ADDENDA
Grading is a pivotal function in marketing. It enables the produce to be classified into different homogeneous categories by various dimensions. By this, it facilitates the producers to discover prices commensurate with the quality of the produce. Grading as a language is an effective communication medium to transform consumers' needs into action either by producers or traders or both. Economies of scale are derived by functions of pooling and transportation of a graded produce.

Grading of arecanuts is a commodity specific function. It merely involves sorting and garbling at the levels of the producers and traders. The wholesale distributors attach importance to the graded arecanuts which is evident by the prices aposteriori. The grading function would be discussed at different levels.

GRADING AT PRODUCERS' LEVEL

It is already described in the section on "preparation for the market" (vide chapter on Marketing Behaviour of Producers) that the producers of Mangalore, Shimoga and Sirsi classify arecanuts into seven, three and eight (both unboiled and boiled) varieties respectively.
GRADING AT THE WHOLESALE LEVEL

There are ten major determinants of price discovery. Traders at the wholesale level accept the graded produce of farmers brought for sale. The price discovery process involves the factors such as colour-red, black or white; form- tender, semiripe or ripe; shape- round, elliptic, parabolic or cuts, or splits, broken pieces, and slices; size-big, medium, small and tiny; quality- colour and spread of the pith, purpose- social, cultural purposes for which it is used; outward look- bright, or medium or dull; level of dryness- percentage of moisture or old or new. Traders prioritise quality, colour, and outward look, while other factors are considered in different proportions in accordance with preferences of buyers at the distribution level.

After buying the produce from the producers, the traders at the wholesale level further stratify the produce according to certain criteria. The set of such criteria is dependent on type, size, colour, size of the pith, level of dryness (or % of moisture content) and outward look. As an example, Chnali variety is further classified into six types- Mora, Moti, Vachras (or Sewardan), Jam, Jeeni and Fadcha (Fadcha). Each of these subclassified varieties would undergo a four fold classification SS, S, JJ and J in descending order of quality. Choll variety also undergoes similar two stage stratification (Diagram 13). In respect of boiled coloured
VERTICAL DIFFERENTIATION OF ARECANUT IN MANGALORE HINTERLAND-UNBOILED TYPE.

* The same classification of Chaali (new supari) is applicable to choll (old supari).
This will be repeated at places as place specificity is considered by producers.
VERTICAL DIFFERENTIATION OF ARECANUT IN SHIMOGA HINTERLAND - BOILED COLOURED SPLIT TYPE.

Diagram - 14

ARECANUT

HASA

BETTE

GORABOLU

SARAIU DALA NULI NULI CHOOD BEMENTI DODDA BETTE (DB) MEDIUM BETTE SANNA BETTE (SB)

ADI SANNA HASA SARAIU

BIG DALA BD MEDIUM DALA MD SMALL DALA SD

RED BD BLAC BD RED BD BLAC MD RED BD BLACK SD

ALU PHETON ALU PHETON ALU PHETON

ALU PHETON ALU PHETON ALU PHETON

ALU PHETON ALU PHETON

HOLI UNDE(MINNI) IDI DHOOLU

RED IDI BLACK IDI HANDA IDI
VERTICAL DIFFERENTIATION OF ARECANUT IN SHIMOGA HINTERLAND (SAGAR AREA)—BOILED COLOUR WHOLE TYPE.
VERTICAL DIFFERENTIATION OF ARECANUT IN SHIMOBA HINTERLAND (SAGAR AREA)—UNBOILED TYPE.

* The same processes of gambling and sorting would be repeated for cnoll (old supari) as had been identified for chaali (new supari).
split types, at Shimoga, Saraku (Hasa) is classified into Saraku, Dala, Null and Null choor (Null choor is Nuli pieces), (Holu means slices), (Dhoolu means dust). So also, Bette gets differentiated by size into Dodda Bette, Medium Bette, Sanna Bette, Benmuri and Choor Bette. Likewise, gorabolu is differentiated into Holu, Unde [or Minni], Idi and dhoolu respectively. The third level of differentiation is by colour. The fourth level corresponds to Bottom (Pheton) or top (Rajalu) of the split type. Further, at the fifth level, two quality levels are considered - I and II. Thus, Hasa and Bette varieties undergo five levels of differentiation, while gorabolu variety into two by shape and colour (Diagrams 14, 15 and 16).

At Sirsi, boiled and unboiled coloured wholes undergo vertical differentiation into various categories. Rasi is further divided into Api and Baida. Api variety is differentiated further into Touchi Api, Toapi, and Uncha Api. These are further classified by size into Big, Medium and Small. Barda variety undergoes differentiation into size by three types as mentioned above. Bette (or Tatti Bette) undergoes differentiation by form and size as is for Rasi-Muri variety, normally, does not undergo sorting and/or garbling further. The unboiled type at Sirsi after first differentiation into six types is further differentiated for Chaali and Choll varieties as in the case of the same varieties at Mangalore.
The same classification process will be repeated for choll (old supari), as is for chaali (new supari).
gets classified into nine types—Mora, Moti, Vachras, Jam, Jeeni, Borli, Lindi, and Paddu. The first five II stage varieties undergo fourfold classification as mentioned for Mangalore Chaali.

It may be observed that traders at the wholesale level vertically differentiate arecanut, irrespective of the type, by ten dimensions. These dimensions are significant as far as the trade is considered. All the dimensions are of seminal importance for traders as they truly reflect the requirements of the wholesale traders at the distribution level. These differentiations add to the cost of grading which ranges from Rs. 18 to Rs. 36 per quintal depending upon the depth of (or levels of) vertical differentiation. The vertical differentiation of arecanuts of both types in the three markets are diagrammatized at the end [Diagrams 17 and 18].

GRADING AT THE DISTRIBUTION LEVEL

The wholesale traders of arecanut at the distribution centres [the metropolitan cities such as Bombay, New Delhi, Madras, Calcutta and so on] often consider all the ten dimensions observed by the traders at the primary wholesale level and further add two more to it. They are types and place of origin. The consumers of arecanut desire arecanut of a type from a particular area. Their consumerised needs are transmitted through retailers,
panwalas and the panmasala manufacturers[see the chapter on Supply of and Demand for Areca nut]. When once consumers are habituated to arecanut of a type of a particular place it gets consumerised.

Grading of arecanut at the distribution level is thus a function of twelve criteria - the two major being the type and the place of origin. The other ten criteria are observed in consideration of the needs of all cross sections of consumers.

It was noted during the field work that consumers generally prefer either unboiled or boiled type, while in the East of India consumers mostly prefer raw arecanut. The wholesalers at this level meet the needs of all types of consumers. Thus, the number of varieties of all the types is further enlarged. The grading system is more complex than one understands it to be. It was found from an analysis of number of varieties of arecanuts at the all India level, that 2687 varieties of arecanut are traded with 2247 unboiled types, 424 boiled types and 16 raw types respectively. As many as 1179 (43% of the total) varieties of arecanut are identified in Karnataka of which 867, 310 and 2 are of unboiled, boiled and raw types respectively.
INSTITUTIONAL EFFORTS

Concerted efforts to establish a grading system began in the country after independence. While the first report of the D M I (1949) mentioned imprecision and concentration of grade specifications with the merchant lobby in the assembling markets, the second report (1961) enlightened about the multiplicity of grades and confined to confusions created therein. The Agricultural Produce (Grading and Marking) Act, 1937 and the Rules were suitably amended in 1952 wherein twenty four grade specifications - 13 for unboiled types and 11 for boiled types- were evolved under "AGMARK" for arecanuts produced in India. In order to implement this, four experimental grading units were established under the aegis of the then Indian Central Areca-nut Committee at Mangalore, Shimoga and Sirsi markets in Karnataka and Mettupalayam market in Tamil Nadu. There were encouraging results in the beginning wherein the producers had a premium ranging from Rs.30 to Rs.100 per quintal over what they were getting earlier. The scheme was extended to three other markets Sagar, Siddapur and Kumta in Karnataka.

It was realised during the field work that grading is more or less a phenomenon of producers and traders. None of the grade specifications were in use in its present form. On the contrary, vertical differentiation by multifarious dimensions were observed. The grading units in each of the markets were not in a manner that should have been.
graders were trained in knowledge and skills that were outmoded, that did not suit the complexities involved at present. Thorough revision of grade specifications and revamping of grading units are suggested to make "Agmark" grading effective, communicative and beneficial to market users. Quantity graded by these units are of mere statistical interest.
REFERENCES


2. _____ : Report on Marketing of Areca Nuts (Tamul) and Betelnuts (Supari) in India; D M I, G O I, Marketing Series No. 125, 1962, pp 1 to 226.


ADDENDUM - 2

CONTRACTUAL MARKETING - A NOTE

While on field work it was observed that there is prevalence of contractual sale of arecanut garden in parts of Shimoga and Chickmagalur districts. In this system of sale entire arecanut garden is leased out for a definite period - usually one full areca season by the areca garden owner for a lumpsum money to a lessor. The lessee is liable to maintain areca garden for the period and can completely own the yield that would accrue.

The lessee - who will be normally medium or a big areca producer moves around during the flowering season, i.e., during June to September, in the areca gardens aspiring for contract with the areca garden owners. The intending lessee and the lessor negotiate with each other for a lumpsum amount for entering into contractual sale of the garden for the coming season. After the agreement, it is the liability of the lessee to maintain areca garden contractualised for the period, plucking the fruits and process it for marketing. The lessor would not take any risk of maintenance. On the other hand, he gets some quantity of processed arecanuts for meeting his consumption requirements.

It is noticed that such a system of sale of areca by contract- known in the local language as "Cheni" system- would place the lessor in an unfavourable position.
apart from encouraging absentee landlordism. The lessor would not normally take interest in maintaining the gardens and thus leading to deterioration of the areca garden. In the area of study, many of the lessors were small areca garden owners, while the lessees are medium or large farmers and intinerant traders.

The lessee considers the size and state of the areca garden, the present market situation and on the basis of his past experience intuitively arrives at an amount and finalises after negotiation with the lessor. Our observation confirmed the assertion of many lessors that the loss due to contractual sale is not considerable taking into consideration the liabilities and the risk the lessee runs. It is learnt that the cheni system is neither as intensive as it was nor that wide-spread due to improvement in the marketing system especially by the SCs. [There are two SCs in the area—(i) The MAMCOS Ltd., & (ii) The APSCOS Ltd.,].

This system of contractual sale of areca garden was prevalent in the Dakshina Kannada District which is now totally absent. The wide network of FCs are attributed to the absence of the cheni system; while the failure of the FCs to facilitate organisation of arecanut sale with the vertical coordination of the SCs is the cause for its prevalence in the parts of Shimoga and Chikmagalur Districts.
The impact of cheni system of arecanut sale on the allocative efficiency of areca growers is a potent subject for research. Also, the role of cheni system in contributing to functional inefficiency in the AMS could be investigated into by prospective researchers.
I. JOINT STOCK COMPANIES (JSCs):

Agricultural Marketing Systems rarely engulf themselves in the vortex of joint stock companies unlike the Industrial Sector. It is noticed that JSCs exist one in each of the three subsystems. The KVV Sangha Ltd. having its headquarters at Puttur (about 40 kms away from Mangalore) was established nearly five decades ago (in 1943). During 1979-80 the company had purchased about 3200 quintal of arecanut valued at Rs.6.08 millions.

The Malnad Arecanut Syndicate Ltd. is another JSC located at Shimoga. The details about this company could not be obtained. In the Sirsi subsystem, it is found that the FAMA Arecanut Marketing Media Ltd. is functioning since 1989. The FAMA was registered in October 1988 at Sagar by some entrepreneurial producers. During the field work it is learnt that the company had purchased about 500 quintals of arecanut from the producers and from open market valued at Rs.1 million in 1989-90. This company had publicised that it would purchase from producer-shareholders, good quality chaali of different places at the following prices (per quintal) in 1989-90:

1. Sirsi - Siddapur - Rs. 2,100/-
2. Sagar - Rs. 2,000/-
3. Birur - Rs. 2,100/-
4. Bhimsamudra - Rs. 1,800/-
The FAMA Ltd. has opened a branch at Lucknow for retail sale. Chaali nuts purchased would be processed into various sliced sizes to meet the requirements of consumers. It was observed that Chaali nuts were cut in diamond shape for meeting consumer demand.

II. ASSOCIATIONS:

Another feature of the AMS is the prevalence of Associations with specific objectives. The All India Arecanut Growers' Association, (Regd.) which was established in 1965 and the All India Supari Federation can be cited. The state of arecanut market, its future and remedial measures required to be attended to, are attempted by these associations.

Further research can be carried out as to the working of the JSCs and the Associations to assess their influence on the AMS.

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