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An Analysis of the Marketing Practices of Jute Farmers in Assam

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ABSTRACT

Jute is one of the vital cash crops in terms of livelihood creations as well as for its diverse utilities among agrarian families of Assam. Like the other parts of the nation, Jute farming in the region is also dominated by marginal and small farmers. Due to limited holding and small amount of production, it is difficult to attain production cost efficiency at the grower's level. Besides, the marginal and small grower's regularly face several other constrains while marketing their produces, which has widespread negative influence upon their farming decision in the subsequent crop years. In this paper an attempt is made to analyze the contemporary raw Jute marketing scenario of the Assam .in the process of documenting the existing marketing scenario, the factors influencing the choice of channel selection of the growers is also taken into consideration. It was observed that primary market plays a major role in the Jute marketing structure of the region. Distance to the nearest market, time of sale and the land holding status of the growers has significant association with the marketing practices as well as choice of channel selection. Removal of the constraints along with promotion of diversification at grower's level is some of the suggestive outcome of the paper.

Keywords: Jute, Farmers, Marketing and Constrains.

INTRODUCTION:

Jute is the major crop of luxuriant soil of South- Asia, predominantly a product of India and Bangladesh. More than 90 per cent of world Jute is grown in these two agrarian economics. Its production as well as processing plays a pivotal role in the agricultural and industrial growth of both the nations. Regarding the socio-economic relevance of the fiber crop, it can be stated that the industry contributes significantly towards rural and agrarian economic transformation by supporting livelihood of more than 12 million families engaged in farming, industrial activities and trade of Jute (Jute matters, 2014). Dominance of small and marginal farmers in Jute farming is one of the restricting factors in the process of attaining cost competitiveness, resources use efficiency as well as efficacy in marketing. However, Jute farming is an important source of food security and livelihood for these susceptible sections of the community. India is the largest producer of raw Jute in the world with more than 55 per cent share of production. West-Bengal, Bihar and Assam are the three largest Jute producing Indian states. Assam occupies the third position after West-Bengal and Bihar accounting for 7.87 per cent of its total area and 6.68 per cent of its total production. The economy of Assam is an agrarian in nature, where 75 per cent of the population is still dependent on agriculture for livelihood directly as well as indirectly. Jute is one of the oldest commercialized crops of Assam.

Jute is biodegradable, recyclable and environment-friendly fiber. The produce as well as its cultivation process is less harmful to the environment. It has comparative advantage over synthetics and protects the environment along with the maintenance of the ecological balance (Islam and Ahmed, 2012)**.** Due to these eco-friendly features these natural fibers are regaining their lost importance in the contemporary era. As stated by Sadat & Chakraborty (2015), Jute and allied fibers, as eco-friendly packaging materials are again in the center stage as against synthetic fibers, which are pollutant by nature as revealed by environmentalists. Similar observation was

also argued by researchers of the contemporary era and stated that the demand for natural fiber will upturn in future due to deterioration of environment and increasing environmental awareness among the people (Goyal, 1990, Chapke, 2013). Declaration of International *Year of Natural Fibers* by Food and Agriculture Organization (FAO) in the year 2009 by recognizing the environmental significance of these natural fibers was another crucial step of polarizing the fiber.

However, in spite of having such promising demand, Jute cultivation as well as acreage in the regions shows fluctuating trends in the recent past. Hence, an attempt is necessary to understand the present scenario of Jute farming along with the identification of constraints from grower's perspective. Ensuring uninterrupted and regular fiber supply for sustainable environment requires uninterrupted flow of the fiber, which requires identification as well as removal of farmer's constrains. Thus, in the process of ensuring environmental sustainability through adoption and use of natural fiber, it is utmost important to ensure economic sustainability of the fiber farming at growers level. Besides, such a holistic effort, will also promote the agricultural as well as industrial growth in the region along with rural economic transformation.

REVIEW OF LITERATURE

Cultivation of Jute has a number of stages, namely, preparing the land, sowing, weeding, harvesting, retting, extraction of fiber, washing, cleaning and drying etc. Jute is a monsoon crop, sown from March to May, according to rainfall and type of land. It is harvested from June to September depending upon whether the sowings are early or late. Worldwide awareness of the environment is leading towards shifting the use of petro-chemical to renewable resources and it creates opportunities for revival of the natural fibers. The cultivation process of Jute is less harmful to the environment and it enhances nutrient availability of the soil. Biodegradable Jute fiber protects the environment and maintains the ecological balance (Islam and Ahmed, 2012). Due to this ever increasing awareness, ecofriendly products and services made from natural fiber are highly acclaimed in the market (Mohiuddiin, 2015). According to Chowdhury & Rashed (2015) awareness of the environment and the demand of Jute products are increasing in both international as well as domestic markets in a symmetrical trend. Regarding the socio-economic relevance of Jute farming Rahman (2008), has stated that the Jute economy impacts on social and economic development in India and Bangladesh. Jute cultivation and processing plays a pivotal role in reducing poverty and hunger. Jute harvesting takes place at a time when marginal farmers and workers are faced with shortage of their food stocks. The cash derived from sales of Jute fiber and the wages received by workers are an important contribution towards food security for these vulnerable segments of the population as stated by the researcher. Chapke (2013) studied the role of Jute cultivation on farmer's livelihood and assessed the impact of the demonstrated Jute technologies on the grower's in West Bengal. His study revealed that demonstrated technologies increased the fibre yield of Jute and provided an additional surplus of Rs. 5000 per hectare to the farmers. This additional income was utilized by the farmers with 50 per cent more than earlier on food, health of the family members, education of children, attending social and entertainment programs. Thus, the income arising from the disposal of raw Jute has a significant impact upon the livelihood and economic upliftment of farm families as well as on their standard of living. Parthier (2007) stated that the sector has been plagued with several issues, including poor quality of raw Jute, low productivity, competition from the synthetics, high labour costs, repeated industrial unrest, obsolete machinery, stagnating exports etc., all of which have led to endemic sickness of the Jute industry. In addition to the economic benefits of cash income Jute cultivation provides some other benefits mainly in terms of Jute stick which is an important source for fuel and fencing in rural areas. Regarding the constraints of the fiber producer, Sinha *et., al* (2009) stated that the increasing cost of cultivation and the fluctuating market price often affect the farmers. According to Ghimire and Thakur (2013) unstable or low price of raw Jute , unavailability of quality Jute seed, lack or limited irrigation water at sowing period, diseases, labour shortage during peak season, weed problem, lack of retting water/retting pond were the main constraints in Jute production and processing. According to Sadat and Chakraborty (2015), several factors are responsible for low Jute productivity, of which the loss due to insects and pests is one of the major concerns. According to Rao and Ramaswamy (1974), raw Jute prices have a profound influence on the Jute grower in the allocation of his total crop area for Jute cultivation during the succeeding season. Das *et al.,* (2014) stated that different factors influence the production of quality fibers are the soil, retting, and Jute genotype. Different aspects of retting, quality and quantity of retting water, largely determine the fiber quality as stated by the researchers. According to Goyal (1990), rather than market price or Jute /paddy price differential, rainfall has significant influence in allocation of areas for Jute in the short run. In the light of above literatures following objectives were taken for the present paper.

Objectives:
The objective of the paper is to analyze the marketing practices of jute farmers in Assam along with identification of the factors influencing the choice of channel selection in the process of marketing raw Jute of the growers.

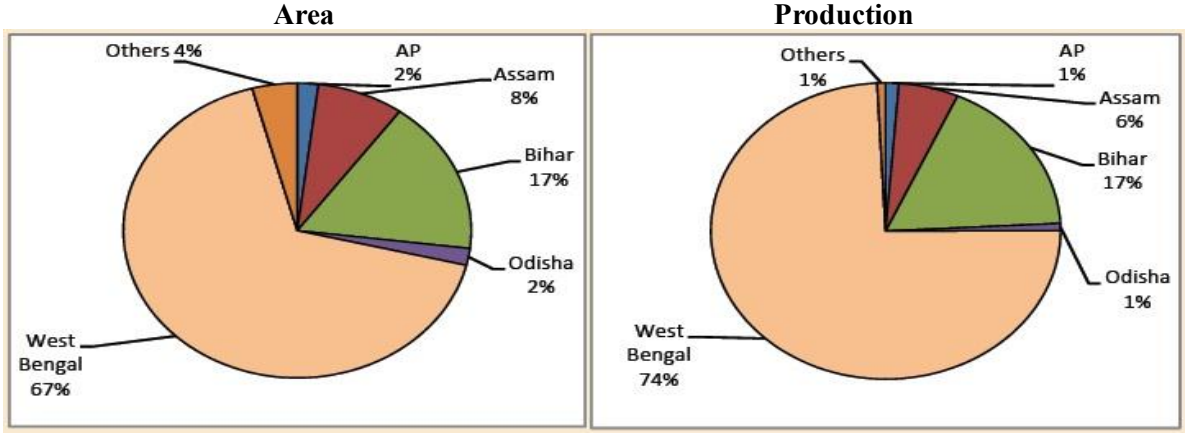
METHODOLOGY:

The study is based on both primary as well as secondary data. Secondary data were collected from books, journals and websites of National Jute Board (NJB) Office of the Jute commissioner Ministry of Textile Government of India (GOI) etc. Primary data were collected through field survey of the researchers. The study is carried out in Central Brahmaputra Valley zone of Assam. Nagaon district was selected purposively based on area under Jute acreage and Jute production. 5 ADO circles were selected purposively and 20 per cent VLEW *elaka* were selected from each of the selected ADO circles. Thus, a total of 300 farmers were interviewed, selected through non-probabilistic convenience sampling procedure. 30 farmers were interviewed from each of the 10 selected VLEW *elaka,* with the help of a structured schedule. Responses of the farmers are taken on nominal scale and Likert scale depending upon the objectives and nature of the questions. Data were analyzed with the help of diagram, simple percentage and Chi square test.

ANALYSIS AND DISCUSSION:

Cultivation of Jute in India is mainly confined to the eastern region states - West Bengal, Bihar, Assam, Tripura, Meghalaya, Orissa and Uttar Pradesh. West Bengal is the largest producer with more than 50 per cent of its production.

Diagram 1: State-wise Share (%) in Area and Production of Jute and Mesta, TE 2014-15

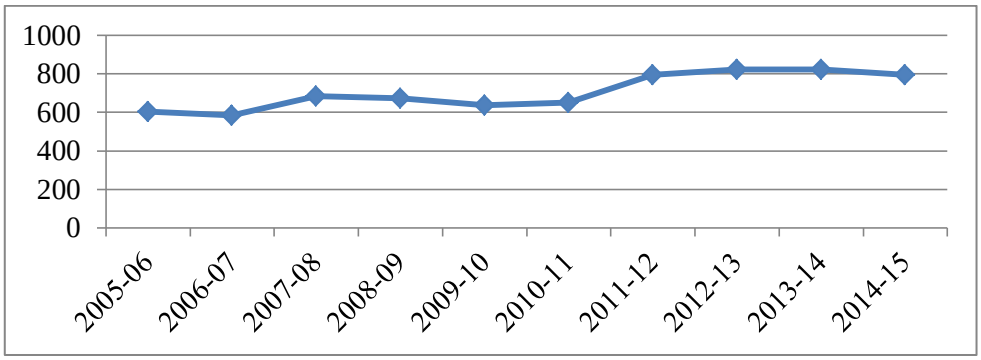


Source: Price policy for Jute 2015 Department of Agriculture. Ministry of Agriculture

Scenario of raw Jute production in Assam :

Table 1: Raw Jute production in Assam and trends

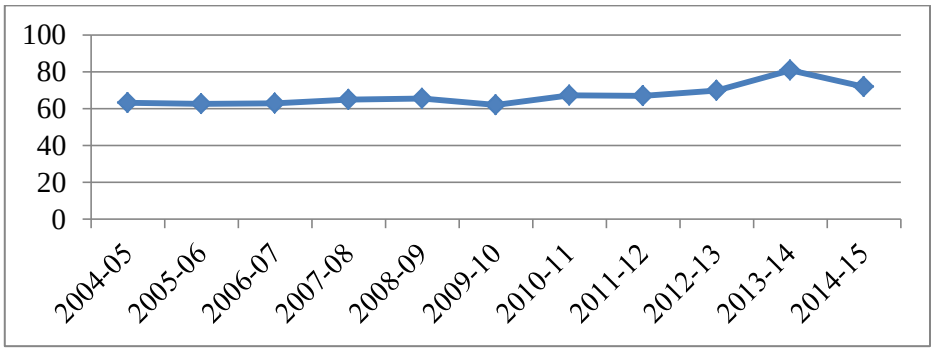
Year	Production
2005-06	603.6
2006-07	583.3
2007-08	683.7
2008-09	674.3
2009-10	638
2010-11	650.7
2011-12	795
2012-13	823
2013-14	823
2014-15	795



Source: Office of Jute commissioner, Ministry of Textile, Government of India
(Prod. In '000 bales of 180 k.g per bale)

Table 2: Jute Acreage in Assam

Year	Acreage (in '000 Hect)
2005-06	62.7
2006-07	63
2007-08	65
2008-09	65.4
2009-10	62
2010-11	67.3
2011-12	67
2012-13	70
2013-14	81
2014-15	72



Source: office of Jute commissioner, Ministry of Textile, Government of India

Like the national scenario, fluctuating trend is observed in the state in terms of acreage and as well as production. Different factors such as rainfall, previous year price, price expectation, profitability of the competing crops, availability of labour etc., mainly affect the acreage and then the volume of production. Factors effecting decision of Jute acreage and production are discussed in details in the third section of the paper.

Table 3: Demographic profile of the sample respondent

Demographic Variable	Frequency	Percentage
Gender		
Male	300	100
Female	0	0
Age		
21-40	114	38

Demographic Variable	Frequency	Percentage
41-60	156	52
Above 60	30	10
Education		
Illiterate	60	20
Can read only	7	2.3
Can read and write	5	1.7
Primary Education	110	36.7
Middle education	27	9
High school	76	25.3
Graduate/ Post graduate	15	5
Types of family		
Nuclear	118	39.3
Joint	164	54.7
Land holding		
Marginal	171	57
Small	82	27.33
Semi-Medium	37	12.33
Medium	10	3.33
Large	0	0
Annual Farm income		
Upto 30,000	0	
30,000-60,000	66	22
60,000-90,000	36	12
90,000-1,20,000	89	29.7
120000-180000	57	19.0
180000-240000	21	7
Above 240000	31	10.3

Sources: field Survey

Raw Jute marketing in Assam:

Marketing system is the crucial link between farm sector and non-farm sectors. Jute is mainly a market oriented crop and about 95 per cent of Jute fibers are sold out by the growers while only 5 per cent is retained by them for domestic consumption (De, 2002). Thus, analyzing the marketing process and its constraints from growers perspective has crucial relevance. In the process of marketing of raw Jute, the movement of fiber from the producer to the consumer (Jute mill) takes place in three distinct stages through a chain of middlemen; the first stage is from village to primary assembling market; the second stage is from the rural areas to the secondary market, viz. bailing centers, and the third stage is from the baling centers to the terminal market of Kolkata or to the concerned Jute mills of other states (Adhikary *et, al*., 1990). The major point where farmers interact to dispose their raw Jute is the Primary market. Therefore, prices' prevailing in these rural periodic markets has a prolonged impact on the overall fiber supply. Based on previous year price and price expectations, growers allocate their cultivable land among different competing crops in a rational way. Thus, the market prices have an ultimate influence on allocation of land for Jute. Storing of Jute brings additional risk of deteriorating fiber quality, loss by pest and insects etc., which is another factor behind immediate disposal after produce. Different market functionaries are found to operate in the chain of raw Jute trade between the growers and Jute mills. With functional deficiencies in the marketing structure of raw Jute, the competition in the fiber trade is far from perfect at different marketing points and the buyers in a monopolistic position take advantage of weak bargaining strength of the poor farmers. The financially weak farmers are subjected to severe exploitation by the middleman who offer cash advances as loans during Jute cultivation and afterwards make them obligatory to dispose of bulk of the fiber to the creditor at a price much below the market price (Bhaattacharya, 2013). Dominance of middlemen is another feature of Jute marketing. Intermediaries take the advantages of weak

bargaining power of the farmers as farmers are not organized and their cash shortage compels them to dispose as per the whims of the traders.

The following channels were adopted by the farmers for disposal of raw Jute in the study area as observed by the researchers

Channel: 1. Farmers - Primary Market
Channel: 2. Farmers - Faria / traders (*bepories)*
Channel: 3. Farmers - Jute Corporation of India (JCI)
Channel: 4: Farmers - Others (others include godown operated by some traders)

Adhikary *et. al*., (1990), stated that on an average 37 per cent of the marketable surplus is sold by the growers at the village, 56 per cent at primary markets and *haats* and only 7 per cent at secondary market. As stated by Rao & Ramaswamy (1974) primary markets or *haats* constitute the first important link in the long channel of marketing of raw Jute. About 60 per cent of the marketable surplus is disposed of by growers at their doorsteps and about 30 per cent is taken by them to the primary markets for sale

Table 4: Marketing channels used by sample farmers for disposal of raw Jute

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary market	136	45.3	45.3	45.3
	Faria (bepories)	107	35.7	35.7	81.0
	JCI	5	1.7	1.7	82.7
	Others	52	17.3	17.3	100.0
	Total	**300**	**100.0**	**100.0**	

Approximately 45 per cent of raw Jute is disposed through the periodic market. Another 35 per cent of raw Jute is marketed through traders from the door step of the farmers. The coverage of JCI is low and only 5 per cent surveyed farmers sell their produce to JCI directly. The 4th channel in the other category is the godown operated by mostly the nearest center of Jute growing areas. Farmers sell their small amount of produce depending upon the cash requirement to this godown operator at a price little lesser than the prevailing market price. According to Chapke (2013) most of the Jute growers, having only a small quantity to market, prefer to dispose either in the village itself or in the nearby *haat.* Farmers prefer to sell their produce at the nearest periodic market which held once or twice in a week. It was observed in the study area that marginal framers prefer to sell their small amount of raw Jute at nearest periodic market whereas large farmers having huge volumes prefer to take the traders to the door step to save carrying charges to the market.

Distance to the nearest primary market :

Distance to the nearest periodic market plays an important role in selection of a marketing channel by the producers

Table 5: Distance to nearest Primary Market

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5km	199	66.3	66.3	66.3
	5-10 km	64	21.3	21.3	87.7
	10-15km	13	4.3	4.3	92.0
	15-20	19	6.3	6.3	98.3
	above 20km	5	1.7	1.7	100.0
	Total	**300**	**100.0**	**100.0**	

The strength of market structure lies in close proximity of market from grower's home or farm, as 66 per cent farmers having primary market with a distance of 0 to 5 km

Regarding the marketing practices of the growers following hypothesis were attempted to tested by the researchers

H0: There is no significant association between literacy level of the farmers and adoption of marketing channels

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	35.203[a]	18	.009
Likelihood Ratio	35.496	18	.008
Linear-by-Linear Association	.033	1	.856
N of Valid Cases	300		

As sig value (0.009) is less than the level of significance (0.05) so we reject the null hypothesis and concluded that there is a significant association between literacy level of the farmers and adoption of marketing channel.

H0: There is significant association between category of the farmers and adopted marketing channels for disposing raw Jute

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	63.541[a]	6	.000
Likelihood Ratio	80.622	6	.000
Linear-by-Linear Association	33.159	1	.000
N of Valid Cases	300		

As sig value (.000) is less than level of significance (0.05) so we reject the null hypothesis and concluded that there is a significant association between category of the farmers (small, marginal, medium , large) and adopted marketing channels.

H0: There is no significant association between age of the farmers and adopted marketing channels.

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	7.452[a]	6	.281
Likelihood Ratio	7.435	6	.282
Linear-by-Linear Association	.885	1	.347
N of Valid Cases	300		

As the P value (0.281) is greater than the level of significance (0.05) so null hypothesis could not be rejected and it is concluded that there is no significant association between age of the farmers and choice of channel selection.

H0: There is no significant association between income and adopted marketing channels.

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	24.203[a]	15	.062
Likelihood Ratio	25.347	15	.045
Linear-by-Linear Association	.826	1	.363
N of Valid Cases	300		

As sig value (0.62) is greater than the level of significance (0.05) so we could not reject the null hypothesis and conclude that there is no significant association between the farm income and adoption of marketing channels

H0: There is no significant association between distance to the nearest primary market and adopted marketing channels.

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	106.847[a]	15	.000
Likelihood Ratio	90.943	15	.000
Linear-by-Linear Association	39.500	1	.000
N of Valid Cases	298		

As P value is (0.00) is less than the level of significance (0.05) so we reject the null hypothesis and conclude that there is a significant association between distances to the nearest primary market and adopted marketing channels.

H0: There is no significant association between sources of credit and adopted marketing channels.

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	30.222[a]	21	.088
Likelihood Ratio	29.452	21	.104
Linear-by-Linear Association	.293	1	.589
N of Valid Cases	296		

As, sig value (0.88) is greater than level of significance (0.05) so we could not reject the null hypothesis and conclude that there is no significant association between sources of credit and adopted marketing channels.

H0: There is no significant association between time of sale and adopted marketing channels.

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	59.509[a]	21	.000
Likelihood Ratio	45.073	21	.002
N of Valid Cases	300		

As the sig value (.000) is less than the level of significance (.05) so we reject the null hypothesis and concluded that there is a significant relationship between times of sale and adopted marketing channels.

Irrespective of age, income and sources of credit, farmers adopt the same marketing practices in the study area. However, marketing practices of Jute farmers varies with their land holding status i.e. category, distance to nearest market and time of sale. Marginal small and marginal farmers having limited surplus prefer to sell their produced in the nearest primary market depending upon the cash requirement. Medium and semi medium farmers having comparatively greater volume of produce prefer to sell their produces to the traders from the door step to save the carrying charges or transportation cost. Besides, farmers prefer to engage traders to save men days, which can be allocate for farming other crop of crop portfolio of the growers. Saving time as well as trouble of selling is another factors considered by the growers. Farmers having primary market in the close proximity with in a distance of 10 km prefer to sell the produce in the market, where as primary market locating far from the growers place prefer to engage the traders. Time of sale also influence the choice of channel section. Depending upon the cash requirement, farmers sell their produces either in the market or the traders.

CONCLUSION:

In this era environmental awareness, eco-friendly products and services are becoming popular among the people across the globe. Environmental sustainability is ensured through the use and adoption of environment friendly, renewable, biodegradable resources. In the process of achieving environmental sustainability, it is utmost important to ensure uninterrupted fiber supply. This is possible only when the fiber cultivation is viable in terms of its economic return. This demand adequate concerns on the issues and constrains of the farmers from a holistic perspective. To apprehend the opportunities arise out of environmental awareness, strengthening the existing production base, removing fluctuating decline in production as well as acreage, value addition through quality production and promoting diversification at the grower's level is suggestive. Identification and removal of the above mentioned constrains, capacity building, creation of awareness on modern method of cultivation can contribute to a large extent in this context.

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