CHAPTER - V

MARKETING

5.1 Introduction

The village is producing a variety of agricultural products and a selected group of industrial products. Leading agricultural products are coconut and paddy. Others are arecanut, nutmeg, cashew, clove, pepper, sesamum, tamarind, jack fruit, mango, banana, plantain, tapioca, yams, ginger and vegetables. Major industrial products marketed are tiles, bricks, coconut oil and oil cake, lime, aluminium, bone-meal, thread rubber and match boxes.

Agriculture products could be grouped into two categories - food crops and cash crops. No agricultural product is exclusively meant for either earning cash or consumption. What is normally found in the village is that, only the balance after consumption is marketed. However cash crops are mainly meant for sale,¹ and food crops mainly meant for consumption of the producing

household. Accordingly, all crops except paddy, yams and vegetables, come under the category of cash crops.

Regarding industrial products, distinction of the above type could not be made, as all industrial products are meant for sale and consumption by the producing household or group is limited. Production of industrial products is meant for a wider market. Only that the market may be either the village or village plus other areas.

5.2. Marketing of Agricultural Produce - Influential Factors

5.2.1 Pattern of Agriculture Production

Almost all village households own at least household land, which is utilised for the production of coconut and a few other cash crops. This is all the more true, as agricultural labourers and marginal farmers form majority of the land holders. But paddy land is not so widely distributed and it is mainly used for the production of paddy. Limited portions of paddy land are seasonally used for cultivation of tapioca, banana and sesamum. This pattern of production causes availability of marketable surplus of both cash crops and food crops. Cash crops are available for marketable surplus, because they are mainly cultivated for sale, food crops are available for
sale, as the few owners who own paddy lands have surpluses after consumption.

5.2.2 Seasonal Nature of Agriculture Production

Farm output is generally produced neither at the time nor in the place nor in the form in which consumers require it. This is because farm production is controlled by natural factors. This seasonality of agricultural production, is very much true of this village also. So also other factors connected with agriculture production - large share of agricultural products is sold outside the village; and major products are to be processed before consumption. This general nature of agricultural production influences marketing of different crops. Variation in the composition of different factors going into the production of different crops, like-wise influences the marketing of each product. Marketing of different products is controlled by the pattern of ownership also. Hence separate treatment of marketing of different groups of products, possessing the same characteristics in the same proportion is to be done.

Other factors influencing marketing of agricultural products in this area are: whether the area is an important centre of production of a crop, is there enough processing facility, is it a product demanded by the people of the area and neighbouring places, can the product be stocked and whether substitutes are available or not. More influencing factors could arise due to change in situation.

5.3. Marketing of Different Agriculture Products:

5.3.1 Marketing of Coconut

Marketing of coconut is done differently by different groups. Those who are very poor sell coconuts after removing husk and water. This practice of sale is known as 'Vettithookam'. The price received in this type of sale is only one-third of the prevailing market price for copra. The husk is used as firewood. Around 21 per cent of the households practise this type of marketing, and they sell only 0.6 per cent of the marketable surplus. Another 21 per cent of the households belonging to the lower middle class sell coconuts - wholesome to local middlemen. Remaining producers belonging to upper middle class and rich, forming 58 per cent, sell coconut separately as copra, shell and husk; copra by weight,
shell and husk by count; copra to oil mills and husk and shell to local consumers. The first group earns the lowest price, second group next best and the highest price is secured by the third group. First is distress sale; second is sale by convenience; and the third is sale enjoying all benefits the market can provide to the producers.

5.3.2 Arecanut

Arecanut is generally sold to local processor-cum-trader before they mature. The processor-cum-trader visits the households along with his assistants (tree climbers). He fixes the price and buys the nuts. Since it is the chipped and boiled kernel that is demanded in the town and each farmer being a very small producer has no option but to sell his nuts to the local trader. This results in considerable amount of loss to the producers.

5.3.3 Cashew, Clove, Nutmeg, Pepper, Sesamum and Ginger

The households collect these products at the relevant seasons. They dry them in the sun. The dried products are taken to the town and sold to the wholesaler at the prevailing market price minus the trader's commission (around 10 per cent of the price).
5.3.4 Mango, Jack Fruit and Tamarind

These products are sold seasonally to customary buyers, who make regular visits annually. The buyers make advance purchase at an early date, making part payments. Mango and jack fruit are sold by count and tamarind is sold by weight. However, the price obtained is one-third of the market price prevailing in the town. Buyers take the trouble of climbing and plucking of the fruits. Moreover these products involve no cost of production. Hence the farmers are not very keen to ask for a higher price. The buyers sell the produce at retail in the town market at a high margin.

5.3.5 Banana and Plantain

These seasonal fruits are produced by all classes of people. The class-wise share of production is 20 per cent by the poor and lower middle class together and 80 per cent by the upper classes. Around 25 per cent of the produce is consumed by the households, and the balance is sold. Buyers from outside the village come and contact the farmers, settle the price and pay the advance before the crop is matured. The price fetched by the producer will account only half the market price prevailing in the
town. Majority of the farmers sell the produce at the place of production itself. Cutting and transporting expenses will have to be borne by the buyers. In the local sale, the middleman buyer, who is also the wholesaler in the town, enjoys all benefits of trade. However, the poor sell their produce to local petty shops and tea shops in single bunches at a slightly better price. Recently few enterprising producers have ventured to carry their produce to the town.

5.3.6 Tapioca

This crop is produced both by the rich and the poor, rich producing mainly for sale and poor solely for consumption. The rich sell tapioca to the seasonally visiting buyers. They pay only half the price prevailing at the town market. The producers are little bothered about the amount, as the produce is the result of a protective crop planted around coconut seedlings without much care or expenditure of money. The buyer takes the trouble of digging out the roots and carrying the same to the market. They sell tapioca, both wholesale and retail in the town.

5.4 Marketable and Marketed Surplus

Regarding the quantum of agricultural surplus available for marketing, there are two concepts - viz., marketable
surplus and marketed surplus. Excess of output over sectoral retentions refer to what is termed as the marketable surplus. Sectoral retentions of farm output is primarily for three purposes - for effecting contractual payments, for family consumption and for further use in farm operations. The concept of marketed surplus represents only that portion of the marketable surplus which is actually marketed and is placed at the disposal of the non-farming rural population and urban consumers. Where there are distress sales, marketed surplus will be more than marketable surplus, otherwise both will be equal.

5.5.0 Factors affecting Marketable Surplus

Availability of marketable surplus in the village is influenced by a large number of factors. These influences have varied the quantities of marketable surplus of different crops. Major factors influencing marketable surplus of agriculture products are the following:


4. Ibid. p.2
5.5.1 Production Pattern

The types and quantities of agricultural products produced in the village have changed with the times. Three generations before the village was producing cashew nut, arecanut and bamboo, as the main cash crops and paddy as the main food crop. Later with the introduction of irrigation as part of the five year plan programmes, the former cash crops were replaced by coconut, as the main cash crop, followed by banana and plantain. Very recently nutmeg and clove have been introduced. Main food crop, paddy, remains as such. Now the village is experiencing conversion of paddy land to coconut land, except comparatively deeper valleys, because of economic reasons. These changes in the pattern of production over time, have caused changes in the types and quantities of agricultural products available as marketable surplus. It has been found that 33.09 per cent of paddy land and some puramboke land have already been converted to coconut land, which have caused an increase in coconut land by 31.50 per cent. This has caused proportionate reduction in the marketable surplus of paddy and increase in the marketable surplus of coconut.
5.5.2 Technological Improvement

The most notable technological improvements introduced in the village are - wide use of irrigation facility and use of chemical fertilizers. Sizeable area of village land is used as coconut land mainly because of irrigation facility. Regarding paddy lands, single crop lands have been converted to double crop and double crop to treble crop, again mainly because of irrigation facility. Introduction of nutmeg and clove can also be attributed to irrigation facility. Increase in the area of land utilised for the production of coconuts has definitely caused improvement in marketable surplus. It is further strengthened by the fact that the crop being a cash crop and as only less than 10 per cent of it is consumed at home, an increase in production adds substantially to marketable surplus. As regards paddy, out of the total marketable surplus of 49.74 per cent, treble crop lands contribute 38.19 per cent, the rest by double crop lands. This argument is true of all subsidiary crops, which are inter crops, except cashew and sesame which are grown on unirrigated lands. It may be noted that majority of the coconut trees are only 25 to 30 years old, i.e. they were planted after the introduction of irrigation facility in the village.
5.5.3 **Payment of Wages in kind**

Part of the wages is paid in kind in the harvesting of coconut, and full wages of harvesting paddy is paid in kind. For coconut harvesting, the wage comes to only 0.63 per cent of total production and 0.69 per cent of marketable surplus. Climbers sell it to local shop owners and hence it does not reduce marketable surplus. Harvest wages to paddy forms 14.28 per cent of the total paddy produced and 28.7 per cent of the marketable surplus. Since it reaches the hands of the poor people, nearly 90 per cent of it is consumed and only 10.7 per cent marketed. This is only 1.53 per cent of the total paddy marketed. This shows that marketable surplus of paddy has been considerably reduced by payment of harvest wages in kind.

5.5.4 **Subsidised Food Supply**

Subsidised supply of rice, the main cereal consumed by the people, covers 55.5 per cent of the households (2424). Even though annual off-take is only 40.4 per cent (7800 quintals) of the supply, it amounts to 66 per cent of the marketed surplus (11796 quintals) of rice, in the form of paddy. But for the subsidised supply of rice, there would have been 66 per cent reduction from the present marketed surplus of paddy.
5.5.5 Price Effects

Theoretically a rise in price will be quite welcome to the farmers, and it can cause increase in marketable surplus. But an increase in the marketable surplus due to price rise cannot be expected in the village, as it is already making full use of its land resources. However, a consistent and substantial price rise might cause a shift in production from low income earning crops to high income earning crops. Conversion of paddy land to coconut land is a case in point of recent times. Again a decade before the price of cocoa seeds rose to Rs. 20/- per kg, which resulted in large scale cultivation of cocoa in the village. Soon price slumped to one-tenth of it, which forced farmers to cut these plants and use it as green - manure. Very short period rise or fall will not affect marketable surplus of any product in the village.

5.5.6 Population Growth

During the last 15 years, the village population has grown at the rate of 2.88 per cent per annum causing a proportionate increase in consumption. Had it not been for the population increase, marketable supply would have been higher by the amount of additional consumption. The increase
in production caused by the introduction of new technology is partly consumed by the new additions to population, and hence marketable surplus reduced accordingly.

5.5.7 Land Ceiling and Tenancy Acts

Land ceiling Regulation had no impact on the village, since there was no big land lord to surrender excess land. The Tenancy Act had some impact on land division in the village. Erstwhile tenants have secured their shares of land, and are using as household lands. Along with their lands they have become owners of some coconut trees as well. It has caused an increase in consumption of coconuts, but has not increased production of coconuts, thereby reducing marketable surplus. The same cannot be said of paddy as Tenancy Act did not affect paddy lands in the village.

5.5.8 Concept of Family Self Sufficiency

Self sufficiency to possible extent, in staple food, rice, is considered as an important achievement of each family household. It is evident from the low average area of paddy land possessed by owner households in each economic group. Inspite of the lower income obtained from paddy,
compared to coconut land, large number of households in
different economic groups try to possess some paddy land.
Achievement of this aim is quite high among the better-off
households, of whom 93.3 per cent of the rich class and
67.5 per cent of the upper middle class possess paddy land.
As regards coconut land, the household land itself being
coconut land, the aim of self-sufficiency is amply met.
In the case of banana, plantain and pepper, this feeling
is quite strong. It divides productive capacity of the
village lands among larger number of households, reducing
the marketable surplus of these and other products. The
prestige factor and the tendency to attain self-sufficiency
and maintain it, had not been working in this village,
paddy lands of the rich would have been divided among other
classes much earlier, reducing marketable surplus to very
low levels.

5.5.9 Marketing Facility

Marketing of agricultural produce to be done effec-
tively, it must have inter village dimensions. Villagers
carrying products to the town and buyers coming to the
village from the town signify the presence of comparatively
good marketing facility to the agriculture products of the
village. A highly developed town within 2.5 kilometres and transport convenience have favourably affected production of surplus products, not only in this village, but in all sub-urban areas as well.

It can be noted from the above arguments that the different factors influencing marketable surplus are not moving in the same direction. It is the comparative strength of different factors and the net effect thereof that decides the marketable surplus of agricultural products generally. A very powerful factor, like household self-sufficiency in staple food and some essential items, will decide the marketable surplus inspite of the influence of other factors.

5.6 Marketing of Industrial Products

Stone-quarrying (laterite and granite), brick making, coconut oil production are the earliest industries of the village. They are followed by tile manufacturing, paddy de-husking, sea-shell processing and metal fabricating. Other industries like casting foundries, aluminium utensils making, thread rubber and plastic industry and match-dipping unit and others are latest introductions. Some of these industries are meant to serve the village and working as feeders to complementary industries. Others
are meant to serve customers both inside and outside the village.

Laterite stone-quarrying and coconut oil production were initially meant to serve the village only. Introduction of bricks and granite stone, as substitutes, has reduced the importance of laterite stone substantially. These products which initially served the needs of the villagers are now crossing the boundaries of the village in search of wider market. Among the next line of industries, tile industry was meant to serve a wider market than the village; whereas paddy de-husking, sea-shell processing and metal fabricating units were meant to serve the village only. Industries of the later period were started with the explicit purpose of serving a larger area. Some industries - casting foundries, thread rubber unit, plastic industry unit, aluminium utensil making and match dipping unit are aimed at serving customers outside the village. Other production lines like soft drink making, bakery and bone-meal making are established to satisfy the demands of the village people only. There is one industrial unit (ossein plant), established mainly to serve international demand.

All these industrial units were established to meet the demands of the people. Assessed or evinced demand for
different products has caused, the starting and maintenance of these industries. A slackening of demand or failure of expected demand to come forth, or both have depressed the working of certain industrial units. In the agricultural field in the village, production is primarily for consumption and only the balance is sold. In case of industrial production, it is primarily meant for sale, home consumption being either limited or nil. Industrial units are functioning, therefore, in a demand oriented field and production is geared according to demand. The interaction between demand and supply and the comparative strength of any one force and the ensuing benefit determine existence and continuance of the firm.

In all cases pricing is according to cost of production. Since production can be adjusted to demand, price determination is in the hands of the producer, and the consumer has no option but to accept the price set by the producer.

Conclusions

Marketing of surplus agricultural produce faces the problems of lack of organised marketing and absence of
funding agency to facilitate gainful marketing of agricultural produce. Marketing of industrial products faces an advantageous position, as almost all these products are experiencing strong demand and highly remunerative prices.