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Marketing behaviour of paddy farmers in Cauvery delta zone

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Abstract

Cauvery delta zone is the major rice belt of this state, owing to its assured irrigation for paddy farming. However, the vagaries of monsoon resulting in frequent drought and flood results in failure of farming. This situation is further accentuated by the delayed release of Cauvery water. In general high risk occupation would fetch more earning. But for that, a good risk management approach should be followed. Ideal risk managing farmer needs to anticipate problem and stay prepared thereby reducing the detrimental effects of farming. Hence the marketing behaviour of the paddy growers was considered important and studied as one of the factor. Marketing behavior is the most frequently involved marketing pattern of the respondents which includes mode of sale of harvested produce, mode of payment received for the same and the place of sale. Item wise percentage analysis was done under each aspect of this variable. The study location chosen for the study was Thanjavur, Thiruvavur and Nagapattinam Districts with a sample size of 239 respondents.

Keywords: Cauvery delta, paddy, harvested produce, marketing behaviour

1. Introduction

According to (Baquet *et al.*, 1997) ^[2] there are five distinct risk factors in agriculture: productive risk, marketing risk, financial risk, human risk and environmental risk. Each of these plays a vital role in farmers' perception of farming and their priorities in decision making. Further as per Organisation for Economic Cooperation and Development (OECD, 2011) ^[5] there are different layers of risks in agriculture which require different responses. Marketable layer is in between the normal and catastrophic layers lies the marketable risk layer that can be handled through market tools, such as insurance, future markets and through cooperative arrangements among farmers. e.g., hail damage.

After reaching the final stage of crop production again the farmers are subjected to issues while marketing the harvested produce. This varies from the price risk which deals with the uncertainty about the commodity prices. In agriculture, producers have little control over the market forces that drive commodity prices. Production levels and market supply-demand dynamics usually cause unforeseen price swings. The issues in storage of harvested produce and its transportation, furthermore makes it a favourable shift to buyers market. Keeping this in mind, the marketing behaviour of paddy growers in Cauvery delta zone was studied. This study will be help to know major problems of the paddy farmers in marketing their produce. and the initiatives to be taken by the government for making necessary changes in improving paddy marketing in the Cauvery delta region in Tamil Nadu.

2. Literature Survey

Paulomolo (2011) ^[4] revealed that the low price offered to farmers was the biggest problem faced by most of the respondents of survey. According to the farmers of the study area the middle men were involved in charging higher money for the services provided by them i.e. services provided in terms of carriage, handing and transportation. This problem in terms of market related problems was ranked number first as it was reported by most of the respondents (78.33%).

Abdullah *et al.* (2013) ^[1] stated that as the markets are located at urban areas, the farmers of their study area usually try to sell the produce at farm gate to avoid the transportation and other costs. As a result they have to depend upon the commission agents who make payments to farmers at the spot or make promise to pay money within a stated time period. These middlemen pay lower price as compared to market price.

3. Methodology

3.1. Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2008) [3]. In broader sense, the research design is the conceptual structure within which research is conducted. It constitutes the blue print for the collection, measurement and analysis of data. *Ex post facto* research design was used in this study to suit the objectives and type of information needed.

3.2. Selection of District, Block and Villages

Cauvery is the most important river basin system providing irrigation to the delta districts in Tamil Nadu and accounting for maximum area under paddy. Hence Cauvery delta zone was purposively selected. Further within the districts benefitted out of Cauvery water irrigation, old delta districts viz., Thanjavur, Thiruvarur and Nagapattinam comprises of maximum area and hence was purposively selected. The list of blocks in three the selected districts were arranged in descending order based on the paddy area cultivated. The block in each district having maximum paddy cultivation was selected. In the same way first two maximum paddy cultivated villages were selected from each block.

Table 1: Selection of taluks, blocks and villages

District	Block Selected	Villages Selected
Thiruvarur	Needamangalam	1. Rayapuram
		2. Kovilvenni
Thanjavur	Orathanadu	1. Palankandarkudikadu
		2. Sadayarkoil
Nagapattinam	Mayiladuthurai	1. Chettipulam
		2. Maharajapuram west

3.3. Selection of respondents

Utmost care has been taken to select the farmers who have wide experience in paddy cultivation. Only such farmers having rich experience in paddy cultivation and could able to give their opinion about the risks faced in paddy cultivation were selected. The list of such farmers from each selected village was obtained from the local ADA office. It has been

decided to select 25 percent of the total population as sample for this study. Accordingly the sample size has been fixed as 239 respondents.

Thus the respondents were purposively selected from each village by employing a stratified sampling method. This sampling technique gives each element in different strata an equal and independent chance of being selected. The selection of respondents was done using the following formula

$$n_1 = \frac{N_1 \times n}{N}$$

Where,

n_1 - No. of respondents to be selected from the i^{th} village

N_1 - No. of respondents in the i^{th} village

n - Total no. of respondents to be selected from 6 villages

N - Total no. of respondents in the 6 villages

Table 2: Selection of respondents

S. No	Villages selected	Total no of farmers	No of farmers selected
1.	Rayapuram	163	41
2.	Kovilvenni	164	41
3.	Palankandarkudikadu	178	45
4.	Sadayarkoil	159	40
5.	Chettipulam	132	33
6.	Maharajapuram west	154	39
	Total	950	239

4. Findings and Discussion

Marketing behavior is essential to know the pattern of marketing of a respondent with respect to mode and place of sale of the produce and mode of payment of the produce. Table 3 shows the analysis pertaining to the marketing behavior details of the respondents.

From Table 3 it is observed that in mode of sale most of the respondents

(45.61%) preferred Govt. direct procurement centers. Local merchants (25.94%) and commission agents (24.69%) were the next two sought after mode of sale amidst the respondents. A meagre proportion of the respondents (3.77%) preferred selling to friends and relatives.

Table 3: Distribution of respondents according to marketing behavior

S.no	Category	Districts						Total (n=239)	
		Nagapattinam (n=72)		Thanjavur (n=85)		Thiruvarur (n=82)		No.	%
		No.	%	No.	%	No.	%		
1	Mode of sale								
a	Local Merchant	15	20.83	29	34.12	18	21.95	62	25.94
b	Commission Agent	19	26.39	22	25.88	18	21.95	59	24.69
c	Pre harvest contract agreement	-	-	-	-	-	-	-	-
d	Friends and Relatives	4	5.56	1	1.18	4	4.88	9	3.77
e	Sale after value addition	-	-	-	-	-	-	-	-
f	Govt.Direct Procurement Centre	34	47.22	33	38.82	42	51.22	109	45.61
2	Mode of payment								
a	Advance payment	-	-	-	-	-	-	-	-
b	Immediate payment	38	52.78	55	64.71	40	48.78	133	55.65
c	Delayed payment	34	47.22	30	35.29	42	51.22	106	44.35
3	Place of sale								
a	Farm gate	19	26.39	22	25.88	18	21.95	59	24.69
b	In the village itself	19	26.39	30	35.29	22	26.83	71	29.71
c	Nearby town	34	47.22	33	38.83	42	51.22	109	45.6

*Multiple response obtained

Under mode of payment 55.65 per cent of respondents responded for receiving immediate payment. However 44.35 per cent responded for delayed payment for the same. None of the farmers have responded that they receive advance payment.

Most of the respondents (45.61%) opted 'nearby town' as their frequent place of sale. For the same variable there was almost equal response for farm gate (24.69%) and within the village (29.71%).

In general the wealthy farmers sell the produce to govt. direct procurement centers mostly and at times to commission agents. The small and medium farmers opted for commission agents and local merchants. The marginal or the extremely poor farmers mostly preferred local merchants and friends and relatives. The commission agents procure the produce in the farm-gate itself whereas the local merchants can be accessed within the village. A farmer who wishes to sell in Govt. Direct procurement centers has to transport his produce to nearby town. While price of paddy is higher in DPC the payment is usually delayed for about a week. Further DPCs does not have enough manpower for packing and storage of produce. This has made the not so rich farmers to approach other modes of sale. Commission agents and local merchants though pay lesser than DPC, immediate payment has made them popular amidst farmers. Friends and relatives were preferred by small and marginal farmers due to their close bonding and the lesser quantum of produce at disposal for sale.

Table 4: List of marketing risks faced by the farmers in the study area

S. No	Marketing risks
1	Absence of post-harvest storage facility
2	Issues in Govt. Direct Procurement Centers (DPC)
3	Middle men intervention to pull market price
4	Less demand to harvested produce owing to production glut

4.1. Absence of post-harvest storage facility

Owing to the bulkiness and perishability of the produce, paddy farmers are in need of safe storage facility. It is not possible to store the entire harvest in one's own home. Hence the farmers resort to immediate sale of the produce soon after the harvest. Farmers also are involved in transporting the produce to the nearby Govt. DPC and sell one's produce. There are also few private godowns for safe storage. However these sort of paid storage at private premises is an additional expenditure, provided there are no adequate number of private storage facilities.

4.2. Issues in Govt. direct procurement centers

Govt. Direct Procurement Centers (DPC) lack adequate manpower. Hence the farmer who wishes to sell his produce in DPC is forced to provide support for the DPC staff for safe storage of produce. Further transportation of paddy to the DPCs located at nearby towns is also an additional burden. Though DPCs offer the best price for paddy the payment usually has a delay of five to seven days.

4.3. Middle men intervention to pull the market price

The commission agents offer a lesser price for paddy than the DPC. However they collect the produce from the harvesting field itself. Farmers who are in need of immediate cash sell their produce to commission agent and local merchants.

Further immediate disposal of harvested produce though at a lesser price makes the farmers evade from the storage issue. Most of these commission agents who act as input suppliers who provide inputs for credit and make a buy back of the produce at a lesser price.

4.4. Less demand owing to production glut

A season with good yield also faces problem of excess production. As there is no sale after value addition process in paddy, it becomes too tough to fetch a remunerative price for the immediate sale requirement from several farmers simultaneously. However, the farmers mitigate this risk to a major extent by cultivating consumer preferred varieties. ASD 16, TKM9 and CR-1009 are bold grain varieties cultivated targeting Kerala market. BPT5204 or Andhra ponni and ADT 43 are fine grain varieties sought after for local market.

5. Conclusion

The wealthy farmers sell the produce to govt. direct procurement centers mostly and at times to commission agents. The small and medium farmers opted for commission agents and local merchants. The marginal or the extremely poor farmers mostly preferred local merchants and friends and relatives. Marketing risks are caused mainly due to the manpower shortage in govt. procurement centers. More procurement centres with adequate manpower has to be started by government in rural areas. This will prevent the farmers from taking pains to transporting the produce to nearby towns. This inturn will also discourage the farmers resorting to money lenders and local merchants for paddy marketing. More awareness should be created among the farmers related to the procurements centers run by the government.

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