

Role of Agricultural Produce Market Committee in Marketing Development of Bihar

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For long, agriculture has been associated with production of crops. However, as the economic development proceeded, many other occupations allied to farm production began to be considered as a part of agriculture. At present, agriculture includes, besides production of crops, forestry, and animal husbandry. This is the extension of coverage of the word 'agriculture' on the horizontal level. Vertically too, agriculture covers something more than mere farming. Marketing, processing, and distribution of agricultural products are now accepted as a part of agricultural business. Some other off-farm activities like the supply of farm inputs such as seeds, fertilizers, credit, insurance, veterinary services etc. are also considered to be a part of agri-business. The scope of agriculture as such is much wider than simply being limited to the use of some inputs on a farm to produce crops.

In agriculture, land is the most important factor of production. The area of operation for a worker is relatively large in agriculture as compared to that in any other industry. Nature plays an important role in agricultural production. In general, price elasticity of agricultural products is less than that of industrial products. Elasticity of demand for most of the agricultural products is quite low. Use of machinery is limited in agriculture. Most of the agricultural products are perishable in nature. From the historical point of view, one finds another difference between agriculture and industry. A farm is a multiproduct production unit. Some of the agricultural products are joint-products. Another important difference between agriculture and industry pertains to the organization of the production unit. Farming is not only a business, but also a way of life. Agricultural production is seasonal in nature.

The history of economic development of various advanced nations reveals that the development of their secondary and tertiary sector to some extent was preceded by the development of agriculture. The importance of agriculture in the development of an economy is brought out by the fact that it is the primary sector of an economy, which provides the basic ingredients necessary for the existence of mankind, and also provides most of the raw materials which when transformed into finished products, serve as basic necessities of the human race.

Early theoretical literature on the role of agriculture in economic development can be traced to as far back as the 18th century in the writings of the physiocrats. In their view, only agriculture turned out a 'net product' over and above its cost of production. The importance of agriculture in economic development was recognized by the classical writers too. Adam Smith's basic growth model refers to the agricultural sector only. Neo-classical economists

turned their attention to short-run problems. Modern development economists also recognize the significant role of agriculture in the development of an economy.

Agriculture makes three types of contribution to the growth of an economy. These are-factor contribution, product contribution, and market contribution. In the initial stages, it is the development of agriculture which initiates the process of overall economic development. In this regard, it may be pointed out that theoretically, the growth process can start from any other sector-secondary or tertiary. However, in practice, these sectors may not be able to initiate and sustain the process of all round economic development. Lack of industrial entrepreneurship, capital, skills (whether administrative or technical, necessary for running the industrial undertakings), social overheads, and non-availability of industrial raw materials may deter the manufacturing sector from initiating the process of overall economic growth.. Non-availability of wage-goods may also act as a damper on the independent development of the manufacturing and tertiary sectors.

The objective of all economic activities is the satisfaction of human wants. In order to achieve this objective, the manufacturers, the miners, and the farmers, undertake production of goods and services. Marketing helps making goods useful to the society by getting them where they are wanted, when they are wanted, and by transferring them to those people who want them. Marketing is 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. Agricultural marketing includes various processes by which the farmers/producers and buyers of products meet together. It emphasizes upon two things-the buyers of agricultural products, and sellers of agricultural products.

Marketing constitutes an integral part of the economic development process. It is the most important multiplier of economic development and its advancement makes economic integration and the fullest utilization of whatever productive capacity the economy possesses, possible.

Increased marketing facilities contribute to the objectives of agricultural development directly by providing maximum use of production, and indirectly by trying to increase production. Marketing plays a very crucial role in the development of an economy. When the marketing of several products develops, it facilitates rapid development of agriculture as well as other sectors of the economy. However, development process based on sound marketing systems is not so simple. It involves several problems, some problems are inter-sectored and some are intra-sectored. Moreover, on account of the nature of agricultural products, marketing of the same is more complicated than marketing of other non-agricultural products. Not only this, the demand and supply factors of agricultural products also differ from those of non-agricultural sector.

Indian agriculture had reached a reputable stage of development and maturity much before the now advanced countries of the world. At that time, there was a proper balance between

agriculture and industry, and both flourished hand in hand. This situation continued till the middle of the 18th century. The agriculture in the pre-independence era can be correctly described as a subsistence occupation which yielded too little to live on and too little to die on.

The share of agriculture in the GDP of the Indian economy at factor cost has declined from 55.4 percent in 1950-51 to 27.9 percent in 1996-97 (at 1980-81 prices). As per the new series, at 1993-94 prices, the share of agriculture in GDP at factor cost was 33.5 percent in 1993-94, and 29.2 percent in 1997-98 and 1998-99. In 1981, about 68.8 percent of the total main workers were engaged in agriculture and allied activities, whereas in 1991, the share of agriculture in total employment slightly declined to 66.8 percent. The Ninth Five year plan had set a target of increasing the production of food grains from a level of 1994 million tons in 1996-97 to 300 million tons in 2007-2008, to meet the consumption requirements of India's estimated population of more than a billion, and to make the country hunger-free. Since agriculture happens to be the largest industry in India, it can and must play an important role in pushing up the rate of capital formation. Indian agriculture has been the source of raw materials to leading industries in the country. There are many other industries as well which depend on agriculture in an indirect manner. A number of small scale and cottage industries like handloom, weaving, oil crushing etc depend on agriculture for their raw materials-together they account for 50 percent of income generated in the manufacturing sector in India.

Since more than two-thirds of the population of developing countries like India, lives in rural areas, increased rural purchasing power is a valuable stimulus in industrial development. In India, with the spread of Green Revolution to more and more areas in recent years, incomes of large farmers have increased considerably, whereas their TAD liabilities are negligible. This has increased their purchasing power substantially with the result that demands for industrial goods in the rural markets are witnessing a marked increase. For a number of years, the three agro based exports of India-cotton textiles, jute, and tea-accounted for more than 50 percent of export earnings of the country. If the export of other agricultural commodities like cashew kernels, tobacco, coffee, Vanaspati oil, sugar, etc is cumulated, the share of agriculture in total export will rise to around 70 to 75 percent. Agriculture is the main support for India's transport system, since railways and roadways secure bulk of their business from the movement of agricultural goods.

Agriculture is the backbone of the Indian economy and its prosperity agriculture can be a leading determinant in the development of the Indian economy. The development in agriculture is an essential requirement for the development of the national economy.

The most glaring characteristic feature of Indian agriculture is that the production relation in agriculture is a feudal one. The control of usurious capital is very strong on the Indian agriculture and indebtedness is a corn on legacy of poor farmers. Because of the excessive

pressure of population on land, wages in the agricultural sector tend to be considerably lower as compared to the modern (industrial) sector. Most of the Indian farmers continue to use outmoded farming techniques. The Indian agriculture has rightly been called a 'gamble in monsoon'. India is a large country having substantial agricultural diversities. The presence of large diversities in the agricultural sector makes it necessary to devise separate agricultural policies for different regions.

Bihar of today stretches from the Himalayan foothills in the north to Jharkhand in the south, and from Uttar Pradesh in the west to West Bengal in the east. It is located in the Eastern India and is completely land-locked. Bihar is located between latitudes 24 degrees, 20 minutes 10 seconds, and 27 degrees, 31 minutes and 15 seconds; and between longitudes 83 degrees, 19 minutes and 50 seconds, and 88 degrees, 17 minutes and 40 seconds. The area of the state is 94,163 sq.kms, the areas of rural and urban Bihar being 92,358.40 and 1,804.60 sq.kms. respectively.

Bihar (undivided) is traditionally divided into three natural divisions-the North Ganga plain, the South Ganga Plain, and the Chhotanagpur Plateau.

The river Ganga flows right across the state from west to east dividing it into two unequal parts, the southern portion being double the northern portion. Thus the main line of physiographic division is between the great monotonous alluvial plain of the Ganga and her tributaries on the one hand, and the Chhotanagpur plateau made up of several smaller plateaus and dissected hilly country interspersed with valleys on the other.

The North Ganga plain extends from the base of the Terai in the north to the Ganga in the south, covering an area of 56,980 sq.kms. of alluvial soil of great depth and extreme fineness. It spreads over the whole of the Tirhut, Saran, Darbhanga and Koshi Divisions, and has a gentle slope towards south. The Ganga flows from west to east near the southern margin of the plain.

The alluvial filling south of the Ganga is shallow, a mere veneer and the peninsular edge is very ragged. Many groups of small craggy hills rise up to 488 meters from islands of bare rock or scrub. In the west, where the Son makes a great deltaic re-entrance into the older rocks, this alluvial strip is some 137 kilometers wide; but in the east where lie the Rajmahal hills, the extreme north-east point of the peninsula, it goes almost directly on to the Ganga.

The Chhotanagpur plateau (now Jharkhand), an undulating tract of land, full of hills and ridges and with many winding rivers, valleys and basins, is very different in character, and ranging from 300 meters to 900 meters above sea level.

Average annual rainfall in Bihar is estimated at 1270 mm (approx.), the national average being 1100 mm. Another estimate is 1500 mm for the plateau region, and 1360 mm for the plain region. Out of the 52 districts, 24 are in the high rainfall region having 68.72 lakh

hectares, and 7 districts in the low and medium rainfall regions having 11.63 lakh hectares. Eighty percent of the annual rainfall is received from the south-west monsoon during June-September in most part of the state. More rainfall is associated with a humid atmosphere.

One of the most striking features of the river system of Bihar is the dominant role of the Ganga. First impinging on the boundary of Bihar near its confluence with the Karmanasa, it is joined by the three great effluents-the Ghaghara, the Gandak, and the Son-not very far from Patna. Further east, the Punpun joins it from the south at Fatwah in Patna district, while the Hardhar and the Kiul join at Surajgarah in Munger district. The important rivers which join the Ganga from the north are Ghaghara, the Gandak, the Budhi Gandak, the Koshi, the Mahananda, and their tributaries (from east to west). The principal rivers of the Chhotanagpur plateau are the Damodar, the Swarnarekha, the Barakar, and the Koshi.

Bihar is struck every year by flood and often by drought, besides hailstorm and blight, which are ignored. The National Commission of Flood (1980) identified Bihar as one of the most flood-afflicted states in the country. Bihar accounts for 56.6 percent of the total flood affected area in the country. 16 percent of the total land area of the state is flood prone. This amounts to about 64 lakh hectares of land per 100 hectare of agricultural land, and 37 hectares of land area is flood prone.

As against the norm of 33 percent of the geographical area required to be covered with forests, only 16.82 percent of the geographical area was covered with forests. In 1974-75, the forest area in Bihar was 2913000 hectares. The forest area per capita was observed to be 0.05 hectare as against 0.13 hectare at the national level. There has been a continuous decline in the area under forests in India as well as in Bihar.

Before November 15, 2000, Bihar happened to be the richest state in India from the point of view of mineral wealth, accounting for 28 percent of its total mineral production by value. After the separation of Jharkhand from Bihar, the lion's share of mineral belts has gone to the newly born state Jharkhand. Still minerals like mica, uranium, lead, tin, gold, limestone, sodium, asbestos, pyrite, dolomite, and china clay are more or less available in Bihar.

The population of Bihar as per 2001 census was 8,28,78,786. The population of the state has increased at the rate of 28.43 percent during 1991-2001. The sex ratio has been observed to be 921 females per 1000 males in the state. The density of population in Bihar has been observed to 830 persons per sq. km.

In 1991, 37.5 percent of the total population was literate. The figure rose to 47.5 percent in 2001. The male literacy rate increased from 51.4 percent in 1991 to 60.3 percent in 2001. Similarly, the female literacy rate increased from 22 percent in 1991 to 33.6 percent in 2001.

The values of the human development indices for rural India, urban India, and rural urban combined were 0.263, 0.442, and 0.302 respectively in 1981. The values of the corresponding

figures for Bihar were 0.220, 0.378, and 0.237 respectively placing Bihar at the 30th, 29th and 32nd (the last) ranks.

The gender quality index for India was 0.620 in 1981. The corresponding figure for Bihar was 0.471, placing the state on the 30th rank out of the 32 states/union territories.

In 1991, the values of human development indices for rural India, urban India, and rural-urban combined were 0.340, 0.511, and 0.381 respectively. The respective values of these indices for Bihar were 0.286, 0.460, and 0.308 respectively, putting the state at the respective ranks of 30th, 31st and 32nd out of 32 states/union territories. The gender equality index for India was 0.676 in 1991. In Bihar, the value of gender equality index was 0.469 putting it at the last rank (32nd).

In Bihar, the total reported area was 17.33 million hectare. Of this, 44.52 percent was the net sown area. This gave 0.91 hectare per capita between 1950-51 and 1988-89, the net sown area declined by 13.5 percent. The net sown area declined by 2.92 percent between 1955-56 and 1987-88.

The acreage under food crops fell by about 5.5 percent from 1955-56 to 1990-91, and that under non-food crops rose by about the same percentage. The range of fluctuations in the gross cropped area has been almost about 29 percent. The acreage devoted to pulses rose by about 0.5 percent. This is as good as remaining constant or static. With increased irrigation facility, land allocated to oilseeds has normally increased. Food crops acreage fluctuated to the extent of 22.2 percent between 1950-51 and 1980-81.

The acreage under sugarcane declined by 0.29 percent, whereas, that under wheat moved up by 12.02 percent from 1955-56 to 1990-91. The decline in gram acreage is maximum (3.99 percent). Maize acreage fell by 0.94 percent. The degree of instability of allocated acreage was the highest in the case of rice and the lowest in the case of sugarcane.

On the basis of agrarian systems prevalent in British India, the agricultural economy of India can be divided into four regions, namely Zamindari, Rayotwari, Mahalwari and Jagirdari. The Zamindari region covers West Bengal, Bihar, Orissa, Uttar Pradesh, and Assam. The Rayotwari region covers Tamil Nadu, Karnataka, Kerala, Andhra Pradesh, Maharashtra, and Gujarat. The states of Punjab and Haryana come under the jurisdiction of the Mahalwari region. The Jagirdari region covers Madhya Pradesh and Rajasthan.

The development of agriculture in the major states in India can be expressed in terms of 'agricultural efficiency'. The agricultural efficiency has been represented by the composite index based on the total vectors of five indicators, namely-cropping intensity, irrigation intensity, per agricultural worker availability of net area sown, share of commercial crops in gross cropped area, and per hectare productivity of selected crops, and such indicators have different values across the states in India.

During the period from 1947-48 to 1999-2000, the Mahalwari region has been observed to be consistently having the highest score of agricultural efficiency (121.99), followed by the Rayotwari region (113.32). In contrast, the Zamindari region has been observed with the lowest score of agricultural efficiency (86.80), followed by the Jagirdari region (104.64).

The coefficient of variation overtime has been observed to be the highest (8.71) in the Jagirdari region, followed by the Zamindari region (7.47). The corresponding figure has been found to be the lowest (2.08) in the Mahalwari region, followed by the Rayotwari region (5.06). This clearly shows that agriculture in the Zamindari region suffers from the twin problems of low growth and high instability.

The coefficient of variation over space is observed to be the highest (11.98) in the Jagirdari region, followed by the Zamindari region (9.87). The corresponding figure has been found to be the lowest (1.84) in the Mahalwari region, followed by the Rayatwari region (6.99). At the national level, the coefficient of regional variation during the period under consideration has been found to be 14.71. The Mahalwari region and the Zamindari region are situated on the two opposite extremes of agricultural development in terms of agricultural efficiency index- The Mahalwari region with the highest and the Zamindari region with the lowest indices of agricultural efficiency respectively. If the regional boundaries are waived, then Bihar of the Zamindari region and Punjab of the Mahalwari region appear to be located on the two opposite polls of agricultural development – Bihar with the lowest index of agricultural efficiency and higher fluctuation, and Punjab with the highest index of agricultural efficiency and lower fluctuation.

The root cause of regional disparity in the agricultural development in India and backwardness of agriculture in Bihar is believed to be deep rooted in the historical fact of protracted colonial domination and imperial exploitation, which had varied effects on the various segments and regions of the Indian economy. The imperial interest in Indian agriculture was mainly as a provider of revenue. The surplus thus exploited was partly transferred to the home country, partly invested in military and bureaucratic machinery to sustain and extend the territorial aggrandizement, and partly to strengthen the sources of revenues through public investment in railway, canal, etc. The strategy of imperial exploitation changed with the gradual establishment of political supremacy and advancement of Britain towards capitalist development. Hence the major differences arose in the way in which colonial mechanism operated in the eastern, south-western and north-western regions.

The agriculture of Bihar suffers from the ailments of low productivity, high instability, and disguised unemployment as well. The majority of districts of North Bihar fall in the highest pressure range (40 to 60 percent) of surplus labor. It is worth pointing out here that incidence of poverty is also maximum in the districts of Bihar. The number of districts in the low pressure range (below 20 percent) is just four-two in North Bihar (Muzaffarpur and Gopalganj) and one each in South Bihar (Aurangabad) and Chhotanagpur (Singhbhum). Thus

except these four districts, the percentage of surplus labor in all the remaining districts in Bihar ranges between 20 to 60 percent, thereby showing the seriousness of the situation. The total volume of surplus agricultural labor in Bihar, as a whole, comes to be 17208 lakh mandals (36.49 percent of the total work force).

Bihar has been observed as the most backward state in almost all of the eight indicators (prosperity and budget, law and order, education, agriculture, health, infrastructure, scenario, and consumer markets), as it has secured 19th (the last) rank in the overall ranking in 2001, while Goa has been observed as the most developed state with the first ranks in the overall development in 2001.

Bihar spread over an area of 94,103 sq.kms., with a population a 8,28,78,796, is one of the predominantly agricultural states of India. In Bihar, about 45 percent of the total workers are cultivators, and 37 percent are agricultural laborers, that is, about 82 percent of the total workers are dependent on agriculture. Agriculture is the mainstay of the people in Bihar. In spite of agriculture being the mainstay of the people, stagnation continues in the economic and social life of the farmer.

A major reason for the slow progress of agriculture in Bihar is that enough attention has not been paid to tax facilities and services which must be available to farmers. The significance of markets for agricultural commodities has been neglected. In the economy of Bihar, where there is a predominance of small farm holdings, small farmers need more infrastructural support to get real benefits of regulation of markets.

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