

**RAW JUTE MARKETING STRUCTURE IN ASSAM
(A CASE STUDY OF BARPETA DISTRICT)**

LOHIT TALUKDAR
DEPARTMENT OF ECONOMICS
SCHOOL OF SOCIAL SCIENCES

Dissertation

**SUBMITTED
IN
PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE DEGREE OF
MASTER OF PHILOSOPHY**

**Supervisor
Dr. K. Bez**



To



THE NORTH-EASTERN HILL UNIVERSITY

SHILLONG-793 014

MAY, 1987

DS
338.173540954162
TAL

NEHU Library
Acc. No 102760
Acc. by [Signature] 1/16/90
Date 28/8/90
Cat. by [Signature]
Transcribed by O. Nigam
11 0 90

PHONE :
GRAMS : NEHU



North-Eastern Hill University

Mayurbhanj Complex, Nongthymmai, Shillong-793014

Dr. K. Bez

Reader

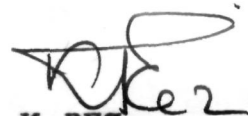
Department of Economics

May 27, 1987

CERTIFICATE

Certified that the subject matter of this Dissertation is the record of work done by Sri Lohit Talukdar, that the contents of this thesis did not form a basis for the award of any previous degree to him, or to the best of my knowledge, to anybody else, and that the thesis had not been submitted by him for any research degree in any other University.

In habit and character, Sri L. Talukdar is a fit and proper person for the degree of Master of Philosophy.



K. BEZ

Reader

Department of Economics
North Eastern Hill University
Shillong.

CONTENTS

	Page
ACKNOWLEDGEMENTS	i-ii
Chapter - I	
INTRODUCTION	1-6
Chapter - II	
BACKGROUND OF JUTE CULTIVATION IN ASSAM :	
REVIEW OF LITERATURE	7-17
Chapter - III	
MARKET-STRUCTURE	18-39
Chapter - IV	
STATE INTERVENTION	40-52
Chapter - V	
AN APPRAISAL OF STATE INTERVENTION	53-66
Chapter - VI	
DATA ANALYSIS	67-87
Chapter - VII	
SUMMARY AND CONCLUSION	88-95
BIBLIOGRAPHY	96-101
APPENDIX	i-vi

ACKNOWLEDGEMENTS

I would be failing in my duty if I do not express my deep sense of gratitude to all those who have helped me during the course of this Study.

I express my heartfelt gratitude to my Supervisor, Dr. K. Bez, Reader in Economics, North-Eastern Hill University, Shillong, whose personal involvement and sustained inspiration has been indispensable for the completion of this work.

My obligations are to Prof. A. Banerjee, who was the guiding spirit at the initial stage of this work. I would also like to express my deep sense of gratefulness to Prof. T. Mathew, Head of the Department of Economics, NEHU, who had rendered all help in my endeavour.

I owe a special thanks to Dr. S.K. Mishra, Reader in Economics, NEHU, and Mr. S.P. Medhi, Principal, Tihu College, for the special interest they took in the work.

I would like to thank all my teachers in the Department for their valuable suggestions from time to time in various stages of my work.

I would also like to place on record my sincere thanks to the officials and employees of the Assam State Agricultural Marketing Board, the Jute Corporation of India, Gauhati, the Agricultural Marketing Office, Howly, those of the Assistant Jute Development Office, Barpeta, the Assam State Federation of Co-operatives, Barpeta, the Regulated Market, Howly, the Assam Agro-Economic Research Centre, Jorhat, the Evaluation and Monitoring Cell, Govt. of Assam, and those of the Agricultural Marketing Office, Government of India, Gauhati, for allowing me to have a free access to their respective offices to collect research materials and data

for completing this Study.

I must express my sincere thanks to Mrs. Sunova Bez, Mr. Deka, Assistant Professor Assam Agricultural University, Mr. Dev Sarma, Agricultural Extension Officer, attached to Bhawanipur Development Block, Mr. and Mrs. A. Sarma and Mr. and Mrs. S. Choudhury, my colleagues, friends and some of my students who have helped me in various ways.

For their patience and silent endurance during the course of study, away from home, I express my heartfelt thanks to my wife, Pratima, and the children.

I take this opportunity to extend my heartfelt thanks to Mrs. Lucy M. Shangpliang, for her competence and patience throughout the typing stage of the work.

I DEDICATE this humble work to my parents, who have sacrificed all their comforts for my studies, without which, I would not have been what I am to-day.

Department of Economics
North-Eastern Hill University
Shillong 793 014

Date May 27, 1987.


LOHIT TALUKDAR

CHAPTER - I
INTRODUCTION

Chapter - I

INTRODUCTION

1.1 The Problem

Jute Industry occupies a crucial position in the industrial structure of India. It accounts for a very substantial amount of capital investment and provides employment to about 2.7 lakh workers, besides sustaining about 4 million jute cultivators¹. This industry still remains the largest foreign exchange earner for the country.

One can identify four major contending interests in the jute economy of the country. They are the jute growers, the manufacturers of the jute products, the consumers of final jute products both within the country and abroad and the state which acts through its various agencies to regulate and monitor this sector of the economy. The industry's fortunes, naturally, tend to wax and wane depending upon how these different forces interact with each other.

Being largely dependent upon the fluctuation in international demand as well as vagaries of weather conditions, the industry is intrinsically prone towards cyclical fluctuations in its activity level. Broadly, the main problems of the industry can be identified as :

- i) fluctuations in the price and availability of raw jute,
- ii) ups and downs in the price and demand levels in the international market,
- iii) emergence and growth of synthetic substitutes,
- iv) low productivity and obsolete technology coupled with high cost

of production, and

- v) growing competition in the international market aggravated by emergence of contenders like Bangladesh, Thailand, Burma, Nepal and recently China.

The present study is concerned with only one aspect of the first problem mentioned above, viz. raw jute marketing and its implications for the economic of raw jute cultivation in the specific context of Barpeta district of Assam.

Jute cultivation is predominantly concentrated in the eastern states of India, viz., West Bengal, Assam, Bihar and Orissa. This happens to be the only cash crop for the small farmers of Eastern India with 90% of the crop finding its way to the market². Assam, at present is the second largest producer of raw jute in the country contributing as much as 30% of the total national output. According to the expert, the agro-climatic conditions for production of raw jute happens to be ideal in this state with a potential of as high as 2,500 kg. of yield per hectare compared to the present figure of about 1,500 kg³. Since 1950-51, the total area under jute cultivation has remained almost stable at 4% of the total sown area of the state⁴. Low reinvestment potential, backward technology, poor intra-structural facilities and dependence on monsoon can be cited as the main constraints which prevents the system from exploring its full potentiality.

One of the important instruments through which the cultivators can be assured a remunerative price from his produce and hence a reasonable money income, is well-structured marketing system. By raising the

level of income and reducing market exploitation of the cultivator, it can increase the reinvestment potential of the system thereby creating through the low level of equilibrium trap.

The study on jute marketing is first of its kind in Assam. Naturally it is very difficult to conceive market mechanism when different forces are reacting on the price. Farmers who are not well to do, usually do not or cannot wait for stabilisation of price. We have made an honest attempt to explore the various factors that synergically determines the price. Another very difficult point is that there is no such thing as a fixed, trade cycles or periodicity or seasonal price variations. Since jute is harvested during the period of August-September and being only a seasonal crop, we expect certain stability either in increment or in decrement in prices from the period of October to July. As already mentioned repercussions in the international market may cause repercussion in the home market since jute is internationally traded goods.

1.2 Chapterization

Now, we would like to give an account of the chapters contain in this dissertation. In the first chapter we have made an effort to give a brief history of the background of jute cultivation in Assam. Though jute is a major commercial crop of the state at present, its practice of cultivation is rather recent. We have tried to find out here how and when the cultivation of jute began in Assam. In the same chapter some important past studies in agricultural marketing specially in the context of jute have been discussed.

Chapter II includes the description of the market structure for raw jute in the state. Our endeavour concentrated on the explanation of different market channel from growers to the final consumer. The marketing services involved during the different stages also have been explained in this chapter. The major problems of agricultural marketing in India and in the State are explained in Chapter III. Marketing of raw jute has some special problems. These problems are also specified in this chapter. We have also dealt with some special problems of jute marketing faced by Assam in this context.

State intervention in the economic activities has a crucial role in our country. How the policy of *laissez-faire* proves obsolete and interference of state becomes necessary has been explained in chapter IV. In this respect we have tried to discuss the political, financial and institutional aspects of state activities in jute economy of our country.

In Chapter V we have tried to make an assessment of the policy and institutions of the state. Here we have explained the working of state instruments like J.C.I. Co-operative and Regulated Markets. The policy of minimum support price as recommended by the Agricultural Price Commission is also appraised in this chapter.

Chapter VI is the analysis of data. This is the most important chapter of the dissertation. Here we explain the data base -- both secondary and primary, and methodology applied in the analysis of these data. The sources of both primary and secondary data are also described in this chapter. The first phase of the study is based on secondary information pertaining to various sources. The inferences drawn on the basis of secon-

dary information are tested through the case study of a village of the district.

Chapter VII contains conclusion and epilogue, where we have suggested certain measures for improvement in the existing market structure of jute from point of view of efficiency as well as equity. We hope, these suggestions, if adopted will improve the conditions of jute economy in Assam at least to some extent.

1.3 The Scope of the Study

The present study aims at analysing the structure of market for raw jute in the specific context of Assam with a view to understand its implications for the economics of jute cultivation in the state. Compared to the earlier studies mentioned above, the present study marks a departure both in terms of scope as well as conceptualisation of the problem. The concept of market structure is visualised in its two main aspects. Firstly, the physical organisational and institutional aspects which will involve identification and categorisation of various organic links between various stages of the market. This will involve an evaluation of their role in solving the main problems related to logistics and infrastructure such as assembling the raw produce, sorting, grading and standardization, storing, processing and finally transporting it to the next market stage. One can bring in the issues relating to the availability of credit, transmission of market intelligence, extension, education, research, etc. within the fold of this concept of market structure. It would be interesting to get some idea of the efficiency of this system in solving the above mentioned problem. The other important discussion of the concept of market structure

relates to the degree of competitiveness in the various stages of the market structure. An indepth study of this aspect can reveal important clues for understanding a whole of exchange linkages which connect the well developed market structure operating at the mill sector on one end with pre-capitalist exchange relations between the small peasant and the village level trader at the other. Such a study will necessarily raise important theoretical issues pertaining to unequal exchange in a pre-capitalist peasant economy, non-maximising behaviour of the peasantry and a possible 'dependency' relationship between the pre-capitalist peasant sector and the mill sector.

It is envisaged that the study will be able to suggest improvements in the existing market-structure both from the point of view of efficiency as well as equity. In this context, the role of the organizations like the Jute Corporation of India, the Co-operatives, the Regulated Market and the Agricultural Price Commission deserve a careful scrutiny.

NOTES

- 1 Choudhury, M.R., 1970, **Industrial Development of India.**
- 2 **Report of Agricultural Commission, Assam, 1975.**
- 3 **Estimate of the Jute Development Officer, Assam.**
- 4 **Economic Survey, Assam 1982-83.**

CHAPTER - II
BACKGROUND OF JUTE CULTIVATION IN ASSAM
REVIEW OF LITERATURE

Chapter - II

BACKGROUND OF JUTE CULTIVATION IN ASSAM : REVIEW OF LITERATURE

2.1 Background of Jute Cultivation in Assam

Though agro-climatic conditions of Assam were favourable for production of jute, its cultivation was not known to the people of Assam upto the 12th century¹. Detailed discussions on the agricultural practices and crops in Assam are available. Production of silk and other fibre can be found but cultivation of jute is not mentioned anywhere. Even in the early part of the 19th century jute was not an important crop of Assam². The cultivation of different fibre crops like cotton, remie, mesta, etc. was common to the people of this province but production of jute was of little significance³. In trading list jute did not have any place upto the first part of the 19th century.

It is difficult to ascertain as to how and when jute cultivation came to be practised by the indigeneous people of Assam. But there is evidence of jute being produced in the districts of Goalpara, Kamrup, Darrang, Lahimpur and Cachar of Assam in 1960 and of Sylhet district (now in Bangladesh) having exported raw jute to Calcutta in 1968-69⁴. The amount of export of raw jute to Calcutta from Goalpara district of Assam was considerable, but Sylhet district exported the highest amount of raw jute.

It appears that the history of cultivation of jute in Assam is closely linked to the history of colonisation of Assam by the British and subse-

quent planned migration of a large number of people from the erstwhile East Bengal to Assam.

The colonial British administrators suggested to the British government for colonisation of the alluvial flat watesland of Assam through settlement of the cultivators of Bengal in different times, so that these immigrants could raise the raw jute for export to England to feed the jute mills set up there.

The first suggestion came in 1829, just after annexation of Assam into the British territory by virtue of the treaty of Yandaboo between the British and the Maan in 1825⁵. The Court of Directors at Fort William asked the Sudder Board of Revenue to search for raw materials in Indian provinces so that they could be rendered to the services of the Government of Britain. They wanted to invest more skill and capital for the improvement of cotton and other staple fibre for exporting to European market.

In 1835 Francis Jenkins submitted a colonisation scheme in the vast land of Assam to the government. The purpose of the scheme was to raise the agricultural produce for export and thus increase revenue for the government. Again in 1874 and 1881, the Commissioner of Assam suggested settlement of Bangalee immigrants in the good flat alluvial soil of Assam. The British government in 1888, declined it on consideration of obstacles of climate, language and risk of health.

The Assamese cultivators in general cultivated that much of land as they needed for their subsistence. Nobody wanted to reclaim new land without abandoning the already cultivated land. In view of this situation Sir Henry J. Cotton, the then Commissioner of Assam put forward

a scheme in 1896 for jute cultivation in the wasteland of Assam by settling the immigrants of Bengal⁶. This was the first systematic effort on the part of the British administration towards the development of jute cultivation in Assam. On June 2nd of the same year colonisation was recognised and the British chose the tough, hard-working inhabitants of over-populated East Bengal for the purpose.

The line system: The line system first mooted in 1916 and adopted in 1920 was a device to settle the immigrants in segregated areas, specified for their exclusive settlement (a line was drawn in the district to specify this) to avoid clashes between the immigrants and indigenous groups⁷. But the system did not succeed in protecting the interest of the indigenous people of the province. The immigrants infiltrated to the other parts of the province and consequently clashes took place between them.

Thus immigrants entered into Assam in far greater number than was estimated by the government and occupied more areas than specified by the government.

The Assamese Mahajans of Barpeta and the Marowari traders in general provided substantial part of the necessary finance so that immigrants could reclaim land and expand the cultivation of jute and Ahu (Aman) paddy and vegetables. In return these worked in houses of mahajans without any wages and supplied many agricultural produces free of charge.

Assam valley is a natural extension of Bengal basin and with the development of jute industry in Bengal in the first part of the 19th century, cultivation of jute started expanding in Assam too. In Goalpara district which is adjacent to Bengal, jute cultivation started in a big way in the

second part of the 19th century. This happened due to induced and natural immigration of peasants, farm settlers and skilled cultivators of lucrative cash crops like jute, mostly from Bengal into the wasteland of Goalpara. Gradually they spread to other districts of the province. The immigrants mostly concentrated in the low-lying areas of Kamrup, Darrang, Nagaon and ultimately in Lakhimpur district⁸.

Thus from the first part of the 20th century, Assam became an important jute producing state of India next only to Bengal.

Assam as a jute growing state of India received more attention just after the attainment of Independence in 1947. India was divided into two countries, viz., India and Pakistan. About 70% of jute producing areas of undivided India went to Pakistan and almost all the jute mills remained in India. Consequently, crisis arose in the Jute Mill Industries of India. At the time of partition India and Pakistan did not have good relation. Imports of raw jute from East Pakistan had to stop. This led to closure of several jute mills in India as there was severe shortage of raw materials.

The Government of India to mitigate the problem of raw-material shortage, launched "Grow More Jute Drive" in 1950-51. As a result Assam began to get more attention for expansion of jute cultivation as its agro-climatic conditions were far more favourable for jute-growing than any other state of India except Bengal.

Since 1950-51, although the total area of cultivation of Assam remain almost same (4 percent of the total sown area), the average production

increases from 1084 kg. per hectare in 1950-51 to 1552 kg in the year 1981-82. The Government of Assam has established a separate Directorate for jute to raise the area, average yield and total production of jute in Assam. A Jute Research Centre has been set up at Dhing of Nagaon district of the state to explore the potentialities of jute production in Assam. So far total area and total production is concerned Assam is far behind in comparison to the another major jute producing state, viz., West Bengal. For instance in 1981-82, total production of jute in West Bengal was 4473 thousand bales and total area of cultivation was 506 thousand hectare whereas in Assam it was 1004 thousand bales and 116 thousand hectares in the respective years of course average yield in the same period was almost same, i.e. 1591 kg per hectare in West Bengal and 1552 kg in Assam.

2.2 Review of Literature

The problems relating to marketing of crops and other agricultural products have been studied extensively and from various points of view in India. The major works are relating to market supply, structure of marketing, price spread and costs of marketing, marketing efficiency and market integration, flow of supply, buffer-stock and its effects on markets, supply and price stabilisation, producers' response to price change, state intervention and its effects on prices and supply, regulated market and its efficiency, etc.. We discuss some of these studies below:

The studies relating to the market supply are concerned mainly with foodgrains. the occasional papers on reports published by the Directorate of Marketing and Inspection attempt to measure the magnitude of market

supply out of the total production of non-food crops. Individually B.P. Dutia (1963) studied cotton relating to world supply and demand condition with that of Bombay market.

Regarding structure of marketing M.L. Dantwala (1937) makes the first systematic study of market organisation relating to raw cotton. Dantwala examines the competitive character and efficiency of market operations. His findings are that the market organisations for raw cotton were not exploitative in character, were efficient in operation and also costs-effective. At the same time he pointed towards some degree of mal-practices in the market. Dantwala (1952) also studied the efficiency of Agricultural Produce Market Act and pointed out the efficiency and shortcomings of the Act.

Kulkarni's (1962) study is concerned with the study of regulated market. Kulkarni shows that though regulated markets bring about social benefits by eliminating mal-practices, yet the social overheads of regulated markets are a social cost to be reckoned with. Therefore, price differentiation gives only a partial account of benefits. In case of price spread and costs of marketing, the studies are confined to cotton and other agricultural crops and milk as well.

Regarding the study of market efficiency and market integration, the major contribution is made by Z.Y. Jasdawala (1964), Ralph W. Cummings Jr. (1967) and Uma J. Lele (1968). Their major finding is that prices prevailing at different stages in marketing are closely related. Difference in prices at different stages and by-produces in different regions in different categories are explained by economic factors, the major one among them being costs of transport and storage. Lele's investigation

into the food Grain Marketing in India covers Punjab, West Bengal, Tamil Nadu and Maharashtra. She investigates into the extent and nature of imperfection in the marketing system and the capacity of the existing system to meet expanded demands. Her study was concerned with paddy, rice, wheat and jowar. Focussing on the marketing of these commodities, she investigates how storage losses reduced production, the ability of private trade to adapt to rapidly changing supply condition, the size of margins, and the degree of competitive in the marketing and processing of food grains. Her main concern was the study of foodgrain marketing in India with regard to Private Performance and Public Policy. However, Jasdanwala and others arrive at no common conclusion. This is because the conditions differ from crop to crop and from region to region; nor are behavioural studies made in this field conclusive.

There has been no important investigation to evaluate or to measure the relative efficiency of alternative agencies such as private traders, co-operatives and state agencies like State Trading Corporation (S.T.C.), Food Corporation of India (F.C.I.), C.C.I. (Cotton Corporation of India) and Jute Corporation of India (J.C.I.) in the total marketing frame work.

So for the problem of raw jute marketing, has receive some attention from the successive Jute Inquiry Commission and other government sponsored studies by the Ministry of Commerce and Industry, Government of India and Indian Central Jute Committee.

Among the individual investigations in the context of jute industry are Indrajit Gupta's (1953) study on capital and labour in jute industries, and the study by P.K. Singha and others who examined the use of jute as a substitute of wool.

Atkinson and Murry's (1976) investigation reveals an average decline of 45% in price and 57% in real earnings of jute and jute-products in the period 1960-1975. They further showed that a significant cause of the decline in jute demand is the competition from synthetic fibres.

Ralph Clark (1957), Venkarta Raman (1958) and Rabbini (1965) have tried to explain the price elasticity of jute acreage of two different periods in India and Pakistan by using different analytical method.

Ashok Mitra (1977) has contended that the terms of trade moved against jute and in favour of cotton during the period of 1961-62 and 1973-74. His findings are that the jute growers are mostly small, poor and disorganised who cannot influence the price making bodies as much as their counter parts of cotton growers can.

P.C. Bansil's (1961) study which is restricted to West Bengal is concerned with the effect of the relative price of raw jute and aus paddy in the area under jute.

Tewari and Pandey (1970) confine their studies in marketing channel and came to the conclusion that jute is sold in villages, primary markets, haats, secondary markets, thus involving four stages of buying and selling in the process of jute marketing. They find that in the villages the Faria, Beparies and the agents of kutchā balers go from door to door of cultivators and collect the loose fibres. In the secondary market assorting and boiling are done. It is to this market that the farias, beparies, village Aratdars and sometimes cultivators themselves, bring their jute for sale and the kutchā balers act as buyers. After the purchase, the fibres are assorted and despatched to the pucca balers of terminal markets. Their

investigation was confined to Bongaon village of West Bengal.

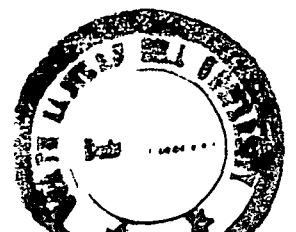
Hussain and Haque (1968-69) have tried to explain the price elasticity of jute acreage for different periods in India-Pakistan. The most common one analytical model they used was one of correlating by means of linear regression, each years acreage of jute with the relative prices of jute and rice and also acreage under jute, all in the preceeding season. The result obtained in their studies suggested that jute farmers in India-Pakistan were responsive to prices and that the co-efficient of elasticity was larger when only **aus** rice was considered as the competitor which could be expected. But whether both **aus** and **aman** rice or only **aus** rice should be considered as the actual competitor and whether their assumption of hundred percent shiftability was correct have not been answered.

The study of Md. Abdul Jabbar (1971) is confined to white jute production improvement in selected area of Mymensingh District of East Pakistan.

Jasim Uddin Ahmed's study (1968) is mainly concerned with production and marketing practice affecting the growers prices of jute in some areas of Mymensingh District of East Pakistan.

Jabbar investigating the price response studies in relation to jute conclude that a function to explain price elasticity of jute acreage particularly in Bangladesh should include only that portion of the **aus** acreage as the competitor of jute upto which **aus** jute is shiftable and not both **aus** and **aman** or **aus** only. He further suggests that a detailed investigation should be undertaken to find out the exact possibility of acreage shifting between **aus** and jute.

J.S. Garg and R.K. Singh (1974) inquire into the cost structure of



jute in Kheri District of U.P. and show that very often growers' cost is not covered by the price if the weather is not favourable.

G.S. Maji (1970) also confines his study to the costs of jute cultivation in Nadia District of West Bengal.

An extensive study of the nature and characteristic of the Indian jute belt was made by P. Sengupta (1959).

Though Assam is the second highest jute growing state of India, very little work has been done about the economics of jute cultivation in the State. P.C. Goswami and C.K. Bora (1971) made an inquiry into the cultivation of Jute vis-a-vis Autumn Paddy in Assam. Their field of investigation was Nagaon District. From their studies they conclude that in the monetised economy, the growing of cash crop is very important to the growers as they require cash money for purchases of many of their essential requirements. The peasants are greatly influenced in their decision to grow commercial crops by economic considerations. Because of the higher return from jute, they were progressively increasing the acreage under jute. The acreage of autumn paddy has been dependant on family requirements of paddy, cash need and the relationship between the prices of jute and autumn paddy. In Assam, **sali** paddy is the main foodgrain. Other types of paddy (particularly autumn paddy) serve the purpose of both foodgrains and commercial crops. Hence there is constant endeavour to sustain the acreage under **sali** paddy. But jute as a competing crop of **ahu** paddy has encroached greatly on **ahu** land, although the total displacement of **ahu** paddy by jute is not possible on account of other consideration.

P.C. Goswami and J. Gogoi (1971) study the effect of price on cultivation and the disposal of paddy and jute of Nagaon District of Assam., Their findings are that in the short run price fluctuations do not effect the farmers decision to increase or to decrease the acreage under the main staple crops unless they are sure of a permanent increasing trend in prices. Secondly, farmers divert their attention to grow commercial crops only after ensuring enough supply for domestic consumption. Thirdly, there is little scope for the farmers in the lower size-groups to increase or to decrease the area under principal crops. Only the big farmers are able to do this and take advantage of higher prices in lean months by holding back the sale of surplus crops.

The study conducted by D. Gohain and K. Gogoi (1980) is related to the functioning and progress of Integrated Jute Development Programme in Nagaon District of Assam. It also covers the impact of I.J.D.P. in the district and concludes that the impact of the IJDP is satisfactory. The peasants are benefitted and per hectare production is higher in the district due to IJDP operation. But they contend that due to inadequate supply of some inputs under the programme, the farmer cannot adopt improved package of practices fully. Many facilities like irrigation and scientific retting and improved agricultural implements are not available to the farmers. The peasants are facing difficulties in selling the commodities to the Jute Corporation of India due to many formalities. The nature of their investigation is evaluative of the programme.

K.C. Bhuyan (1976) confines his work to the Economics of Jute Cultivation of Kaliabor Development Block in Nagaon District. It covers all the aspects of cultivation of jute and contended that in comparison to

the costs of production the prices of jute are often much lower. He also found many mal-practices in the process of marketing.

Thus the effort to study the economics of jute cultivation in Assam is not sufficient. The jute economy needs more exhaustive investigation from various angle. Our attempt in this respect is a humble one and we are aware of the financial and time constraints in this regards.

NOTES

- 1 Choudhury, P.C., 1960.
- 2 Barua, B.K., 1969.
- 3 Ibid.
- 4 Hunter, W.W., 1879.
- 5 Gait, E.A., 1906, Thomson, 1869.
- 6 Henry Cotton's Report, 1896.
- 7 Guha, Amalendu, 1973.
- 8 Farmer, B.H., 1973.

CHAPTER - III
MARKET STRUCTURE

Chapter - III

MARKET STRUCTURE

3.1 Introduction

The agriculturists produce crops part of which consumed by themselves and the surplus amount are sold in the market. Production of crops is not enough unless these are marketed well at a remunerative price. If additional produces do not move to the market to earn revenue to farmer, it may work as disincentive to increase productivity. Proper marketing system should be available both for the producer and the consumer. Adequate and efficient market structure enable the primary producer to reap the best possible benefits and also to reduce the price spread between the producer and the ultimate consumer.

The marketing pattern of raw-jute in India is different from the marketing system of foodgrains. But the basic characteristics of agricultural marketing are almost same for all kind of agricultural commodities. In case of foodgrain marketing process start at the farm gate. In physical term agricultural marketing starts at the time when produces come out of farm gate and end when it reaches consumer's table. There is long process in the intermediate stages between the producers and consumers.

Like industrial produces, agricultural marketing requires certain services which are performed by the middleman. The marketing services are collection of products from scattered producers and its assembly in bulk, assorting and gradation of heterogenous articles, classification accor-

ding to standard, transportation from surplus areas to deficit areas and provision for storage facility.

In case of foodgrains a large proportion of produce never leaves the farm but is kept for domestic consumption¹. But jute is purely a commercial fibre. Only 10 percent of the total production of jute generally are kept for home consumption and 90 percent are exchanged for cash².

In Assam the dealers in raw-jute are few in comparison to foodgrains. Market centres are also located only in the jute growing areas of the state.

The market-channel of raw jute in Assam can be shown with the Figure 1.

3.2 Traditional Markets

The marketing of agricultural commodities in assam starts traditionally either in the village haat or in the village itself. In case of commercial crops purchase and sale within village is negligible². Farias and agents who mainly collect food grains from the village generally do not do so in case of cash crops like jute. Therefore, village haat are the primary markets where major portion of the jute are exchanged into cash.

Village Haats

Haats are the markets which serve on an average an area 8 to 16 kilometers radius. Some of the bigger haats cover a wider area. In Assam there are all about 650 haats of which about 75 are larger situated at semi-urban areas or rural trade centres³. Some of these markets perform the functions of secondary markets. These village markets assemble once or twice a week. The days on which these markets meet are fixed, so

F-1

MARKETING CHANNEL OF JUTE IN DISTRICT OF BARPETA OF ASSAM

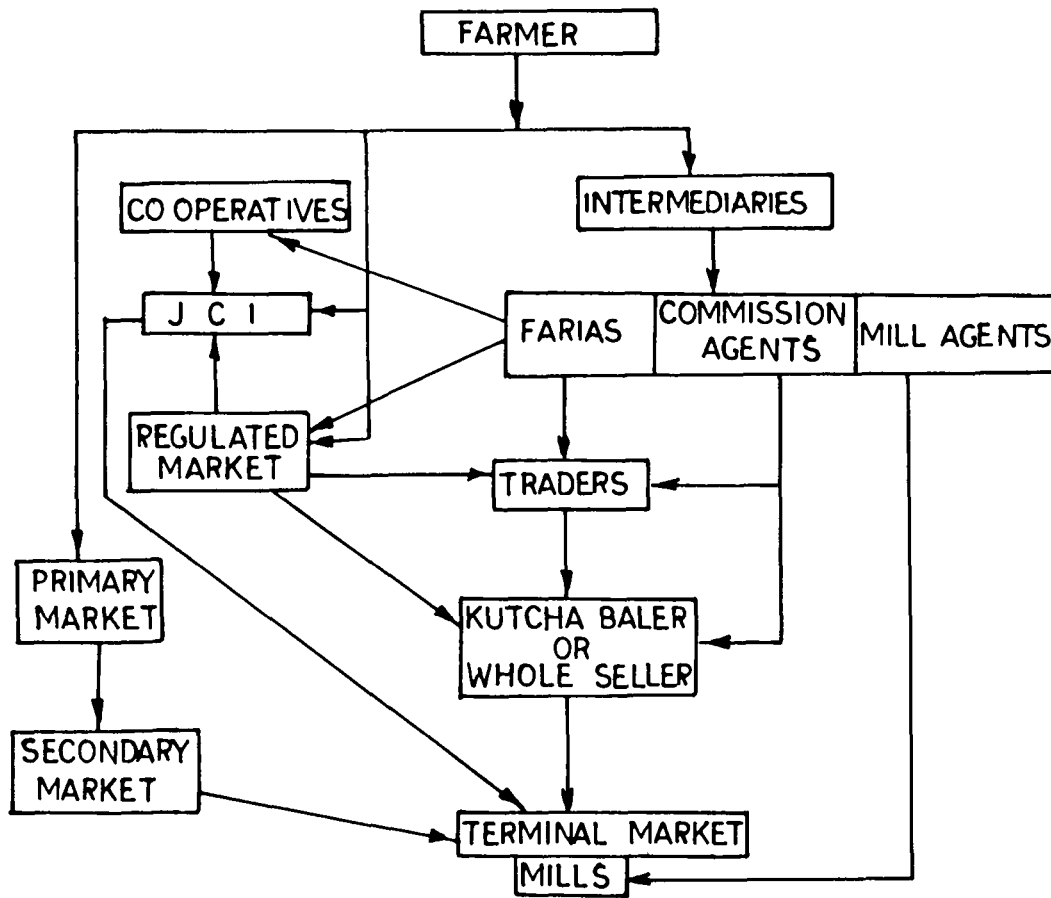


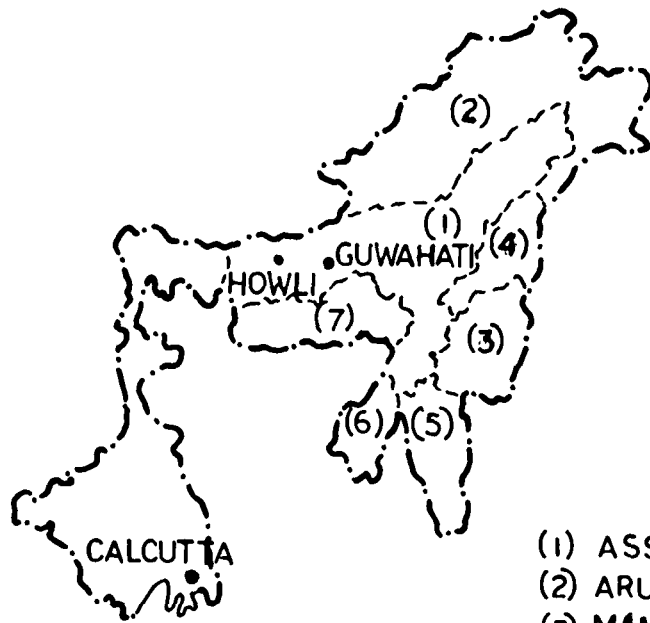
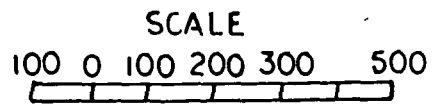
FIGURE - 1

that the traders can visit the areas. The transactions involved here are of small quantities. Most the villages have to rely on haats for their purchase of day-to-day essentials and to sell their products. The traders come from the towns, assemble for the day or for few hours and disperse by the evening. They bring merchandise usually of low quality but charge high prices and produce of the villagers is invariably taken at a very cheap rate⁴.

Haats except few are poorly equipped. Most of them are uncovered and without storage, drainage and other modern facilities of marketing. Transport and communication are also not adequate. Producers with small quantity assemble in these markets to sell their surpluses. Big farmers with relatively large surpluses, generally go to the whole sale markets. The small peasants cannot expect fair deal in the whole sale market. As the small peasants sell very little amount of their produce at a time, carrying such amount to the whole-sale market is neither economical nor convenient to the farmer. Because of backward transport and communication system in Assam, the peasant farmers wholly depend upon village haat.

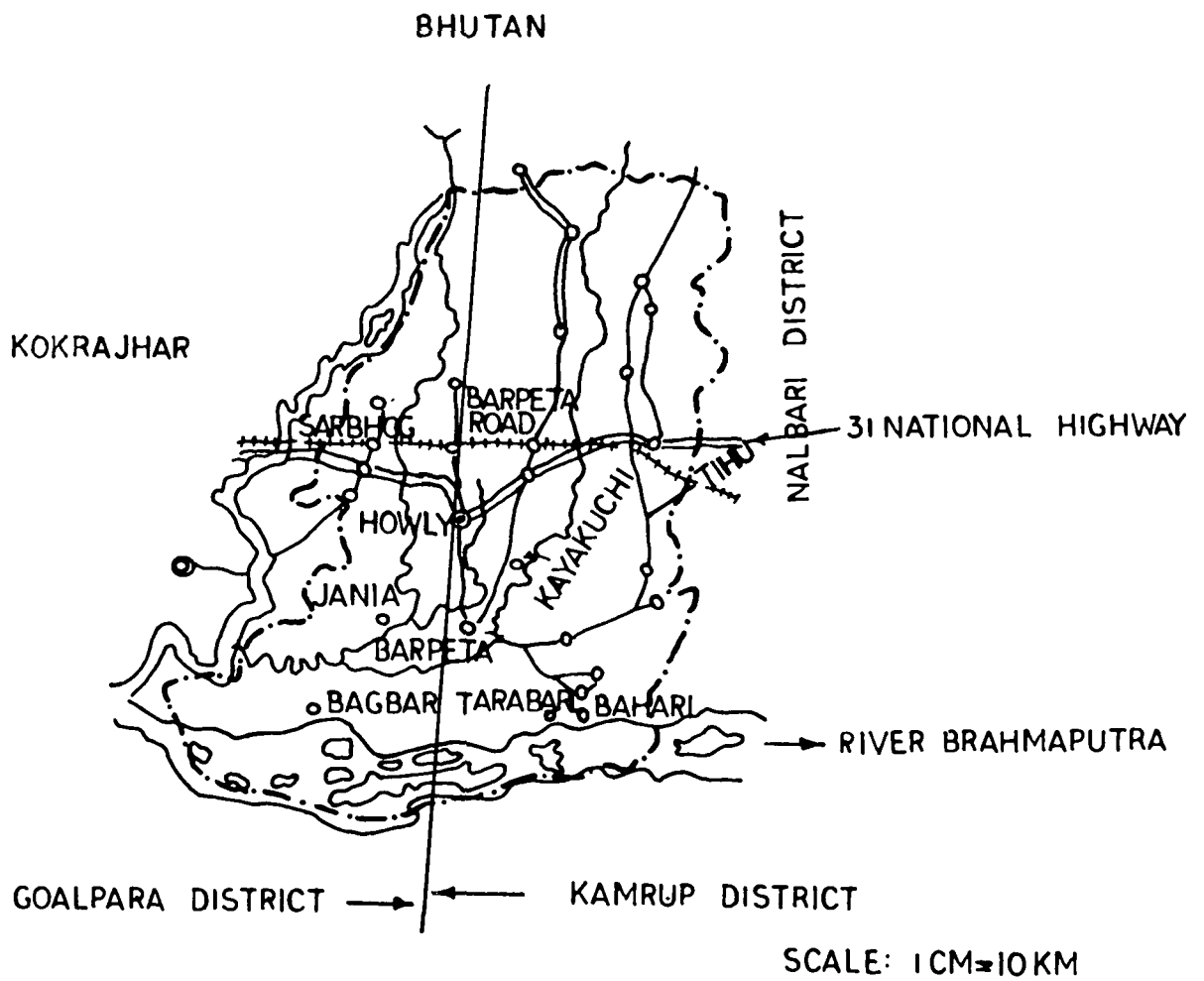
In Barpeta district there are about 25 village haats situated in different places. Almost all village markets in the district perform some amount of transaction of raw jute as jute is cultivated in a more or less larger scale in these areas. But there are some markets which are well known in the trade. These centres are situated at Baharihaat, Howly, Barpeta Road, Kaya-Kuchi, Mandia, Ananda Bazar, Basbarihat, Sorbhog and Sarupeta. The first three markets of the districts operates both as secondary and primary markets. The others are mainly primary markets.

NORTH EAST. INDIA



- (1) ASSAM
- (2) ARUNACHAL PRADESH
- (3) MANIPUR
- (4) NAGALAND
- (5) MIZORAM
- (6) TRIPURA
- (7) MEGHALAYA

MAP OF BARPETA DISTRICT



The highest amount of market arrival of jute in the district can be seen in Howly market and Bahari haat, next come Anandabazar and Sorbhog, Mandia and KayaKuchi.

Secondary Markets

Secondary markets are the whole sale markets held in a fixed place and transact large volume of business daily. Merchandise are mainly from the village markets. Some whole-sale markets also serve as assembling points for distance producing centres. Most of these markets are situated at towns and semi-urban areas. These are also called secondary or assembling market. A secondary market in Assam serves on an average 840 square kilometers and a population of 2.50 lakhs⁵. These markets are better equipped than are the village markets. They are connected to the distant consuming centres and terminal market. Transport and communication facilities are generally available.

3.3 Intermediaries

Dominance of intermediaries is the general pattern of marketing of jute in the process of assembling and concentration of the product. The farias, small traders, Paikar are the dealers who form the first link in the chains of intermediaries in the raw jute trade. They collect the produces from the growers and sell the product to the market farias. About 80 percent of the jute growers sell their product to the village farias or market farias. The big and rich growers generally sell their products directly to the kutchra balers or traders who are operating in the secondary markets. The market farias usually operate in the primaryn market or in the village haats. Market farias also purchase product direct-

ly from the growers or through the village farias and sell the products to the kutchra balers or whole-saler. The commission agents of the traders also collect the raw jute from the growers on behalf of the traders. The traders received the purchased amount from the agents and sell them to the kutchra baler. The distinction between the farias and Agents is that the later gets commission without any risks of loss while the former sometimes may suffer loss.

Village Farias

Let us now discuss what the farias are and what are the services they performed in the process of marketing of raw jute. The farias are found as an important agency for collecting the raw jute from the market centre. They collect the merchandise by means of door to door approach. They are generally not whole timer in this occupation. They have also some other occupation such as farming as well as money lending in small amount. Economically they are not very sound but in comparison to the poor growers, they are better off. The village farias, generally collect the jute from small and marginal farmers. About 36 percent of raw jute in Assam are assembled by the village farias. The village farias are the main source of financial help to the small and marginal farmers. These growers take loan to meet their both needs of cash and kind at a very exorbitant rate of interest.

The village farias handover their purchase to the traders, kutchra balers and sometimes to the J.C.I. and co-operatives. As most of them have farming, they also get registered themselves as growers in the regulated markets, J.C.I. or in the co-operatives. Sometimes they also act as the agents of co-operatives.

Market Farias

Market Farias confine their operation in the village haat. They generally do not move from door to door. At the fixed market day they come to the market centre and purchase commodities from the growers as well as from the village farias. The market farias deal not only with one commodity but with almost all agricultural commodities. These people are engaged in collection of agricultural commodities by the traders, kutcha baler and sometimes by the J.C.I. and co-operatives. The cultivator of higher size groups accounted for the maximum percentage of sale of jute to the market farias. The market farias offer higher prices in comparison to the village farias.

The market farias are financially a bit sound in comparison with the village farias. The Government agencies now-a-days appoint these persons as agents to collect the raw jute on behalf of the agencies because they are experienced in jute trade.

The market farias often takes advances from the traders and kutcha balers and due to this financial obligation, they sell the collected goods to the traders and kutcha balers.

Commission Agents

Commission agents are nothing but negotiators between the big cultivators and kutcha balers, for selling and buying of raw jute. These agents earn commission for negotiating the transaction both from the cultivators as well as from the traders, the kutcha balers. The marketing costs for such transactions are to be borne by the traders. The income of the commis-

sion agents depends upon how much such transactions they can perform. This process enables the cultivators and the traders to eliminate some intermediaries.

Mill Agents

The Birla Jute Company, Hastings and Duncan had their agents in the district of Barpeta. These agents purchased jute on behalf of the mills and directly transported to their mills at Calcutta. Birla Jute Company with its adequate storage facilities is still functioning in the districts. The other two companies cease to function at present. Birla Jute Company has a very well founded establishment at Baharihat.

Kutch-Balers or Whole-Sellers

The kutch-balers can be seen at Howly, Barpeta road and Baharihat of Barpeta district. They are the big traders with abundant capital and infrastructural facilities of their own for jute marketing. They purchased the raw jute from the farias, agents, small traders and big cultivators. Then despatch the same to the terminal market at Calcutta directly. Before despatching the goods to the terminal market, the Kutch baling is done by them. Kutch balers are the only agency in traditional market channel to deliver the raw jute to the terminal markets. Of course with the functioning of the Jute Corporation of India, they have lost their monopoly to some extent. Yet, still they are the highest despatcher of raw jute to the terminal market from the state as well as in the district as J.C.I. procures only an average 20% of the total production of raw jute in the state. The kutch balers, generally function in the secondary market.

Organised Markets

Terminal Market

Terminal markets are generally located in metropolitan centres and big cities. In terminal market, a portion of the total products is sold for local consumption and the remaining portion is sent to other consuming centres of the country or abroad. The transactions in these markets are held among the traders. The growers have no place in these type of markets. The terminal markets are well equipped with all marketing facilities. Abundant storage facilities, adequate market informations and sufficient provision for communication can be seen in these markets. The commodities need not be sold in a hurry. There is sufficient provision of storage. Therefore, holding back of the commodities when the prices are not adequate is not a problem in terminal market, which is a big problems for growers in the primary market. The whole seller from the up country markets takes the commodities to the terminal markets and sell the products to the manufacturers, and stockists.

It is interesting to note that in India there is only one terminal market for jute. About 90 percent of the jute mills of the country are located in and around Calcutta and hence raw jute from all states generally come to the Calcutta market. From Calcutta jute products are released to the consumer of the country as well as abroad. Some agents or dalal are operating in Calcutta jute markets. These dalals negotiate for both parties, i.e. whole sellers of the up countries and the mills. If prices of the products are not agreeable for both parties, these are kept in the storage and wait for adequate price. The financial footing of wholeseller are sound. Therefore waiting is not a problem for them. The mills and their agents are the main buyers in terminal markets of jute. They pur-

chase the raw jute, manufacture it, keep some amount for internal consumption and export the remaining portion to the other countries of the world.

Co-operatives

The co-operative societies are the organizations which are set for the mutual benefits of their members. It is agreed that co-operation is the only means for the emancipation of the economically weaker section people of the country. Though co-operative movement started in India as back as in 1904, its achievements in the country is very poor. Co-operation among the rich section of the people, e.g. sugar growers' co-operatives and cotton growers' co-operatives are working successfully but hardly we can find any example of successful working of co-operatives among the poor. The main causes of failure of co-operative organisations may be summed up as mismanagement, lack of trained persons, lack of enthusiasm and initiative among the people, paucity of funds, illiteracy and the manipulation and competition from the private sector of the economy

In Assam cooperative movement is in a bad condition. Though there is continuous efforts on the part of the government to strengthen the co-operatives, yet it is with little success. In the year 1973, the Government of Assam set up 663 village level multipurpose co-operative societies with manifold objectives for upliftment of the rural economy of the State. These societies function for few years but at present these are in a very miserable condition.

In the district of Barpeta, each **mauza** (a group of villages under a unite revenue administration) has a **Bahumukhi Samabay Samiti** (multi-purpose Co-operative Society). The Howly Co-operative Marketing Society

is another big institution functioning in the district. The Assam State Federation of Co-operatives (Statefed.) is the apex body of the co-operatives of Assam. The Statefed. is entrusted by the Jute Corporation of India to purchase the raw jute in the district. The Howly Samabay Samiti another co-operative organisation which is also dealing with purchase and sale of raw jute in Howly area. The Statefed. has its branch office at the district headquarters at Barpeta and opening its five jute procurement centres in different places of the districts. It's operational aspect we shall discuss in Chapter V.

Jute Corporation of India

The Jute Corporation of India which was set up in India in the year 1971 with manifold objectives to deal with the jute trade, is functioning in Assam since 1973. The J.C.I. has opened 17 Departmental procurement centre and 8 subcentre in Assam in 1982-83. It gives sole right of procurement to the co-operatives in certain areas of Barpeta and Darrang District. Highest number of procurement centres are located in Goalpara district (8 D.P.Cs. and 3 sub-centres), next comes Nagaon districts with 7 D.P.Cs. and 3 sub-centres. In Darrang district which is one of the important jute growing area of the state it has no procurement centre.

Only two centres of procurement are opened by co-operatives. In the district of Barpeta, the J.C.I. has only one D.P.C. at Baharihaat and a sub-centre at Barpeta Road (Table 1).

In comparison to Assam, West Bengal have much more procurement centres of J.C.I. as well as of co-operatives. In the year 1982-83 (Table 2), in West Bengal we can see the existence of 60 D.P.Cs., 52 sub-centres and 73 procurement centres of co-operatives. In Chapter V we have made an attempt to assess the functioning of J.C.I.

Table - 1

**District-Wise Distribution of Purchase Centres of J.C.I. and
Co-operatives in Assam**

District	J.C.I. Centre		Co-operative
	D.P.C.	Sub-Centre	
1. Nowgong	1. Nowgong 2. Rupahi 3. Dhing 4. Moirabari 5. Juria 6. Lanka 7. Jhakilbandha	1. Bhuragaon 2. Jomkhola 3. Raha	
2. Sibsagar	8. Sarupathar		
3. Goalpara	9. Mankachar 10. Lakhimpur 11. Dhubri 12. Gouripur 13. Golokganj 14. Lakhiganj 15. Abhayapuri 16. Patiladah	4. Goalpara 5. Chapar 6. Bangaigaon	
4. Barpeta	17. Baharihaat	7. Barpeta Road	1. Baharihaat 2. Barpeta Road 3. Howly 4. Nagarbera
5. Kamrup		8. Rangia	
6. Darrang			5. Kharupetia 6. Tezpur

Sources J.C.I. office, Gauhati

Table - 2

**State-Wise Procurement Centres of Raw Jute of J.C.I. and Co-operatives
1982-1983**

State	Number of Purchase Centres in Operation		
	J.C.I.		Co-operative
	D.P.C.	Sub-Centre	
i) North Bengal	23	17	23
ii) South Bengal	37	35	50
1. West Bengal	60	52	73
2. Assam	17	7	6
3. Meghalaya	1	-	-
4. Bihar	13	10	34
5. Uttar Pradesh	1	-	-

Source : J.C.I. Office, Gauhati

Regulated Markets

Assam Agricultural Produce Market Act 1972 made provision of forming a regulated market for agricultural produces and accordingly regulated market scheme was introduced in four districts to give incentives to the producers of agricultural commodities providing improved market facilities.

The objectives of regulation of buying and selling of agricultural produces are:

- i) to eradicate the mal-practices prevailing in the urban and semi-urban markets;
- ii) in order to establish an efficient marketing system where the growers may obtain reasonable and competitive prices and the trading community receives a fair deal in trading, and
- iii) to establish modern market where transactions of agricultural commodities take place conveniently with all facilities of modern market yard, scientific go-down, banks, post-office, retail shops, shops for agricultural input supply, parking places, hotels, provisions for drinking water, etc.⁶.

Till 1984, 7 principal markets and 9 rural markets have been established under the provisions of the Assam Agricultural Produce Market Act 1972⁷. To implement the provisions of the Act, Assam Agricultural Marketing Board was formed with its head office at Gauhati. In the District of Barpeta two principal markets, Howly and Baharihat have been brought under regulation. The Howly regulated market started functioning since the year 1985-86. Baharihat is yet to start its functioning. The working of the Howly regulated market has been discussed in Chapter V.

3.5 Marketing Services

Market Intelligence

In India market intelligence system is very weak. Very few agencies exist for dissemination of market intelligence to the trading community⁸. Newspapers and radios though publish and broadcast the policies, crop condition and prices of the commodities regularly but traders community lay less importance on these media. Personal contact is the main source of market intelligence.

The traders in primary and terminal markets collect informations through their agents who are sent to different major markets to gather informations. The Traders in terminal markets maintain continuous contact through different media with the traders in other markets, and dalal in primary markets and terminal markets supply news to the different traders.

These people are specialised in this business and very carefully collects the informations regarding prices and qualities of the different type of commodities. Personal contact, therefore, appear to be the most important means of acquiring market information.

In the area of our study the farias and small traders collect the informations from the kutchra baler or wholesaler and accordingly they perform their functions in purchasing and selling. The main source of market intelligence for the growers of the district is the farias and small traders. Only peasants of large-size group with big amounts of marketable surplus can have market position either from the agents or from the wholesalers. The agents or dalals in negotiating the transactions make available to the growers and traders different market condition as well as crop pattern.

The information that can be collected by an individual trader is limited by the resources available to him and by the goods he has in the business. The office of the Agricultural Marketing Officer has a network to collect market informations in the areas. They have some investigators. These people visit the different trading centres of the areas and gather informations regarding supply of agricultural commodities and prices prevailing in the market. Then going back to the office, they broadcast the prices and market arrival of the area through All India Radio, Gauhati, daily. This office also hangs up a board in its premises showing the daily prices, weekly and monthly prices of the commodities.

The J.C.I. and the regulated markets at Howly also supply certain information regarding government policies, minimum statutory prices, etc.. But their activities in respect to market intelligence are very limited.

Therefore, it appears that in traditional market structure, personal contact is the main source of market intelligence. The trading community has little confidence on the informations received from other sources like government agencies, newspapers, etc.. Even the personal contact is also confined to the traders who are similar and similarly situated. No trader likes to give full information to every one if he is not within his confidence.

Grading and Bailing

The marketing services of raw jute do not end at the point of assembling. The assembling of jute is done by the market and village farias and to some extent by the small traders from the scattered areas of jute production. When the produces arrive from the primary market to the secondary markets, these are categorised into different standard by

expert persons. There are ten varieties of grading of the Assam jute. These are from W-1 to W-10. In the main trading centre of Barpeta district at Howly, Barpeta Road and Baharihat, there are grading facilities. The grading and assorting is done by the wholesaler, the J.C.I. and the Statefed.

After grading is over, the raw jute is bailed by the expert of the different government agencies and the private wholesaler. Grading and bailing needs time. Therefore, provision for storage and financial capacity are essential for this purpose. That is why the growers and small traders and also farias with their poor financial position cannot afford to take this venture, though grading and bailing is profitable to them.

Transport Services

The main means of transportation from growers to the primary market are manpower (headload), thela, bullockcart, buffalocart, boat and attimes tractors and buses. The farias carry the jute from village in primary market to wholesaler in the secondary markets mainly by buses and trucks and casually by bullockcart. From secondary market to terminal market, raw jute is sent by means of truck and sometimes by railways. Before Independence the most important transportation system for carrying jute from Assam to Calcutta was water ways. That system was cheap and convenient. But due to bifurcation of the country, the water ways now is abandoned. There is evidence of carrying jute from Sorbhog and Rupahi (Dhubri) by means of Air ways. Regular services of air transport were plying from these places.

The wholesaler and the mills agent of this district after processing and bailing transport the commodities to Calcutta mainly by Road Trans-

port system now-a-days as it is convenient and involve less risks. Railway transport though cheap, takes more time and at the same time proper care is not taken during the period of transportation. The Jute Corporation of India has its own arrangement of sending the products from Howly to Calcutta. The J.C.I. uses both rail and road transport system.

We do not like to include other marketing services here as we are dealing with the raw jute only.

3.6 The Problem of Marketing of Raw Jute

Agricultural marketing in its widest sense comprises of all operations involved in the movement of food and raw materials from farm to the final consumer. The agricultural marketing system has some special features which may be summerised as below.

Agricultural products tend to be bulky and their weight and volume are great for their value in comparison with many manufactured goods.

The demand for storage and transport facilities is heavy and specialised. Most of the firm products are perishable and cannot wait for long on the way to the final consumer without suffering loss and deterioration in quality and quantity.

The demand for agricultural product like food is regular throughout the year but this is not true in case of cash crop

The firm's output is produced neither at the time, nor in the place, nor in the form in which consumers require it. Because the firms are scattered over the rural areas and their products cannot directly satisfy the demand of the consumers.

The case of too many middlemen is a chief characteristic of agricul-

tural marketing in India. Of course, the middlemen perform many essential services like grading, processing, assorting, transportation, etc. in the process of marketing. The middlemen collect the products from the producers, assemble them in bulk. The heterogeneous produces are sorted into standard grade. Storage facilities are of more importance in case of agricultural products. Throughout the year the foodgrain is in demand but production is done generally at a particular time. Transportation from the growers to the consumers' table is a tremendous work involved in agricultural marketing. Moreover, there are services of provision of capital and risk-bearing by the middlemen.

These are the problems facing all agricultural commodities including raw jute in India in their purchase and sale. Yet marketing of raw jute to some extent is different from marketing of other agricultural products. The differentiation can be understood by analysing the following points.

1. The production or supply points of raw jute are scattered and large in number and spread to vast area. On the other hand the consumption or terminal points are few. In India, Calcutta is the only terminal market and consumption point as almost all the jute mills in the country are located within the greater Calcutta. The Mills consume more than 80% of the total production of raw jute⁹. Such single consumption centre cannot be found in case of other agricultural crops.

2. Raw jute is to take a long journey from the grower's farm to the final consumer, as the distance between production and consumption point is very large. Local consumer for other agricultural commodities including foodgrains plays a significant role in India¹⁰. This big gap between farmer and final consumer raises the costs of transportation to much higher than that of other commodities.

3. The entire supply of raw jute for the year comes to the markets within three or four months. In India August September and October is the peak period of market supply of raw jute and about 80% of the raw jute of marketable surplus brought to the market by the growers¹¹. This amount is the total requirement of all the jute Mills for one year¹². Thus supply becomes abundant during the post-harvest period. This creates the problem of procurement to the purchaser. It is not easy to handle the procurement operation of such a huge quantity of bulky goods like raw jute.

4. In comparison to other agricultural crops raw jute fibre requires additional services like assorting, grading, bailing, storage and transportation to long distance to make them fit for marketing. These functions are performed by the middlemen as even the simple tools for this purpose is not available to the small scattered peasants of jute belt.

5. The non-availability of the above mentioned facilities to the growers causes price determination of raw jute more complicated. The growers cannot influence the price fixation as they do not have adequate knowledge about grading and standardization¹³. Prices of raw jute are fixed by eye estimate (Gasat Rate) both by private traders and government agencies. Therefore, price determination is ultimately left at the mercy of the traders.

6. The bulky nature of raw jute leads to carriage difficulties. It requires more space in comparison to its value. Due to inconvenience of carrying raw jute to England, the British Government had to establish the jute mills in India which reduced risks and costs of production¹⁴. Not only in transportation raw jute faces difficulties but also in storage

it involves many more risks. Dry jute requires more space and it has hyper sensitiveness towards fire. Damages are also caused by the rats family during storage.

7. The presence of too many middlemen is common to all agricultural commodities. But in case of foodgrains and other commodities. Very often there is direct relationship between the producers and the ultimate consumers. In this respect the picture of raw jute is completely different. There is no direct relation between the producer of raw jute and its final consumer. A considerable number of final consumer of Indian jute are staying outside the country¹⁴.

3.7 Marketing Problem with Reference to Assam

Above all the problems mentioned above relating to raw jute marketing, Assam has some special constraints of its marketing.

The jute growing area of Assam is situated in far distance from the main jute consuming centre, i.e. Calcutta. Consequently, the cost of transportation from Assam to Calcutta is much higher than from the other producing areas of India. The price differentiation between Calcutta and Assam market is between Rs. 80 and Rs. 100¹⁵ per quintal. This cost of transportation per quintal is about Rs. 30. It makes jute marketing costlier and opens the way for exploitation of the farmers by middlemen.

During the pre-independence period, due to direct and shortest connection with Calcutta both by railways and waterways, transportation to some extent was favourable and cheap. Carriage of raw jute through water ways, the cheapest means of transportation, completely stopped after Independence due to hostility between India and Pakistan. The Railway link with the rest of India also cut off as the linking railways fell

under East-Pakistan, now Bangladesh. The construction of Assam link railways improves the situation. But the system was neither adequate nor smooth as there were many transshipments in different places and at the same time this system was costlier also.

Lack of local consumer is another problem for jute growers for which they are not getting remunerative prices. In West Bengal growers and mill or mill's agents are in direct relation. Mill and Mills' agents purchased the larger share of jute. The co-operative and the J.C.I. also more active there. Hence the role of intermediaries is comparatively weak in West Bengal. In Assam Farias collect the highest amount of jute¹⁶.

The feasibility survey confirms that production of raw jute in Assam is sufficient to feed 16 mills of 200 looms each. But not a single mill except the Assam co-operative jute Mills Ltd. at Silghat so far is established in the State though the foundations of two jute mills one in Darrang district and the other at Barpeta were laid down as back as 1974.

The absence of millers or their agents compels the farmer to sell his product to the middleman. Thus presence of too many intermediaries causes inconvenience to both growers and final consumers. Growers get less price while consumers have to pay more.

Further, Assam raw jute has to pay some amount in the form of entry fees to the Government of West Bengal when it enters the state in its journey to terminal market.

NOTES

- 1 Lele, Uma J., 1973.
- 2 **The Report of Agricultural Commission, Assam, 1975.**
- 3 **Ibid.**
- 4 **Ibid.**
- 5 **Assam Agricultural Produce Market Act, 1972.**
- 6 **Ibid.**
- 7 **Ibid.**
- 8 Lele, Uma J., 1973.
- 9 Choudhury, M.R., 1975.
- 10 Lele, Uma J., 1973.
- 11 Jha, B.V., 1971.
- 12 **The Report of Jute Enquiry Commission, 1970.**
- 13 Mitra, Ashok, 1977.
- 14 **The Spotlight on Jute, 1977.**
- 15 Assam Agricultural Marketing Board, **Estimate, 1985.**
- 16 Gohain, D., 1980.
- 17 Barua, D.N., 1974.

CHAPTER - IV
STATE INTERVENTION

Chapter IV

STATE INTERVENTION

4.1 A Retrospective View of Indian Economy - Forces of Change

The *laissez-faire* economy mooted by the Classical economists resulted in some grave evils such as great inequalities of income and wealth, emergence of monopolies, rising trend of unemployment, great instability in economic and social activities, etc. The inequality in income and wealth leads to division of society into two classes viz. the 'haves' and the 'have nots'. This class antagonism creates mutual tension and conflict between the two classes of society which again causes social and political instability¹. However, vice has also its own virtue. Rapid progress in two centuries alone in science and technology is the residual of *laissez-faire* economy.

The growth of capitalism faced severe criticism in the 19th century. The criticisms came from various directions, which may be summed up as reactionary, nationalist and radical. Adam Muller represented the reactionary view while Frederick List was the main advocate of the nationalist group. The radicals were Machiavelli, Bacon, Hobbes and Locke. These radical critics "gradually developed in Marxism a systematic philosophical and economic theory powerfully opposed to the doctrine of liberalism."

In the 18th century Industrial Revolution in Europe brought many maladjustment in the form of economic crisis, poverty and misery of working class. So, capitalistic system was attacked by socialists like Saint Simon (1760-1826). He specially emphasized the abolition of class

distinction and establishment of industrial equality. The followers of Saint Simon called Saint Simonians advocated extinction of institution of private property and opposed the law of inheritance. They advocated a system where the state became the owner of all forms of wealth. They wanted both production and distribution of wealth to be the State².

Robert Owen (1771-1858) was the founder of British Co-operative movement, movement for factory reform and trade union movement in England. The other contemporary socialist thinkers were Charles Fourier (1772-1837), Louis Blanc (1811-1882) and Prondhon (Pierre Joseph) 1809-1865 of France.

English and French socialism during that period were considered as utopian and idealistic and hence their influence on economic thought was not very great.

The problem of distribution of wealth became more important than any other economic problems in the writings of socialist economists like Sismondi. He felt that to maintain social justice, distribution was to be more stressed. The principle of *laissez-faire* was criticised severely by the socialist and considered the cause of economic evil to be the disparity between productive power and the social relations which determine their use. The state must step in to mitigate evils and remove the causes of evils of capitalist system³. Marx and Engels who believed that to end exploitation from the world it was necessary to abolish private ownership of means of production. They considered private property to be the cause of all social evils. The Bolsheviks, who were the followers of Marx and Engels came to power in Russia in 1917. They tried to give a practical shape to the ideas of Marx and Engel through economic plan-

ning.

Thus for the first time in the history of mankind, society made a concerted effort to end poverty, hunger, unemployment and inequality of income according to a plan. The tremendous progress achieved by Russia did have an impact on the capitalist countries of the world. Although the capitalist governments did not lose faith in the sanctity of private property and private ownership of means of production, yet they were convinced that government could play an effective role in reducing and eventually removing poverty, misery, unemployment and inequality, but faith in the operation of price mechanism as an automatic self-adjusting mechanism and **laissez-faire** as the supreme ideal began to lose ground rapidly.

Keynes' book, **The End of Laissez-Faire** and his public works programme had a tremendous and epoch making influence on abandoning noninterventionism⁴. It set an era of positive role of the state in economic and social life of nation.

Even the champions of capitalist system of production like U.K., U.S.A., West Germany began to introduce several legislative measures to regulate the economy through state interference.

It may not be wrong to mention here that the West has belatedly realised the secrecy of success of socialist economy specially in Russia. The Marxian concept of production specially its distribution of income float from strategy of socialist planning percolated down to the distribution of income borrowed by Western economists.

We have ear-marked inequality of income as the greatest evil of **laissez-faire** economy, the incentive that is induced by it cannot be consi-

dered as national criterion for maintaining inequality of income distribution. Since Second World War, every intellectual in the West has realised that it is the work force which keeps a nation on its feet. Hence the concept of distribution of income came as an aftermath of the destruction of the Second World War. Marxist's view of distribution of income based on the principle of need and on work performed, equality right is considered to be bourgeois idea by the Marxists but they wanted to achieve equalisation of right to income through rationalisation of wage-scale, job evaluation and through reduction of urban rural disparities. Of course, they have one advantage of being authoritarian in determining the prices, not on the basis of marginal costs principle but based on ability of the people to pay for the goods⁵.

So far as India is concerned a serious and sustained economic thinking along modern lines commenced only after India came in contact with England.

As result of the introduction of western type of education in India and due to some of the British economic institutions, the political and economic thinking came into being in the country.

Efforts were made to introduce *laissez-faire* type of capitalism in the traditional Indian society. The ideals of Adam Smith, Malthus, Ricardo and J.S. Mill were taught in Indian universities and their influence fell upon Indians. specially J.S. Mill's liberal thought attracted elite Indians⁶.

As a reaction to the liberal thinking of the English classical school, there was reaction to classical thinking about the end of 19th century. As a result of the impact of the nationalist thought of Frederick List of Germany, Dadabhai Naorji, M.G. Ranade, M.N. Roy, N.N. Deb and others advocated that instead of following non-intervention policy, the

government should actively intervene to protect industries and agriculture from the severe and unequal competition which the country faced from the industrial countries of the West.

The investigator, however, feels morally obliged to express his view that academic liberal views of the economists remained important due to the tradition and religious faith. Human dignity is a theme not of economic domains but imbedded into religious policy. It is due to the orthodoxy of our religion, it became very difficult to translate the ideas of great human economists and it is even so today. Let us give an example about the land distribution policy which was advocated by Indian National Congress as back as 1930 has not ever been realised today after 40 years of independence. Only one state in India, viz. West Bengal has attempted in this line but yet it is far from success.

After emergence of Gandhiji on the political scene of India, many of his ideas influenced the economic thinking and institutions of the country. Gandhiji's economic ideas contained **Swarajya**, self-sufficient villages, decentralisation of industries, emphasis on cottage and Khadi industries and upliftment of masses.

Jawaharlal Nehru was influenced by English thought and he believed in democratic form of government and Fabian socialism. His economic ideas played a crucial role in formation of economic thinking in India specially after Independence. He followed the Soviet type of planning in India to solve the complex problems of the country. During the struggle for independence he infused these ideas in to the Indian National Congress.

The Indian thinkers including Jawaharlal Nehru were impressed by the achievement of the socialist planning of Soviet Union. But at the same time they regarded the democratic values of the capitalist society

as indispensable for full growth of a **just society**. Thus India endorsed to take advantage of the virtues of the two schools of thought -- capitalist economy and socialist economy. Hence, Mixed Economy was inevitable for India under the circumstances prevailing just after Independence.

Though we call Indian economic system is a mixed economy system but it is hardly so. Because the trend of capitalism is very strong and at the same time multinationals are creeping in at the behest of the allied consumers who are also directly or indirectly involve with the economic planning. This, of course, creates not only inequality of income but much more dangerous than this, the transgression of Indian culture.

4.2 Nature of State Intervention in India - A Historical Background

The state intervention in national economy distinctly exposed first in the Industrial Policy Resolution of 1948 of the government of India. The state activities in industrial sphere further increased with the declaration of Industrial Policy Resolution (Amendment) 1956. This amendment brought as many as seventeen industries under direct state control and the state activities in the remaining two categories of industries also increased. As a follow up action several formalities were introduced for establishment of industries in private sectors.

Until the completion of the Second Five Year Plan, agricultural marketing in particular and agricultural sector as a whole was out of the purview of state interference. Only in the middle of the Third Five Year Plan state intervention in agricultural marketing began with the establishment of Food Corporation of India (F.C.I.) established in 1964.

Thereafter, the Cotton Corporation of India (C.C.I.) was set up to facilitate foodgrain and raw cotton marketing in the country. the enactment of Agricultural Produce Market Act by different state governments to

provide marketing facilities for agricultural commodities is a strong step in this direction. Of course, the regulation of agricultural produce market was started in early thirties as recommended by the Royal Commission on Agriculture. In the year 1982-83, there are only 400 regulated market in India⁷.

4.3 Price Fluctuation

Government intervention in jute economy was felt because the prices of raw jute in short period is highly fluctuating. This is due to the inelastic demand for and relatively elastic supply of raw jute in the country⁸. In our opinion a mechanism of price is *de facto*. This is not only the case for jute alone but for the most of the agricultural raw products because neither we have international exposure nor we have state level body which could control the prices. The bodies like Agricultural Price Commission are of recent origin. Also they have to do a formidable task on the face of dissimilarity in production, market centres as well as other factors. We have to mention that the demand for final jute products is volatile due to the prevailing international market situation. The reason is there are far better substitutes which are cheaper as well as attractive compared to jute products. Hence the question of elasticity of supply and demand as put forward in defence of periodic high fluctuation of price by Jha may not be considered as tenable. The production of raw jute is planned according to the prices of raw jute in current year. So, if prices of current year is high, production in next year will increase, consequently owing to elastic demand, prices in the year of high production experiences a low price. Reverse is the case if price in the current year is low. Table 3 shows the short period fluctuations in prices of jute goods and raw jute.

Table 3(a)

Fluctuations of Prices of Jute Goods

Month June-July	Prices/100 bags at Calcutta	
Year	Rs.	As
1951-52	206.1	
1952-53	101.1	
1953-54	104.1	
1954-55	117.14	
	Rs.	Ps
1955-56	110.19	
1956-57	113.63	
1957-58	107.36	
1958-59	94.95	

Sources : B.V. Jha, 1971; Spotlight on Jute, 1977.

Table 3(b)

Fluctuation of Prices of Raw Jute (per quintal) at Howly (in Re.)

Month	July	August	September
Year			
1977	205	152	165
1978	200	170	160
1979	165	160	155
1980	127	130	127
1981	172	170	158
1982	182	170	168
1983	300	275	240
1984	540	550	580
1985	340	250	195

Sources: Agricultural Marketing Office, Howly.

A substantial rise in prices of raw jute at the end of Second Five Year Plan had a favourable impact on production in the first year of the Third Plan. This increase in production led to fall in prices of raw jute in 1961-62. During the whole Third Plan Period raw jute prices showed a high level of ups and downs⁹.

The fluctuations in the prices of raw jute were caused by the variations in the trend of production. The production index for raw jute in the Third Plan was very erratic. During the Five-Year period it came down thrice. Production declined from 54.59 lakh bales from record level of 63.98 lakh bales of 1961-62. In 1964-65 it declined by 1 lakh bales.

This change of high magnitude in production led to rise in prices during the Third Five Year Plan.

The instability in the prices of jute and jute product made fortunes for some private traders and individuals. But it harmed the industry and jute economy as a whole.

For stabilisation of jute prices, measures were adopted after the great slump of thirties. The effort was launched with commendable competence. But it was short lived due to partition of India. Yet it was the first admission on the part of the authority that jute could not be left to *laissez-faire* and that control had to be brought in, backed by planning.

Therefore, the present state of marketing is to be replaced by a mechanism which has the power of stabilising prices and which could look after interest of both the producers of raw jute as well as its consumers¹⁰. Since jute is a specific rare commodity only available in the

North-East India, the method of cultivation is almost the same in all the states as well as neighbouring Bangladesh. The marketing structure and channel of marketing must be changed to give the growers remunerative prices and supply the goods to ultimate consumers at a reasonable price.

It was with mainly this objective in view that the Jute Corporation of India (J.C.I.) was created in 1971. The main objective of J.C.I. was to stabilise prices of raw jute at remunerative level and to market jute goods abroad. In 1968-69, the Agricultural Price Commission recommended that the Government might consider some agency which could take responsibility for price support operations in raw jute making it obligatory for such an agency to buy whatever quantities are offered for sale at the support prices. Such centralised purchase was considered necessary to ensure that market price of jute did not lag below the support level at any time¹¹. On the basis of this recommendation the J.C.I. was set up in April 1971.

The main functions of J.C.I. are :

- i) to purchase and sell jute and mesta grown in India;
- ii) to purchase, sell and otherwise dispose of and deal in jute and mesta¹² from outside India;
- iii) to export jute and mesta from India;
- iv) to organise and undertake purchase, sale and transport of jute and mesta (imported into or grown in India) including such allied duties as may be entrusted to the company for such purposes by the Central Government from time to time or anywhere else in the world.

- v) to generally implement such special arrangements for imports of internal trade of distribution of jute and mesta as the Central Government may specify from time to time in public interest;
- vi) to generally carry on business as exporters and importers of jute and mesta and exports of jute goods;
- vii) to undertake processing of jute and mesta and manufacture of jute goods;
- viii) to undertake export of jute goods; and
- ix) to support, protect, maintain, increase and promote export of jute goods by such methods as may be necessary or expedient including market studies, sending out trade missions, opening foreign offices, conducting propaganda and publicity in foreign countries.

The functioning and achievements of J.C.I. is discussed in Chapter V.

Another form of state interference in the raw jute marketing is setting up of co-operatives and linking the same with marketing operation for the benefit of the growers and consumers.

Efforts are being made by the Government of jute growing states for expansion of rural credit to remove the financial deficiencies of the growers.

The other main constraints faced by growers are inadequacy of access to markets, lack of grading and other essential facilities like storage even at notified regulated markets and uncertainties involved in taking jute to distant markets.

In view of the above deficiency the state government of jute growing states with the recommendation of state Ministers of Agriculture and Co-operation took measures for development of infrastructure specially in regard to credit, grading, regulated markets, warehousing and transport.

Though establishment of regulated markets is a big step towards providing marketing facilities to the buyers and sellers, yet their impact in the jute growing states is yet to be felt.

The regulated markets are meant for removing the existing mal-practices in the marketing system. Though the major jute producing states have passed the Regulated Markets Act and have also notified a good number of markets, in the absence of essential infrastructure, such as market yards, warehouses, etc., enforcement of the Act is understandably beset with difficulties¹³.

Grading is an important constituent of marketing system. The Government of India with the help of state government provides financial assistance to train the farmers in grading and assorting. To ensure benefits of regulation, grading and standardisation would have to be introduced in large scale. The Indian Standard Institution with the help of the Directorate of Jute Development, Industry, Trade as well as research institutions, has evolved in eight grade system based on certain scientific norms. This is done under Jute Grading and Marketing Rules. How far this programme of training facilities is able to benefit the farmers is evaluated in Chapter V in the light of the response of the growers of the sample village.

NOTES

- 1 Kurihara, K.K., 1974.
- 2 Schumpeter, J., 1954.
- 3 Roll, Eric, 1974.
- 4 Desai, S.S.K., 1982.
- 5 Ellman, M., 1979.
- 6 Industrial Policy Resolution (Amendment), 1956.
- 7 Ganguly, J.B., 1983.
- 8 Jha, B.V., 1971.
- 9 **Ibid.**
- 10 Interim Report, Jute Enquiry Commission, 1970.
- 11 Report of the Agricultural Price Commission 1968-69.
- 12 Mesta - A fibre crop which is much more strong than jute used mainly for making fish-nets.
- 13 National Commission on Agriculture (Govt. of India), Interim Report on Certain Important Aspects of Marketing and Prices of Cotton, Jute, Groundnuts and Tobacco, 1974.

CHAPTER - V
AN APPRAISAL OF STATE INTERVENTION

Chapter - V

AN APPRAISAL OF STATE INTERVENTION

5.1 Duties and Responsibilities of Jute Corporation of India (J.C.I.)

As a result of the recommendation of Agricultural Price Commission, as we have mentioned earlier, the J.C.I. with manifold objectives was set up in 1971. The J.C.I. is functioning in the district of Barpeta from 1973. The Agricultural Price Commission set up in 1955, fixes support price, procurement price and incentive price annually. In case of jute and sugarcane the minimum support prices were assigned statutory status. This makes it illegal for any body to purchase the commodity at less than its minimum support price. But due to weak market infrastructure, minimum price remains ineffective or unsatisfactory. The following tables show the ineffectiveness of the statutory minimum support prices of jute in different periods.

Table 4 reveals that in most of the time the market price is much below the support price, specially during the period when the poor farmers bring the commodities to the market. It is seen from the table in 1974 at Barpeta Road the market price of jute in July-August was below the statutory minimum support price. In the year 1980, the price prevailing in the market is much below the minimum support price. The minimum support price is Rs. 160.00 per quintal whereas the market prices are fluctuating between Rs. 100 and Rs. 132. The minimum support price is fixed at least to cover the costs of production. But very often the cultivators have to sell the products below the costs of production. Not

Table 4

**Wholesale Prices of Jute at Selected Up Country Market and Corresponding
Minimum Prices (Rs. per quintal)**

Month/Week		Assam/Barpeta Road (Howly) (Bottom)
Statutory Minimum Price		Rs.125.00
Wholesale Price		
July 1974	I	100.00*
	II	117.50*
	III	115.00*
	IV	117.50*
August 1974	I	120.00*
	II	120.00*
	III	125.00*
	IV	137.00
September 1974	I	147.00
	II	145.00
	III	150.00
	IV	142.00
October 1974	I	140.00
	II	137.00
	III	137.00
	IV	130.00
November 1974	I	135.00
	II	125.00
	III	130.00
	IV	127.00
	V	125.00
December 1974	I	127.50
	II	125.00*
	III	125.00*

* These prices were below the corresponding statutory minimum level.

Source: Report of the A.P.C. on Price Policy for Jute for 1975-76.

to speak of Assam market, in almost all markets of jute producing states of the country in 1980, the whole sale market price is far below the minimum support price. This we have shown in table 5. Table 6 shows that in the peak period of market arrival, i.e. from August to October the producers get much less than the government's prescribed amount during the period from 1978-79 to 1985-86, except the period of two years in 1983-84 and 1984-85. Prices again slipped below the specific support level from September, 1986.

Therefore, it may be concluded that the policy measures of minimum statutory support price fails to give the remunerative prices to the growers. Obviously, official intervention in the way of price support purchases is feable and ineffective. The bank finance for price support operation in the case of jute has been niggardly. Further, despite of the official recognition of adequate price incentives to the farmer as one of the major means raising output, there has been intense resistance to any attempt at raising the level of minimum support price for raw jute. The demand for adjusting the support price level and the costs of living have met with marginal response¹. The necessary consequences have been a forced reduction in the level of real earnings of jute growers. The jute growers are disorganised, scattered and most of them are marginal and small farmers. The rich peasantry in the rice and jute belts also cannot assert themselves as much as their counter-parts can in the wheat and cotton belts. This is another constraint to raising the minimum support price.

The Jute Corporation of India has not risen to the occasion to safeguard the interest of the jute growers. Neither, J.C.I. is able to provide

Table 5

**Wholesale Market Prices of Raw Jute and the Statutory Minimum Level
(Rs. per quintal)**

Week end	Assam Barpeta Rd. (W-5)	Bihar Gulab (W-5)	Tripura Agartala (W-5)	W. Bengal Samsi (W-5)	
1	2	3	4	5	
Statutory Minimum Price	160.00	169.00	160.00	168.50	
Wholesale Price					
Sept. 1980	I	122.50	115.00	127.00	124.15
	II	132.50	115.00	N.A.	124.15
	III	132.50	130.00	N.A.	124.15
	IV	125.00	130.00	N.A.	124.15
Oct. 1980	I	125.00	130.00	135.00	124.15
	II	N.A.	130.00	130.00	124.15
	III	120.00	130.00	125.00	124.15
	IV	117.00	150.00	128.00	124.15
Nov. 1980	I	100.00	150.00	125.00	124.15
	II	100.00	150.00	125.00	124.15
	III	100.00	150.00	130.00	124.15
	IV	N.A.	150.00	125.00	124.15
	V	N.A.	150.00	120.00	122.02
Dec. 1980	I	N.A.	150.00	120.00	124.15
	II	N.A.	150.00	120.00	122.02
	III	N.A.	150.00	120.00	N.A.
	IV	N.A.	150.00	120.00	N.A.

N.A.: Not available.

Sources: Report of the A.P.C. on Price Policy for Jute for 1980-81.

infrastructural market facilities nor is it successful in procurement of jute. The market mechanism is still at the hands of the private traders and millers. Both organisational and operational aspect of J.C.I. are not satisfactory. Out of 17 Departmental Procurement Centres (D.P.C.) in the state, Barpeta district has only one D.P.C. at Baharihat and a sub-centre at Barpeta Road. There are 8 village level collection points at village haats. These points are situated at Baharihat, Mondia, Howly, Barpeta Road, Ananda Bazar, Basbarihat, Salbarihat and Sorbhog.

In Assam the J.C.I. procured highest amount, i.e. 27.3 percent of the total production in 1981-82. It comes down to 18.7 percent in the next year and again it slashed down to 13.0 per cent only in 1983-84. The average percentage of procurement during the three year period is approximately 20 percent of the total production in the state as is evident from table 7.

No growers in the sample village sold either to co-operatives or to the J.C.I. (table 20 of Chapter). The main constraint of delivering the goods to the J.C.I. and co-operatives is formalities adopted by these agencies and the mode of payment. The farmers require hard cash immediately but government agencies with all its formalities delay in making payments. Naturally, as the peasant individually exchange very small amount of commodities, they avoid transaction with the government agencies.

The Barpeta Road sub-centre of J.C.I. which covers the area of our investigation has a very poor record of procurement during the period

Table - 6

(1) Statutory Minimum Support Price; (2) Yearly Average Market Price; (3) Market Price of W-5 at Howly Monthwise
(In Rs.)

Year	(1)	(2)	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1978-79	150	155	162	155	156	155	157	160	165	160	155	150	143	150
1979-80*	155	135	140	140	137	145	150	150	127	130	127	125	120	130
1980-81*	160	153	138	145	152	158	148	150	172	170	158	155	150	148
1981-82*	175	174	150	152	160	165	172	180	182	170	168	190	200	210
1982-83	180	262	225	230	245	287	250	260	300	275	240	270	275	290
1983-84	185	540	310	325	390	400	440	500	540	550	580	800	820	825
1985-86	215	457	860	865	740	700	650	400	340	250	195	155	165	175

* These prices are below the corresponding minimum level.

Sources: Report of the A.P.C. and Agricultural Marketing Office, Govt. of Assam, Howly.

Table 7

Procurement of Raw Jute and Mesta by J.C.I. and Co-operatives in Assam
(In '000 bales)

Production vis-a-vis Procurement of Raw Jute	Year		
	1981-82	1982-83	1983-84
1. Estimated Production of Jute and Mesta in Assam	9.00	7.00	8.00
2. Procurement in Assam			
J.C.I.	2.08	1.13	0.85
Co-operatives	0.38	0.18	0.19
Total	2.46	1.31	1.04
3. Procurement as percentage of Production	27.3	18.7	13.0

Sources: Brief for meeting with the Agricultural Production Commissioner and other officials of the Government of Assam held at Dispur on 29th May, 1984.

of 1983-84 to 1985-86. The total amount of raw jute collected by the sub-centre is only 163, 57, and 76 quintal respectively.

5.2 Role of Co-operatives

The J.I.C. has been entrusting the procurement responsibilities of this district to the Assam State Federation of Co-operatives (Statefed.) since 1979-80. The major centres of collection of Statefed are Baharihat, Barpeta Road and Howly. In 1985-86 two new centres at Mandia and Kayakuchi have been opened. Statefed purchased the commodities at minimum support price. As the Statefed acts as an agent of J.C.I., it directly hands over the collected amount of jute to the J.C.I.. The Statefed has its own arrangement of transportation, bailing and grading. For performance of all these functions it gets Commission at the rate of Rs. 15.00 per bale from J.C.I.. In the year 1985-86 the Statefed earned a gross commission of Rs. 15,53,085.00. In purchasing raw jute from the growers, the Statefed has no standard way of grading. Eye-estimate or Gasat rate is applied in grading. After procurement grading and bailing are done by the experts of the Statefed. Generally 2 per cent deduction is made on account of moisture. A certain percentage of moisture is allowed which varies from 18 percent to 14 percent according to the season. this moisture content is allowed as commodities like raw jute can never be moisture free. The Statefed generally collects the raw jute through the Primary Co-operatives and agents for which some amount of commission are given to them.

Though the institutional aspect of the co-operative like Statefed

seems to be encouraging, its operational aspect is not satisfactory.

Table 8 shows that the Statefed collected the highest amount of jute in 1980-81, i.e. 26 percent of the total production of the district, but has gradually come down to 20%, 18%, 10% and 9% in the year 1981-82, 1982-83, 1983-84 and 1984-85, respectively. The average percentage of collection of statefed from its functioning is about 15% of the total production of the district. That means 85% of the production for sale is left at the mercy of the private traders. Table 20 (Chapter VI) also shows that none of the growers of sample village sells to co-operatives as the mode of payment and official formalities are great handicap to them. Though the purchase and sale of raw jute in the district are profitable venture, yet performance of Statefed in the district is far-from satisfactory.

We also visited the two primary co-operatives situated at Howly. The role of these two primary societies in jute marketing is in bad condition. The Uttar Ghilajari Bahumukhi Samabay Samiti undertakes the purchase and sale of jute as an agent of Statefed. It collected 1456 quintal of jute in 1980-81 and 2739 quintal in 1986-87. This primary marketing also like growers complained that the delay in making payment by Statefed is the major constraint in jute marketing. A huge amount of money still unpaid by Statefed. to the society which cannot afford to do such business with its small capital. Another, co-operative organisation, the Howly Sambay Samiti never purchased any amount of jute.

Here the question arises, if the growers of the districts do not sell to the J.C.I. or co-operatives (Table 20) how do these institutions collect

Table 8
Year-Wise Area and Production of Jute and Procurement by Statedfed
in Barpeta District

Year	Area in hect.	Production in bale of 180 kg	Procurement by Statedfed in bale of 149 kg	Percentage ($4 \div 3 \times 100$)
1	2	3	4	
1979-80	13,610	1,12,963	18,565	16
1980-81	13,610	1,12,963	30,202	26
1981-82	13,990	1,16,117	23,271	20
1982-83	14,000	1,16,200	9,823	8
1983-84	13,304	1,10,420	11,756	10
1984-85	15,931	1,32,227	11,475	9
1985-86	13,985	1,16,075	N.A.	-

Sources: Assistant Jute Development Officer, Barpeta, and
 Statedfed Office, Barpeta.

the raw jute? Our inquiry reveals that the co-operatives and Statefed appoint agents for procurement of jute on commission basis. The agents are nothing but the expert and well-to-do farias and small traders who collect the jute from the growers and sell them to the co-operatives. Thus again growers are left to the mercy of the traders and farias. Hence, the cooperatives are not yet able to have a direct link with the growers and growers are still dependent on traders and farias.

5.3 Nature of Regulated Market

The Howly Regulated market, the only market of this type, is also not able to fulfill its primary objectives. Our inquiry shows that not a single growers of the village has registered his name as grower in the regulated market. Therefore, they cannot or do not sell their commodities in the said market through open auction system. The small growers sell their products in very small quantities. Therefore, they do not like to take their goods to such market. Big growers are either ignorant or due to personal choice do not sell in the regulated market. In the year 1985, the total amount of transaction of jute in the regulated market is 5270 quintal only, whereas the total market arrival of jute in its area in 13,000 quintal per week (Table 9). But some big growers, small traders and farias have registered their names as growers in the regulated markets by some unscrupolous means. Once again growers are deprived of the benefits of the regulated markets.

5.4 The Grading Centres

The Department of Agriculture, government of Assam has opened a training centre for jute grading at Howly. The purpose of this centre is to train the jute growers in processing the raw jute into different cate-

gories. A stipend worth of Rs. 200.00 per month with hostel facilities is provided to the trainee. Several batches of trainees have gone out after completion of the training course but nobody has started any processing unit in the district. From our investigation we got the idea that most of the trainees were college students who came to the centre not for training but for the money they received in the form of stipend.

Table 9

**Total Estimated Market Arrival of Jute for Howly Regulated Market
Per Week**

Name of Market	Quantity (in quintal)
1. Howly	3,500
2. Barpeta Road	2,500
3. Sorbhog	3,500
4. Ananda Bazar	2,500
5. Path Sala	1,000
Total	13,000

Source: Report of Agricultural Commission of Assam.

The Directorate of Jute Development, Government of India, have also opened a jute grading programme in the area. They go to the village and train the growers directly. But its achievement is yet to be assessed as it has started its functioning in the area only in 1986-87.

From the above discussion we may come to the conclusion that though the government policy is aimed at providing different marketing facilities to the growers, yet it has a long way to go to reach its objectives. Dominance of private traders and other middleman is still there in the system of jute marketing.

The Jute Corporation of India and the Statefed and other primary co-operative are neither efficient nor have any initiative to bring the farmers under the umbrella of organised market structure. Even these organisations also till now solely depend upon the market farias and small traders who are appointed as the agents of the aforesaid agencies to collect raw jute from the farmers.

The price of raw jute cannot be controlled either by the minimum support price or by the purchase operations of the governments instruments. Still it is at the hands of the some big traders and mill owners operating in the only terminal market at Calcutta.

Market Intelligence

The source of informations in the district regarding market conditions is limited to the Howly Agricultural office of Department of Agriculture, Government of Assam. The J.C.I. supply the government policy and minimum prices fixed by the Agricultural Price Commission. The market transmission by All India Radio, Gauhati, on the basis of Agricultural Marketing Department of the Government of Assam are also available.

Therefore, apparently market informations seems to be adequate. But in reality these are far from satisfactory specially to the growers and small traders. From our investigation we come to know that about 75

percent of growers are ignorant of price condition in the market. Not to speak the All India prices, they are not even aware of the prevailing market conditions in the nearby markets. The only source of informations for the small peasants is market and village farias. The bigger size group of cultivations only get some infromations from the whole-saler, agents or traders. The small traders are also not organised in the district. They also collect informations from the market farias and wholesalers. Only the whole-salers have some own network of collecting informations from various parts of the states and from Calcutta market. And that also by means of personal contact. Therefore, it may be concluded that transmission of market intelligence in the district is not sufficient and, therefore, needs much more improvement to cope with the modern market-ing system.

NOTE

- 1 Mitra, Ashok, 1977.

CHAPTER - VI
DATA ANALYSIS

Chapter - VI

ANALYSIS OF DATA

6.1 Now we shall be discussing the problems of data which is a most crucial part of this work. Although jute is the primary cash crop in Assam after mustard, when it comes to the question of volume of production, productivity of labour or of the capital inputs in the real sense, systematic published data are not always available. The State Government on the basis of the annual data on volume of production per hectare determined in their own curious way, probably from their pilot study by the Department of Agriculture over a number of years has concluded that 8.3 bales of jute are produced per hectare of land. We have reason to believe that a uniform rate of productivity per hectare is not tenable. From our study we have been able to get a different picture of productivity of land in the case of jute cultivation. It is clear from our survey that about 58 percent families of farmers within the range of 3 bighas of jute cultivation the average production of jute is 6.6 bales per hectares whereas about 6 percent of farming household with average land holding size of 18 bighas of land, the average production is 12.2 bales per hectares.

We know that production function is conventionally of multiplicative type such as Cobb Douglas Production function,

$$Q = a_0 L^{a_1} K^{a_2}$$

where,

Q = output; a's = parameters

L = labour; K = capital

There are many reasons for discarding the viability of Linear Production Function. First production function is a global one. Secondly, technique

of production differs from firm to firm, and thirdly, it depends upon the size of the firm. We also believe that productivity of marginal farmer and the affluent farmer may not be the same. In order to confirm our view, for our initial survey work we had to take recourse to Stratified Random Sampling, but it is by systematic method that we picked out our sample farmers at the final stage.

6.2 Data Base

Primary Data

For our primary data we have selected village **Sukh Manas** in the Barpeta district under Bhawanipur Development Block. The village consists 220 families of farmers mainly cultivating jute as the major crop. We have selected this village due to the reasons that all the families of the village cultivate jute and their economy is based on jute. Cultivation of jute is the not only way of life for the villge but also a culture inherited from their ancestors. The village is neither quite far from nor is it in close proximity to the Howly market, one of the important jute marketing centres of the district. Since we are studying price variation, the distance factor has to be counted, for it affects transport cost and hence prices. Our Howly market is a primary as well as secondary market of the district with improved marketing facilities. Our intention is to find out how far these facilities are taken advantage of by the jute growers which are available to them.

Further Bhawanipur block in which the village is situated is one of the important jute growing areas of the district. The village is also easily accessible to us for our field work and we found the cultivators co-operative. As we have mentioned earlier, we took resort to systematic

sampling in picking out 45 farmer families out of 220 families of the village, i.e. 20% of the farmers. We have prepared a questionnaire which is supplied in the appendix and this investigator himself interviewed the farmers. The data that we have collected from the growers make the core of the analysis which is presented in the following tables.

Table - 10

Area sown in bigha	No. of Farmer	Percentage
1 - 5	12	26.9
5 - 10	14	31.11
10 - 15	7	15.6
15 - 20	3	6.6
20 - 25	4	8.8
25 and above	5	11.1
	45	

Table - 11
Cost of Cultivation Per Bigha

Cost	No. of Household	Percentage
300 - 350	17	37.77
350 - 400	11	24.44
400 - 500	13	28.88
500 - 550	4	8.80
	45	

Table - 12
Jute Area Sown

Area	No. of Farmer	Percentage
1 - 5	26	57.7
5 - 10	9	20.0
10 - 15	5	11.1
15 - 20	3	6.6
20 and above	2	4.4
	45	

Table - 13
Income of Household (In Rs.)

Income	No. of Family	Percentage
Upto 1000	3	6.6
1000 - 2000	14	31.1
2000 - 4000	14	31.1
4000 - 6000	7	15.5
6000 - 10,000	5	11.1
10,000 and above	2	4.4
	45	

Table - 14

Unit of Production	No. of Family	Percentage
0 - 3	Nil	0
3 - 4	3	6.6
5 - 6	23	51.1
7 - 8	14	31.1
9 - 10	2	4.4
10 - 20	2	4.4
20 and above	1	2.2

Table - 15
Indebtedness

Source	Amount (Rs.)	Interest	No. of household	Percentage
Private	39,600	10% - 100%	34	75.5
Agents	-	-	-	-
Bank/ Co-opt.	25,500	7%,8%,10%	5	11.1
Govt.	29,400	10%	6	13.3
			45	

Table - 16
Choice Criterion

Crop	No. of Household	Percentage
Jute	45	100
Sali Paddy	19	42.2
Wheat	10	22.2
Linseed	5	11.1

Table - 17
Period of Sale

Period of Sale	No. of Household	Percentage
July-Sept.	36	80
Oct.-Dec.	4	8.8
Jan.-Mar.	3	6.6
Apr.-Jun.	2	4.4
Distress Sale	38	84.4

Table - 18
Distance from Market

Distance from the Market (in K.m.)	No. of Household
5 - 6	19
7 - 8	22
9 - 10	4

Table - 19
Means of Transport

Means of Transport	No. of Household	Percentage
Human	5	11.1
Thela	17	37.7
Cart	13	28.8
Boat	9	20.0
Bus	-	-
Tractor	1	2.2
	45	

Table - 20
To Whom Sold

Buyers	No. of Sellers	Percentage
Farias	37	82.2
Traders	8	17.7
Co-operatives	0	-
J.C.M.	0	-
	45	

Table - 21

Market Awareness

	No. of Household	Percentage
Yes	11	24.4
No	34	75.5

Table - 22

Storage Facilities

	No. of Family	Percentage
Have	7	15.5
Have-not	38	84.5
	45	

Table - 23

Knowledge of Regulated Market, J.C.I. and Co-operatives

	No. of Household	Percentage
Yes	25	55.5
No	20	44.4
	45	

Table - 24

Knowledge of Grading/Gasat Rate/Bailing, etc.

	No. of Household	Percentage
Yes	9	20
No	36	80
	45	

Table - 25
Share Cropping

Type of Farmer	No. of Farmer	Percentage
Owner Farmer	13	28.8
Share Cropper-cum-Owner	32	71.1
	45	

We have also personal discussions with the farias operating in the different market curve of the districts and tried to understand their involvement and activities in the marketing process. Though the interviewis not in the form of a questionnaire; yet we are able to get many informations in relation to their activities, economic conditions and their earnings in the process of marketing. The impression we have drawn from these discussions are incorporated in Chapter VII as we could not analyse them in proper way due to time factor.

There are only two whole-saler at Howly and two at Barpeta Road. At Baharihaat Birla Jute Company with few traders are running their jute business. These three centres control the entire jutemarket of the district and nearby district as well. When asked some questions regarding the trade, the traders were reluctant to answer directly. Of course, few questions were answered without any reservation. The inferences we were able to draw is described in Chapter VII. These questions were mainly relating to their mode of purchase and sale, transportation costs, bailing and grading and appointments and commission paid to their agents and farias. These traders also collects jute through farias and agents, for which agent are paid commission of 2.50 per quintal. Only one wholesaler directly purchase from growers.

Secondary Data

Since no single source can supply all relevant data, the data used in our analysis are collected from various sources. We have data regarding price of raw jute at Howly market from the office of the Agricultural marketing, Howly. The prices of terminal market are collected from the different volumes of "Agricultural Situation in India" and some issues of the Statesman published from Calcutta. Prices prevailing in different markets of jute belt are taken from the Report of the Agricultural Price Commission, Government of India. Data relating to minimum support price are also taken from the same source. The Assam Agricultural Marketing Board, Gauhati, gave us all necessary informations regarding Regulated Market and market arrivals of different haats of Assam.

The procurement data of raw jute is taken from the Gauhati office and Barpeta Road sub-centre of Jute Corporation of India. "Statefed" which is the sole agent of J.C.I. in the district supplied the data concerning its procurement and other market services rendered by it. Data pertaining to the working of co-operatives in jute marketing in the area of study received from Ghilajari Mauza Bahamukhi Samabay Samiti and Howly Samabay Samiti. As far as market arrival in the Howly regulated market is concerned, I had the informations from the office of the Howly Regulated Market.

Production of raw jute in the state and in the district are taken from the Department of Economics and Statistics, Assam and Assistant Jute Development Officer, Barpeta, respectively. The Agro-Economic Research Centre for the North-East India, Assam Agricultural University,

Jorhat was consulted for informations about the Intensive Jute Development Programme. Data regarding productivity per hectare and costs of production per hectare are collected from the Extension Officer (Agriculture) attached to the Bhawanipur Block. Our cost analysis in the marketing process is taken from the estimate of Directorate of Jute Development, Government of India, Ministry of Agriculture and Rural Development, Howly Office.

6.3 Market Perfection

In the light of the data we have collected from the Primary Source, let us now examine the nature of competitiveness in the market structure of jute trade. A perfectly competitive market is that where large numbers of buyers and sellers are present. They have full knowledge about the prevailing market conditions and no single buyers or sellers can influence the market demand or supply, hence the price. Therefore, in a perfectly competitive market the farmers must be free from any kind of bias. They must not be heavily indebted to private agencies. Their decision as regards to time, place, agency and method of sale must be uneffective¹.

From our investigation it emerges that the traders specially the big and whole-sale traders are in advantageous position. These advantages are enjoyed due to availability of great deal of capital at their disposal. Capital plays an important role in an unstable market situation². It provides better staying power in speculative and storing or hoarding capacity for opportune time. It also enables a trader to acquire more informations on market conditions than his smaller counterpart. Capital provides him transportation facilities when these are not available to the others in the market. It gives him capacity to spread his investment and his risks

thus spread on a variety of inventories so as to balance the losses with gains. A trader with huge capital may work on a much smaller margin of profit than is possible for his smaller counterpart.

In the jute marketing structure in Barpeta district there are only five whole-salers with huge capital and all marketing facilities like storage, grading, processing, etc.. They have not only good link with the terminal market in Calcutta but also have experience for generations in the trade. They can collect market informations everyday. Accordingly, they inilaterally determine, through their agents and farias the maximum price of jute for the day. On the other hand, the jute producers are small and disorganised. In the sample village, there is not a single co-operative. Even in the district, we cannot find a co-operative society of jute growers. The cultivators are so poor that only 4.4 percent people have their income above 10 thousand annually (Table 13). And so the advantages due to availability of capital enjoyed by the traders are out of imagination of the cultivators. About 84.4 percent of growers have no storage facility. The remaining 15.6 percent though have storage provision, these are neither scientific nor adequate (Table 22). As they do not have storage facility and capital is too short, they cannot keep product for long period, nor they can wait for opportune time. From table 15 it appears that 75 percent of agriculturists are heavily indebted to private individuals and other 25 percent have either bank or government loans. Naturally these persons cannot have bargaining capacity and hence they hardly can influence the market conditions.

Regarding market awareness it is seen from table 21 that 75.5 percent households have no knowledge of market conditions. The other 25 perc("R " t

have some knowledge but they have no capacity to influence the market by supply or by withdrawing the marketable surplus.

As the income of the cultivators is very poor (Table 13) savings among them is almost nil. Even the richest farmers we have visited personally, have no standard of living. They are rich because others are very poor. Therefore, capital formation among growers is almost nil. Consequently investment in the form of different modern inputs is not possible.

Thus income derived from the productivities does not make even a so-called rich farmer better than a marginal farmer. We know that ignorance is the cause of poverty, the drive that comes from knowledge cannot be expected from illiterate one.

Therefore, it is evident that the prevailing market structure of raw jute is highly imperfect and growers are at the mercy of the traders and other middlemen.

6.4 Price Discrimination

We have ample evidence from the data given by the respondent, i.e., the farmers at the primary market and the traders at the terminal market, that there is a huge difference of prices in respective season per bale of jute. Also from our enquiry we found that most of the farmers excluding the affluent one do not have storing facilities. Since jute is a bulk goods at the same time perishable in nature, it has to be disposed of as quickly as possible to get the minimum expected price. Hence evidently we can think of differences in price at the primary market and at the terminal market. This is one aspect of the price differentiation pertinent to the availability of the storing facility.

Another aspect of price differentiation we can expect from characteristics of middlemen as well as the prevailing circumstances with respect of transportation and other allied costs, such as handling, classification, temporary storage, loading/unloading, choice of mode of transportation and the economic situation prevailing in the terminal market.

We should not ignore that fact that jute being the unique commodity or its product of which demand is at a variance due to the international market situation. In an age of polyester and other synthetic fibres which are used for the same purpose, at the same time having the quality of durability, and much more competitive with respect to price differentiation.

Therefore, we assume that seasonal price variations are not only affected by a domestic factor, as usually done, but also by international market situations.

When it is a case of monopolistic producer and supply conditions prevailing then, there is always political interference, as for example, there is strong clamour of establishing jute mills where the growers are concentrated. The establishment of Silghat Jute Mill is an example. Although the aim of establishing a jute mill in the periphery of the jute growing areas is accentuated by the principle of giving the jute growers an incentive to grow more jute but at the same time to provide other opportunities such as employment and yet the most important factor like research and development both in production of raw jute as well as jute articles cannot be ignored.

Even though all the factors considerable, may not be the factual criteria which dominate the price differentiation between the primary and the terminal market. There may be other factors which we shall

not be able to either investigate or to quantify such as personal motive of the sellers as well as the buyers. In this particular case, we are trying to ascertain whether the price difference is to be distance factor alone of the terminal market, principally governed by the transport costs. Hence in order to ascertain this we take the following procedure whether the price difference at the primary market as well as the terminal market can be attributed to transport costs etc.. Now if we consider

C_p = Cost of Primary market

C_T = Costs of terminal market

P_p = Price of primary market per bale of jute,

P_t = Price of terminal market per bale of jute.

Then evidently

$$C_p/P_p \approx C_T/P_t$$

Since we believe that the difference of price if it is all due to the costs of transportation and other handling charges, then this ratio should equate to 1. In tables 26 and 27 we have calculated these ratios:

Now we have discovered a very interesting factor, of all the four seasons it is the first season the ratio approximates to 1, whereas in the other season it is far from 1. From this we can infer, of course, with caution that costs is not the principal determinant in differentiating price between the primary market and the terminal market. In all the other season, we found that the values of the ratios do not approximately equal to 1. Now we may ask ourselves a question whether costs or the behaviour of the sellers is a determinant factor. From the view point of the harves-

Tables Showing the Cost (Table 26) and Price (Table 27) Difference in Primary Market (Howly) and Terminal Market (Calcutta)

Table 26

Season	Primary Market (Howly)				Terminal Market (Calcutta)				Difference
	1980	1981	1984	1985	1980	1981	1984	1985	
I	20	18	33	62	62	51	79	115	43.50
II	19	18	40	54	61	60	85	115	47.50
III	19	19	45	45	60	63	91	107	47.75
IV	18	19	65	34	52	52	111	100	49.75

Table 27

Season	Primary Market (Howly)					Terminal Market (Calcutta)					Difference
	1980	1981	1983	1984	1985	1980	1981	1983	1984	1985	
I	139	145	267	342	822	-	-	313	373	927	60.6
II	148	152	266	447	583	-	-	338	533	840	138.3
III	128	133	272	557	262	-	-	303	710	409	110.3
IV	125	151	278	815	165	-	-	337	935	291	101.6

$$\Delta_{ij}/\Delta_{ik} \approx 1$$

$$\Delta_{11}/\Delta_{12} = 43.5/60.6 = 0.717 \approx 1, \quad \Delta_{21}/\Delta_{22} = 47.5/138.3 = 0.343 \neq 1,$$

$$\Delta_{31}/\Delta_{32} = 47.75/110.3 = 0.432 \neq 1, \quad \Delta_{41}/\Delta_{42} = 49.75/101.6 = 0.489 \neq 1.$$

ting season of the jute we have only one most probable reason to put forward is that the farmers who are affluent and having their storage facilities as well as not solely dependent on income of the jute can receive a price which is almost equal to the price of the terminal market excluding the costs of transportation and other charges.

6.5 Analysis of Seasonal Fluctuation of Price

Now we shall make conventional type of analysis of prices by using seasonal index to study the seasonal fluctuation. In this regard we are taking data of primary market (Howly) and terminal market (Calcutta) and the seasonal indices by taking four years moving average as shown in tables 28 and 29. We have also observed variations in the prices by taking the indices as well as seasonal fluctuations which are shown in the graph.

6.6 Distress Sale and Non-Maximising Behaviour

As shown in Table 17, about 80 percent of the farmers sell their commodities just after harvesting. Because of poor economic conditions, they have no choice to wait for higher prices. On our investigation, we are told that they are to make payment for labourer and repay the loans taken from the private agencies. Therefore, it is evident that about 90 percent of the farmers enter into 'forced commerce' and their sales are a 'distress sale'.

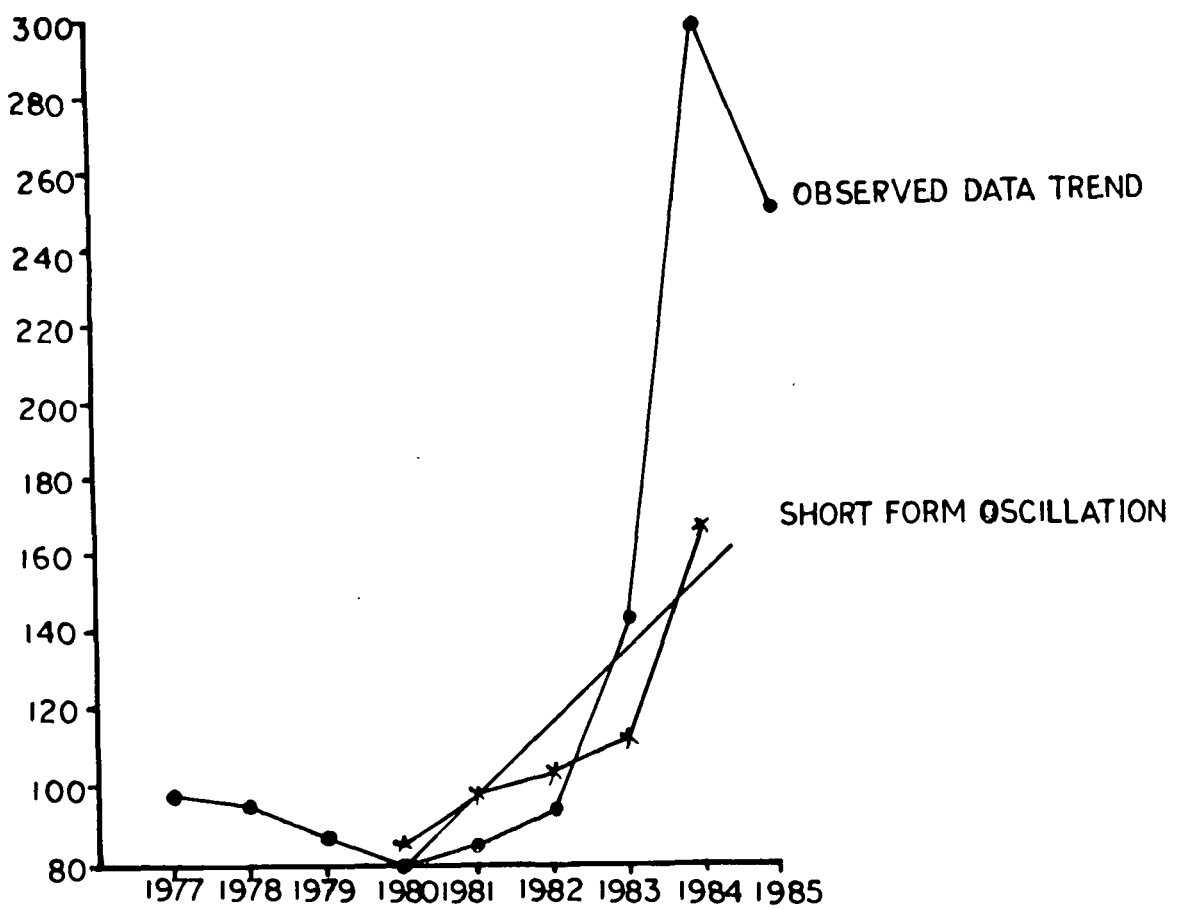
An economic man is always a maximiser. Sellers want to sell the commodities at a higher price and want to earn maximum revenue. Buyers on the other hand, try to purchase commodities at a lower price and thus try to maximise their utility. This universal behaviour is, however, not

Table 28

Year	Y_t	Indi- ces	4 yr. moving totals	4 yr. moving average	2 Periods moving totals	Centered moving average	Short- term Oscil- lations
				3 - 4		5 - 2	(1-6)100
1977	180	100					
1978	178	98.8					
1979	156	88.3	649	162.25			
1980	135	75.00	623	155.75	318.00	159.00	84.90
1981	154	85.5	620	155.00	310.75	155.37	99.10
1982	175	97.2	726	181.50	336.50	168.25	104.01
1983	262	145.5	1131	282.77	464.27	232.13	112.80
1984	540	300	1435	358.77	641.54	320.77	168.30
1985	458	254.4					

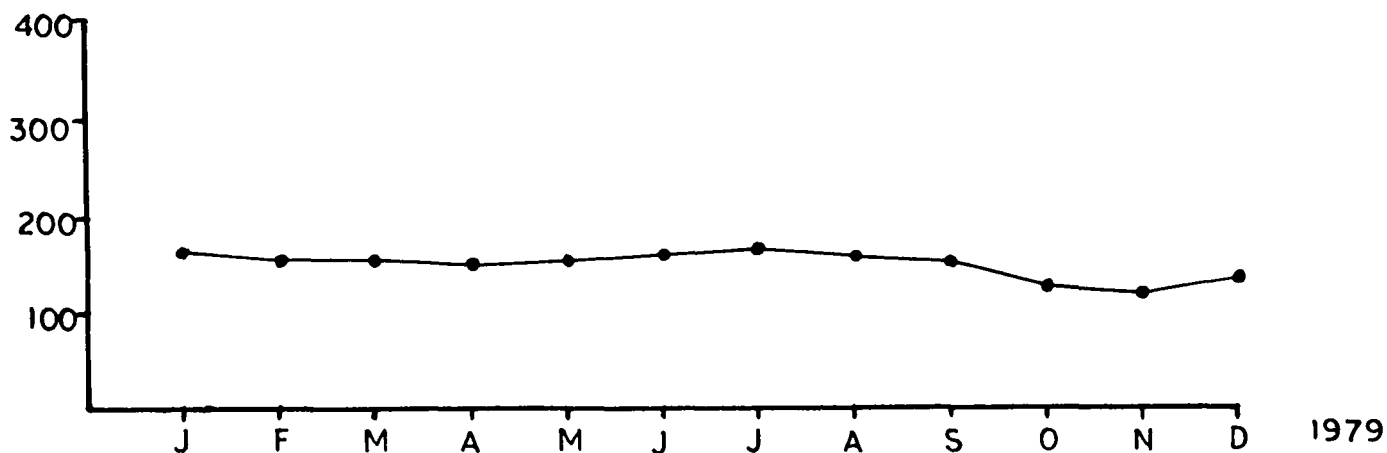
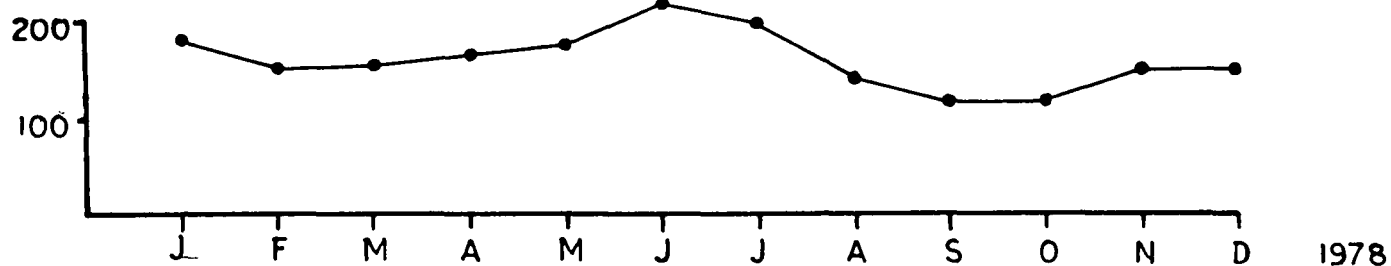
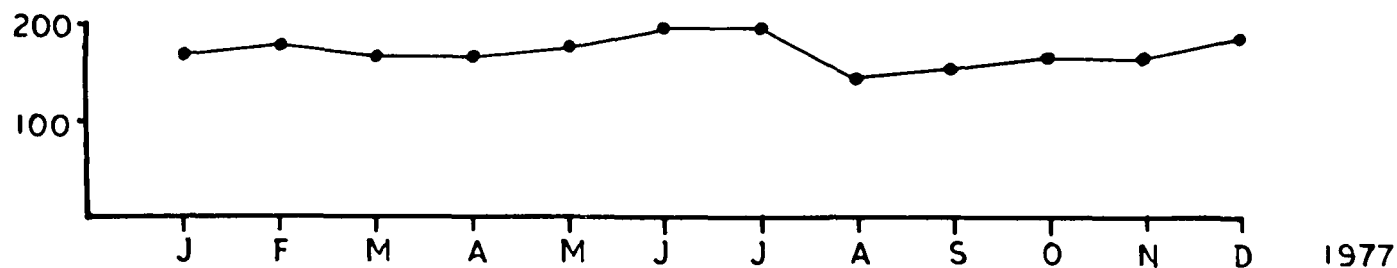
Table 29

Qr. /Yr.	1983	1984	1985	Average	Seasonal Index
I	313	373	927	538	25.7
II	338	533	840	570	27.2
III	303	710	409	474	22.7
IV	337	935	291	521	24.9

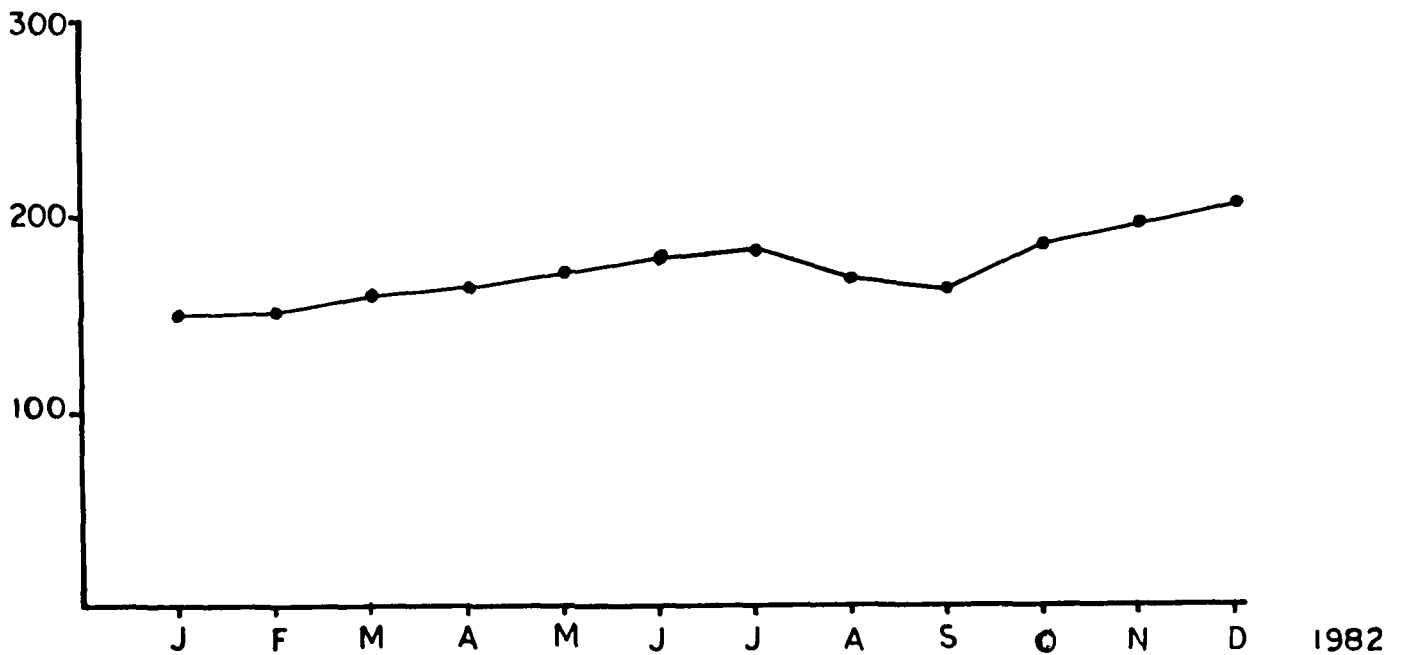
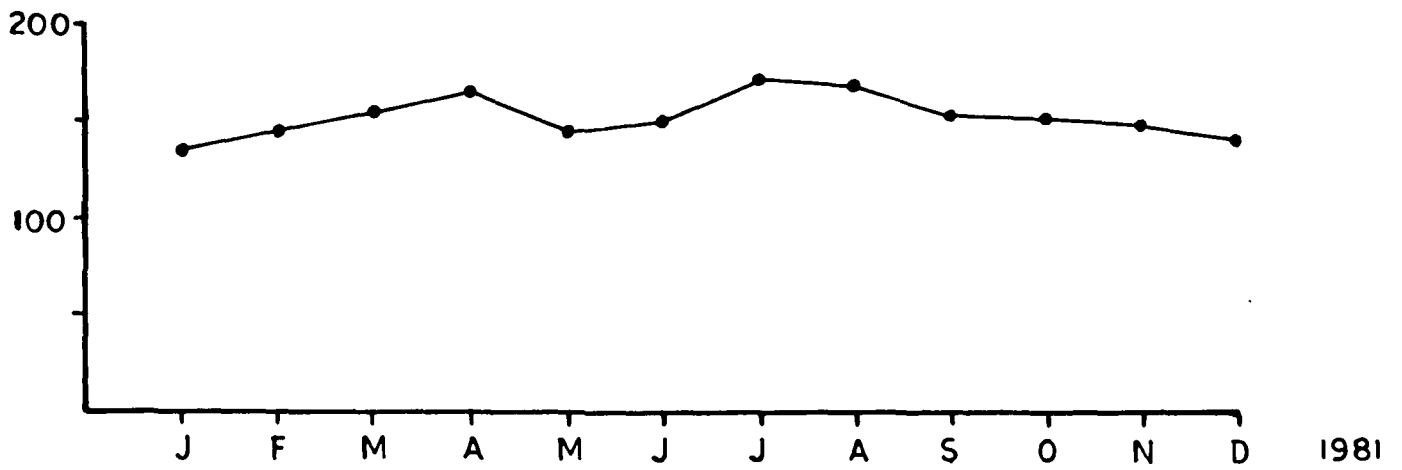
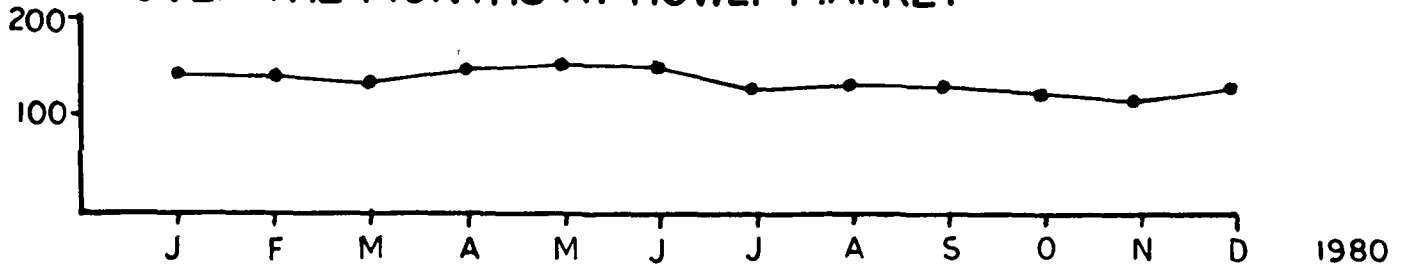


COMMENT: MONTHWISE DATA, SHOWING AS AGGREGATE FOR THE ENTIRE CYCLE (i.e., ONE YEAR), IS MORE PROMINENT IN VARIATIONS OF PRICE COMPARED TO SEASONAL VARIATION AS SHOWN BY THE GRAPH. ALTHOUGH WE SEE HECTIC RISE OF PRICE OVER THE YEARS STILL THERE IS LINEAR TREND EVIDENCE IN THE VARIATION.

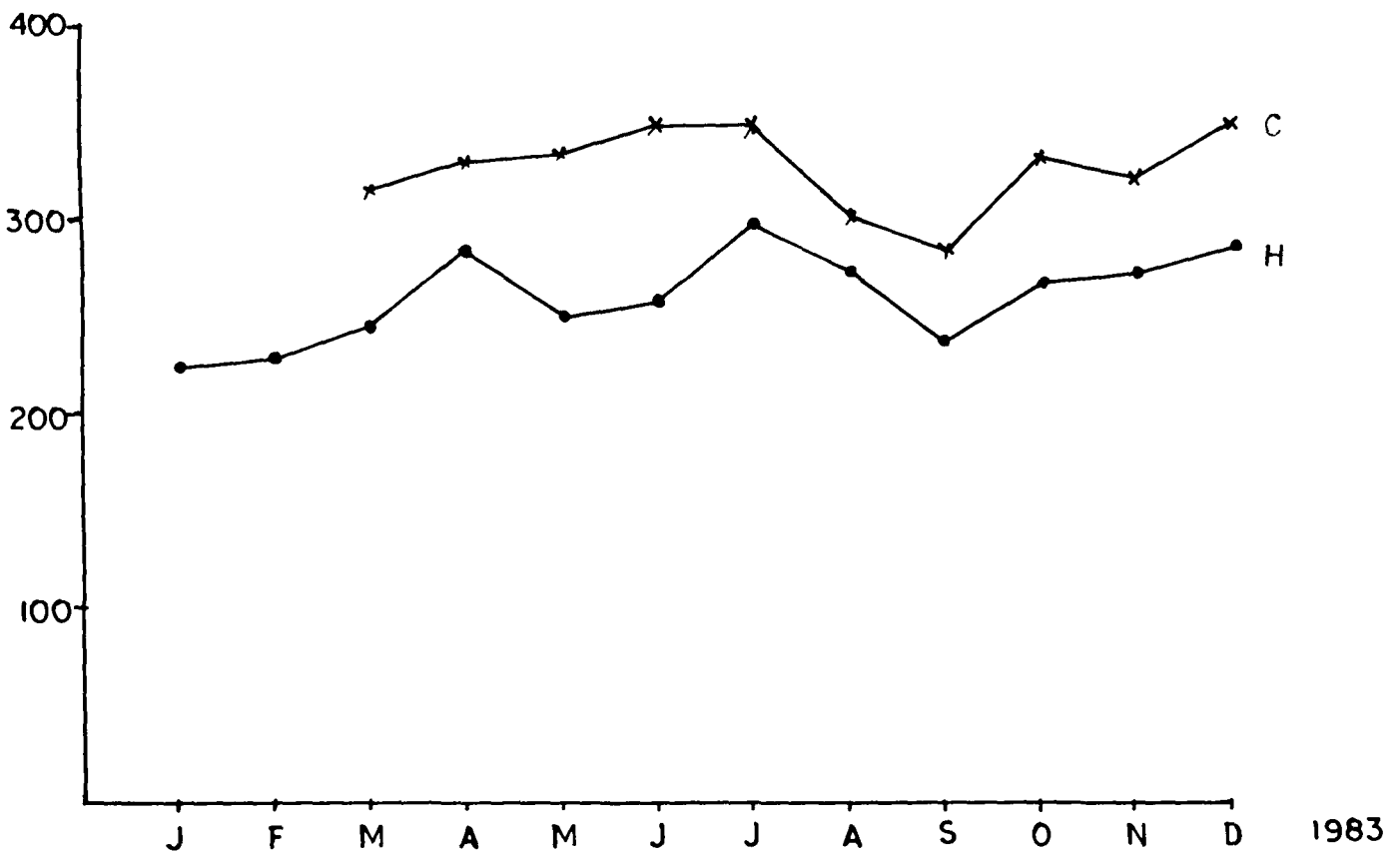
GRAPH SHOWING THE VARIATION OF PRICE IN A YEAR OVER THE MONTHS AT HOWLY MARKET



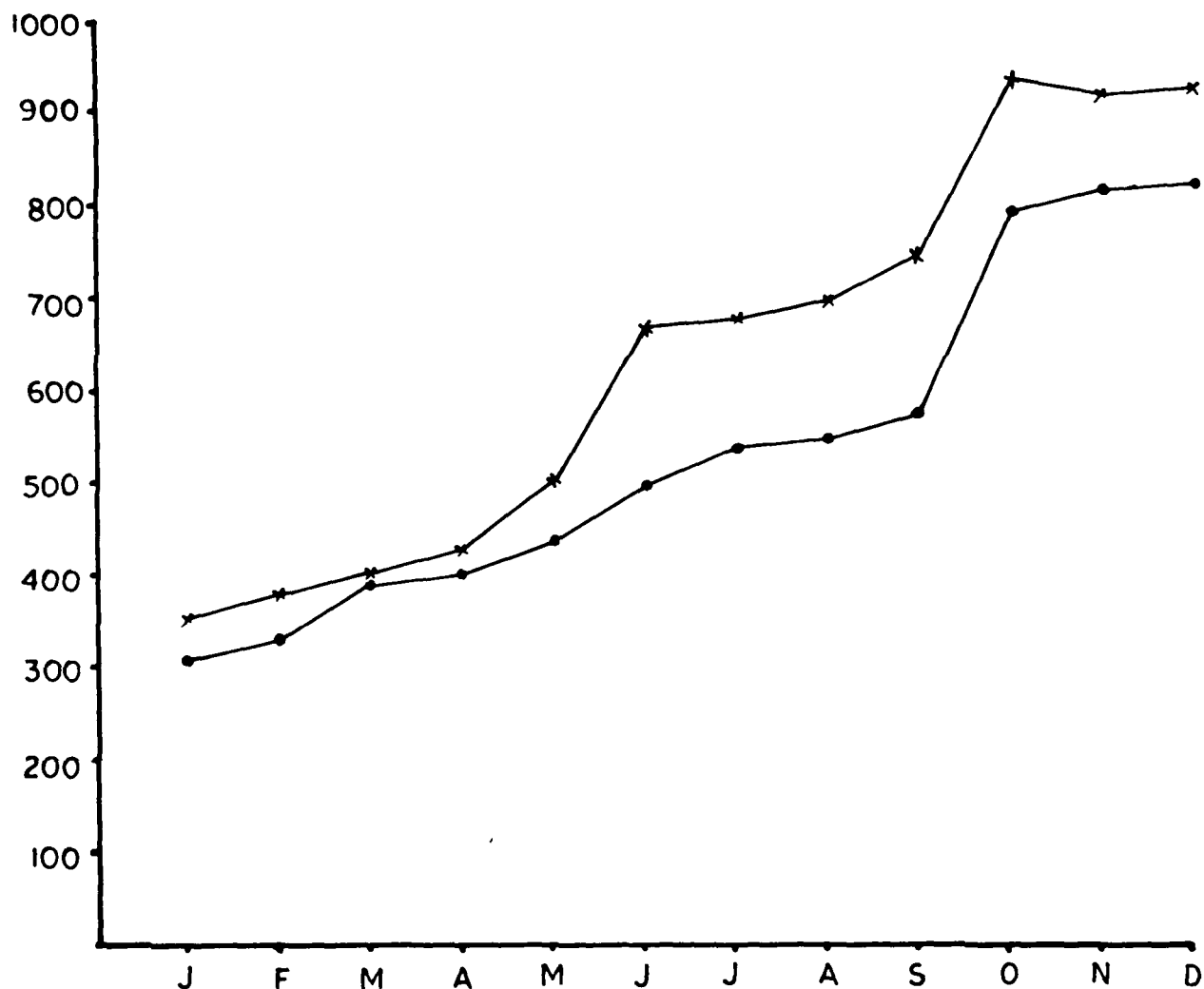
GRAPH SHOWING THE VARIATION OF PRICE IN A YEAR OVER THE MONTHS AT HOWLY MARKET



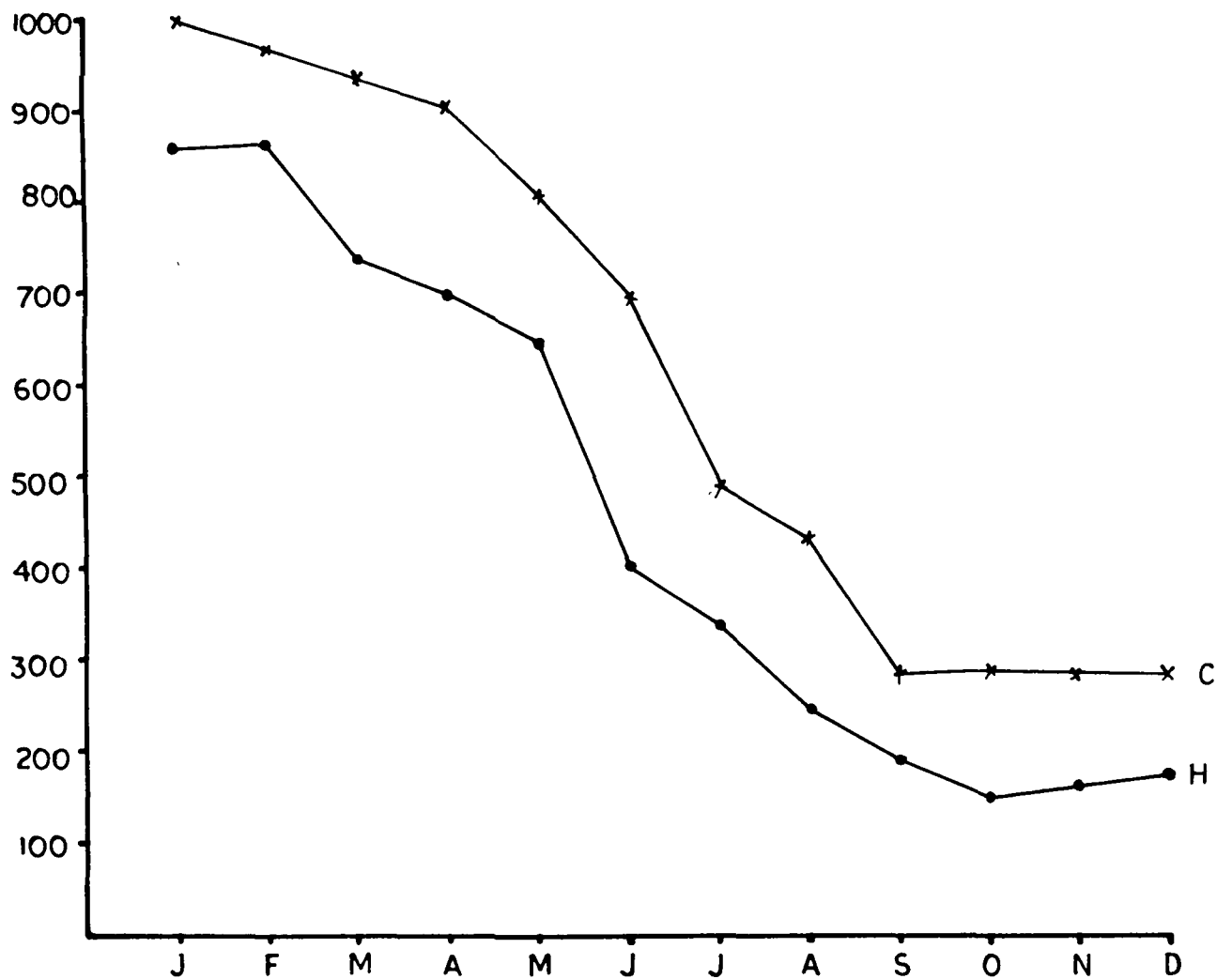
GRAPH SHOWING THE VARIATION OF PRICE IN A YEAR OVER THE MONTHS AT HOWLY AND CALCUTTA



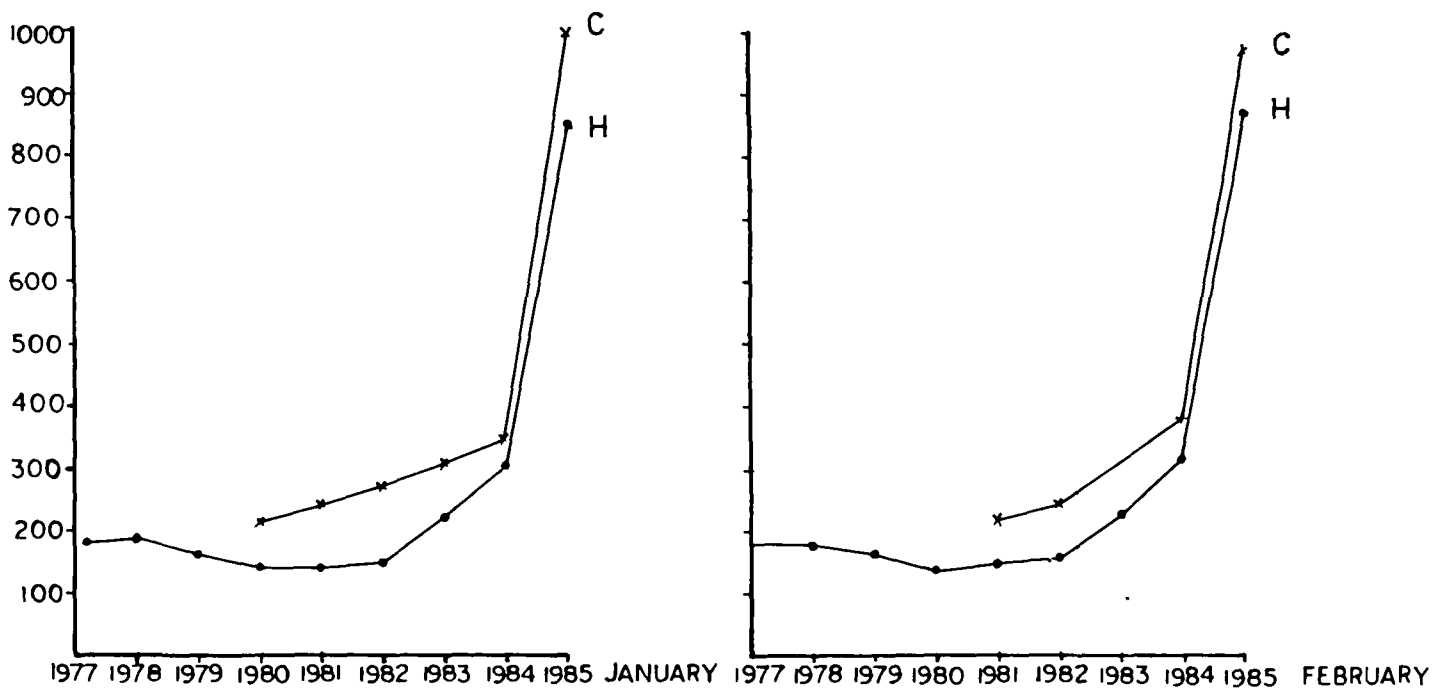
MONTHLY VARIATION OF PRICE OF JUTE OF HOWLY AND CALCUTTA MARKET FOR THE YEAR 1984



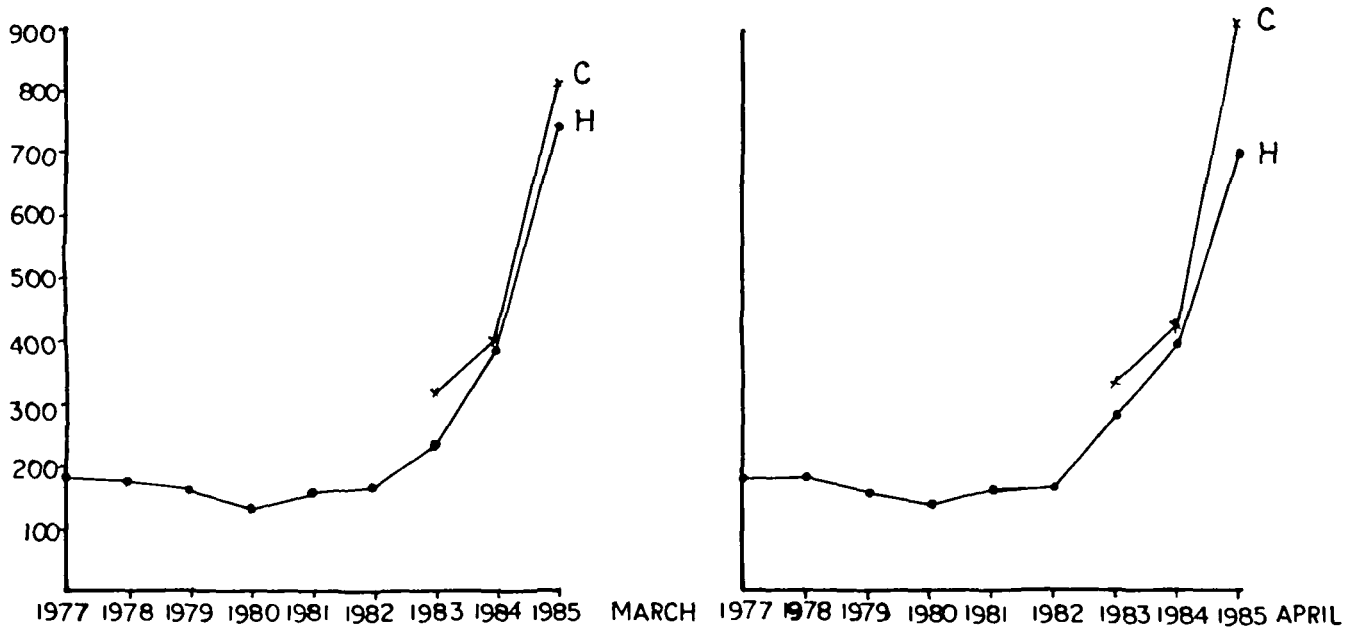
MONTHLY VARIATION OF PRICE OF JUTE OF HOWLY AND CALCUTTA MARKET FOR THE YEAR 1985



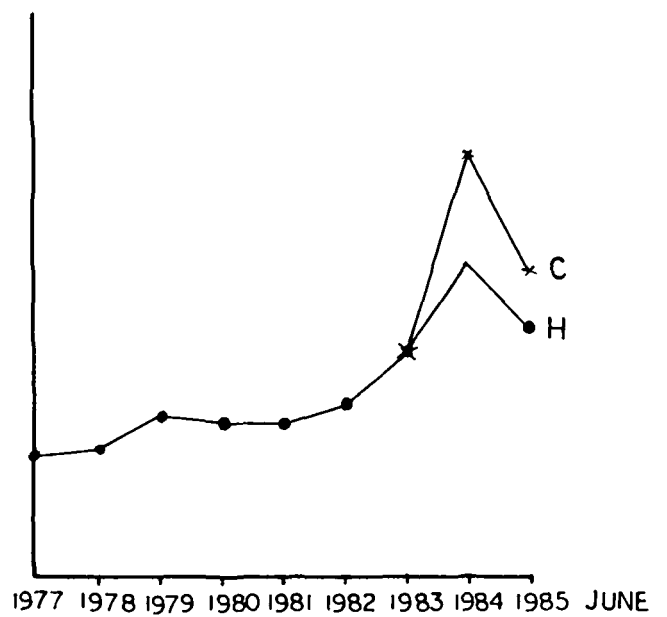
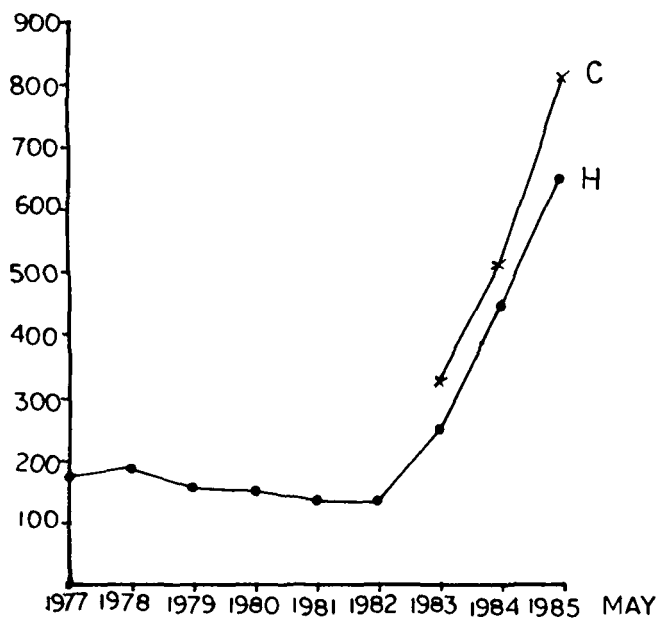
GRAPH SHOWING VARIATION OF PRICE OVER THE YEARS FOR ANY PARTICULAR MONTH AT HOWLY AND CALCUTTA



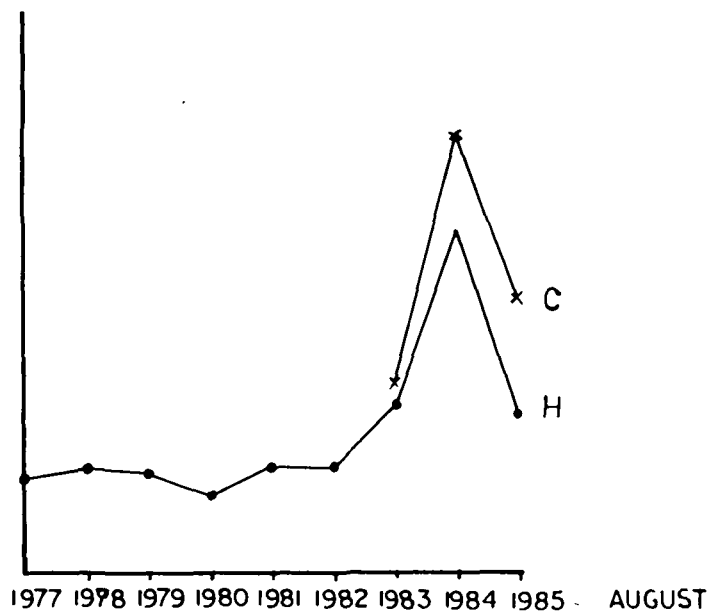
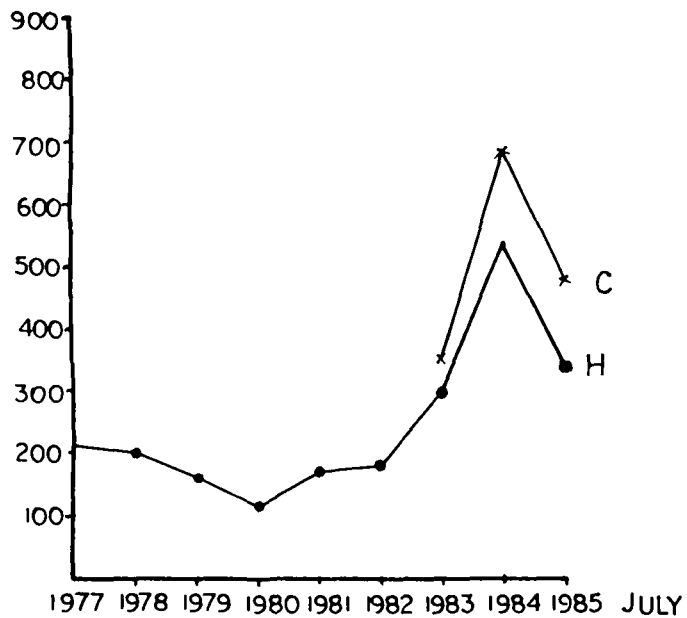
GRAPH SHOWING VARIATION OF PRICE OVER THE YEARS FOR ANY PARTICULAR MONTH AT HOWLY AND CALCUTTA



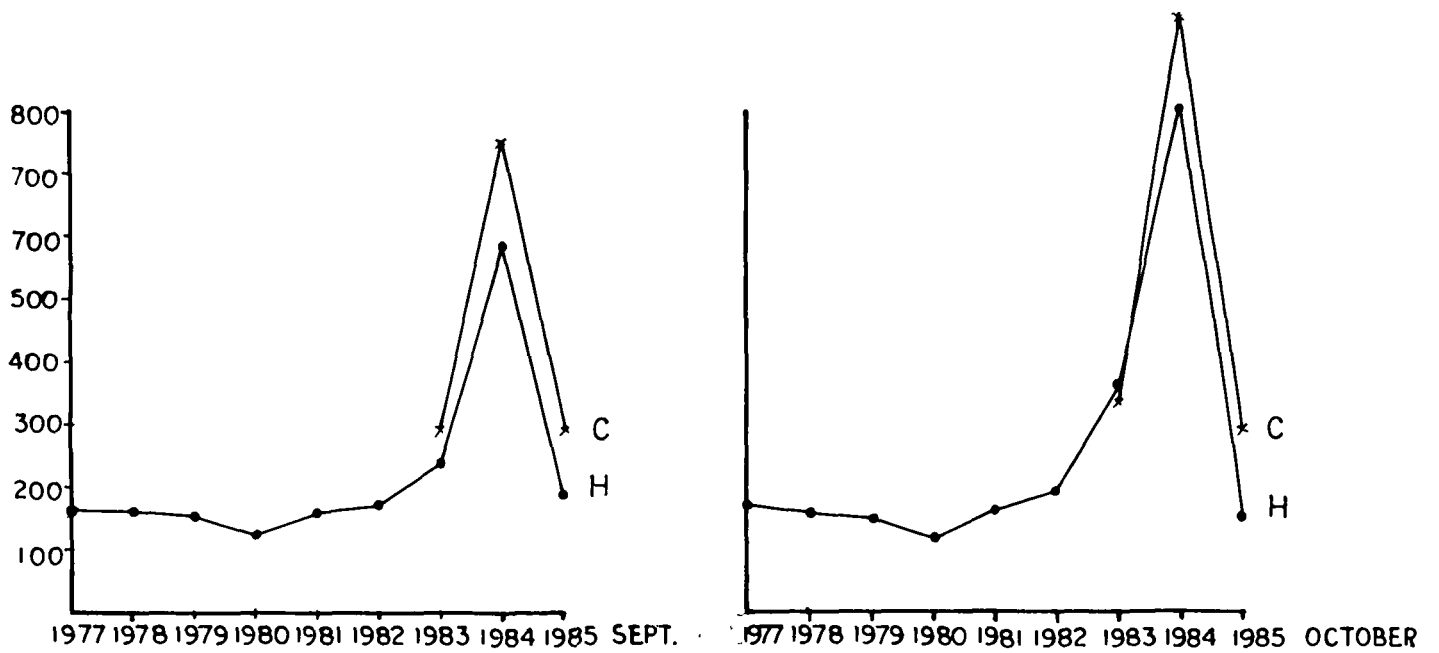
GRAPH SHOWING VARIATION OF PRICE OVER THE YEARS FOR ANY PARTICULAR MONTH AT HOWLY AND CALCUTTA



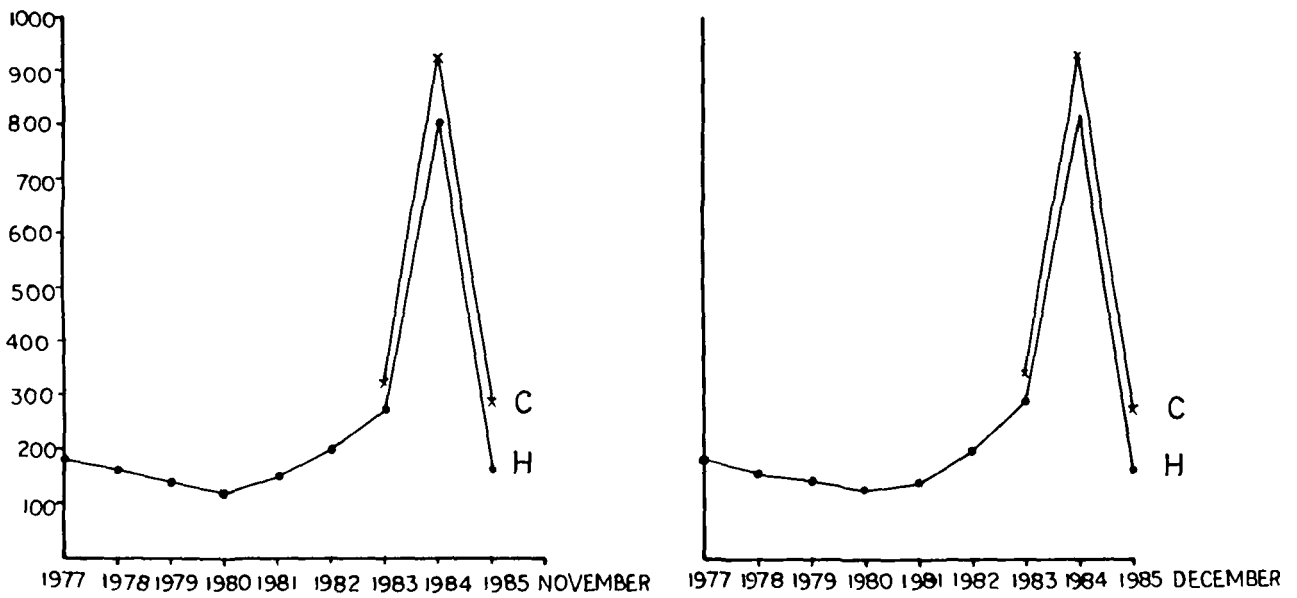
GRAPH SHOWING VARIATION OF PRICE OVER THE YEARS FOR ANY PARTICULAR MONTH AT HOWLY AND CALCUTTA



GRAPH SHOWING VARIATION OF PRICE OVER THE YEARS FOR ANY PARTICULAR MONTH AT HOWLY AND CALCUTTA



GRAPH SHOWING VARIATION OF PRICE OVER THE YEARS FOR ANY PARTICULAR MONTH AT HOWLY AND CALCUTTA



always true in case of peasant farmers³. During our investigation the farmers expressed that though they know that jute cultivation is not a paying proposition, yet they resort to it because of the lack of a better alternative. The soils of the area are not suitable for paddy. Aus crop though may be cultivated with small labour force, land productivity is very low. Therefore, they cannot switch over to them. This compels them to stick to jute cultivation. But Sali Paddy can be grown to a great extent in the land where jute is cultivated. When asked why they like to produce jute and not other crops, the reply was it is their way of life, a culture inherited from their fore-fathers and one of the means of survival. They also informed that though due to constant use, land is losing fertility, and productivity has come down from 17 mounds to 4/5 mounds per bigha, yet they have not given up the jute cultivation. Due to highly fluctuating price of jute, switch-over to Aus crop from jute can be seen in Nagaon district⁴. But in the district of Barpeta this process has not started yet. Paddy production is less labour intensive, has a ready market at a remunerative price, the peasants themselves purchase paddy for their own consumption, yet they do not like to produce more paddy.

From the above discussion, it is clear that the producers of jute stick to the cultivation of the crop due to two reasons: (i) they have little scope for alternative crops cultivation due to soil conditions and (ii) it has become a tradition with them. These two reasons and the non-maximising behaviours of the farmers compel them to produce jute though it is not economical. It is seen from table 17, 80% of the farmers cannot wait for higher price to maximize their return from jute due to many reasons like repayment of debt, necessity of day-to-day expenditure, payment to the labour, etc. This compels the growers to sell the commodities

at whatever price prevailing in the market. This poor economic conditions and long traditions of jute cultivation make the growers non-maximiser.

But we cannot say that non-maximising behaviour among jute growers is conclusive.

Hence, the support price as propagated by the A.P.C. is not implemented with spirit and action, the jute farmers might have a change of attitude in their behaviour as sellers. Now the question arises why this is not done? We imagine from the structure of J.C.I., which is mainly a body to safeguard the interest of the mill owner and the government, is not subjected to the rules and the guidelines regarding support price as formulated by the A.P.C.. The A.P.C. is mainly an academic body with high ideals but probably do not have the necessary statutory power for enforcing its ideals of imposing support price universally at the wake of the J.C.I.

However, it is only a gesture, and we have no proof so far to support our view.

6.7 Gains from Trade

The agricultural produce market in backward economic structure like India is dominated by merchant's and usurer's capital. We may call these economy pre-capitalist in the sense that these are not based on contractual wage payment. The exchange of labour power does not take place like capitalist system. In capitalist system labour become commodity but in pre-capitalist mode of production, the small producers have the right to cultivate the land for which they are to pay some amount of rent to the land-owning authorities which is generally, in present days, the State. They have the occupancy right, which means the state has the right to take over the land in case of default payment of the revenue.

But private money lenders or merchants have no power to alienate the peasants from their land. In pre-capitalist agrarian system neither the land nor the labour market is adequately developed and almost the entire economic adjustment has to be borne by the market for agricultural commodities⁵. The use value and exchange value are equally important. Because peasantry needs both cash and kind. The exchange are carried out by money rather than barter.

We know that the production of jute is still in a very backward stage. The farmers whom we have visited do not use any type of modern implements for the cultivation. Neither they are using any artificial fertiliser to boost up their production. Irrigation facilities are completely lacking in the area. Only few rich farmers used manures. The plot size of the farmers are very small. From table 12 we came to know that about 58 percent household have the plot size ranging from 1 to 5 bighas and only 11 percent farmers have plot size above twenty bighas. So most of the holdings are uneconomic. The farmers are heavily indebted either to private agencies or to the government (table 15). It is evident that more than 71 percent cultivator are share cropper (table 25). Though the peasants are poor and marginal, yet almost all of them have some amount of land of their own. Therefore, they have ownership right over that plot of land. The labour market here is not well-developed and the peasants are not commodities which can be purchased freely as in capitalist system. Therefore, production and exchange relations in jute cultivation is in a pre-capitalist stage. They are to enter into 'forced commerce' and therefore, they cannot acquire the gains from trade.

NOTES

- 1 Jasdanwala, as quoted by Ashok Rudra in *Myth and Reality*, p.47, 1970.
- 2 Lele, Uma, J., 1973.
- 3 Rudra, Ashok, E.P.W., 1983.
- 4 Goswami, P.C., 1971.
- 5 Bhaduri, Amit, 1984.

CHAPTER - VII
SUMMARY AND CONCLUSION

Chapter - VII

SUMMARY AND CONCLUSION

7.1 Let us briefly recapitulate the main thrust of the study. To begin with, we place our analysis of the marketing of raw jute in the context of Barpeta district of Assam. It appears from a broad analysis of the secondary data that the state control of jute marketing in the form of support price and procurement of raw jute by the different government agencies and co-operatives are not at all satisfactory. The efforts of the government to change the market structure do not make any significant impact on the conditions of the local jute growers. The regulated markets, which are mainly for the benefit of the growers and buyers, have not been able to attract the growers due to ignorance of the growers and also due to many formalities of the marketing system. Though attempts have been made by government to train the growers regarding standardisation, grading etc., these facilities hardly reach to the growers. It appears from the study that a huge amount of money is earned by the middlemen and government agencies in the form of processing and standardisation. If these services are performed by the growers a substantial amount of value added can be taken back to the growers.

7.2 There is a remarkable price difference between the primary market and terminal market and it is observed that the price discrimination between these two markets are not for the factors of transport cost alone. There are something else in the form of exploitation of the growers. If this price discrimination between primary and terminal market can

be removed, then both producer as well as final consumer of jute will be benefited. Therefore government policy measures should be such that it can at least minimise the price differences between these two markets.

7.3 The government policy to help the growers to improve their financial conditions hardly affects the farmers. There is no instance of provision for credit and advance in the area of study, by the nationalised banks to the producer for cultivation of jute. Even the Bahumukhi Samabay Samitis (Multipurpose Co-operative Societies) of which the primary objective is to help the rural poor cultivators, has not forwarded any application for loans and advances to the nationalised banks or other financial institutions to help the jute cultivators of the area. A branch of United Commercial Bank at Howly, the leading bank of the area under study, has no record of credit for production of jute. Consequently, the growers have to take loans from private traders for their cash requirements and become dependent on private lenders. The rate of interest on loans and advances offered by the private agencies are very high. Sometimes it goes to the extent of 200 percent.

The economic conditions of the jute producers are in a very bad state. They have no savings and their bargaining capacity is also almost nil. This leads the growers to the dependency and 'forced commerce' and ultimately they have to behave in selling their commodities in a very irrational manner, i.e. non-maximising behaviour can be seen among the jute growers. To avoid this situation the nationalised banks and other government agencies should come forward with liberal credit policy towards the jute growers. This will not only stop the exploitation of growers by private individuals but also will help in improving their economic condi-

tion. These institutions can make provision for advances to the growers against security of standing crops.

7.4 The single terminal market for entire jute belt of India is also responsible for imperfection of market structure. Few traders of the districts have direct link with the terminal market. They are well informed about the prevailing market conditions both within and outside the state, as well as outside the country. Therefore, dominance of the few make the large numbers of small and scattered farmers dependent upon them. The highly efficient mill sector with all modern marketing facilities on the one hand and the most backward peasants of the pre-capitalist type on the other leads to unequal exchange in the jute trade. It is evident from the study that exploitation still prevails in the marketing of raw jute specially on primary stage. Due to unequal exchange and constant exploitation, there is transfer of income from the raw jute sector to the other sector of the jute economy. Consequently, producers who are the core of the jute economy became weaker and weaker.

Therefore, it is not possible on the part of the growers to save out of their meagre income. Because savings depends upon capacity to save, on the one hand, and willingness to do so, on the other. The jute cultivators do not have the first requisites of savings, i.e., capacity to save. If there is no saving, how can they think for investment to raise their output. This certainly affects the productivity of jute in the state as the peasant cannot invest more inputs. The general productivity per bigha at present is between 3 to 7 mounds. But there is record of production upto 17 mounds per bigha in the past. The productivity has come down because of reduced fertility of the land due to constant use. Hence, it requires more inputs in the form of manures, fertilizers, improved seeds, pesticides, etc.. But the peasants cannot afford this.

7.5 It appears from the data that cost of transportation and other taxes in the form of West Bengal entry tax, make raw jute marketing cost unjustifiably high. The final products have to again impart by the consumer from Calcutta to North Eastern region. Therefore, the consumers of this region have to incur double transportation costs for final product. Thus consumers of the area have to pay more for final jute product but the producers of raw jute receives much less than their counterpart in West Bengal. This situation retards the development of jute economy of this region, also leads to exploitation of one region by another. To solve this problem, few mills can be set up in the area which will reduce the cost of transportation avoiding double transportation and will give ample employment opportunities and at the same time the growers, in most of the cases, will be able to sell their commodities to the miller directly, avoiding too many middlemen.

Assam's case for setting up some mills is not without basis. The total raw jute production of this state is sufficient to feed about 16 jute mills of 200 looms each¹. But here at present only one jute mill at Silghat of Nagaon district is functioning. Though the foundation stone of two jute mills (one at Goagacha of Barpeta district and another at Dalgaon in Magaldoi district) were laid down as back as in 1973 but the projects are not yet materialised. The setting up of few mills will not only help the growers but also will be able to improve the lot of the jute economy of the state.

7.6 Since neither uncontrolled market mechanism nor partially controlled markets, have ensured stable and reasonable price to the growers, mono-

poly procurement by government agencies is the only way out. But the government agencies must be efficient to execute the government policy properly.

The J.C.I. and co-operatives which are entrusted with the procurement of raw jute in the district must come forward to provide minimum facilities to the growers. The government agencies should make a strong drive to motivate the illiterate peasants who generally do not like the official formalities of the agencies. Therefore selling of jute by growers to the government agencies is not an economic problem alone. It is a social problem of changing the attitude of the farmers and make them aware of the problems through improvement of literacy.

7.7 The Regulated markets functioning in the districts are not at all able to meet the requirements of the peasants. The middlemen through manipulation registered their name as growers in the regulated markets. The peasants should be encourage and persuaded to make them get registered as growers. Unless they do not do that, they will not be able to accrue the benefits from the regulated markets.

7.8 The present system of grading with eye estimate must be done away with. Not only the farias and private traders make the grading by eye estimate, even the government agencies like Statefed and J.C.I. follow the same policy. This type of grading offer opportunities to the farias and traders to cheat the jute growers. Taking advantage of this confusion and ignorance of the peasants about the benefit of the grading, the farias and traders deceive the farmers while purchasing the jute on 'gasat rate'. Therefore, new scientific grading process should be adopted and the cultivators of jute should be properly trained in the art of grading. This will

certainly remove many malpractices in jute trade.

7.9 It is observed from the analysis that the minimum statutory prices, fixed by the Agricultural Price Commission, is not sufficient to meet the costs of production of jute. The minimum support price should be realised at least to that extent so that it can cover the cost of production.

The full impact of the price support operation would not be felt unless the jute growers are brought into direct contact with the institutional structure designed to provide such support. This is possible by establishment and active development of marketing-cum-credit co-operatives of jute growers which is lacking at present in the district.

The co-operatives should be of multipurpose type. The small farmer may form producers co-operatives but at the same time marketing of inputs and outputs should be performed by these co-operatives. We know that producers want to sale the commodities after production but at the same time they are to purchase some inputs to produce the commodity. The multi-purpose co-operatives thus may be used as a double-edged sword.

7.10 In view of the localised consumption of jute in and around Calcutta and in the absence of a geographical dispaersal of the processing facilities of jute, the physical bottlenecks of transportation and storage in respect of mrket in Assam became acute, particularly in a year of good crop. Therefore, we may suggest that special arrangement, like tea, should be made for transportation of raw jute to the terminal maket and storage facilities in the vicinity of market area must be increased substantially.

7.11 The conditions of the village haat, which are the only transaction points for more than 90 percent of the farmers, are very poor. There

is no infrastructural facilities in the form of storage, processing, etc.. Most of the village haats are not properly covered. Therefore, emphasis on improvement of these market is of urgent necessity. The government agencies should have centres of jute collection in every village market. Out of 21 haats in the district only two have been brought under Regulated Market Act and that too very recently. The Howly Regulated market has started functioning from 1985 but its starting is not at all encouraging. The Bahari Market, though brought under the Act, is yet to start its operation.

7.12 The market intelligence system in the district is not adequate to meet the needs, not only of the growers but also the traders. The big traders, of course, have the means to collect informations as they have good link with the terminal market. They can afford to appoint agents who collect information about the prevailing market conditions from various sources. But the growers solely depend upon the village and market farias. The Agricultural Marketing Office at Howly collects informations regarding price and market arrivals in different market centres of the district, besides, the All India Radio, Gauhati, broadcasts these informations almost every day. But these are of little help to the growers as majority of them are not so alert and receptive. The newspapers in Assam hardly publish these informations. Hence, we may suggest that the Government should take remedial measures to improve the functioning of its agencies concerned.

7.13 The intermediaries like farias, paikars and small traders are generally blamed for low receipt of growers from their products, but this is yet to be investigated for making a concrete assessment. In determining

the marketprices, these categories of intermediaries generally cannot influence the market, rather they are being dominated by the big traders and wholesalers. As we have mentioned, the day-to-day prices are generally fixed by the latter unilaterally.

Finally, we have to admit that as this work had to be completed within a short period of time we could not visit places like Calcutta - the terminal market - where actual consumption of raw jute takes place. We, however, intend to carry out further studies on the subject in the near future.

NOTE

- 1 Barua, D.N., 1973.

BIBLIOGRAPHY

BIBLIOGRAPHY

- Ahmed, Jasim Uddin, **Production and Marketing Practices Affecting Growth Price of Jute in Some Areas of Mymensingh District**, Unpublished Master Degree Thesis, E.P.A.U., Mymensingh, 1971.
- Atkinson, R.R., **Jute Fibre to Yarn**, B.I. Publishing, Bombay-1, 1976.
- Bansil, P.C., **The Problems of Marketable Surplus**, Indian Journal of Agricultural Economics, 16(1), Jan-Mar., 1961, pp.26-33.
- Bansil, P.C., **Price Policy for Agricultural Economy**, Indian Journal of Agricultural Economics, Vol.XVII(11): 32-33, 1962.
- Barua, B.K., **Cultural History of Assam**, Lawyers' Book Stall, Gauhati-1, 1969.
- Barua, D.N., **'New Jute Mills in Assam'**, The Assam Tribune, May 28, 1974.
- Bellerley, J.R., **Agricultural Economic Theory and Indian Economy**, Vova Co. Publishers Pvt., Bombay-2.
- Bhaduri, Amit, **The Economic Structure of Backward Agriculture**, The MacMillan India Ltd., 1984.
- Bhuyan, K.C., **'Economics of Jute Cultivation - A Case Study in Kallabar Development Block**, Unpublished M.Sc. Dissertation, A.A.U., 1973-74.
- Chatterjee, P.K. and Mukherjee, D.R., **Price Spread and Inventory Demand - A Study of Jute Crop**, Indian Journal of Agriculture Economics, Vol.XXXIV, No.4, Oct.-Dec.,1979.
- Choudhury, M.R., **Indian Industries : Development and Location**, Oxford and IBH Publishing, Calcutta, 1975.

- Clark, Ralph, **The Economic Determinants of Jute Production**, F.A.O. Monthly Bulletin of Economics and Statistics, Vol.III, No.9, Sept., 1957.
- Cohen, R., **The Economics of Agriculture**, Cambridge University Press.
- Cumming, Ralph, Jr. **Price Efficiency in Indian Wheat Market**, Impex India, New Delhi, 1967.
- Dandekar, V.M., **Price, Production and Marketed Surplus of Food Grains**, Indian Journal of Agricultural Economics, 19(304), July-Dec., 1964.
- Dantawala, M.L., **Working of Raw Cotton in India**, Longman's Green and Co., Bombay, 1937.
- Dantawala, M.L., Reports of the Enquiry Into the Regulated Markets in Bombay, States Govt. of Bombay, 1952.
- Desai, S.S.M., **Economic System**, 2nd Edition, Himalaya Publishing House, Bombay, 1982.
- Dubey, R.N., **Economic and Commercial Geography**, Kitab Mahal, 15, Thorn Hall Road, Allahabad.
- Dutia, B.P., **The Marketed Agricultural Surplus and Economic Growth in Underdeveloped Countries**, The Economic Weekly, 15(52), Dec., 25, 1963, p.2165.
- Euman, M., **Socialist Planning**, Cambridge Univ., 1979.
- Farmer, B.H., **Agricultural Colonization in India since Independence**, published for the Royal Institute of International Affairs by Oxford University Press, New York, 373.
- Gait, Sir E.A., **A History of Assam**, 1906, Reprinted, Lawyers' Book Stall Edited, Gauhati.
- Ganguli, J.B. **Marketing in North-East India**, Gauhati, 1983.

- Gide, Charles and Rist, Charles, **History of Economic Doctrines From the Time of Physiocrates to the Present Day**, Oxford Univ. Press, 1973.
- Gogoi, J. and Goswami, P.C., Effects on Price on Cultivation and Disposal of Paddy and Jute in Naogoan District, Indian Journal of Agricultural Economics, 1971.
- Gohain, D., A Study of Intensive Jute Development Programme in Naogoan District, Assam Agro-Economic Research Centre, Jorhat, 1987.
- Goswami, P.C., **Economic Development of Assam**, Asia Publishing House, Bombay, 1963.
- Goswami, P.C. and Saikia, P.D., Effects of Price on Cultivation and Disposal of Paddy and Jute in Naogoan District of Assam, Indian Journal of Agricultural Economics, 1971.
- Guha, A., Little Nationalism Turned Chauvinism - Assam's Anti-Foreigners' Upsurge, E.P.W., Vol.XV, No.4, 1980.
- Hunter, W.W., **Statistical Accounts of Assam in Two Volumes**, B.R. Publishing Corporation (Reprint 1975), Delhi-52.
- Huq, Sayeedul, Jute Price Stabilisation and Resource Allocation Between Jute and Rice in East Pakistan, Pakistan Economic Journal Vol.XIX, No.2, 1968-69.
- Hussain, Syed, M., A Note on Farmer's Response to Price in East Pakistan, The Pakistan Development Review, Vol.IV, No.1, 1964.
- Jabbar, Abdul Md., And Economic Study of White Jute Productive Improvement in Selected Areas of Mymensingh District, Unpublished Master's Degree Thesis, E.P.A.U., Mymensingh, 1971.
- Jha, B.V., **Agricultural Price Stabilisation in India**, Short Publication, 3.B. Majdan St., Calcutta-13.

- Jasdanwalla, Z.Y., Prices, Production and Market Surplus of Food Grains, Indian Journal of Agricultural Economics, 19(304) July-Dec., 1964.
- Kahlon, A.G. and Tyagi, D.S., **Agricultural Price Policy India**, Allied Publisher Pvt. Ltd., 1983.
- Kahlon, A.S., The Problems of Marketable Surplus in Indian Agriculture, Indian Journal of Agricultural Economics, 16(1), Jan.-Mar. 1961, pp.46-50
- Krishna, Raj, The Marketable Surplus Function For a Subsistence Crop - An Analysis of India Data, The Economic Weekly, 17(6), Feb.6, 1965.
- Krishna, Raj, State Intervention and Food Grain Prices, Social Scientist, Vol.3, No.6/7.
- Kulkarni, A.P., The Behaviour of Price of Groundnut Pool in some Regulated Markets in Maharashtra (Ph.D. Thesis), University of Poona, 1962.
- Kurihara, Kenneth, K., **Economic Growth and Welfare State Craft**, Mysore, 1974.
- Lele, Uma, J. **Traders of Sholapur in Developing Rural India**, Cornhill University Press, 1968.
- Lele, Uma, J., **Foodgrain Trade in India**, 1973.
- M'Cogh, John, **Topography of Assam**, Shankaran Prakashan, Delhi, 1975.
- Mitra, Ashok, **Economic Theory and Planning** (Edited) Oxford University Press, Calcutta, 1974.
- Mitra, Ashok, **Terms of Trade and Class Relations**, Rupa Co., Allahabad, 1977.

- Narayan, Dharam, Impact of Price Movement on Area Under Crops in India - Cotton, A Case Study, Indian Economic Review 5(2), August 1960, pp.116-141.
- Nivasan, Sri., The Problems of Marketable Surplus in Indian Agriculture, Journal of Agricultural Economics 16(1) Jan.-Mar., 1961, pp.106-113.
- Pandey, Kedarnath, Crisis in Jute Industry, The Assam Tribune, June 20, 1976.
- Pavaskar, M.G., Costs of Marketing, Cotton, Dept. of Economics, Bombay Univ., 1970.
- Rabbani, A.K.M.G., Economic Determinants of Jute Production in India-Pakistan, The Pakistant Development Review, Vol.V, No.2, Summer, 1965.
- Rahman, Mujbur, A., Agricultural Marketing in Assam (Unpublished Ph.D. dissertation, G.U.), 1975.
- Roll, Eric, History of Economic Thought, O.U.P, Calcutta, 1974.
- Rudra, Ashok, Non-Maximising Behaviour of Farmers, E.P.W.. S.T.P., Vol.XVII, Oct. 1983.
- Rudra, Ashok, **Indian Agricultural Economics - Myth and Reality**, Allied Publishers Pvt. Ltd., New Delhi, 1982.
- Sadhu and Singh, **Fundamentals of Agricultural Economics**, Himalaya Publishing House, 1983.
- Saha, N. Agricultural Development of Assam, 1950-51 to 1975-76, Mimeo A.R.R.C., 1977.
- Sharma, A.N., **Economic Structure of Indian Agriculture**, Himalayan Publishing House, Bombay, 1984.

Schumpeter, Joseph, A., **History of Economic Analysis**, O.U.P., New Delhi, 1954.

Tewari, Pandey, **Economics of Jute Marketing in Bongaon, 24 Parganas (W.B.)**, 1970.

Tyagi, D.S., **Farmers' Response to Agricultural Prices in India**, Heritage Publishers, Delhi, 1974.

Venkataraman, I.S., **Statistical Study of Indian Jute Production and Marketing with Special Reference to Foreign Demand**, Unpublished Ph.D. Thesis, Chicago, 1958.

Report of the Jute Inquiry Commission, 1959, 1970.

Report of the Agricultural Price Commission, 1976, 1977, 1983.

Memorandum, Jute Corporation of India, Assam Employees' Union, July 1985.

Agricultural Situation in India - Directorate of Economics and Statistics, Dept. of Agriculture and Co-operative, Ministry of Agriculture, Govt. of India, 1983, E.P.W. Vol.XIII, No.20, May 20, 1978.

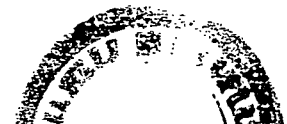
Indian Journal of Economics, July 1986, Vol.LXVI, Special Number, Agriculture Indian and Abroad, Dept. of Economics and Commerce.

Report of the Committee of Public Undertakings (Sixth Lok Sabha, 3rd Report).

Spotlight on Jute, Indian Institute of Regional Development, Indian Book Exchange Studies, Calcutta, 1977.

Report on subject Matter on Jute Production, Processing and Marketing Technology (Oct. 31-Nov. 4, 1977), University College of Agriculture, Govt. of India, 1985.

NFPU Library
 Acc. No. 102160
 Acc. by [Signature]
 Date 1/8/90
 Class by



APPENDIX

Model of Seasonal Price Index

Quarter	1977 (1)	Year	1985 (9)	Average	Seasonal Index
I	Y_{11}	.....	Y_{19}	Y_1	$Y_{11}/Y_n \times 100$
II	Y_{21}	.....	Y_{29}	Y_2	$Y_{21}/Y_n \times 100$
III					
IV	Y_{41}	.....	Y_{49}	Y_4	$Y_{41}/Y_n \times 100$
				Y_n	

Wholesale Prices of Raw Jute in Calcutta and Assam

Month	Year		
	1983-84	1984-85	1985-86
March	315	395	810
		340	740
April	330	425	910
		340	770
May	335	505	810
		375	650
June	-	670	700
		-	-
July	350	680	490
		-	-
August	305	700	440
		-	300
September	285	750	296
		575	200
October	335	950	297
		230	200
November	325	925	247
		230	215
December	350	930	280
		275	-
January	345	1000	-
		290	825
February	380	970	-
		300	770

Sources: Agricultural Situation in India, 1983, 1984, 1985, 1986.

Prices of Raw Jute at Howly Market
(per quintal, in Rs.)

Month	1977	1978	1979	1980	1981	1982	1983	1984	1985	Total	Average
Jan.	170	187	162	140	138	150	225	310	860	2342	260.2
Feb.	182	175	155	140	145	152	230	325	865	2369	263.2
Mar.	180	177	156	137	152	160	245	390	740	2337	259.6
Apr.	180	183	155	145	158	165	287	400	700	2773	308.1
May	182	187	157	150	148	172	250	440	650	2336	259.5
Jun.	200	210	160	150	150	180	260	500	400	2210	245.5
Jul.	205	200	165	127	172	182	300	540	340	2231	247.8
Aug.	152	170	160	130	170	170	275	550	250	2027	225.2
Sept.	165	160	155	127	158	168	240	580	195	1948	216.4
Oct.	175	162	150	125	155	190	270	800	155	2182	242.4
Nov.	180	165	143	120	150	200	275	820	165	2218	246.4
Dec.	185	165	150	130	148	210	290	825	175	2278	253.1
Total	2156	2141	1868	1621	1844	2099	3147	6480	5495		3027.4
Average	179.6	178.4	155.6	135.0	153.6	174.9	262.25	540.0	457.9		

Sources: Agricultural Marketing Office, Howly.

Seasonal Price Index (Howly Market)

Quarter	1977	1978	1979	1980	1981	1982	1983	1984	1985	Total	Seasonal Index
I	178	180	158	139	145	154	267	342	822	265	26.3
II	188	193	157	148	152	172	266	447	583	267	26.5
III	180	176	160	128	133	173	272	557	262	227	22.5
IV	174	164	148	125	151	200	276	815	165	247	24.5

1006

Cost of Marketing

	Period			
	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Sep.-Dec.
1980				
Upto Secondary Market	19.75	19.29	19.07	18.10
Upto Terminal Market	61.76	61.39	60.73	51.62
1981				
Upto Secondary Market	17.59	18.47	19.26	19.00
Upto Terminal Market	50.78	60.38	62.94	52.00
1984				
Upto Secondary Market	33.14	39.89	44.55	64.50
Upto Terminal Market	78.58	85.20	91.15	111.19
1985				
Upto Secondary Market	62.29	53.77	45.47	34.25
Upto Terminal Market	115.47	115.83	107.00	99.63

Source : Directorate of Jute Development, Govt. of India, Ministry of
Ministry of Agriculture and Rural Development, Howly.

QUESTIONNAIRE

1. Name
2. Area of total cultivation
3. Area under Jute
4. Production of Jute per bigha
5. Knowledge of prevailing market condition - Price/Other facilities
6. To whom selling ? (Farias/Traders/Co-operative/J.C.I.)
7. Whether selling at highest price ?
8. Whether sale is distress sale ? Time of sale (month)
9. Whether storage facility is there ?
10. Mode of transportations (Bhar/Thela/Head load/Bullock-cart
11. Distance covered for marketing
12. Cost of transportation
13. Whether J.C.I./Regulated market/Co-operative market facilities are available or not
14. Whether they have knowledge of grading/gasat rate/bailing
15. Cost of producing Jute
16. Why producing Jute not other crop ? Which is profitable ?
17. Whether share cropping
18. Savings per year
19. Total annual income
20. Rate of interest in the open market
21. Irrigation facilities are available or not ?
22. Plot site, holding size
23. Fertilizer use or not
24. Type of Government help
25. Extent of indebtedness
26. Whether Jute is exchanged for other goods ?
27. Market charge
28. Whether registered with regulated market as growers