the relationship between marketing efficiency with marketing cost and marketing margin is negative and significant. The authors observe that volume of produce has positive and significant relationship with marketing efficiency which implies that large carrot growers can bargain and have fetched better price in the market.

Sing and Yadav (2010) have discussed agricultural marketing and wholesale market infrastructure. The agricultural development strategy, they consider, must address not only farmers but all other parties engaged in marketing, trade, processing and agri-business, i.e. total supply chain right from the farm gate to the ultimate consumer. An efficient marketing system helps in optimisation of resource use, output management, increase in farm incomes, widening of markets, growth of agro-based industry, addition to national income through value addition and employment creation. Agricultural markets are classified on the basis of functions, facilities and services. Rural primary markets include mainly the periodical markets, wholesale/assembling markets or secondary markets and terminal markets constitute the cardinal link in the market structure in the country. Specialized single commodity markets are not found in plenty; there are only a few markets for cotton, jute, oilseeds, fruit and vegetables. The layout of most of the markets is inconvenient and unsatisfactory.

2.3 Marketing of jute

Majumder (1965) on his study discusses the price spread of jute in four states of India namely West Bengal, Assam, Bihar, & Orissa. According to his observation, margins earned by the intermediaries are highest at the terminal level in Assam & West Bengal & secondary level in Bihar & Orissa .

Ahmed and Hussain (1972) studied the marketing cost and price behaviour of jute and different marketing practices of jute followed by the growers. They observed that Price differentials of jute arose mainly from four dimensions namely quality, time, place and buyer. They also observed that giant growers had tendency to hold jute for higher price and there were substantial price differences for the same grade of jute paid by the buyers in the primary jute market.

Hussain & Momen (1974) in their study “The jute marketing systems in Bangladesh- an analysis of selected areas” mentioned jute marketing system in Bangladesh & discussed the different intermediaries functions in the distribution process. According to them, the existing marketing institutions did not appear to be surplus to the requirement but were essential for proper distribution process of marketing activities. They observed that there were different aspects that involved in the total cost of marketing. Price formation at different levels of marketing was found to be significantly correlated. Inter market & intra market price differentials appeared not to be statistically significant.

Rao & Ramswamay (1974) studied the jute marketing process in India. According to them, there were different problems in jute marketing process. Domestic supplies of jute continued to fluctuate from year to year. The marketing systems suffered lots of imperfections & the growers did not getting a remunerative return from their investment. They recommended that regulated market & a remunerated support price can solve the problems.

Sengupta (1975) studied the jute marketing situations in West Bengal. He also discussed the functions of marketing co-operative societies & Jute Corporation of India. He observed the pyramidal structure of intermediaries in the jute marketing process & the

strong case existed to further the development of raw jute trading. He stated that it would be difficult for Jute Corporation of India to eliminate various intermediaries in jute marketing system. He stated again that sufficiently development of cooperative credit and marketing societies only can remove these intermediaries. He recommended operation of JCI should be extended in all important jute markets in west Bengal

Singh and Mishra (1978) in their study “Measures for increasing marketing efficiency of jute: a study of Purnea district of North Bihar” discussed the problem of jute marketing in Forbesganj area in Purnia district of Bihar. They observed that jute growers of this area did not get the optimum price due to some marketing shortcoming arising out of transportation, communication, grading, processing and storing. They also observed that JCI did not perform the duties at desired level due to difficulty in directly purchasing from the producer. They recommended government to establish a jute mill in this area.

Basu (1979) broadly observed that Jute growers were cheated at the time of sale and they had no say in grading process. Traders fixed the grade whatever may be the quality of the product. He found that Jute Corporation of India did not operate in the primary market. The function of JCI was not up to the satisfactory level. He mentioned that jute growers suffered due to the system of ‘dadan’ (advance) taken from the traders. He also mentioned that institution like banks, cooperatives could not perform their functions properly due their corruption.

Chatterjee and Mukherjee (1979) studied the price spreads and inventory demand behavior of jute in various jute marketing channels in India. They observed that price affected the demand for raw jute inversely. They found that middlemen and traders (not the growers) were benefited for the higher price paid by the mills. They recommended the reorganization of marketing intermediaries as well as the agencies in whole marketing process.

Rehman (1982) in his study mentioned that private agencies played a dominant role in jute marketing of Assam. He found that there was a direct relationship between the size of holding and the percentages of marketed jute to total output. Growers having small size of holdings sold their major portion of output in the peak season immediate after

harvest. On the other hand, bigger farmers having larger holdings sold major portion of their marketed jute in the medium and lean months when prices exist at higher level. He suggested that the operation of jute procurement should be intensified during the peak season.

Sikder (1982) found that Paikars, Faria, baperies (private traders) dominated the jute marketing process in Bangladesh and West Bengal. Most of the growers especially having the lower size of holding sold the major portion of there produce to them at lower prices immediately after the harvest due to the inadequacy of Government purchasing centres and the absence of cooperative societies. Growers sold their produce immediate after the harvest due to purchase of farm inputs, debt repayment and some other reasons.

Sarkar (1986) provided valuable information on price spreads and jute market structure. He observed that on the basis of year to year fluctuation in output and supply, speculation entered into the price formation of jute. Private traders kept up average profit by high trading margin to meet the risk of speculative price variations. He mentioned that jute market was characterized by different classes of intermediaries with divergent class interest. The study revealed that price intelligence was limited by various factors like grading process, slow progress of regulated market, poor production statistics etc. According to the study JCI was suffered by various constraints. These were insufficient number of corporation's purchase centres, opposition from middlemen against accessing to primary market and remote village, smuggling of jute from neighbouring country (Bangladesh), inability to make commercial purchase freely, corruption due to scheme of identifying the jute grower through card, lack of storage, rural communication and support from the cooperatives etc.

Barbhuiya (1987) conducted a study on jute production, price and marketing in Nadiya district of West Bengal. According to his study price of jute differed from farm to farm. These variations changed on basis of farm holding size, season of sale, place of sale and agency to sale. He observed a dominant portion of produce of small farmer (haveing small holding) was sold to itinerant village trader at farm gate in the peak marketing season immediate after harvest at lower level price although a higher level price prevailed in secondary market. The reasons were probably due to lack of transportation, high cost

of transportation, lack of necessary time, harassment in the secondary market and weak bargaining power compel the farmers to avoid secondary market. He observed that farmers were being deprived due to unremunerative price and frequent exploitation from the traders. The study also revealed wide intra trader and inter trader variation in the size of business. He found that there was an inverse relationship between net marketing margin of the faria to the size of business and positive relationship between net marketing margin of the aratdar to the size of the business.

Bhuimali (2003) mentioned that Government cooperative marketing societies were not functioning properly in buying raw jute from the members. He conducted a study in Mainaguri block of Japaiguri, West Bengal and the study revealed that cooperative member growers had to sell 85 percent of raw jute they produced to the farias or the middlemen. They sold 7.5 percent straight to the stockists and equal percentage to cooperative society. On the other hand, about 95 percent jute purchased by this society was purchased from nonmembers. Various reasons he identified for this situation such as the society did not like to purchase in small quantities, skill and expertise of the official purchaser of the society compared very unfavourable with those of a faria, lack of serious eagerness and lethargy of the purchaser of society and they did not keep small notes and coins for payment to small farmers. The important reason he mentioned was that the purchaser of government cooperative marketing society was not willing pay the price which farias paid gladly.

Sing and Pandey (2005) discussed the problem related to marketing, production trend and price behaviour of jute in Bihar. The authors observed that jute growers of Bihar sold out their produce before the peak season of its demand due to lack of storage facility. Due to this they were not getting the best prices. The raw jute dealers stocked the jute in local godowns for future market and created an over supply situation and exploited the profit margin of the growers. They recommended for the provision of storage facility for the jute growers and different insurance schemes like crop insurance, price risk insurance to check the price fluctuations of raw jute.

Prasad (2005) has studied marketing cost, margin and price spread of jute along with other agricultural commodities in Bihar. He has mentioned that jute marketing is divided in two sectors namely private and public sectors, of which private sector dominates the jute market. Jute Corporation of India, as a public sector enterprise, plays an important role but due to certain difficulties it does not provide effective leadership in jute marketing. He has observed jute is marketed through various marketing channels. Among all the channels, channel-I (Farmer-Wholesaler/Commission agent- miller) and channel II (Farmer- Itinerant trader¹/Broker- Wholesaler/Commission agents- Miller) are important. Farmers spend lesser marketing cost and receive higher price in channel I compared to other channels. This is because in channel I farmers bring their produce in the urban market centre, whereas in channel II farmers sell to either itinerant trader or village merchant. Since purchase is made by the itinerant trader within the village they usually offer lower prices to the farmers. He thus has concluded marketing channel I is more efficient than the channel II.

Roul (2009) has provided valuable information about various aspects of raw jute marketing. He has mentioned that raw jute market is highly fragmented and various types of channels are prevalent in its marketing process. Most of the raw jute passes through multiple channel members before it is consumed by jute mill. The members of these channel varies from three to four. There is considerable difference between consumer's rupee and price paid by the grower which leads to marketing inefficiency. Due to lack of transportation, market information and marketing infrastructure farmers are deprived and not getting the remunerative price of raw jute. He has stated that government intervention in regulating jute market in the form of minimum support price operation by Jute Corporation of India and introduction of compulsory packaging by jute bags has not been successful in arresting the market inefficiencies.

Note

1. Itinerant traders are small merchants, who move from village to village and buy the produce from cultivator's house.