CHAPTER II
REVIEW OF LITERATURE, OBJECTIVES AND METHODOLOGY

REVIEW OF LITERATURE

By far the most important sector of our economy, agriculture continues to be the largest contributor of India's GDP. There is a huge demand for agro-based products both in the domestic as well as international market. Even the growth of the industrial sector depends on raw material from agriculture.

Indian agriculture was mainly in the nature of subsistence farming for a long period of time. The farmers marketed a small portion of their produce to pay off rents, debts and used to meet their other unavoidable requirements. Such sales were usually right after harvesting of crops as there were no storing facilities. Moreover, they were in need of money for their firm as well as for family consumption. Thus the system of agricultural marketing would be favourable to the farmer because it ensures fair prices for his produce which in turn encourages him to produce more.

One more problem of the agricultural product is that it is produced in one place and is demanded in a place which may be several hundred miles away from the production area. Another problem is that there is so far no specialized marketing system developed for seasonal crops. Many a times, proper handling,
storage and transportation are required for perishable commodities. In specialized marketing system storage and transportation of the produce to a distant consuming centre are made under refrigerated condition or in controlled ripening chambers, so that the produce can finally reach the consumer in a suitable form.

Literature on marketing of agricultural products is very limited. Some literatures are presented briefly which have been studied extensively and from various angles. Most of these studies refer to conditions in other states of India. In the entire North-East and in Mizoram particularly, no specific studies worth mentioning have been conducted relating to this subject. The studies reviewed are presented below:

In the report of North Eastern Council 1972-1992 published by Shri M.P. Hazarika, one of the contributors A.N. Sarkar in his paper ‘Processing and Marketing of Agri - Horticultural produce in the North-East’ was of the view that ‘until recently, horticultural development has been mainly confined to area expansion and production aspects. Other equally important components of horticulture based industries, namely, post-harvest handling, processing and marketing have been virtually neglected resulting in lopsided and imbalanced development of the sector’.

In ‘Agricultural Development in North-East India’ the writer V.S..Mahajan stated that, In the long-run the growth of
Mizoram and equally of other areas in the N.E. Region would very much depend on how they are able to affect the needed changes in agriculture and make it commercially viable, which in turn would help the growth of agri-based industries in which this area has a distinct advantage.

A.N. Sadhu Amarjit Singh in his book ‘Fundamental of Agricultural Economics’ stated that ‘marketing of agricultural goods is more complicated than the marketing of other non-agricultural goods as agricultural products are both bulkier ad more perishable.

Although the country has the pride of achieving self-sufficiency in foodgrains particularly after the advent of new technology in agriculture, agricultural growth in the country has not yet attained the levels anticipated by the Government. There is now general agreement that the question of markets for agricultural commodities has been neglected. It has been rightly observed (G.R. Spinks 1972) that ‘market reform ought to be an integral part of any policy for agricultural development. Marketing is as critical to better performance in agriculture as farming itself and should be regarded as developed as such”. Therefore, among the role of institutions in agricultural development, marketing seems to be the most crucial but till recently it has not been accepted as an essential element in agricultural development. Though the market regulation of agricultural produce in India has been in existence for nearly four
decades but the real progress in the development of agricultural marketing was witnessed since the mid-sixties, i.e. the beginning of the introduction of new technology in agriculture (Jagdish Prasad, 1995)

The earliest investigation was concerned mainly with the study of the structure and costs of marketing. The interest in the problem of marketing of crops can be traced back to 1897 when the first legislation of Government of India, viz. Berar cotton and Grain Marketing Law empowering the government to open bazars and regulate markets was enacted. The inability of farmers to benefit from the marketing of crops and the need to protect their interests were the root of this law. Since then the question of market efficiency and the existence of exploitation have been under a continuous debate.

In 'Economics of Agriculture' by Prof. A.A. Raane (117) he has stated that "Agricultural Marketing is one of the varied problems that are to be decided in the destiny, prosperity and progress of the poor and desperate cultivators. An acceptable marketing system is one, that maximizes the welfare of the society in the long run".

According to the marketing committee of the United Nations Conference on Food and Agriculture held in October 1945 at Quebec, "Marketing is crux of the whole food and agriculture
problems. It would be useless to increase the output of food and would be equally fertile to set up optimum standards of nutrition, unless means could be found to move food from the producer to the consumer at a price which is remunerative to the producer and is within the consumer's ability to pay" (Government of India, Agricultural Marketing in India, Vol.II, Nagpur, Directorate of Marketing and Inspection, 1956, p-1).

According to the National Commission on Agriculture, 'Agricultural Marketing is a process which starts with a decision to produce a saleable farm commodity, and it involves all aspects of market structure or system, both functional and institutional,, based on technical and academic considerations and includes pre and post-harvest operations, assembling, grading, storage, transportation and distribution (Report of the National Commission on Agriculture, Part XII, 1976, p-110).

Krishnamurthy and Chand were of the view that "The problem of marketing of Agricultural produce has assumed added significance, particularly after the advent of modernization of agriculture. The call to produce more 'without providing an efficient marketing machinery which could assure fair return to the producer-seller carried no conviction with the farmer'.(Krishnamurthy, O.R; and Chand, N.I; Agricultural Marketing.Vol.XXI, No.2,July 1978, p-1)

In Narain's study, the small farm holdings contributes
as much as 54.4 per cent of the marketable surplus (Dharam Narain, 1961). Utsa Patnaik in her study finds that the small farm holdings (below 15 acres) accounted for 44.4 per cent of the total marketable surplus (Utsa Patnaik 1975). Prasad in his study on the behaviour of marketable surplus observes that market as a category of commodity has significantly emerged and grown in rural areas as the farmers produce more than 40 per cent of their output as marketable surplus and have also been marketed quite high proportion of their output (Jagdish Prasad, 1989).

The Royal commission on Agriculture (1928) much before the independence has stressed upon the importance of a dependable agricultural marketing system. The commission in its report suggested that the most hopeful solutions of the cultivator’s marketing difficulties seem to be in the improvement of communications and the establishment of regulated markets. Till independence, 432 markets in various provinces and states were brought under regulation (National Commission on Agriculture, 1976) upto mid-sixties (i.e. between 1950 and 1964), 580 additional agricultural produce markets were brought under regulation increasing the number of regulated markets in the country to 1012 (S.S. Acharya 1994). Till the year 1988 the number of regulated markets in the country reached 6052.
Ashok Rudra (1982) in his study held a different view on the agricultural marketing situation in India and came out with striking conclusion that “the market structure of food grains is thus seen to be neither competitive nor optional. It would require a singular capacity for shutting one’s eyes to facts and a great zeal for the status quo in the Indian social structure to think otherwise and deny its exploitative nature”. Many other studies have also pointed out the prevailing imperfections in agricultural marketing. All these studies by and large failed to come at a unanimous conclusion on the actual working of agricultural marketing in India.

K. Subbarao (1989) stated that the agricultural marketing is being characterised as the task of assembling the produce from widely scattered producers and moving them to the ultimate consumers is performed by a chain of intermediaries through which the various food grains pass, and in the process, gain in value due to a change in time, place, form and ownership. The market structure on the pattern of type of agricultural market, therefore “consists of characteristics of the organization of a market which seem to influence strategically the nature of competition and pricing within the markets”. (T. S. Bain, 1980).

The importance of agricultural marketing has been rightly pointed out by N. R. Desai (Agricultural Marketing, Vol. III No.1, January-April, 1960) that “The two basic elements of an
agricultural system are production and marketing. And marketing of agricultural produce is as important as the production itself”. Faruqui Nayyar (1972) also pointed out that “As a line between producers and consumers, marketing plays a very important role not only in stimulating production and consumption but also in increasing the pace of economic development”.

R.T. Mirchandani and G.J. Hiranandani (1965) were of the view that the vital role played by efficient marketing of agricultural produce in the planned economy of a country, predominantly depended upon agriculture can never be overstressed.


A 'National Consultative Meeting For Improving Productivity & Utilization of Ginger' was held on 12th-13th May 2003 at Aizawl, Mizoram. The meeting was concluded by informing the participants that, 'Focus should be given on export oriented variety' and 'improving the value realization through value addition would
need attention'. The meeting highlighted that the two main varieties of Ginger exported outside the country are identified to be Cochin Ginger and Calicut Ginger.

Patil and Hingu (1969) worked out the economic problems of horticultural Plantation in Maharashtra by using price-trend analysis for seven years. It was stated that the average seasonal price in the Bombay market showed sharp fluctuation depending upon the demand and supply. The seasonal variation indicated that the lowest price prevailed in May when bulk of produce arrived at market and in off season the price goes up tremendously.

In the 'Role of State in Market Development by Shri O.P.Behari (1992), the author highlights the multi dimensional strains on the agricultural marketing system caused on account of the increasing trend in agricultural production and consequent spurt in marketable surplus. Based on an elaborate analysis of Governmental role in agricultural marketing development the author concludes that agricultural markets are now well poised to act as an effective channel for performing the dual function of assembly and distribution of agricultural commodities.

Behaviour of market arrivals and prices (A Study of Regulated Markets in Nanded District) by V.B. Bhise (1992) makes an analytical study of the behaviour of market arrivals and prices in
ten regulated markets of Nanded District of Maharashtra. The study finds that the magnitude of annual variation in market arrivals is much higher than the magnitude of annual variation in prices. The inter-market comparisons show that the annual variation in market arrivals is higher in relatively smaller markets and lower in comparatively big markets.

Transformation of Agricultural Marketing Scenario in India by P.K.Jha (1992) outlines the pivotal role of agricultural marketing in a predominantly agrarian economy like India and deals at length with various issues connected with agricultural marketing such as; agricultural price policy, terms of trade-agriculture vis-a-vis other sectors, role of Government in the field of agricultural marketing and so on. The author is in favour of a perspective planning for agricultural marketing sector which may form an integral part of the overall development planning, in general, and that of the agricultural growth planning, in particular.

Marketing of Agricultural Commodities in different agro-climatic zones of Himachal Pradesh by K.D. Sharma, A.S. Saini and D.S. Thakur (1992) studies the marketing pattern of different commodities and identifies many infrastructural bottlenecks in various agro-climatic zones of Himachal Pradesh. The authors make out a case for strengthening and activating the working of State Marketing Board on the pattern of its counterparts, in other states.
They are also in favour of developing a well-planned and fabricated chain of procurement and collection centres for food grains and milk along with vegetables and fruits.

In a recent study on 'Problems and Prospects of Agricultural Marketing in Mizoram (since 1987)', conducted by Dr. R. Zonuntluanga (2006), the researcher stated that 'for an effective functioning of any system, the human values are important at all levels as in recent years, appreciation of human values has eroded at all levels in the State. Therefore, in the interest of our farmers and our State, we must assign a place of primacy to the endeavour of human resources development'. Everybody in the system should not be just guided by economic desires but by the human values.

**OBJECTIVES**

The present study is designed to throw some new light on the various aspects of Agricultural Marketing in Mizoram. The objectives of the study are:

1) To examine the marketability of the main agricultural products in Mizoram;

2) To examine the role of government and its agencies in the marketing of agricultural products;

3) To examine the available and required infrastructural facilities in the State for agricultural marketing;
4) To find out the differences in the prices received by the farmers and the intermediaries in the market with a view to determine the nature and extend of price-spread in the market;

5) To study the problems of agricultural marketing in Mizoram;

6) To find out the alternative marketing channels in agricultural marketing in Mizoram;

7) To examine the export potentiality of agricultural products of Mizoram.

**RESEARCH QUERIES**

At the time of study the following was undertaken:

a) To examine whether demand and output significantly affect price while other conditions are varying.

b) What type of channel levels of Trade are suitable for the marketing of agricultural produce taking into consideration the geographical location of Mizoram and whether there is a necessity to develop alternative channels of marketing of agricultural produce?

c) What are the problems associated with agricultural marketing in the state and how far is the government and its agencies are helpful in promotion of agricultural marketing system?

d) How can the present system of agricultural marketing be transformed in a better way in relation to infrastructural facilities available in the state?
e) Whether the producers of the state are getting remunerative prices or not?

f) What are the price variations at various points of sale?

g) Whether there exists any prospect of inter state and international trade in relation to agricultural produce?

h) Whether the cost of transportation has any adverse effect on the demand of agricultural produce?

**METHODOLOGY**

To meet the objectives of the study both primary and secondary data are used. For the purpose of the study, all the eight districts of the State of Mizoram have been selected. From each district 10 villages have been identified on the basis of production of the selected commodities namely Ginger, Chillies, Sesame, Passion Fruits, Hatkora, Oranges and Pineapple. Questionnaires have been distributed in the selected villages depending upon the crops that are grown by them. Some questionnaires have been sent through post and special messengers were also sent in certain villages. The researcher herself has also visited many villages and distributed questionnaires too. From Aizawl, Champhai and Kolasib Districts 120 nos. each of sample growers have responded. From Serchhip and Mamit Districts 100 nos. each of sample growers have responded whereas from Lunglei, Lawngtlai and Saiha 80 nos. each of the sample growers have returned their questionnaires. Necessary
schedules and questionnaires were designed for the purpose of collection of field data. This was on the basis for collection of primary data.

The district-wise number of respondents are shown in Table 2.1 below:

**TABLE 2.1**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>District</th>
<th>No. of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Aizawl</td>
<td>120</td>
</tr>
<tr>
<td>2</td>
<td>Champhai</td>
<td>120</td>
</tr>
<tr>
<td>3</td>
<td>Serchhip</td>
<td>100</td>
</tr>
<tr>
<td>4</td>
<td>Kolasib</td>
<td>120</td>
</tr>
<tr>
<td>5</td>
<td>Mamit</td>
<td>100</td>
</tr>
<tr>
<td>6</td>
<td>Lunglei</td>
<td>80</td>
</tr>
<tr>
<td>7</td>
<td>Lawngtlai</td>
<td>80</td>
</tr>
<tr>
<td>8</td>
<td>Saiha</td>
<td>80</td>
</tr>
<tr>
<td><strong>All Mizoram</strong></td>
<td></td>
<td><strong>800</strong></td>
</tr>
</tbody>
</table>

*Source: Sample survey based on questionnaires, 2003.*

The secondary data have been obtained through personal contacts with farmers, middlemen, scholars and officials related to the study. Discussions and interactions were held with leaders of Mizoram Chambers of Commerce, Mizoram Ginger Growers Association, Border Trade Officials etc. Most of the
secondary data have been collected by visiting various departments of the central and state, university and other libraries and various other sources from which information on the subject could have been collected. Libraries of Mizoram University, Aizawl; Gauhati University, Guwahati; Assam Agricultural University, Jorhat; Assam University, Silchar; Agriculture Department, Aizawl; Horticulture Department, Aizawl and Mizoram State Library, Aizawl have been visited. The data have also been collected from records of various Government Departments and its agencies viz. Departments of Agriculture, Horticulture, Trade & Commerce, Economics & Statistics, Planning, Mizoram Agricultural Marketing Corporation (MAMCO) Ltd.; Mizoram Food and Allied Industries Corporation (MIFCO) Ltd etc. and also from various publications which have been indicated as footnotes to various tables.