

PRODUCTION AND MARKETING PRACTICES OF SMALL AND MARGINAL FARMERS WITH
REFERENCE TO SUGAR CANE CROP.

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I. INTRODUCTION

Marketing is the most important multiplier of development, for marketing is one of the most potent levers to convert the danger of loss into an opportunity for gain. The essential aspect of an under-developed economy is the inability to organise economic efforts and energies to bring together resources, wants, and capacities so to convert a self limiting static system into creative self generating organic growth. And this is where marketing comes in.

Marketing has been defined in many ways. Marketing has been described by the Marketing staff of Ohio State University (1965) as 'a business activity, a trade phenomenon, a frame of mind, a sense of business purpose, a structure of institutions, a process of exchanging or transferring ownership of products, a process of concentration, equalization and dispersion, a process of creation of time, place and possession utilities, a process of demand and supply adjustment and many other things'. Marketing plays the role of an educator, it cultivates changes in public attitudes, it brings about changes in the quality of life, it encourages a modern way of living and it increases the standard of living.

According to Drucker (1957), in the under developed countries as a group, marketing has traditionally been the forgotten area of economic thinking. In every underdeveloped country, marketing is the most under-developed or the least developed part of the economy if only

because of the strong pervasive prejudice against the 'Middleman'. As a result these countries are stunted by inability to make effective use of the little they have. According to Drucker (1957) marketing might by itself go far toward changing the entire economic tone of the existing system without any change in methods of production, distribution, of population or of income.

Existence of markets would induce the producers to produce marketable products by providing them with standards, with quality demands and with specification for their product. It would make the product capable of being brought to markets instead of perishing on the way. Low farm productivity in developing economics is explained by factors such as inefficient methods of irrigation, lack of mechanization in farming, inadequate supplies of fertilizers and natural disasters. But one of the most fundamental problems which is often not recognised is the lack of market system. There are small farmers who cultivate two hectares or less of land accounting for more than 60 per cent of the population in the third world. Many of these farmers, says Drucker (1957) do not have access to the market system prevailing in these developing countries.

Owens and Shaw very aptly point out that agricultural development is a human problem, not so much a technical one. If all farmers have access to production inputs, the financial system, the market and agricultural knowledge, then they can improve the state of agriculture.

But most farmers lack access to a market system and thus lack both the resources and the incentives to modernize their production methods. The authors add, "unequal access to the market is one of the reasons why the Green Revolution of India has benefited mostly the large farmers".

In most of the developing countries markets, are not fully developed. They are too small to make it possible to organise distribution for a single product line in any effective manner. As a result without efficient marketing organisation, many products for which there is an adequate demand at a reasonable price are either not produced or distributed. Marketing is critical in economic development. Thus development of a rural market system is a basic infrastructure for bringing about the necessary agricultural revolution. The establishment of mass market in rural sector is vital to the country's economic growth and development. It will bring a new and richer life to the farmers.

In the Indian agricultural setting, farmers whose operational land holdings are between one to two hectares have been identified as small farmers and those possessing below one hectare as ^amarginal farmers. As per estimates of Rural Labour Inquiry (1974-75) 74.6 percent of the rural households are small and marginal farmer households. They constitute 39.4 million rural households, out of a total of 58.1 million rural households. In order to achieve self sufficiency and social justice

this group of farming community should be informed of the recent developments and techniques in agriculture.

A study of the small and marginal farmers with regard to their agricultural and marketing practices is important because of the special problems arising out of the small size of their business. These relate to their capital structure, marketable surplus, risk bearing ability and readiness to adopt new techniques. The major limitation of the small and marginal farmer is the size of his holdings. This limitation puts resource and system constraints though it permits them to attain high level of efficiency in production. For instance, small farmers grow cash crops on their holdings more or less to the same extent as other farmers do. The studies carried out by the Programme Evaluation Organisation of the Planning Commission reveal that the small farmers have caught up with the more enterprising farmers in less than a decade and that the extent of the area under improved seeds and the use of fertilizers in small farms are not materially different from that of the medium or big size farms. Shah (1980) believes that small farmers have already achieved optimality in the allocation of their land resources to alternative crops.

One aspect of the efficiency of small farmers in relation to allocation of land relates to the deal they obtain in marketing their crops, particularly the cash crops.

The existing research studies on marketing deal with such aspects as the economics of marketing agencies, the price spreads between seasons and the variations in the prices as realised by the producers at one end and the price paid by the consumers at the other end, costs of marketing, the extent of marketable surplus in relation to food crops, and functioning of marketing societies. These studies have not particularly evaluated the extent to which the marketing facilities have been used by the small and marginal farmers and the impact of marketing facilities and the impact of their utilisation on their cultivation practices. Providing a facility is one aspect of a situation. How it is used is quite another. The social justice to be meted out to the small and marginal farmers requires that the marketing practices of the small farmers need to be studied and the interrelation of marketing practices with cultivation practices be examined before measures could be suggested for strengthening the market infrastructure for this group. Hence the present study on the ^{Production and} 'Marketing practices of small and marginal Farmers with reference to sugar cane crop' has been undertaken to highlight these aspects. The study covers the villages of Pappanaikan Palayam, Dhaliur, Pannimadai and Palani Gounden Pudur in the Periyanaikan Palayam Panchayat Union of Coimbatore District.

The cultivation and marketing practices of sugarcane has been selected for study on account of the key importance of sugarcane as the major commercial crop in the area. The objectives of the study are to:

- a. Compare the performance and efficiency of small and marginal farmers.
- b. Compare the performance and efficiency of farmers using different outlets of marketing.
- c. Compare the performance and efficiency of farmers when they differ in the final product that they sell.

It is hoped that the findings of the study will prove useful in understanding the farm decision making behaviour of the vulnerable group of small and marginal farmers and also indicate the methods by which marketing infrastructure could be made more relevant to their needs and requirements.

II. REVIEW OF LITERATURE

The literature relating to the study, ^{Production and} 'Marketing practices of small and marginal Farmers with reference to sugarcane crop' is discussed under the following headings.

- A. Importance of Marketing;
- B. Significance of Small and Marginal Farmers in the Indian Rural Sector; and
- C. Studies done earlier.

A. Importance of Marketing:

Marketing includes all activities involved in the creation of place, time and possession utility. It refers to the performance of all business activities involved in the flow of goods and services from the point of initial agricultural production until they are in the hands of the ultimate consumers according to Kohls (1971).

Marketing of an agricultural product is as important as that of its production. Unhealthy market environment will prevent agricultural producers from realising competitive price for their products with consequent adverse impact on the level of farm incomes. The importance of marketing can be viewed from the point of view of participants in marketing: producers, consumers, traders and government.

a. Producers' point of view:

Market is a place where an agricultural producer can sell his farm product. The producer often looks at marketing from the point of view of prices. Prices give him a guideline as to what type of crop is to be grown, how much area is to be reserved for it and how much out of the total produce is to be brought to the market for sale at one time. Jain (1971) has observed that even the farmers at the lowest subsistence level respond to prices as they have to sell a portion of their produce after harvest under economic compulsion.

b. Consumers' point of view:

Market is a place from where the consumer can get the goods for his day to day requirements. Marketing, therefore, renders service to the consumer in the sense of making goods constantly available to him for meeting all his demands. The consumer, therefore, looks at marketing from the point of view timely availability of goods and the prices at which they are offered.

c. Traders' (middlemen's) point of view:

The trader (middleman) looks at marketing from the point of view of keeping himself engaged in the business of buying and selling and thereby earning his livelihood. He renders service to the society indirectly by making available the goods needed for consumption. In areas of dense population living at subsistence level, the seasonal failure of a basic food crop can bring about wide spread famine and suffering.

Meantime other parts of the same country may be holding supplies more than adequate for their needs. Such disasters are lessened by transport and readily available buffer stock facilities, availability of communication between one part of the country and another, availability of information on current stocks and future requirements and the reliability of the existing trade organisation in recognizing and responding to the needs of the community.

d. Government's point of view:

In recent years, Government is paying increased attention to the distribution of limited supplies of agricultural output. The reduction in the farm output, coupled with the continuance of high consumption in many areas emphasise the importance of marketing mechanism as a means to keeping production and consumption in balance. Purchases of food grains at minimum support price and their sale at the maximum controlled price by the Food Corporation of India, discourages hoarding at the farm and market levels, and tries to match production with consumption, with the help of buffer stocks built up during the course of procurement.

Inadequate marketing and related infrastructural facilities fragmented markets and an uneconomic and unpredictable prices act as major constraints in the way of accelerating agricultural development. The latter increases the output of farm products. There must be an

immediate market for these products and price for them high enough to repay the farmer his cash costs and his efforts in producing them, remarks Srinivasan (1980).

B. Significance of small and Marginal Farmers in the Indian Rural Sector:

Farmers possessing land holdings between 1 to 2 hectares are considered small farmers and those possessing land below 1 hectare marginal farmers. The small farmer, says Talwar (1978) is the backbone of rural economy and it is of utmost importance that he is enabled to become a healthy participant in the struggle for achieving a higher degree of prosperity for the nation.

According to the Agricultural Census 1970-71, nearly 70 per cent of the rural households had operational holdings of five acres or less and 51 per cent had 2.5 acres or less. That means that out of total 70.49 million holdings, 49 million holdings belonged to the category of small farms of which 34 million were marginal farms.

Rangacharyalu and Rao (1980) had estimated the number of small and marginal households in the country using the data of the Rural Labour Enquiry (1974-75). The distribution of small and marginal farmers across different categories of households, as they had estimated is given in Table I.

TABLE I
DISTRIBUTION OF SMALL AND MARGINAL FARMERS ACROSS RURAL
HOUSEHOLDS (IN MILLIONS)

S.No.	Category	Agricultural labour	Arti- sans	Others	Culti- vators	Total
1.	Marginal Farmers	7.4	0.9	5.4	12.5	26.2
2.	Small Farmers	0.7	0.1	0.5	11.9	13.2
3.	Others	0.3	0.1	0.2	18.1	18.7
Total:		8.4	1.1	6.1	42.5	58.1

Among agricultural labour households 7.4 million were these of marginal farmers, 0.7 million were those of small farmers, and 0.3 million others. There were 0.9 million marginal farmers, 0.1 million small farmers and 0.1 million other households among artisan households and their corresponding numbers among other households were 5.4 million, 0.5 million and 0.2 million respectively. There were 12.5 million farmer households 11.9 million small farmer households and 18.1 million other households among cultivator households. Altogether 39.4 million rural households (74.6 per cent) were small farmer and marginal farmer households with only 18.7 million households 25 percent of them being in the big farmer category, that is, three fourths of the rural households were small and marginal farmer households.

Small farmers do not lag behind others in participating in technological revolution. A study done by the Programme Evaluation Organisation of the Planning Commission indicates that these small and marginal farmers are as enterprising as large farmers. The extent of area under improved seeds and the use of fertilizers in small farms are not materially different from that of medium or big size farms. The performance of small farmers regarding adoption of new technology should legitimately generate hope about their achieving adequate income levels.

Field studies conducted by the Reserve Bank of India, show that small farmers who directly benefited from SFDA and enjoyed higher incomes. The study of Panday (1981) relating to Mathura district of U.P. revealed that only five percent of beneficiary marginal farmers remained below the poverty line after the implementation of the scheme SFDA, DPAP and CADP whereas among non beneficiaries one third were below the poverty line.

The economic conditions of these small and marginal farmers are immediately linked up with the efficiency of the marketing infrastructure accessible to them. Increases in production will yield them higher farm income only when combined with remunerative prices for the crops that they cultivate. The social justice for this group of small farmers thus depends on the availabilities of a good marketing infrastructure for their crops.

Doolsingh (1961) who studied 'problems of marketing agricultural produce in two districts of Rajasthan' detected a number of series defects in the present system of marketing techniques. The defects mentioned by him were:

1. The transport and storage of farm products are more expensive than that of factory production.
2. The perishable nature of the agricultural products is another handicap of the farmer;
3. Absence of grading and standardisation of the farm product;
4. Illiteracy and ignorance of the farmers are other handicaps under which they have to market their produce.

He suggested the introduction of co-operatives and regulated markets and mandis at most of the towns as the most feasible solutions to these problems. Ghosh (1963) also found that Indian agricultural market was highly imperfect and that the traditional market structure was altered little inspite of the spread of regulated markets.

C. Studies done earlier:

Studies on agricultural marketing be generally fall under two heads:

- a. Studies that deal with the efficiency with which particular group of farmers utilise the marketing infrastructure within their accessibility; and
- b. Studies that deal with price spread, costs and margins of marketing particular groups of agricultural products.

The available studies on marketing are discussed under these two heads.

a. Studies on the efficiency of utilising market infrastructure;

Rao (1979) in his 'case study of a cotton village' attempted to examine the nature of disabilities faced by the small and marginal farmers in the product market in a commercialised setting. The sample of his study was 45 farmers, representing 15 percent of the households of marginal (15) small (13) medium (13) and big farmers (4). He considered the operational holding rather than owner holding as an appropriate basis for classifying farmers in studies concerned with their performance in the product markets. On this basis farmers operating between 0.50 to 2.50 acres were treated as marginal, 2.51 to 5.00 acres as small, 5.01 to 15.00 as medium and those operating above 15 acres as big farmers. He examined whether the small and marginal farmers were at a disadvantage in terms of lower product vis-a-vis large and medium farmers.

The investigator found that the small and marginal farmers were not subjected to lower product prices. The prices received did not vary with the size of operational holdings but the quality of the product had a bearing on the price and it acted against the farms with limited output, compared to farms with larger output. The market deductions on account of moisture and poor quality of the product uniformly applied to all classes of farmers. However, 26 percent of the marginal farmers were subjected to lower prices in periods of slump

in the market activity solely on account of the small quantity marketed by them.

2. Naidu (1979) undertook a study on 'price spread and price received by small, marginal and big farmers of paddy'. His was a case study of Tekari Village in Bilaspur district of Madhya Pradesh. He made an attempt to find out the prices received by the marginal, small and big farmers for their major produce, paddy.

The study revealed that the farmers put their produce for sale after making retentions for domestic consumption, payments in kind to hired labourers, blacksmiths, barbers, carpenters, landlords and kotwars and also for seed. The marginal and small farmers in the village had sold more paddy than even their marketable surplus. This was clearly the case of distress sales because of the urgent cash needs. He found that the marketed surplus varied directly with the increase in the size of land holdings.

Yet another finding was that the marginal and small farmers could not enjoy the procurement prices, because of lack of linking facilities either by Food Corporation of India or Marketing Societies. Unless and until the marginal and small farmers increased their marketable surplus, there was no chance for them to enjoy better prices of their produce either at mandies or any where.

3. Sinha et al (1979) studied the marketing costs of food grains in Muzaffarpur market in the district of Mazaffarour district in North

Bihar and Chakulia market in Chaibasa district in South Bihar. The food grains selected for their study were rice, wheat and maize. They tried to locate, identify and analyse their nature, magnitude and their implications in the context of imperfections in agricultural marketing and possibility of reforms. They calculated the gross margins by comparing the prices at successive levels of marketing and deducting therefrom the ascertainable costs at different stages of marketing. They thus used the method of concurrent margins to work out marketing margins.

They concluded that higher marketing costs and large price spreads in respect of rice, wheat and maize were largely due to handling and storage losses, high transport charges, higher cost of weighing, loading and unloading and high commission charges charged by the intermediaries. They thus found the grain trade market far from efficient.

4. Narain (1979) conducted a study on the price spread of paddy and its impact on small farmers in Thanjavur district. His study covered 10 per cent of the farmers in the district chosen on the basis of stratified random sampling. Farmers holding less than 5 acres accounted for 26 per cent of the marketed surplus and those holding between 5 and 10 acres accounted for another 20.5 per cent of the marketed surplus. The marketed produce of small farmers also formed a high proportion of their total produce. They marketed their produce immediately after harvest retaining only a small portion for meeting the consumption

demands of their families for 3 to 4 months. Virtually they made distress sales of their output to meet their money needs like rent, servicing debt, to purchase other necessities of life like salt, kerosene and clothing and lived on less than subsistence diet. The decisions of a few traders dominated the paddy marketing centres and they were highly crucial in shaping the market trends. As the peak season began, these traders reduced the price day by day and at the same time increased the prescribed weight per bag consequently the small farmers were the worst hit by the wide price spread that resulted.

Narain's study thus brought out that the small farmers who were already exposed to a number of other difficulties were also meted out an unfair treatment when it came to marketing their produce.

b. Studies on price spreads, costs and margins in marketing agricultural products:

1. Krishnaswamy (1971) made two case studies on the costs and margins in marketing of wheat in two markets of Sriganaganagar (primary) and Bikanar (secondary) during the peak season one in 1967 before the implementation of regulation in primary market and another in 1968 after the implementation of regulation. He found that after the implementation of regulation in the primary market the producers share in consumer's price had increased. The marketing expenses had been reduced. The margins of the commission agent and the wholeseller at the primary market also came down. The producer-seller was not any longer required to pay marketing charges.

2. Sastry (1976) in his study of price spreads in agricultural marketing assessed the variation in the price paid by the consumer and the benefit derived by the producer out of the price paid by the ultimate consumer. In most of the cases, the producer did not derive the benefit of more than 75 percent of the price paid by the consumer. In some cases it was even less than 60 percent. The intermediaries i.e. the businessmen were found taking away 27 to 57 percent. He concludes that if the producers and the consumers are to be protected from the exploitation of the intermediaries the institution of co-operative marketing has to be encouraged.

3. Desai (1979) had conducted a study on the dynamics of price spread components with reference to sugarcane and paddy. His study covered 150 small and big farmers in the six villages of Coimbatore block in Tamil Nadu selected on the basis of stratified sampling. He also used the information obtained from the rice mills and gur marketing units as well as from the wholesalers and retailers in rice and gur at the Coimbatore market. On fitting regression equations to assess the sensitivity of the price spread of its various components the author found that the bottleneck of transport facilities affected the share of producers especially small farmers in the price spread. The study further revealed that the size of holdings and nature of crops did have favourable influence on the producers share in the price spread.

Thus a large number of the existing research studies on marketing deal with such aspects as the economics of marketing agencies, the price spreads between seasons and the variations in the price realised by the products at the one end and the price paid by the consumers at the other end, costs of marketing, the extent of marketable surplus in relation to food crops and functioning of marketing societies. They have not particularly evaluated the extent to which the marketing facilities have been used by the small and marginal farmers and the impact of the utilisation of marketing practices on their cultivation practices. Providing a facility is one aspect of a situation. How it is used is quite another. The social justice to be meted out to the small and marginal farmers requires that the marketing practices of small farmers need to be studied and the interrelation of marketing practices with cultivation practices be examined before measures could be suggested for strengthening the market infrastructure for this group. Hence, the rationale for the present study on marketing practices of small and marginal farmers with references to sugarcane crop.

III. METHODOLOGY

The methodology used in the study on the ^{production and} marketing practices of small and marginal farmers with reference to sugarcane crop consists of the following steps:

1. Selection of the area;
2. Selection of the method;
3. Preparation of the interview schedule;
4. Collection and analysis of data;
5. Definition of terms and concepts;
- and 6. Presentation and interpretation of the data.

1. Selection of the area:

For the purpose of this study, four principal sugarcane growing villages, Pappanaikan palayam, Dhaliur, Pannimadai and Palani Gounden Pudur were selected from the Periyanaikan Palayam Panchayat Union in Coimbatore district. As sugarcane cultivation required consistant and abundant irrigation throughout the course of the crop, the investigator was constrained to select these villages purposively for the study. These villages were also contiguously located, sharing the characteristics of the same agricultural region. Therefore, the sampling frame for the study was the small and marginal farmers from these villages who had cultivated sugarcane as the principal crop on their land during the agricultural years of 1979 and 1980. In the first

stage the investigator identified and listed the small and marginal farmers in these villages with the assistance and help of the officials and popular leaders. From out of this list, an equal number of small and marginal farmers were selected for the study at random. In all 100 small and marginal farmers were covered under the study.

2. Selection of the Method:

The investigator used the direct personal interview method for collecting the data because the study called for information on sensitive issues like particulars on land ownership, gross income realised from farming, costs of cultivation and profit margins. Like any business man who would be the least inclined to divulge the details of his business to an outsider, even so the farmer, operating an independent business in farming was highly reluctant to part with his business information. Therefore, the investigator had to use all the skills at her command to convince the farmer of the genuine research purpose behind the collection of the data. The information given by the farmer had to be cross checked and counter checked for its reliability and accuracy at several points. On account of these considerations, the direct personal interview method was selected for this study as it was the most effective tool under the circumstances to achieve the research objectives. As Sukhia et al (1976) pointed out, the dynamics of interviewing involve much more than an oral questionnaire and data obtained from the subjects out of

interview that are in the nature of face to face relationship, is more reliable, accurate, and consistent than what could be obtained through other methods of data collection.

3. Preparation of the Interview Schedule:

The interview schedule evolved for the purpose consisted of questions under several sections:

- a. Family background;
- b. Size of holdings;
- c. Area under sugarcane in 1978-79 and 1979-80;
- d. Expenses of cultivation;
- e. Type of produce;
- f. Sale of produce
 - i. Preparation of the product and
 - ii. Marketing; and
- g. Other information.

The schedule was pretested in the month of January 1981 on 27 farmers. On the basis of the reactions obtained to specific questions and the results of the pilot study, the schedule was reconstructed. The revised schedule contained some questions on aspects which were not covered in the original schedule like the utilisation of the waste products and by products. The finalised interview schedule as used in the study is given in Appendix I.

4. Collection and Analysis of Data:

The field work for the study was done in February and March of 1981. The data was tabulated and consolidated there after. The data on production and marketing practices were classified by the size of holding, by type of the final produce and by the method of sale. This technique of cross classification used in tabulating data helped in controlling for other interacting variables and in isolating the influence of the particular variable on the agricultural and marketing practices of the farmers.

5. Definition of terms and concepts:

Small and Marginal farmers:

The terms 'small farmer' and 'marginal farmer' were defined in accordance with the SFDA definitions of these terms. Thus, small farmer was defined as one whose operational holding was between one and two hectares. Marginal farmer was one whose operational holding was less than a hectare.

Gross income:

The concept of gross income was defined as the sale proceeds from sugarcane crop.

Net income:

Net income or profit was defined as the difference between gross income and the expenses of cultivation.

6. Presentation and interpretation of data:

The tabulated data are presented, interpreted and discussed in the next chapter on results and discussion.

RESULTS AND DISCUSSION

The results of the study on the production and marketing practices of small and marginal farmers with reference to sugarcane crop are discussed under the following heads:

- A. Production performance in aggregate;
- B. Production and marketing practices of farmers by the size of their holding;
- C. Production and marketing practices of farmers by the type of the final produce;
- D. Production and marketing practices of farmers through the choice of marketing outlets;
- E. Problems in marketing.

A. Production performance in aggregate:

As a prelude to the discussion of the production and marketing practices of farmers across specific groups, their performance in aggregate is presented and discussed first.

Table II gives details on the production performance of the group of farmers as a whole in terms of their size of land holdings area under sugarcane, productivity, revenue, costs, and profits.

TABLE II

AGGREGATE PRODUCTION PERFORMANCE OF SMALL AND MARGINAL FARMERS

S.No.	Item	1978-79	1979-80
1.	Mean percapita holding in hectares	1.26	1.26
2.	Total area under cultivation in hectares	126.26	126.26
3.	Area under sugarcane in hectares	95.51	103.20
4.	Proportion of land under sugarcane in hectares	75.65	81.74
5.	Yield in quantals per hectare	39.55	42.36
6.	Gross revenue per hectare (in Rs.)	8868.96	13807.20
7.	Costs of cultivation per hectare (Rs.)	11771.02	12012.20
8.	Net revenue per hectare (Rs.)	-2909.48	1795.10
9.	Gross revenue per quintal (Rs.)	132.56	192.83
10.	Cost of cultivation per quintal (Rs.)	178.08	167.76
11.	Net revenue per quintal (Rs.)	-44.45	25.07

a. Mean percapita land holdings of the small and marginal farmers together was 1.26 hectares.

b. The total land available for the sample group of farmers was 126.26 hectares out of which 75.65 percent was under sugarcane in 1978-79 and 81.74 percent was under sugarcane in 1979-80. Thus the area under sugarcane cultivation increased by six percent between these two years.

c. The productivity for the entire group of farmers engaged in sugar cane cultivation had increased from 39.55 quintals in 1978-79 to 42.36 quintals in 1979-80. The unit costs of cultivation per hectare had gone up from Rs.11771.02 to 12012.20. The gross revenue per hectare realised by the farmers had also gone up from Rs.8868.96 to Rs. 13807.20. The gross revenue thus, had gone up at a rate that was very out of proportion to the rate of increase in costs and productivity. It was this increase which enabled the cultivators to reverse the losses which they incurred in 1978-79 and earn profits in 1979-80 amounting to Rs. 1795 per hectare.

B. Production and marketing practices of farmers by the size of their holding:

Production and marketing practices of small and marginal farmers are discussed in the following aspects:

1. Proportion of land under sugar cane cultivation;
2. Rate of return from sugar cane cultivation; and
3. Method of meeting the costs of cultivation.

1. Proportion of land under sugar cane cultivation:

Table III gives details on the land holdings of small and marginal farmers and the area of their land under sugar cane cultivation.

TABLE III

SIZE OF LANDHOLDINGS AND AREA UNDER CANE BY SIZE OF LAND HOLDING

S.No.	Items	Year	Small farmer	Marginal farmer	Both
1.	Mean percapita holding in hectare	1978-79	1.68	.85	1.26
		1979-80	1.68	.85	1.26
2.	Total area under cultivation in hectare	1978-79	83.77	42.49	126.26
		1979-80	83.77	42.49	126.26
3.	Area under sugar cane in hectare	1978-79	62.93	32.58	95.51
		1979-80	65.77	37.43	103.20
4.	Proportion of land under sugar cane in hectares	1978-79	75.12	76.68	75.65
		1979-80	78.51	88.09	81.74

The percapita holding of the marginal farmer was half the size of that of the small farmer. The size of holding of the marginal farmer was .85 hectare as against 1.68 hectares available to the farmers group. The marginal farmers devoted a proportionately larger area for sugarcane than small farmers. The area under sugarcane increased to 88.09 per cent of the land under cultivation of the marginal farmers (by nearly 12 percent) whereas the corresponding increase of the area under sugarcane for small farmers was less than 3 percent. During the period under consideration relatively more of marginal farmers had taken to sugarcane cultivation.

2. Rate of return from sugar cane cultivation:

The production performance of the farmers in relation to sugar cane and the returns they realised from production were analysed and compared for the two agricultural years under study. This comparison gives an idea of the change in, productivity and profits arising from sugar cane cultivation for the different groups of farmers and for the sample as a whole. Tables IV and V give details on rate of return from sugar cane realised by these two groups of farmers and by the sample as a whole during the two consecutive years 1978-79 and 1979-80.

TABLE IV

RATE OF RETURN FROM SUGAR CANE CULTIVATION IN 1978-79 BY SIZE OF
LAND HOLDING

S.No.	Item	Small farmer	Marginal farmer	Overall
1.	Share of final product:			
	a. area under cane	61.5	38.5	100
	b. Total output	62	38	100
2.	Yield in quintals per hectare	36.90	42.27	39.55
3.	Gross revenue per hectare (Rs.)	9086.68	8426.73	8868.96
4.	Costs of cultivation per hectare (Rs.)	11751.48	11808.86	11771.02
5.	Net revenue per hectare (Rs.)	-2664.80	-3382.13	-2909.48
6.	Gross revenue per quintal (Rs.)	145.65	117.98	132.56
7.	Cost of cultivation per quintal (Rs.)	188.37	165.32	178.08
8.	Net revenue per quintal (Rs.)	-42.72	-47.34	-44.45

TABLE V
RATE OF RETURN FROM SUGARCANE CULTIVATION IN 1979-80, BY SIZE OF
LAND HOLDING

S.No.	Items	Small farmer	Marginal farmer	Both
1.	Share of final product:			
	a. area under cane	62	38	100
	b. Total out put	61.5	38.5	100
2.	Yield in quintals per hectare	38.83	44.78	42.36
3.	Gross revenue per hectare (Rs)	13471.52	14552.19	13807.20
4.	Cost of cultivation per hectare (Rs.)	11935.94	12146.42	12012.20
5.	Net revenue per hectare (Rs)	1535.58	2405.77	1795.10
6.	Gross revenue per quintal (Rs)	205.26	192.28	192.83
7.	Cost of cultivation per quintal (Rs.)	181.88	160.49	167.76
8.	Net revenue per quintal (Rs)	23.38	31.79	25.07

Between the two years under consideration the yield of sugar cane/its products per hectare had increased from 39.55 quintals to 42.36 quintals. The productivity of land for the marginal farmers (42.27 quintals per hectare) was found to be higher than the productivity of land for small farmers (36.99 quintals per hectare) for the period 1978-79. However, the gross revenue realised by the small farmers (Rs. 9086.68 per hectare) was larger than the amount realised by the marginal farmers (Rs.8426.73 per hectare) In terms of gross revenue per hectare and per quintal, small farmers fared better than the marginal farmers. The costs of cultivation per quintal was higher for the small farmer than for the marginal farmer. Area wise-the costs, of cultivation were higher for marginal farmers (Rs.11808.86 per hectare) than the small farmers (Rs.11751.48 per hectare).

Farmers as a group suffered losses out of sugar cane cultivation in 1978-79. The loss per hectare for the entire group of small and marginal farmer was Rs.2910 (the figure given has been rounded to nearest Rs.10), while the marginal farmer(Rs. 3380 per hectare) suffered a relatively larger amount of loss than the small farmers (Rs. 2665 per hectare). The loss incurred by the group was Rs. 44.55 per quintal, which was a little higher for the marginal farmers Rs.47.34 per quintal, against the small farmers Rs. 42.72 per quintal. For the

period 1979-80, the group as a whole realised profits. For this period the gross revenue realised by the marginal farmer (Rs.14552.19 per hectare) was higher than the amount realised by the small farmers (Rs.13471.52 per hectare). Profits per hectare realised by the farmers as a group was Rs.1795, while marginal farmers enjoyed a relatively larger amount of profits (Rs.2405) than the small farmers (Rs.1535). The profit margins realised by the group was Rs.25.07 per quintal, which profit was higher for marginal farmer (Rs.31.79) against small farmer (Rs.23.38).

It appeared that the farmers had incurred losses by cultivating sugarcane in 1978-89. At the time the sales were effected, perhaps the prices of jaggery and brown sugar had registered a fall and thus led to losses. This situation was reversed in 1979-80 when sugar cane cultivation yielded a positive rate of return.

In 1979-80 the unit cost of cultivation and the gross revenue realised, and the rate of return were higher for the marginal farmers than for the small farmers because the marginal farmers planted superior varieties and also used more of manures and fertilizers. Thus it could be inferred that even within the group of small and marginal farmers, marginal farmers were more efficient than the small farmers. The size of holding did not stand in the way of raising their efficiency in cultivation.

3. Method of meeting the costs of cultivation:

Costs of cultivation are met by the farmers through taking loans from the banks, advances from the traders, and from their own funds. The extent of the use of these funds is explained with the help of Table VI.

TABLE VI

SOURCES OF FUNDS FOR AGRICULTURAL OPERATIONS - BY SIZE OF HOLDING

S.No.	Sources	Small farmer	Marginal farmer	Both
1.	Own funds	19	10	29
2.	Own funds and credit from banks	17	23	40
3.	Own funds and credit from traders	12	13	25
4.	Own funds, credit from banks and credit from traders	2	4	6
	Total:	50	50	100

Own funds and bank credit were together used by 40 percent of the farmers in meeting their costs of cultivation. Advances from traders were taken by 31 percent of the farmers for meeting their costs of cultivation, together with their funds and credit from other sources. This method of financing the costs of cultivation might place these farmers at a disadvantage when it comes to the disposal of their produce. They may be obliged to sell their output to the traders from whom they had taken the advance. They deny to themselves the option of selling at more remunerative prices by pledging indirectly to sell their produce to these traders.

C. Production and marketing practices of farmers by the type of the final product.

The investigator wanted to analyse the impact of variations in the final product on the performance and efficiency of small and marginal farmers. To assess this impact, an analysis of the land position of the farmers by the type of the final product in which they choose to sell their sugar cane crop and their efficiency in terms of yield, gross revenue cost of cultivation and rate of return on cultivation of sugar cane was carried out.

The analysis of the production and marketing practices of farmers by their type of final products was done under the following heads:

1. Classification of farmers by the type of the final product.
2. Their area under sugar cane and their performance.

Farmers differed in the type of the final product that they made and sold out of sugarcane. The customary practice of farmers in this region is to make either brown sugar or jaggery or both and sell them at the nearest market. They sometime enter in to contract with the sugar mills for supplying cane at agreed prices, but then this is done only during times when the expected price of brown sugar or jaggery is too low to meet the costs of cultivation and also allow a reasonable margin of profits. When the prices are not promising they opt their land out of sugarcane cultivation. There are other crops whose cultivation is equally competitive on these irrigated lands. So land is shifted out of sugar cane.

The classification of farmers by the type of the final product they sell is discussed with the help of the Table VII.

TABLE VII

CLASSIFICATION OF FARMERS BY THE FINAL PRODUCT FOR SALE

S.No.	Type of final product	Number of small farmers	Number of marginal farmers	Both
1.	Brown sugar	5	3	8
2.	Brown sugar and Jaggery	9	8	17
3.	Jaggery	36	39	75
	Total:	50	50	100

Threefourths of the farmers converted their cane into jaggery for the purpose of sale, while 17 percent made both brown sugar and jaggery and the remaining made only brown sugar. The farmers who produced jaggery do so to avoid the risks associated with the preparation of brown sugar. They were risk averters. They also wanted to save on the costs involved in transporting the product to the market place. Merchants to whom the jaggery was sold normally look up the responsibility of transporting it from the village to the market place.

A small minority of the farmers (8 percent) who produced brown sugar were risk-lovers in as far as they wanted to profit from the higher prices available from brown sugar. The behaviour of the farmers who produced both brown sugar and jaggery could be described as the behaviour of profit maximisers. As and when the relative price of the brown sugar or jaggery was higher than that of the other they shifted from one to the other or produced both in some combination so as to maximise their profits. The cost involved in the preparation of jaggery/brownsugar was Rs.80.77 per quintal for small farmer and it was the same for marginal farmer also.

How these three groups of farmers differed in terms of mean percapita land holding and proportion of the land they set aside for sugarcane are given in Table VIII.

TABLE VIII

SIZE OF LAND HOLDING AND AREA UNDER SUGARCANE OF FARMERS
CLASSIFIED BY TYPE OF FINAL PRODUCT

S.No.	Items	Year	Brown sugar	Jaggery brown sugar	Jaggery	Overall
1.	Mean percapita hold- ing in hectares	1978-79	1.37	1.44	1.21	1.26
		1979-80	1.37	1.44	1.21	1.26
2.	Total area under cultivation in hectares	1978-79	10.93	24.28	91.50	126.26
		1979-80	10.93	24.28	91.50	126.26
3.	Area under sugar cane in hectares	1978-79	7.69	19.63	68.19	95.51
		1979-80	8.50	19.63	75.07	103.20
4.	Proportion of land under sugar cane in hectares	1978-79	70.36	80.85	74.88	75.65
		1979-80	77.77	80.85	82.44	81.74

The mean percapita land holding of the farmers who made both jaggery and brown sugar (1.44 hectare) was larger than the percapita land holdings of the other two groups of farmers. The jaggery makers had the least size of percapita holdings namely 1.21 hectares while the proportion of land under sugarcane for jaggery and brown sugar makers remained stable over the two year period, the area devoted to sugar cane in the group of jaggery makers increased by 7.56 per cent and in the group of brownsugar makers it increased by 7.41 percent.

Tables IX and X give details on returns from sugar cane cultivation for farmers who have been classified on the basis of the final product that they sell.

TABLE IX

RATE OF RETURN FROM SUGARCANE CULTIVATION FOR FARMERS IN 1978-79
CLASSIFIED BY THE TYPE OF FINAL PRODUCT

S.No.	Item	Brown sugar	Jaggery and brown sugar	Jaggery	Overall
1.	Share of final production:				
	(a) Area under cane	9	20	71	100
	(b) Total output	8	20.1	71.9	100
2.	Yield in quintals per hectare	44.02	38.61	39.30	39.55
3.	Gross revenue per hectare (in Rs.)	11786.00	9379.59	8263.91	8868.96
4.	Costs of cultivation per hectare (Rs.)	11436.6	11454.80	11884.60	11771.02
5.	Net revenue per hectare (Rs)	+349.40	-2075.21	-3620.69	-2909.48
6.	Gross revenue per quintal (Rs)	158.42	143.78	124.04	132.56
7.	Cost of cultivation per quintal (Rs.)	155.51	175.58	178.91	178.08
8.	Net revenue per quintal (Rs.)	+2.91	-31.80	-54.51	-44.45

TABLE X

RATE OF RETURN FROM SUGAR CANE CULTIVATION FOR FARMERS IN 1979-80
CLASSIFIED BY THE TYPE OF FINAL PRODUCT

S.No.	Item	Brown	Jaggery and brown sugar	Jaggery	Overall
1.	Share of final product in:				
	a. Area under cane	8	19	73	100
	b. Total output	8	19	73	100
2.	Yield in quintals per hectare	41.62	41.34	42.73	42.36
3.	Gross revenue per hectare (Rs)	14855.40	13469.40	13776.90	13807.20
4.	Cost of cultivation per hectare (Rs)	11550.70	11454.80	12210.20	12012.20
5.	Net revenue per hectare (Rs)	3304.70	2024.60	1566.70	1799.10
6.	Gross revenue per quintal (Rs)	211.17	192.79	190.78	192.83
7.	Cost of cultivation per quintal (Rs.)	164.17	163.95	169.08	167.76
8.	Net revenue per quintal	46.98	28.84	21.70	25.07

The weightage of the final product in respect of area under sugar cane and total output remained nearly equal to each others. The weightage of jaggery in the total output increased from 71 percent in 1978-79 to 73 percent in 1979-80, with the weightage of other two products declining by one percent each in the total output. The productivity of land for the farmers producing brown sugar was found to be higher (44.02 quintals per hectare) than the productivity of land for the farmers producing jaggery and jaggery plus brown sugar in 1978-79. The gross revenue realised by the farmers producing brown sugar was higher and also they realised profits (Rs.349.40 per hectare), where as the other groups that produced brownsugar plus jaggery and jaggery incurred losses. The loss per hectare was Rs.2075. 21 for brown sugar plus jaggery producers and Rs. 3620.69 for the jaggery producers. During the agricultural year 1979-80 the productivity of land for the jaggery producers was higher at 42.73 quintals per hectare compared to the other two groups of farmers. But the gross revenue realised by the farmers producing brown sugar (Rs.14855.40 per hectare) was higher, compared to others. The gross revenue obtained per quintal by the brown sugar makers was also higher at Rs.211.17 per quintal as against Rs.192.79 per quintal for jaggery plus brown sugar makers and Rs. 190.78 per quintal for jaggery makers.

The costs of cultivation for the jaggery makers was high (Rs. 169.08 per quintal) compared to the other groups of farmers. But the net revenue realised per quintal was the least for the jaggery producers (Rs.21.70).

D. Choice of marketing outlets by farmers and its impact on their production and marketing practices:

An analysis of the production and marketing practices of farmers by the choice of their marketing outlets was carried out under the following heads:

1. Distribution of farmers by selected market outlets
2. Factors influencing the farmers in the selection of sales outlets
3. Area under sugarcane and performance of farmers by marketing outlets.

There were only two groups of buyers available to buy the final product from these sugarcane cultivators. One group was that of merchants who bought the product right in the village. The costs associated with marketing namely packing, transporting, loading, unloading, market fees, waiting charges, weighing charges at the market place were borne by them and not by the farmers. Thus the farmer who sold the product to the merchant effected considerable savings of cost on these items of marketing. Others who sold through the commission agents to the wholesalers in the nearby market centres had to bear these costs of marketing and also pay brokerage charges to the commission agents through whom they sold.

1. Distribution of farmers by selected marketing outlets:

The distribution of farmers by the marketing outlets they had opted for, is given in table XI.

TABLE XI

DISTRIBUTION OF FARMERS BY SELECTED MARKETING OUTLETS

S.No.	Marketing	Small farmer	Marginal farmer	both
1.	Directly to merchants	37	42	79
2.	Through commission agents	13	8	21
	Total:	50	50	100

Seventy-nine percent of the farmers choose to sell to the merchants directly, while only 21 per cent were prepared to sell through the commission agents. This itself indicates that farmers stand to make considerable savings in marketing costs and also avoid the physical labour and agony of taking the produce to the market and waiting there for the sale to be effected. The proportion of marginal farmers selling through this outlet (42 percent) is slightly higher than the proportion of small farmers who chose this outlet (37 percent). Those farmers selling through commission agents has to incur marketing cost it was Rs.27.40 per quintal for the small farmers, and Rs.28.40 per quintal for the marginal farmers.

As for the practices associated with marketing 21 percent of the small and marginal farmers disposed of their produce once a in week to the commission agents and the rest 79 percent disposed of their produce twice in a week to the merchants. Absence of adequate storage facilities and the poor keeping quality were mainly responsible for the quick disposal. To impart artificial colouring, heavy quantities of hydrose and trisodium, and calcium were freely used in the manufacturing process. This colour perceptibly declined within a week or so and the quality of their produce slowly deteriorated. In order to realise the maximum market value the growers disposed their produce within a week, or twice a week.

2. Factors influencing the selection of market outlet:

The farmers selected the particular outlet for sale, i.e., selling to the merchants and selling through commission agents to the wholesalers due to the following reasons:

- a. Immediate cash;
- b. No transport cost;
- c. Already received loans;
- d. Higher prices and;
- e. Customary reasons.

An analysis of the weights assigned by small and marginal farmers which influence them in the selection of the sales outlet and traders shows the weightage assigned by the farmers to the factors that motivated them to select the particular sales outlet.

TABLE XII

FACTORS INFLUENCING THE FARMERS IN SELECTING SALES OUTLET

S.No.	Factors influencing selection	Small farmer	Marginal farmer	Both
1.	Immediate cash	250 (49.50)	250 (42.08)	500 (45.50)
2.	No transport cost	144 (28.51)	188 (31.64)	332 (30.21)
3.	Already received loans	43 (8.51)	75 (12.62)	118 (10.74)
4.	Higher prices	42 (8.31)	62 (10.43)	104 (9.46)
5.	Customary reasons	26 (5.15)	19 (3.19)	45 (4.09)
	Total	505	594	1099

Foot Note:

Figures in paranthesis are percentages for the vertical totals.

While cash needs were almost the same for small and marginal farmers, the marginal farmers were more concerned with saving on transport costs, while marketing their final product. Marginal farmers were more handicapped by the earlier loans they had taken from the traders. Nevertheless they appeared to be more rational than the small farmers as they sought out traders who offered them relatively high prices.

3. Area under sugar cane and performance of farmers by marketing outlets:

Table XIII shows how the farmers differ in their size of land holdings and the area under sugarcane when they had classified into two groups based on their marketing outlets.

TABLE XIII

SIZE OF LAND HOLDINGS AND AREA UNDER SUGARCANE OF FARMERS CLASSIFIED
BY MARKET OUTLETS

Item	Year	Farmers selling to merchants	Farmers selling to Commission agents	Overall
Mean percapita holding in hectares	1978-79	1.46	1.21	1.26
	1979-80	1.46	1.21	1.26
Total area under cultivation in hectares	1978-79	30.55	95.71	126.26
	1979-80	30.55	95.71	126.26
Area under sugarcane in hectares	1978-79	22.26	73.25	95.51
	1979-80	23.88	79.32	103.20
Proportion of land under sugarcane in hectares	1978-79	72.86	76.53	75.65
	1979-80	78.17	82.88	81.74

The mean percapita holdings of the farmers who sold their product to the merchants was 1.46 hectares, which was a little higher than the mean percapita holdings of the other group of farmers who sold their sugarcane products through the commission agents. Since the farmers in the second group were at a disadvantage in terms of their land size, they perhaps chose to sell through the commission agents, taking in the process all the risks associated with marketing in a bid to make the best of a bad job.

The Table XIV and XV gives details on size of holdings and area under sugarcane of farmers classified by their market outlets.

TABLE XIV

RATE OF RETURN FROM SUGARCANE CULTIVATION CLASSIFIED BY MARKET OUTLETS
IN 1978-79.

S.No.	Item	Farmers selling to merchants	Farmers selling to commission agents	Total
1.	Share of final product in:			
	a. Area under cane	77	23	100
	b. Total output	78	22	100
2.	Yield in quintals per hectare	40.05	37.82	39.55
3.	Gross revenue per hectare (Rs.)	9747.00	8602.44	8868.96
4.	Cost of cultivation per hectare (Rs.)	11896.01	11359.76	11771.02
5.	Net revenue per hectare	-2149.01	-2757.32	-2909.48
6.	Gross revenue per quintal	144.00	148.48	132.56
7.	Cost of cultivation per quintal (Rs.)	175.76	177.70	178.08
8.	Net revenue per quintal (Rs.)	-31.76	-29.22	-44.45

TABLE XV

RATE OF RETURN FROM SUGARCANE CULTIVATION CLASSIFIED BY MARKET OUTLETS
IN 1979-80

S.No.	Item	Farmers selling to merchants	Farmers selling to commission agents	Total
1.	Share of final product in:			
	a. Area under cane	77	23	100
	b. Total output	77	23	100
2.	Yield in quintals per hectare	42.62	41.55	42.36
3.	Gross revenue per hectare (Rs.)	13800	13823.91	13807.20
4.	Costs of cultivation per hectare (Rs.)	12197.20	11397.80	12012.20
5.	Net revenue per hectare (Rs.)	1602.80	2426.11	1795.10
6.	Gross revenue per quintal (Rs.)	191.61	196.96	192.83
7.	Costs of cultivation per quintal (Rs.)	169.36	162.32	167.76
8.	Net revenue per quintal (Rs.)	22.25	34.64	25.07

The share of the farmers selling through two different market outlets remained equal to each other and remained nearly constant over the two agricultural years, except for the one percent variation between the two variables in 1978-79. The share in area of farmers selling through a particular market outlet was matched by a corresponding and almost equal share in output. Yield per quintal was higher for the farmers selling to the merchants than the others in both the years. Farmers who chose to sell their products through the commission agents had lower unit costs of cultivation than the other group in both the years. The extent of saving effected by them in costs of cultivation per hectare was 5 percent in 1978-79 and 7 percent in 1979-80 over the other group that sold its products to the merchants. The entire group suffered from losses in 1978-79, but the extent of loss was more for the farmers in the second group and this was inspite of their relatively lower costs.

However when all the farmers enjoyed profits in 1979-80 the net profit for the group that sold through commission agents was higher than the others who sold to the merchants by more than 50 percent.

E. Problems in marketing:

The major problems associated with the marketing of the final produce as mentioned by the farmers were, absence of transport facilities, marketing centres functioning only on specified days, absence of marketing society, and absence of co-operatives. The problems of marketing as mentioned by the farmers are given in Table XVI.

TABLE XVI
 PROBLEMS IN MARKETING PRODUCTS OF
 SUGARCANE

S.No.	Item	Small farmer	Marginal farmer	Both
1.	Absence of marketing society	50 (100)	44 (88)	99 (99)
2.	Absence of co-operatives	50 (100)	45 (90)	95 (95)
3.	Marketing centres functioning only on specified days	42 (84)	32 (64)	74 (74)
4.	Absence of transport facilities	14 (28)	10 (20)	24 (24)
Total:		161	131	292

All the farmers surveyed except one felt that, they were handicapped by the absence of a marketing society in selling their products of sugarcane. Ninety-five percent of the farmers felt that if they had organised themselves under marketing co-operatives, they would have gained. Thus the setting up of marketing societies and the organisation of co-operatives emerged as the felt needs of small and marginal farmers, for improving their prospects in marketing sugarcane products. Eighty four percent among the small farmers and 64 percent of the marginal farmersexpressed that, since the marketing centres functioned only on specified days, they were faced with the problem of storage of their products. A small proportion of the farmers (24 percent) observed that they suffered from transport facilities in taking their products to the market centres. Thus institutional and organisational problems in marketing had been the foremost ones, with problems concerning physical facilities coming only next.

The institutional framework for marketing sugarcane products needs to be strengthened particularly with a view to meeting the needs of small and marginal farmers. Possibilities for organising them under marketing co-operatives should also be explored, so that collectively their bargaining strength improves and enables them to get the benefit of remunerative prices.

SUMMARY AND CONCLUSION

Marketing is the most important multiplier of development. Market by itself can contribute much towards changing the entire economic tone of the existing system without any change in methods of production and distribution. Yet in a developing economy marketing remains the most under developed, if only because of the strong pervasive prejudice against the middlemen. Ownes and Shaw point out that agricultural development is a human problem, not so much a technical one. If all farmers had access to production inputs, the financial system, the market and agricultural knowledge than they can improve the state of agriculture. According to these authors unequal access to the market is one of the reasons why Green Revolution of India had benefited mostly the large farmers. Development of a rural market system is thus a basic infrastructure, vital to the country's economic growth and development. It can bring in a new and richer life to the farmer.

The Indian agricultural setting is dominated by small and marginal farmers who constitute 74.6 percent of the rural households. One aspect of the efficiency of the small farmers in relation to allocation of land and land use relates to the deal they obtain in marketing their crops particularly their cash crops. The existing research studies on marketing have not particularly evaluated the extent to which the marketing facilities have been used by the small and marginal farmers, and the impact of the marketing facilities and of their

utilisation on their cultivation practices. Providing a facility is one aspect of a situation. How it is used is quite another. The social justice to be meted out to the small and marginal farmers requires that the marketing practices of the small farmers, be studied and inter relationship of marketing practices with cultivation practices be examined before measures could be suggested for strengthening the market infrastructure so as to suit their needs.

The present study on the ^{production and} marketing practices of small and marginal farmers with reference to sugarcane crop was contemplated to high light these aspects. The study covered the villages of Pappanaikan Palayam, Dhaliur, Pannimadai and Palani Gounder Pudur in the Periya Naiken Palayam Panchayat Union in the Coimbatore district. The reference period for the study was two agricultural years 1978-79 and 1979-80, as sugarcane is a crop of two years standing. The investigator used the random sampling method to select 100 farmers for the study. The interview method was used for the collection of data.

The main findings of the study are summarised as under:

Overview of farmer's performance:

1. The mean percapita holding of the small and marginal farmers together was 1.26 hectare.
2. The total land available for the sample group of farmers was 126.26 hectares. Threefourths of the operated land area was

2. under sugarcane in 1978-79 and this increased to 82 percent in 1979-80. The area under sugarcane cultivation increased by 6 percent between these two years.
3. The productivity of land under sugarcane for the sample farmers increased from 39.55 quintals per hectare, in 1978-79 to 42.36 quintals per hectare in 1979-80.
4. The unit cost of cultivation per hectare had gone up from Rs.11771.02 in 1978-79 to Rs.12012.20 in 1979-80.
5. The gross revenue per hectare had gone up from Rs.8868.96 in 1978-79 to Rs.13807.30 in 1979-80.
6. The farmers as a group faced losses during the year 1978-79 and the increase in revenue in 1979-80 enabled the cultivators to reverse their losses and earn profits, amounting to Rs.1795 per hectare.
7. The share of the sub-groups of farmers (whatever the criterion of grouping) in the total area under cane and total output remained equal to each other indicating that one sub-group was as equally efficient as the other in the utilization of land under sugarcane. In other words, all the farmers were equally efficient as far as land use was concerned.
8. Advances from traders were taken by 31 percent of the farmers for meeting their costs of cultivation together with their funds and credit from other sources. This might place them at a disadvantage at the time of disposal of their produce. They

8. may be obliged to sell their output to the traders from whom they had taken the advance.
9. There were only two groups of buyers available to buy the final product from these sugarcane cultivators. One group was the merchants who bought the product right in the village. The costs associated with marketing were their responsibility. Thus the farmers who sold the products to the merchants effected considerable savings of cost on marketing. Others who sold through the commission agents to the wholesalers in the nearby market centres had to bear these costs of marketing and also pay brokerage charges to the commission agents through whom they sold. The marketing cost incurred by this second group of farmers was Rs.28.40 per quintal for the marginal farmers, and Rs.27.40 per quintal for the small farmers.
10. The percapita holding of the marginal farmer (.85 hectare) was half the size of that of small farmer (1.68 hectare).
11. The marginal farmers devoted a proportionately larger area for sugarcane than the small farmers. The area under sugarcane increased by 11 percent in the group of marginal farmers, the corresponding increase for the small farmers was less than 3 percent. During the period of study relatively more of marginal farmers had taken to sugarcane cultivation.
12. The productivity of land for the marginal farmers (42.27 quintal per hectare) was higher than that of small farmers (36.90 quintal per hectare) during 1978-79. The increase in the yield of marginal farmers was obtained at a slightly higher cost. The

12. cost of cultivation were higher for marginal farmers (Rs.11808.86 per hectare) than for the small farmers (Rs.11751.48 per hectare).
13. In 1979-80 when profits were obtained from sugarcane cultivation, marginal farmers had higher profit margins (Rs.31.79 per quintal) than small farmers.

14. Production and marketing practices of farmers by the type of the final produce:

Three fourths of the farmers converted their cane into jaggery for the purpose of sale while 17 percent made both brown sugar and jaggery and the remaining made only brown sugar. The farmers who had produced jaggery were risk averters. They wanted to avoid the risks associated with the preparation of brown sugar. They also wanted to minimise the costs of marketing by saving on transport, packing expenses, loading and unloading charges and others.

15. The proportion of land under sugarcane for jaggery plus brown sugar makers remained stable over the two year period. It increased by 7.56 percent for the group of jaggery makers and by 7.41 percent for brown sugar makers.
16. In 1978-79 which was an unfavourable year for sugar cane cultivators, the only one group of farmers who were able to make profits were those who produced brown sugar. Their profits amounted to Rs. 349.40 per hectare. This confirmed the hypothesis

16. that the brown sugar makers were more enterprising than others and that they wanted to take advantage of the changing prices of brown sugar so that they could maximise their profits
17. Production and marketing practices of farmers by the choice of marketing outlets:
- Seventy nine percent of the farmers sold their products directly to the merchants in the villages. Twenty one percent sold through the commission agents. Those who sold through the commission agents disposed their produce once in a week, while those who sold to the merchants effected bi-weekly sales.
18. An analysis of the factors influencing farmers in selecting their sales outlets showed that marginal farmers were more concerned with savings on transport cost. They were also more handicapped by the advances they had taken from the traders.
19. Farmers who sold their products through the commission agents had lower unit costs of cultivation than the other group. Their costs were less than that of the other group by 5 percent in 1978-79 and 7 percent in 1979-80.
20. The net profits of the farmers who sold through the commission agents was higher than that of others who sold to the merchants by more than 50 percent. The profits of the farmer was Rs.2426.11 per hectare, as against Rs.1602.80 of the latter.

Problems in Marketing:

21. All the farmers surveyed, except one, felt that they were handicapped by the absence of marketing society in selling their products of sugarcane. Ninety five percent of the farmers felt that if they had organised themselves under marketing co-operatives, they would have gained. Thus the setting up of marketing societies and the organisation of co-operatives emerged as the felt needs of small and marginal farmers for improving their prospects in marketing sugar cane products.
22. Eighty four percent among the small farmers and 64 percent of the marginal farmers expressed that, since the marketing centres, functioned only on specified days, they were faced with the problems of storage of their products.

Conclusion:

The study proved that both the small and marginal farmers were equally efficient as far as land use was concerned. The group of marginal farmers were found more rational than small farmers in that they planted superior varieties of cane, used more fertilizers and manures. These cultivation practices no doubt put up their costs of cultivation, their yield was also higher and the marginal farmers were more than compensated for the rising costs of cultivation by relatively larger profits. Advances from traders were taken by 31 percent of farmers for meeting their costs of cultivation. Marginal farmers felt that they were handicapped by these advances.

Jaggery was the major final products of the farmers. Only those who sold their products through the commission agents incurred costs on marketing, this marketing cost was Rs.27.40 per quintal for the small farmers and Rs.28.40 per quintal for the marginal farmers.

All the farmers surveyed felt that they were handicapped by the absence of marketing society in selling their products of sugar cane. Ninety five percent of them felt that, if they had organised under marketing co-operatives they would ^{have} gained. Thus the setting-up of marketing societies and the organisation of co-operatives emerged as their felt needs. The need for institutional and organisational facilities came foremost, with the need for physical facilities receiving a lower priority. Thus the study highlighted the need for strengthening the institutional framework for marketing products, particularly with a view to meeting the needs of small and marginal farmers. If they were also help to organise themselves under marketing co-operatives their bargaining strength would improve still and they would get the benefit of remunerative prices for farm products.

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A P P E N D I C E S

APPENDIX I

INTERVIEW SCHEDULE TO ELICIT INFORMATION ON THE PRODUCTION AND MARKETING PRACTICES OF SMALL AND MARGINAL FARMERS WITH REFERENCE TO SUGAR CANE CROP.

Name of the Interviewer Door Number

Name of the village

1. Size of holdings:

a. Total acreage under cultivation

Owned:

Hired:

Amount paid as rent, Rs:

II. Area under sugar cane in 1978-79 and 1979-80

<u>Season</u>		Area under cane	<u>Total output</u>	
From	To		in units	in Rs.

III. Expenses of cultivation:

S.No.	Items of Expenditure	Amount in Rs.	How is it met
1.	Labour:		
	a. Land Preparation		
	b. Planting		
	c. Weeding		
	d. Applying fertilizers and manures		
	e. Watering		
	f. Plant protection		
2.	Seeds		
3.	Manures		
4.	Fertilizers		
5.	Pesticides		
6.	Power and Irrigation		

Foot Note:

1. From own funds: Of
2. Credit from banks: CB
3. Advances from merchants: AM
4. Credit from co-operatives: C.C.
5. Credit from money lenders: C.M.

a. How did you sell your produce in 1979-80?

Jaggery Jaggery and brown sugar Brown sugar

Cane Seeds Cane and Seeds

b. Why did you prefer the particular method of disposal? Reason:

c. How do you utilise the by-products?

Cattlefeed for own use Cattle feed for sale

Value in Rs. Value in Rs.

V. a. How is your produce graded?

1. Twice a week Reasons:

2. Once in a week

3. Once in two weeks

b. How do you pack the produce?

c. What is the cost incurred for packing and who will bear the cost?

e. Place of disposal:

f. Is marketing society present in your locality?

Yes:

No:

VIII. a. Sales of jaggery/brown sugar:

Preparation:

S.No.	Items	Amount (in Rs.)
1.	For crushing machine	
2.	For chemicals	
3.	For Labour	
4.	For fuel cost	
5.	Others (specify)	

Foot Note: Specify if the fuel is brought or baggase is used as fuel.

b. Marketing jaggery:

S.No.	Items	Amount in (Rs.)
1.	Transport cost	
2.	Labour cost	
3.	Storage cost	
4.	Packaging charges	
5.	Cost of loading	
6.	Cost of unloading	
7.	Brokerage	
8.	Commission charges	
9.	Rent	
10.	Market fees	
11.	Weighing charges	
12.	Other costs (specify)	

c. Mention the benefits you derived from the marketing society?

VIII. Other information:

1. What are all the problems involved in Marketing?
 - a. Non-availability of link roads:
 - b. Absence of traders:
 - c. Presence of middle men:
 - d. Absence of Transport:
 - e. Centres functioning only on specified days:
 - f. Absence of co-operatives:
 - g. Absence of marketing society:
2. What is your suggestion for improving the marketing practices
3. In what way would you like the Government to improve the marketing facility?
4. What are your suggestions for reducing the marketing cost.