



Problems of Agriculture Marketing in Bihar

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Abstract

Agriculture makes three types of contribution to the economic growth of an economy. These are-factor contribution, product contribution and market contribution. In the initial stages, it is the development of agriculture which initiates the process of overall economic development. In this regard, it may be pointed out that theoretically, the growth process can start from any other sector secondary or tertiary. However, in practice these sectors may not be able to initiate and sustain the process of all round economic development. Lack of industrial entrepreneurship, capital, and skills whether administrative or technical, necessary for running the industrial undertakings, lack of social overheads and non-availability of industrial raw materials may hinder the growth process to start from the manufacturing sector. Non-availability of wage-goods may also act as damper on the independent development of the manufacturing and tertiary sectors.

Bihar, spread over an area of 94,103 sq. kilometers with a population of 8,28,78,796, is one of the predominantly agricultural states of India. In Bihar about 45 percent of the total workers are cultivators and 377 percent are agricultural laborers, that is, about 52 percent of the total workers are dependent agriculture. In Bihar agriculture is mainstay of the people in the state, stagnation continues in the economic and social life of the farmers.

A major reason for the slow and tardy progress of agriculture in Bihar is that no enough attention has been paid to facilities and services which must be available to farmers. The questions of markets for agricultural commodities has been neglected. In the economy of Bihar where there is predominance of small farm holdings. Small farmers need more infrastructural support to get real benefits of regulation of markets.

In Bihar the promotion of vegetable production and its marketing deserve special attention, as for small farmer's vegetable cultivation is the most profitable enterprise. There is



not only high level village sales. But also higher marketing charged by the intermediaries. Under the regulatory measures very little attention has been paid to improvement of the marketing system of vegetables and fruits.

The economy of Bihar is predominantly an agricultural economy wherein 89.43 percent of the population lives in rural areas as per 2001 census. The percentage off male and female workers among the rural population were 25.4 percent and 8.09 percent respectively as per 1991 census. 32.88 percent of rural population were either marginal workers or non-workers. Out of the total labor force, 43.41 percent and 37.21 percent were cultivators and agricultural laborers respectively, indicating thereby the dependency on agriculture of 80.62 percent of the total labor force in the state.

The share of primary sector in domestic product in Bihar was 65.7 percent in 1950-71, followed by 55.2 percent and 47.6 percent in 1981 and 1991 respectively. In Bihar the share of primary sector in state domestic product has consistently remained higher than that of India. The rise in employment in agriculture was observe to be 1.6 percent per annum in the state. However, the area under cultivation (i.e. gross cropped area) has shown a decreasing trend by 0.1 percent. Fruits and vegetables have obtained a significant position in the gross value of components of agricultural production in the state. In 1985-86, cereals contributed 44.6 percent of total value of agricultural production. Fruits and vegetables accounted for 30.9 percent. Agricultural wastes like. Strab, hausk, steam etc. Comes to third the top, sharing about 10 percent of the value. The growth in the value of agricultural production is at a slower pace in comparison to growth in state domestic produce.

According to the Agricultural census 1980-81. There were altogether 1,12,29,602 holdings in Bihar. The percentage coverage of holding in the state is less than one hectare having 75.88 percent of the total number off operational holdings. The holdings of the size of 1 to 2 hectares constitute 10.85 percent landholders operating only on 14.89 percent of land. 75.58 percent of the holdings is distributed over 26.67 percent off household, reducing the average size of the holdings to 0.3 hectare. Medium and large farmers constitute only 2.90 percent of the total number but occupy. 26.55 percent of the area of the cultivated land.

On the whole the number off operational holdings increased by 31.13 percent in 1976-77 over 1970-71, by 13.01 percent in 1980-81 over 1976-77, and by 48.20 percent in 1980-81



over 1970-71. Over 1970-71. The average size of operational holdings decreased in 1976-77 by 110.81 percent and in 1980-81 over 1970-71- by 34.87 percent.

Small farm holdings contribute to a larger portion of marketable surplus. But marginal and small farmers are forced to sell their surplus under distress sale. The distress sell is usually made by the small and marginal farmers due to their immediate cash, requirements for meeting their various financial obligations, immediate after the harvest period. A larger proportion of such distress sale is made at village level and very few of them dispose of their produce at the main market yard due to their economic disabilities.

Bihar is the second largest producer of the vegetables in the country. In 1991-92, the total area under vegetables including potato and onion in the state was 843308 hectares with an estimated production of 8643080 metric tonnes. Also in terms of the gross value of components of agricultural production fruits and vegetables rank second with 28.6 percent after cereals. In 1998-999, the area allotted to the cultivation of vegetables, roots and tuber along with fruits and nuts constituted 919.60 thousand hectares and their production constituted 13215.6 thousand tonnes. Further in a state having preponderance of small land holdings and surplus family labour the cultivation of vegetables is more suitable.

The analysis of the marketing pattern indicates the complex nature of marketing of each vegetables, particularly on account of perishability. Farmers sell their vegetables in immediate after harvest. And until reach the consumers those are sold by different types of intermediaries. Also the marketing pattern of vegetables varies from farmer to farmer depending upon the nature of the vegetables and capacity of the farmers. One clear inference is that there exists the large chain of intermediaries in the marketing system of vegetables which is one of the main cause for market disabilities in vegetables market.

Marketable surplus represents the theoretical surplus available for disposal with the producer left after his genuine requirements of family consumption, payment of wages in kind, feed, seeds and wastage have been made.

Marketed surplus, on the other hand represents only that partial of the marketable surplus which is actually marketed and is placed at the disposal of non-farm rural and urban population. In the case of commercial agriculture. The farmer, as he is motivated by profit



considerations, takes his whole produce to the market and purchases his requirements from the market.

The volume of marketable surplus in an economy depends upon volume of marketable surplus in the economy depends upon the factors take level of production, size of farm, consumption habits, nature of crops case requirements of the farmers, prices of food products, and market conditions.

From the prospective of economic planning in India, and agricultural market system which serves basis interests of both farmers and the consumers, can be viewed as a major component of the overall agricultural development process. Further a sound agricultural marketing system is essential for organizing marketable surplus of agricultural production and to the completion of the cycle off agricultural production.

In the context of the Indian economy in general, and the economy of Bihar in particular, agricultural markets can be divided into two broad classes (a) wholesale markets and (b) retail markets. Wholesale markets are three types. In the case of the primary markets their managements is in the hands of panchayats. The function of the broker is performed by the village baniya. A secondary market covers an area of about 15 to 30 kilometers. These markets are located at fixed places where trading takes place throughout the year. Facilities for storage, banks, etc. all available in these markets. Generally these markets are located on roads or near railway stations. Terminal markets perform the function of carrying goods to consumer, final buyers or to place of processing. Such markets are to be found in big cities or at ports. The area of their operations extends over a state or ever more. Retail markets are to be found to be spread in different parts of urban area. These markets are under control of municipalities or municipal corporations.

Besides wholesale and retail markets, fairs and heats are of various kinds, including buying and selling of cattle which constitute a large part of total volume of exchanges. Fairs are held on religious occasions at various piligrim centers. The sonpur fair of Bihar organized for a month from Kartika Poornima, is the largest livestock fair of Asia. Such faire-cum-markets are held every year at particular day-days and place especially between the month of October and May. In the cases of many time stock faire. The duration is found from one day to three months. Generally all kinds of tamed animals are sold in such markets. They are



organized by private agencies, district officers or local bodies, weekly and hi-weekly haats are held in villages on particular day/days in which agricultural produces, fruits, vegetables, fishes etc. are placed for sale among the consumers.

In Bihar the efforts for the cooperative marketing had been initiated after the acceptance of all India Rural Credit survey Report (1954) in order to free farmers from the exploitation of middlemen and from the malpractices of the produce and to institutionalize the linkage between the credit and marketing.

In Bihar the cooperative marketing structure is of two tier. At the state level there is an apex state cooperative marketing federation – Bihar state cooperative Marketing union Ltd, Popularly known as while at the primary level there is primary cooperative marketing society popularly known as Vyaper Mandal Sahyog Samiti (UMSS). The cooperative marketing has no existence at district level.

However, at the primary level Primary Agricultural cooperative society (PACS) and large-sized Multi-purpose cooperative societies (LMPS) are also engaged in marketing business. The PACS do marketing business in collaboration with the was at Block level besides their other activities of credit and services LAMPS are functioning in the sub-plan area, i.e. tribal area, performing all the activities of credit, marketing distribution storage etc.

The state had been divided in two district regions for implementation and planning of various development programmers. These are the plain area and the sub-plan-Area. In the plain area distributive business, while in the sub-plan-Area LAMPS are functioning under Tribal Development Cooperative Corporation.

Regulated markets supply a place of paramount importance in the contemporary agricultural marketing seen Aric. From almost non-entity on the socio-economic horizon of the country in the late 1960 &, the institution of regulated markets has emerged today as the most powerful instrument to radicalizes the age-old and tradition bound system of agricultural marketing in India.

The agricultural marketing section in Bihar was constituted under the administrative control of the of agriculture in March 1935. The ache me was initially for a period of five years and consisted of a stilton staff of one senior marketing officer, three junior marketing officers



and support office staff. The work was mainly confined to the survey and investigation on the marketing of important agricultural commodities etc. and to prepare reports. In 1937. The Agricultural produce (grading and marketing) Act was passed by the central Legislature. The Act defined the standard of quality, grade designation to 'indicate quality' of agricultural products, and prescribed grade designation marks with regards to the act.

The third five year plan contemplated the regulation of markets in different parts of the country. As a matter of fact, it was during this agricultural oriented plan that the drawbacks of the existing agricultural markets – shortage of space, poor layout, unfair practices, inadequacy of marketing facilities, etc., came to surface. It was recognized that regulated markets could perform valuable functions in the marketing process as the nerve centers of commerce in the agricultural produce. It was it a view to improve the diffidence of these markets and to eliminate the malpractices that the Bihar Agricultural Produces markets Bill was introduced in the Bihar Legislative Assembly. This Bill was passed and assented by the Governor in 1962. This is known as Bihar Agricultural produce market Act (1960).

Agricultural marketing system in Bihar where public investment is being increased manifold to step up production of agricultural commodities, is very much defective, weak and is many cases non-functional. The malpractices prevalent in the present system of agricultural marketing are well known.

Achieving self-sufficiency in food grains production is the backbone of agricultural policy for the state a like Bihar. An important strategy to increase food dutpur is to improve marketing system. In this context, there is a big gap between the existing marketing infrastructures and the stipulated increased in 1988-89 for rice, wheat, maise, and garden in Bihar. The operation of an efficient marketing system is guided by certain principles such as cooperation, confidence, service, efficiency, flexibility and economy. The adequacy and efficiency of marketing system depend largely on structure, functions and structure, functions and services.

Marketing legislation is limited to commodity markets only. It does not extend to credit. Transport and freight processing and storage. Competitive forces are weak in all these aspects of marketing which are more pronounced in rice, oilseeds, perishables and pulses. Cooperative



marketing society in Bihar have more or less remained dormant except in a few locations and for selected crops.

Marketing reforms comprising market regulations, cooperative marketing and state trading have fallen short of expectations. Pre-harvest and post-harvest sales at low prices, little grading at the village level, tie-in sales and high marketing margins all these tendencies persist even today C F Bihar.

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