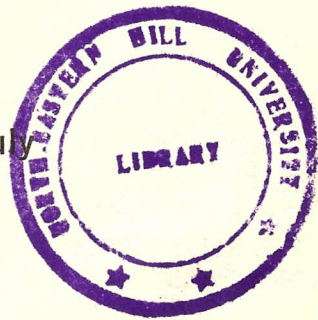


# Marketing in North-East India

(Problems of Rural Markets)

*Edited by*  
J.B. Ganguly



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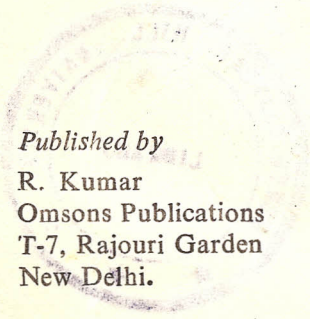
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## Preface

North-East India Council for Social Science Research held the seminar on Problems of Rural Market and Marketing in North-East India on 16-17 April 1982 with support from ICSSR, ICAR and Government of Meghalaya. The present book is a collection of papers presented at the seminar. Even in the remote interior of the region, markets occupy an important place in the rural life. Therefore, any plan for rural development in North-East India must take into consideration the trading operations in the rural markets. The role of the market in bringing about modernisation of the rural economy must be noted by all social scientists. We must also be aware of the exploitation by the traders in rural markets. There is a need for enacting suitable legislation by various governments of the region to regulate the movement of agricultural produces between producers and consumers so that healthy market mechanisms function effectively.

We are much encouraged in our study by the wide response from scholars from different States of the region. Dr. B.D. Sharma, Vice-Chancellor, North Eastern Hill University provides constant and consistent support to our work. We thank him for it. We are grateful to Rev. Brother M.G. Shannon, Principal, St. Edmund's College, Shillong for his ready help in making this study possible.

Dr. J.B. Gadguly, Director, Calcutta University Post-Graduate Centre, Agartala, Tripura, an eminent economist of North-East India has kindly edited the papers for publication. We thank him for it. We thank also Mr. Ramesh Kumar of Western Book Depot, Gauhati for undertaking the publication work.

Shillong,  
24 December, 1983

B. Datta Ray  
Secretary  
NEICSSR

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## Introduction

Opinions differ on the role of the market in rural development. Markets are supposed to bring about diversification as well as augmentation of agricultural produce, and thereby, enable the farming population to make economic gains. There is the opposite view that the rural markets are dominated by the traders who siphon off much more from the farm producers than what they pay them in return. This leads to pauperisation of the rural producers, and thus, impedes rural development.

The present study is a collection of papers presented at the seminar on the problems of rural markets and marketing in North-East India. Most of the authors of these papers have highlighted the exploitative role of the trader or the middleman who is also almost invariably the moneylender. At the same time the role of the market in bringing about monetization of the rural economy and commercialisation of agriculture on an ever-increasing scale have been noted by them. Now-a-days, even in the remote interiors of the region, markets occupy an important place in the rural economic system. Therefore any plan for rural development cannot simply ignore the trading operations that take place in the markets.

Different studies reveal the strikingly common feature of monopsony (or should we say, oligopsony?) conditions prevailing in the agricultural produce markets. Middlemen are present in every market and in case of almost each rural product. Monopsony market as such is not objectionable. If an elaborate cooperative marketing structure could be built up so that the cooperative marketing society could be the monopsony buyer, perhaps the village producer might have been assured of a fair price for his product. But the writers have pointed out the absence of effective cooperativisation of marketing activities in this region. Therefore, various remedies

have been suggested, namely, increasing the number of regulated markets, expansion of state trading activities, price-supports by state governments, enforcing scrupulous use of standard measures and weights, standardization of products, etc.

Some contributors point out that lack of transport and communication facilities stand in the way of the widening of the markets for rural products and deprives the producers of remunerative prices for their produce. Therefore they would like to see a quick pace of development of the rural infrastructure to overcome the problems of rural marketing.

The pronouncements on the pernicious role of the traders are not in every case based on researched data about the costs incurred by the traders and the monetary gains reaped by them. It is, in fact, difficult to isolate trading from money-lending broking, hoarding, transporting, processing, etc, activities. For, in many cases, all these activities are combined into the business operations of the same individuals of firms. Such monopoly integration, ipso facto, helps earn higher absolute profits, if not also higher rate of profit per unit of capital invested in each separate activity.

Even as the markets are places of unequal exchanges between the rural producers and the traders these serve as the mechanism for ensuring an increased flow of agricultural goods to meet the growing needs of the industries and the expanding urban population. It is again the markets which provide the supply of many essential manufactured consumption goods and productive inputs for the rural households. The rural markets serve as the important link between industrial and agricultural sectors and thus help both the sectors by widening the markets for their respective outputs. Such a positive role of the rural markets in the process of economic development needs to be clearly realized.

Without going into the debate whether the trader contributes to any productive activity, it is to be admitted that at least a part of his profit accounts for the appropriation of surplus from the village producers. This is possible in the tribal villages through the cooperation of the tribal chiefs who generally act as the go-betweens. These chiefs get a share of

the surplus which is one of the contributing factors to the growing vertical stratification in tribal society. In non-tribal and mixed areas also the local leaders who yield some power either as member or office-bearer of panchayats or as political, caste, or community leaders are in many cases directly involved in the trading activity. In some cases, they patronise the traders coming from outside for a price.

In such a milieu cooperativisation of trading activity cannot thrive and regulation of transactions in the market place cannot be effective. Undeveloped rural infrastructure and lack of easy transport and communication facilities between the village and the town help the monoposony traders to operate in the rural areas.

In the rural economy unequal exchanges are the rule. The farmer pays high rent to the landowner under the prevailing tenancy system. The borrower pays high rate of interest, either in kind or in cash, to the moneylender as the commercial and cooperative banks have not yet been able to make an appreciable dent in the power of the village mahajan. The agricultural labourer gets a low wage because the employers take full advantage of the helplessness of the farmer. As the village market forms an integral part of the village economic organization, it also reflects the same phenomenon of unequal exchange between the sellers, who are small-operators and large in numbers, and the buyers, who are a few and who exercise oligopsony power.

This is the general picture of India's rural economy. What is specific about the rural market structure of the north eastern region is that, in the predominantly tribal areas, kinship and ethnic solidarity add to the power of the tribal chiefs to take advantage of the unequal exchanges. Lack of experience in business transactions and in handling cash, unfamiliarity with weights and measures, innumeracy, etc., also account for the weak bargaining power of the tribal seller. In the papers on the individual market studies included in Part II and in the two papers of Part IV the authors have pointed out the socio-cultural role played by the villages markets. Free mixing of the tribal and non-tribal people in the markets.

bring out the harmony of relations between these groups. This helps assimilation of each other community's ideas, food habits and customs as also the development of a common consciousness for coexistence and progress. Looking from a different angle, this apparent harmony permits the continuation of the unequal system of exchange as it reflects the approval of the trading practices by the different transacting groups.

Since there is still very little division of labour in different economic activities in the north-eastern region, the monopoly combination of trading, broking, storing, money-lending, processing, etc., activities is more pronounced. To that extent the rural market is more intensively controlled by a few otigopsonists in the given micro-regions.

The structural view of the rural market as portrayed above leads clearly to the conclusion that nothing short of a vigorous drive for cooperativisation of rural economic activities covering production, sale and procurement of goods and supplying of inputs, the widespread phenomenon of unequal exchanges cannot be stopped or the rural producers cannot be assured of remunerative prices for their produce. It is, however, impossible to build up a cooperative structure in the teeth of united and determined opposition of the traders without the effective countervailing power of the state in support of the cooperatives in all spheres.