

CHAPTER IV

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IV PROBLEMS OF FARMERS AND MARKETING FUNCTIONARIES

In the field survey it was found that farmers and marketing functionaries were facing some problems. Those problems were grouped into two section.

A] Problems of Farmers

B] Problems of Marketing Functionaries

The problems of farmers as well as those of marketing functionaries can also be grouped into four categories namely,

- 1) Problems relating to exchange functions like purchasing and selling,
- 2) Problems relating to physical supply function viz., assembling, storage and transport,
- 3) Problems relating to facilitating functions like, finance, insurance, grading, marketing information, advertisement and sales promotion, packing, etc.,
- 4) Some other problems relating to production, labour, APMC procedure, etc.

A] PROBLEMS OF FARMERS

4.0 FINANCE

(1) Low Income Level :- The average income of respondents in Byadgi taluka was Rs. 20,471 P.A. and average family size of farmers was 10 members. One family member gets only Rs. 2047 P.A. hence all income is used for livelihood. Farmers do not have money to look after the agricultural activities and therefore, borrow loans.

(2) Government has not provided any specific crop loan for chillies production.

(3) High Rate of Interest :- The cultivators were mainly financed by money lenders and commission agents. About 83 percent of small farmers, 74 percent of medium farmers and 35 percent of big farmers have paid interest at the rate of 36 percent per annum.

(4) Lack of Co-operation of Financial Institutions :- The cultivators face the problems like late granting of loans, partial granting of loans and no granting of loans. While raising loans from financial institutions like banks, co-operative societies, etc., the cultivators, in general, struggle very hard.

4.1 PRODUCTION

(1) Low Yield :- The average production of red chillies per acre in Byadgi taluka was 1.07 quintals. It was only 1.03 quintals in case of small and medium farmers. It was 3 to 4 quintals per acre in rainfed lands in Dharwad district and also in Karnataka¹.

(2) Some problems like absence of rainfall, irregular rain fall, climate, etc., were resulting in low yield.

(3) Farmers always face labour problems such as, non-availability and non-cooperation which affects the productivity.

1. Cultivation practices for vegetables, May 1984, University of Agricultural Sciences, State Dept. of Horticulture and Indian Institute of Horticulture Research, Bangalore.

(4) Diseases and insects affect the production of chillies and pose a great problem.

(5) Farmers do not have any training in proper cultivation of chillies.

4.2 ASSEMBLING OF GOODS FROM LANDS

Majority of the farmers do not have any problems in assembling red chillies from lands. The remaining 22 percent of the respondents face the problems such as, inadequate availability of labour high charges, etc.

4.3 GRADING

APMC Byadgihas appointed graders. But they do not grade chillies because of want of time and skill. So commercial grading is done by marketing functionaries sometimes, leading to injustice to the farmers. Majority of the farmers were not satisfied with the grading.

Lack of skill, lack of information about standards, mixed quality, etc., do not allow the farmers to grade chillies before sales.

4.4 STORAGE

Due to lack of proper knowledge of storage chillies often deteriorate in quality, colour, etc. Farmers do not have the knowledge of scientific method of storage. Majority of the medium farmers do not have proper storage space. Many respondents were not aware of the godowns provided by the APMCs.

4.5 INSURANCE

All farmers are ignorant about the procedures of availing of insurance facilities and the type of insurance available.

4.6 TRANSPORT

In order to bring the red chillies to Byadgi market, from any place in Byadgi taluka farmers have to expend heavy transport charges, on an average of Rs. 12/- per quintal. This amount is paid to transport goods for a short distance of 5 Kms. to 20 Kms. Transportation problem is more among the medium farmers. APMC has not kept even a single vehicle for transportation of chillies.

4.7 MARKET INFORMATION

Absence of correct market information relating prices is another problem. Practically, the farmers neither have any contact with outside world nor have the knowledge of the trend of market prices. They depend on friends, relatives and marketing functionaries to obtain information. In Byadgi taluka, about 40 percent of the respondents get adequate market information regularly. As a result of this, majority of the respondents get unremunerative prices for chillies.

4.8 SALES

About 68 percent respondents have opined that they do not have any sales problems. But it is noticed that farmers face practically the following problems.

- i) High commission was paid for selling the red chillies through commission agents. According to the Karnataka Government regulations, farmers need not pay commission to any body else at the time of sales. But, most of the farmers have paid commission at the rates varying from 2 to 3 percent of the sales value.
- ii) Farmers do not know the technique of preparing red chillies for marketing. They mix different quality chillies, like fruits, white chillies, old chillies, damaged chillies, chillies with more moisture content, etc., in one lot and some times they also mix water to increase the weight. The result is that the quality becomes dull and gets low rates.
- iii) Some times market suddenly closes without intimating the farmers, on account of strike, or death of a licence holder of APMC however, this is not a regular problem.
- iv) Rates fluctuation comprises another problem.
- v) Marketing functionaries take high remuneration for their services and such remuneration accounts for 27.47 percent of a consumer's rupee.

4.9 SOME GENERAL PROBLEMS

- i) Respondents do not have adequate finance to make use of modern tools and techniques in cultivation of chillies.
- ii) Respondents farmers could not get seeds, fertilizers, pesticides, etc., at cheaper rates.

B] PROBLEMS OF MARKETING FUNCTIONARIES

4.10 PURCHASE

(i) As mentioned earlier the farmers bring mixed quality chillies to the the market. Hence, it is very difficult to decide the grade of chillies and to select accordingly. About 50 percent of small, 25 percent of medium and 42 percent of big marketing functionaries face this problem.

(ii) Without having the correct market information of other markets, it is very difficult to decide the rates. In majority cases correct and reliable information is not available.

(iii) Some new businessmen lack the skill of deciding and judging the grades and rates accordingly.

(iv) The cost of purchase increases on account of the Government policy. The buyers have to bear the sales tax which is shifted by sellers, market cess, commission charged by the commission agents, etc. This is a problem for fixing the selling price at competitive rates. Cost of purchase of licence holders is more than the cost of purchase of persons who deal illegally in the names of farmers at the time of sending goods outside the state.

(v) Over buying is a significant problem for marketing functionaries in Byadgi market yard. In order to purchase chillies, functionaries have to quote their rates through tender forms. At the time of tendering rates they do not know whether the chillies will be

alloted to them or not. Hence, to have the required quantity purchased, they tender for more quantity of chillies. Somtimes, all chillies tendered will be alloted to them provided the functionary happens to be highest bidder. This leads to over buying and somtimes business failure, if rates of chillies come down later on. Opposite of this, is under buying.

4.11 ASSEMBLING

(i) During the season majority of the respondent functionaries face the shortage of coolies and carts.

(ii) A lot of work which arises on account of mixed quality, relating to classification of chillies according to quality, is involved before packing.

(iii) Good climate is required for the drying of the wet and fruit chillies. Somtimes the rain or mist may obstruct the drying process and thereby, assembling.

4.12 SELLING

(i) Selection of the person to whom to sell : Majority of the transactions are carried on credit basis. Therefore, it is important to decide the credit-worthiness of persons to whom to sell and select the prospective customer. But this is a very difficult task.

(ii) selection of market : Marketing functionaries have to get the correct market information so as to send the chillies for sale to different markets. Often, correct market information is not obtained,

which in turn makes the selection of market difficult. If wrong market is selected, by miscalculating the trend it leads to business failure.

(iii) Fixation of selling price : The selling price is affected by the rates in other important markets like Bombay, Calcutta, Delhi, Guntoor, etc. It is difficult to calculate the trends of different markets and to assume the supply conditions accordingly.

Usually, chillies are send to different markets where they are sold through agents, who sell them at prevailing rates in the market.- In this way, sometimes the fixation of selling price is not in the hands of marketing functionaries. This problem is mainly related to 'merchants' and 'merchants and commission agents'.

(iv) Provision of credit : Without providing chillies on credit it is difficult to carry on business. But, because of high interest rate, tight money market, instability of financial position of buyers, etc., the provision of credit has become a crucial problem for the functionaries.

(v) Government policy : The policy of Government, especially relating to the sales tax, cess, commission, turnover tax, etc., makes the cost of purchase high and thereby, profit percentage is less. In some markets like Gadag, there is no proper control over marketing functionaries, and they transact in the names of farmers for eveding the payment of tax. Further, they sell at lesser rates than the rates offered by the functionaries of the Byadgi market, when chillies are sold outside as well as within the State.

(vi) Fall in the value of red chillies is another problem, since it leads to the business failure.

4.13 STORAGE

All respondent functionaries face the problem of lack of scientifically maintained godowns. In the same way all possess the problem of loss of weight, colour, damage, etc., during the storage. About 25 percent of the sample face the problem of high storage charges. Storage problems are more among small functionaries.

4.14 TRANSPORTATION

(i) High cost of transport is the main problem among 35 to 55 percent of marketing functionaries.

(ii) The problem of lack of sufficient vehicles and non-availability at the proper time during the season (October to December), is faced by all the respondent functionaries.

(iii) Pune - Bangalore National Highway, is five kilometers away from Byadgi. This therefore, influences the transportation cost to higher level.

4.15 ADVERTISEMENT AND SALES PROMOTION

Due to high cost of advertisement almost all the respondent functionaries do not advertise their individual business either in the newspapers or any other advertising media.

4.16 FINANCE

(i) High interest rate problem is a common problem faced by all the functionaries. They pay interest at different rates varying from 24 to as high as 36 percent.

(ii) Government policies do not permit the nationalised banks to finance marketing functionaries liberally. So, they have to approach the private money lenders and pay a high interest rate.

(iii) At least 38 percent of the functionaries have faced the non co-operation from the nationalised banks.

(iv) 25 percent of small, 15 percent medium and 17 percent big categories of functionaries do not have the proper assets to give in the form of security at the time of raising loans.

(v) Adjustment of heavy working capital during the season is another common problem of all the functionaries, since the farmers are to be paid immediately.

4.17 INSURANCE

(i) There is no insurance policy to protect the marketing functionaries from loss of business arising out of price fluctuations.

(ii) Practically there are no problems to get insurance facility, except that of high premium as opined by 28 percent of sample functionaries and that of lack of proper information as regards insurance, according to 18 percent of the respondent functionaries.

4.18 MARKET INFORMATION

Lack of communication in case of majority of the functionaries is a significant hurdle in red chillies marketing process. At least 20 percent of the functionaries do not know the art of collecting the market information. Further, they lack in timely market information. Absence of STD telephone facility was felt by all the functionaries and sometimes dishonest agents in other markets are found to mislead the respondent functionaries.

4.19 GRADING

Absence of uniform standards and procedures, mixed quality, lack of skill, etc., have made the grading work difficult. Further, it is an extra work on the part of the functionaries since graders are appointed by APMC, Byadgi, who in turn do not grade chillies.

4.20 PACKING

The packing problems faced by the functionaries comprise of

- (i) Packing materials are costly.
- (ii) after packing there is loss of weight.
- (iii) Coolies are not available during the season,

4.21 LABOUR

(i) Non-availability of skilled and sincere workers is the problem faced by majority of sample functionaries.

(ii) Problem of strikes and non co-operation of employees was faced by at least 10 percent of the functionaries.

4.22 SOME GENERAL PROBLEMS

(i) Lack of sufficient time to tender the rates for all lots in the market yard is one of the major problem. During the season, if a functionary has to cover full market 2 to 3 minutes time is available for each lot.

(ii) It is difficult to decide the rates in tender system, as it requires a critical bent of mind.

(iii) If there is delay in declaring the tenders, the bills cannot be prepared and given to farmers. Because, weightment is to be made after the declaration of the tenders. In that case purchasers do not take the delivery of chillies and such goods are to be protected by the commission agents. This is a great problem for the commission agents.

(iv) Sometimes, while tendering, by mistake, wrong lot numbers may be written against high prices. In that case also, marketing functionaries have to purchase inferior chillies at the quoted high rates in the tender forms.

(v) Bill should be given to the farmers on the same day when chillies are sold, but this is difficult because of want of time and employees.

(vi) There is a shortage of weighmen, who are appointed by the APMC, Byadgi.

(vii) According to State Government rules, merchants cannot purchase red chillies outside the market, i.e. in the places of farmers.