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## INTRODUCTION

From the very early stages of development of the human society, exchange has become an indispensable part of human civilization. Even before the introduction of the money economy, there prevailed what the economists termed as "barter system" based on direct exchange of goods for goods. With the introduction of money as the medium of exchange, there came a change in the farming pattern — from the self-sufficient village economy to the market economy of production for the market. "Trade there was, both in ancient and medieval India as today; both internal and overseas; and that on a fairly large-scale. But it was a trade in surplus or speciality which did not affect the basic self-sufficiency of the village. But that economy is breaking down, even in the villages; and its place is being taken by large-scale, local and international commerce, a world-wide exchange of commodities, wherein an efficient marketing system becomes the indispensable key to the entire nation".<sup>1</sup> Thus, more particularly, after the commercialisation of agriculture, agricultural marketing became an essential aspect of human activities. For the smooth development of a country, there must be a fair distribution and an efficient system of marketing. Even then, planners and policy framers in our country paid more attention to the maximum production of agricultural goods rather than to the proper distribution of what was produced. "Maximum production is

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1 National Planning Committee : Rural Marketing and Finance. p. 18

of course essential but its prudent use is also equally important".<sup>2</sup> It will not be possible to uplift the economic lots of the toiling masses until there exists a proper marketing system where the products of agriculture are to be gainfully disposed of. Agriculture, being a big industry in itself, influences the economic system to a great extent. So the present day economists have become all the more concerned with the marketing of agricultural produce. They have come to realise the importance of marketing and the role played by markets in the economic system as a whole. It is all the more so in the case of a developing country like India and a backward State like Manipur where agriculture constitutes the biggest sector in the national or State economy as the case may be and where changes in food prices determine the general price level.

In the process of economic development of a country, maximum possible marketable surplus is taken out of the agricultural sector. But in a country like ours where there are many small and fragmented holdings, it is not an easy task to eke out enough food for the industrial labour, the urban population and make available a surplus for export, too. With the meagre quantity raised from their small and fragmented holdings, very little is left as surplus after meeting their family needs. Under such a situation, the marketing policy of the Government, among other things, has to encourage the

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2 Government of India, Ministry of Food and Agriculture, Department of Agriculture: Report of the Working Group for Formulation of Fourth Five Year Plan Proposals on Agricultural Marketing. p. 2.

farmers to produce more so that they may be able to dispose of a larger proportion of their produce for sale in the market. In the process, they will be able to earn maximum income and uplift their standard of living.

In modern times, in most of the under-developed countries of the world, malpractices in the distribution system have become an important issue of discussion to the planners and the policy makers. Efficiency in agriculture cannot be achieved so long as there exists inefficiency in the distribution of agricultural products. Wide fluctuations in the prices of agricultural products in our country without a corresponding change in demand and supply are due to the inefficient marketing of agricultural products and creation of artificial scarcity conditions. So there is always the need to ensure an efficient system of marketing of a wide range of commodities raised from our agricultural sector. It has been rightly observed that "In a country of the size of India, with such a wide range of agricultural products cultivated over different agro-climatic regions, the tasks that marketing system is required to perform are truly gigantic."<sup>3</sup>

Marketing itself is a very varied, vast and complicated field of study embracing functions like assembling, storage, transport, prices, finance, etc. The complication is still more in the case of

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<sup>3</sup> Government of India, Central Advisory Committee : Report of the Working Group on Agricultural Marketing and Role of Regulated Markets, 1979. p. 2.

marketing of agricultural produce because "agricultural marketing has certain peculiarities of its own as these characteristics of agricultural produce largely affect their marketing".<sup>4</sup> The crops mature during a short period. In such peak seasons of harvesting, there is the problem of labour shortage. As the crops mature simultaneously in large mass, harvesting is to be done hastily and within a few days to escape the vagaries of nature. Immediately after the harvest, there arises the problem of securing storage facilities and gluts occur in the market depressing prices and putting a tremendous strain on the means of transport.

Again, most of the agricultural crops are largely perishable and there is a wide variation in the perishability of different agricultural commodities or of the same commodity under a diversity of physical conditions and it has its corresponding effect on marketing. Because of the variations in the quality and volume of agricultural products, the disorganised nature of markets, the disadvantages in storing the products, etc., it is all the more difficult to estimate the surplus available for marketing.

Time and place have a bearing on agricultural marketing. It is marketing that adds to the time and place value of commodities and services by bringing them from the surplus areas to the deficit ones where it is in keen demand. In this way and by this process,

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4 B.B. Mukherjee : Agricultural Marketing in India. p.3.

it facilitates division of labour and specialisation of functions and thus increases the volume of production, too. The existence of improved and extended markets is important for economic development from various other points of view also.

There are areas with vast marketable surpluses beyond the reach of markets and they generally depend on the limited local demand and diversify their activities to meet most of their own needs. "The result is likely to be a narrow range of food and other commodities, and any natural calamity, such as draught, floods, or crop disease may reduce the community to starvation".<sup>5</sup> People of such areas cannot specialise their functions to take advantage of favourable circumstances such as soil, climate, water available for irrigation, etc. But if markets are available, these natural advantages could have been exploited to the maximum possible extent and the surplus over local needs could be profitably exchanged for money and with that money could buy other commodities which they cannot produce and thus widen their range of activities.

There are again other isolated areas with small markets. These areas "are liable to change in price with small changes in supplies or in demand, and they easily become dominated by one or two traders".<sup>6</sup> The people under the situation become an easy prey and they are then exploited helplessly. Here comes the significance of the integration of production with marketing. This integration

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5 E.H. Whetham : Agricultural Marketing in Africa. p. 19.

6 Ibid. p. 20.



has influenced recent economic policies in many countries and has led them to make various ways and means to improve the marketing system. But in our country, policies and programmes for agricultural production continue to suffer from lack of adequate and proper integration of production with marketing. Thus development of marketing is basic to the development of agriculture and so long as the marketing system is not developed, agriculture in the country will not be developed.

In the study of marketable surplus, it is necessary to take into account the influences of some such uncertain factors as the size of holdings, the degree of indebtedness, the requirements for seed, wastages in harvesting and storage, the practice of paying labourers in kind, volume of domestic consumption, etc. As our cultivation is largely a gamble in the monsoon, weather factors play a vital role in production and they influence the marketable surplus to a considerable extent. Favourable weather conditions help to secure a greater yield from the same acreage and vice versa. This uncertainty and irregularity in the estimation of marketable surplus has always been influencing the marketing system in the country for the last many years. Thus, this uncertainty gives a chance to the big monopoly-traders to exploit the toiling masses who constitute the vast majority.

The behaviour of the consumer has also a bearing in agricultural marketing. "Three parties are mainly interested in marketing — the grower of the commodity, the middlemen, and the ultimate consumer. But the most important of these parties is the consumer as all production has consumption for its objective".<sup>7</sup> It is necessary to study consumers, their preferences and purchasing power. Consumers of different classes have different habits and nature. It is the consumers who play important roles in determining the volume and nature of production and in fixing the price level. But the ignorant farmers fail to know this as they have no direct touch with the consumers. "If the Iowa farmer puts a bad egg in the egg case, he does not see the impression on the face of the New York or Boston housewife when this bad egg is opened. Her retail grocer hears her comment over the telephone".<sup>8</sup>

In recent years, with the rise in per capita income and shift in the distribution of income in favour of the poor to some extent, increase in employment and the rapid growth of the population, the demand for essential commodities particularly of foodgrains has considerably gone up. The National Sample Surveys have indicated that with the rise in levels of income, per capita consumption of foodgrains has increased to a marked extent in the

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7 B.B. Mukherjee : op. cit. p. 1.

8 Boyle : Marketing of Agricultural Products. p. 4.

lower income groups while it has remained fairly stable in the middle income groups. In addition to this, the modern urbanisation and industrialisation have further contributed to the increase in the demand for finer varieties of foodgrains in preference to ordinary and coarse varieties. There is again a difference in the consumption pattern of the consumers living in rural and urban areas. "In the rural area, the per capita consumer expenditure on cereals goes up by about  $\frac{1}{2}$  per cent for every one per cent increase in the total per capita consumer expenditure. The income elasticities of demand for cereals in the urban areas appear to be much lower; a one per cent increase in the total consumer expenditure is seen to be accompanied by less than 0.25 per cent in the expenditure on cereals".<sup>9</sup>

So far, no systematic work on the agricultural marketing aspect of Manipur has been done. The present study is an attempt in this direction to have a detailed exposition of the problems of agricultural marketing in this land-locked and border State and to suggest guidelines on the basis of the findings. The importance of such a study for the State of Manipur needs hardly any emphasis because of its hilly terrain, transport bottlenecks and extreme economic backwardness. It may be recalled here that even in the backward North Eastern Region of India, Manipur is the most backward State to-day. This will be clear from the indices of

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9 National Sample Survey — Tenth Round.

economic development prepared by the Centre for Monitoring the Indian Economy in May 1982 with weightages of 50 per cent for agriculture, 20 per cent for mining and industry and 30 per cent for the services sector, as reproduced hereunder :

Indices of Economic Development (all-India index = 100)

<u>Sl. No.</u>	<u>Name of the State</u>	<u>Development Index</u>
1.	Punjab	220
2.	Haryana	166
3.	Maharashtra	163
4.	Tamil Nadu	131
5.	Karnataka	126
6.	Kerala	126
7.	Gujarat	124
8.	Jammu & Kashmir	108
9.	Andhra Pradesh	107
10.	West Bengal	107
11.	Rajasthan	72
12.	Uttar Pradesh	72
13.	Orissa	67
14.	Meghalaya	66
15.	Himachal Pradesh	63
16.	Madhya Pradesh	62
17.	Assam	58

<u>Sl. No.</u>	<u>Name of the State</u>	<u>Development Index</u>
18.	Bihar	51
19.	Nagaland	50
20.	Tripura	34
21.	Sikkim	24
22.	Manipur	20

As in other parts of India, agriculture is the main occupation of the people of Manipur, absorbing more than 71 per cent<sup>10</sup> of the working force of the State. But because of its dependence on nature, the introduction of modern methods of cultivation, multiple cropping, crop rotation, etc., cannot be applied on a large scale and at times when the monsoon is naughty, she has to depend on outside products for most of its essential items of living. As she has a long international boundary with Burma, blackmarketing in foodgrains and other essential items has also affected her internal marketing system.

Nature has beautifully divided Manipur into two distinct parts — the hill and the valley. The hills constitute 9/10ths of the total area of the State but it is inhabited by only one-third of the total population. The way of life, the mode of cultivation, behaviour of consumers, the system of marketing, etc., are all

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10 Government of Manipur, Directorate of Economics and Statistics : Economic Review, 1981-82. p. 16.

different in the two parts of the State. It is the small and densely populated Central valley to which the focus of the study is mainly given. This small central valley contains the main marketing centres of the people of both the parts.

Objectives of the Study :- The main objectives of the present study are :

- (i) to understand the agricultural economy of the State with reference to the marketing of the various agricultural and horticultural crops.
- (ii) to understand the existing patterns and structures of commodity marketing — the study involves an analysis of the marketing systems of major foodgrains, cash crops and horticultural crops.
- (iii) to highlight the various problems associated with the marketing of these crops and suggest ways and means to remove the ills for the improvement of the economic conditions of the agriculturists and the furtherance of the development of the isolated State.

In the light of these objectives, the problems and prospects of agricultural marketing in Manipur are being studied as much analytically as possible.

Hypotheses to be tested :- In the light of the above objectives, it is proposed to test the following hypotheses :

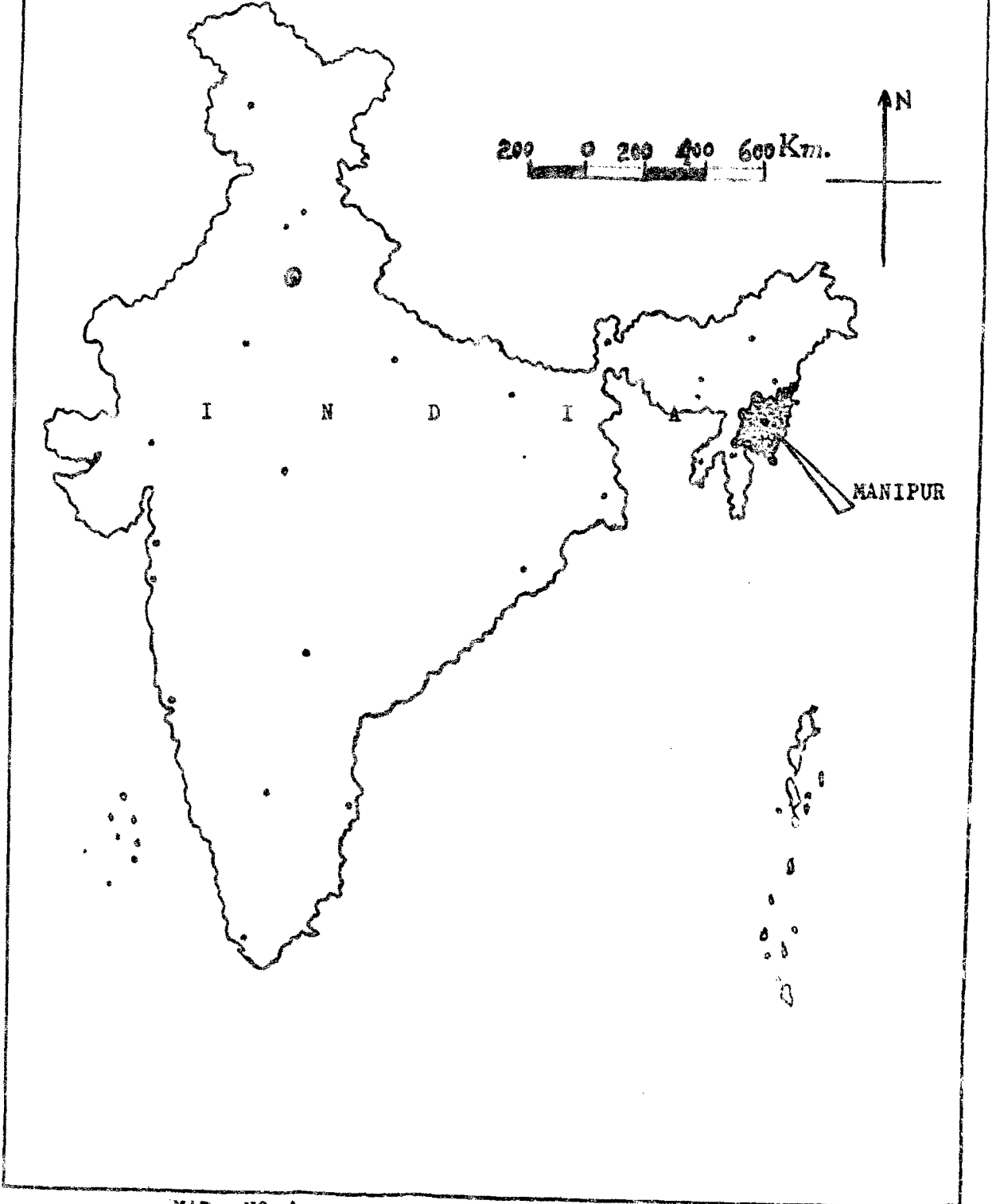
- (i) Dichotomy between the urban and the rural areas and between the valley and the hills accentuates the problems of agricultural marketing in the State and the consequent exploitation of the producer-sellers by the middlemen.
- (ii) Illiteracy, ignorance and indebtedness of the growers, the present unorganised nature of the markets, etc., cause crops hypothecation and pre-harvest sales. This makes the few rich always to dominate over the majority grower-sellers in the marketing of agricultural commodities in the State.
- (iii) Transport bottlenecks in the distant rural areas and in the hills inhibit the exploitation of resources and thus reduce the marketability of the vast agricultural crops.
- (iv) The weak Government machinery and the lack of co-operative organisation of the growers are often the main causes for all the present problems associated with the agricultural marketing in the State.

Data Base and Design of the study :- The study is designed to make an overall analysis of the problems faced by the producer-sellers in the marketing of their farm produce. For this purpose, the agricultural background of the State is analysed with special reference to the pattern of land use, cropping pattern and cropping intensity, irrigation, sowing, harvesting and season of marketing of important crops, etc. For a proper and systematic study of the problems, structures and prospects of agricultural marketing in this small State, adequate and reliable statistics are required. But as there is still dearth of local literature on the subject, researchers face a lot of difficulties in the analysis and collection of data. The few publications of the Economics and Statistics Department, Planning Department, etc., are also only of piecemeal character and at times reliability of data on particular items is open to question. However, the main sources of data of the present study are the Market Intelligence Department, the Directorates of Agriculture and Horticulture, the Directorate of Food and Civil Supplies, the Food Corporation of India, etc. Because of the inadequacy of whatever data available from these departments, the investigator had to conduct a sample survey to supplement the official information available.



Chapter Classifications :- The study comprises ten chapters. Chapter I deals with Agricultural Background of the State - certain general concepts and observations in relation to the agricultural practices, land use and cropping patterns, etc. Chapter II is a treatment of the concept and extent of Marketable surplus of some principal crops. Chapter III analyses the systems of Agricultural Marketing in the State with a little detail in marketing of rice which is the staple food of the people of the State. Chapter IV deals with the agricultural prices and their bearing on market conditions. Chapter V deals with the socio-economic conditions of the agriculturists, rural indebtedness and marketing of rural produce, crop hypothecation, role of mahajans, etc. Chapter VI studies the influence of Transport and Communication on production and Marketing. Chapter VII is a brief account of the use of Weights and Measures of different kinds and its impact on marketing. Chapter VIII studies in detail the working of the co-operative Marketing Societies, their efficiencies and weaknesses. Chapter IX analyses the importance of the participation and Intervention of the Government in agricultural marketing, Rationing and Public Distribution System, Price Support Policy, etc. Chapter X is a concluding assessment of the study. This chapter highlights the main problems and weaknesses of Agricultural Marketing in the State and projects feasible solutions to these problems on the basis of the findings of the study.

POSITION OF MANIPUR IN INDIA  
(AREA UNDER INVESTIGATION)



MAP NO.1