

A TREND ANALYSIS OF MIDDLEMEN MARKETING SYSTEMS DURING THE PEAK HARVESTING PERIOD IN RURAL PADDY CULTIVATION AREA: A CASE STUDY OF SITTANDY, ERAVUR PATTU DIVISIONAL SECRETARIAT

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ABSTRACT

Sri Lanka is an agricultural producing country among the south Asian region. Generation to generation the paddy cultivation is continue by many rural farmers .The paddy cultivation is one of the major productions of rice in both sessions Maha and Yala and a large number of farmers are cultivating production not only for subsistence purpose but also for commercial purpose as well. The farmers are used to sell their unprocessed paddy to middlemen, collectors, brokers and millers. In between the paddy farmer and the consumer, there are many middlemen involved in this area. This study examined how do the middlemen involving the paddy marketing system during the peak of the harvesting due to what are the challenges and weakness for small rural farmers. This study applied judgment sampling method, purposively selected 4 areas namely Kuddavaddai, Perumavally, Eralakulam and Peruvadda each area selected 25 farmers the total samples 100 and special case study with highlighted issues among the farmers with trend analysis to find out what are the reason involving middlemen's marketing systems during the peak harvesting period in this area. 50% of middlemen purchasing paddy at farmers' gates, 45% of middlemen providing loans, gradually 20%-80% of middlemen increasing post war period and more than 90% weakness of rural paddy farmers in pre and post-harvest techniques. The findings emphasize that this study leads to making better production environment for small scale farmers to run their cultivation in seasonable. Also, suggest that the government should consider controlling the price and support to the paddy farmers, timely collect ex-surplus of paddy and also implement the valuation product as a intermediate product for other production. Those activities will lead to avoid the middlemen involved in the rural areas.

Keywords: paddy cultivation, paddy farmers, middlemen, harvesting period

INTRODUCTION

Sri Lanka is a tropical country to produce agricultural-related crops. Mostly majority of the rural farmers are still involving agricultural activities as a self employment. There are many paddy farmers in every rural area in Sri Lanka. Most of them are poor and low income household families. In agricultural sector is Gross Domestic Production GDP contributes less than 10% percentage of the contribution. It is gradually declining compared with other sectors in Sri Lanka (CBSL,2018). Even though there are many labour force observing sector and also this sector is major

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food production to linkage with other sectors. The paddy cultivation is one of the major productions of rice in both sessions maha and yala and large number of farmers are cultivating production. Currently both sessions production have been significantly increasing because of the subsidies of inputs (Census and statistics, 2018). Agricultural production is especially paddy seasonal production and output of paddy excess supply during the peak harvesting sometime farmers keep and storage for substantial level paddy for their food and seeds purpose but nowadays commercial purpose of paddy production is gradually increasing due to that excess and surplus of yield in the market. In this situation, it is difficult to recognize the efficiency of marketing paddy because both parties namely producers and consumers are exploited by the intermediates.

More importantly, agriculture sector is the backbone of Sri Lankan economy and the agriculture contribution for the GDP less than 10% (CBSL,2017) and Sri Lanka is self-sufficient in rice production and still being based on an agricultural economy the majority (80%) of the population live in the rural areas and about (40%) of them are employed in the agricultural sector (Central Bank,2017). Paddy is the major agricultural crop cultivated in Sri Lanka. In 2016, paddy production was 4,420 million metric tons (Central Bank, 2017). Paddy farming is a direct source of income for the rural farmers as well as an indirect source of income for the providers of support services, paddy millers and traders of paddy and rice value chain production (Kumara et al., 2008).

In case of Batticaloa, this district is contributing in both maha session 170,000 MT and yala session 65.000MT to national paddy production (Census and Statistic 2019). There are 14 divisional secretariats; this study area is one of the divisional secretariats Eravur Pattu. There is village Sittandy, more 90% of the population their main cultivation is rice production. The paddy cultivation is one of the major productions of rice in both sessions maha and yala and large number of farmers are cultivating production in both sessions production have been significantly increasing because of the subsidies of inputs like fertilizers, seeds and other grants(Census and statistics, 2018). This area farmers, who are traditionally involving paddy cultivation for their substance food production not only that but also commercial purpose as well. Most of the people are low income family even though they are getting financial access in terms of borrowing from lenders (in Tamil they are calling "Poddiyar", the person is rich man, possessing large size land, tractors, machineries and so on), mortgage, micro credit loans and other sources. However, due to high cost pre-harvest of production, lower prices at the harvesting season and debts to be paid just after harvesting

They have caused many financial difficulties especially to small-scale paddy farmers in Sittandy

Generally, paddy marketing is private sector handling but government sector is inefficient activities for put control price and support price in the terms of price floors due to that excess surplus of paddy increasing the market this will be affected for producer side. In this scenarios, automatically the particular equilibrium price will fall as a result the middlemen will more marketing advantages not only that but also the government also very lately announce reasonable support price during this period the middlemen can sell the bulk of rice the government at the same time farmers cannot get this advantage because of the middlemen's market strategies at the farmer get during the peak harvest seasons. This marketing system has a crucial role in deciding the better profit environment for farmers furthermore; currently the higher marketing costs and market margin are a major issue, which has been facing by rural small size farmers. The marketing channel is a chain of middlemen. They are taking this system to involve in the process of selling different varieties of paddy at different price level. Actually they act as collectors and purchase the produce from the farmers at a price slightly lower than the actual market prices prevailing for the day, retaining a higher profit margin (Sharmini K. Kumara, 2015). Frequently, we can see middlemen who are either farmers or business men at the farmers' gates. There are still other farmers who lack of knowledge about buyers and there are others who do not directly export the produce but act as middlemen who buy produce to be sold to exporters to make more profit compared with grassroots level small farmers.

Thus, Farmers are used to sell their unprocessed paddy to middlemen, collectors and millers. In between the paddy farmer and the consumer, there are many middlemen involved. For instance, there are the people often considered "parasitic middlemen" by agricultural producers. These may be middlemen are classified as merchant middlemen retailers, wholesalers, agent middlemen broker and commission men, Speculative middlemen activities are buy and sell on their own account but expect profit made from price movement, processors, manufacturers and facilitators.

RESEARCH QUESTIONS

- 1) How do the middlemen involving the paddy marketing system during the peak of the harvesting.
- 2) What are the challenges for small rural farmers for marketing.
- 3) What are the strategies and approaches link with low price for purchasing paddy during the peak harvesting period.

OBJECTIVES

The main objective of this study is to identify challenges of paddy marketing in rural area. There are some sub-objectives also highlighting the study as follow.

- 1) To identify the marketing system of the middlemen
- 2) To identify farmers' side weakness to sale low price of paddy.
- 3) To implement for better policy and environment for both parties benefit.

LITERATURE REVIEW

There is many programs have been implementing especially inputs subsidies like fertilizer, seeds and so on. These activities will help to increase the production of stable food of rice even though excess supply of rice without an efficient agricultural marketing system there would be the question and difficult to sustain whatever programs implementing to agricultural development. Thus, the institution should take this account to reform the marketing system without efficient marketing no production can create much value moving from product to the consumers. Mostly the farmers can take decision what to produce and how to prepare it for sale also seasonable where to sell. These are the major challenges to involve the middlemen. There is no that much market expansion system. Sometimes the reasonable price is continuously increases due to the massive involvement of middlemen in the marketing system, (Abeda Sultana, 2012). Different types of middlemen are engaged in agricultural marketing in these areas. Some middlemen are try to purchase with low price because of weakness of paddy farmers especially marching harvesting paddy cannot storage, dust, wet, weight, transport cost, shortage of labour, high wage and so on. Those some of the reasons are vulnerably and artificially creating low price of paddy in the meantime the middlemen involving for marketing at the farmer gets.

Therefore, the price of rice appears to be determined through open bargaining between the sellers and buyers. We can see the demand of the paddy yield, which depends on the factors of the supply. Generally, large size farmers are monopsonies, who are compelled to sell at one price. This would affect the small farmers, who are financially weak producers; however, they have to sell the paddy to cover the harvesting cost and other financial settlements. The low demand and price artificially creates by middlemen. Most of the time obliged to sell their rice at a low price offered by middlemen in late harvest period. The middlemen are obtaining maximum benefit from the marketing operation and the producers are suffering. This problem of price spread is very significant in case of rice marketing poor marketing system which is manifested in farmers receiving less for much work and middlemen receiving much for less work done and consumer paying much for little food items, (Evans Tenge, 2014)

There should be provision of adequate security by the government to reduce the effect of theft as a marketing problem, especially within the marketing square as complained by the respondents. There should be a well organised central market in this area. This will motivate more customers or buyers and processing industries to buy directly from the farmers and this will generate more revenues for both individual farmers and government and further help reduce the exploitative activities of the middlemen against the respondents. Marketing agencies should be co-opted by government to take care of the marketing problems that are associated with the speculative activities of the middlemen. Marketers should form agricultural marketing cooperatives in order to eliminate the exploitative activities of the middlemen in the entire marketing system. A large majority of farmers lacked direct contacts with exporters.

Thus, many people are criticized the middlemen but middlemen also play the initial key role such as collection, grading, storage, distributing and selling paddy in the rice marketing channels even though this paper attempt to identify major impact of the rural small household farmers' perspective. Actually the producers price and retail market price are probably high but involvement of middlemen, who are trying to under control and capture the market margin.

METHODOLOGY:

This study data collected from qualitative. The methods would be a case study strategy, semi structured interviews; focus groups discussion, key informative interview, observations from different paddy land areas in Sittandy. Most of the people are doing cultivation from generation to generation more than thousand farmers even though limited the time period. Used judgment sampling method, purposively selected 4 areas namely Kuddavaddai, Perumavally, Eralakulam and Peruvadda each area selected 25 farmers the total samples 100 and special case study with highlighted issues among the farmers with trend analysis. Mainly focusing areas, in this study different approach about middlemen marketing channels and strategies like collecting places at farmer gates, market place, home and brokers. Small scale farmers why they are selling low price during the peak harvest period lack of income, resettle financial loans, machinery cutting, wild elephant attack, and lack of storage, transport cost, shortage of labour and high wage. Furthermore, the qualitative information calculated with numerical value based on the interviewees quantitative analysis based on the number of participants' responded particular discussion for descriptive analysis to find out what are the reason mostly involving with percentage for middlemen's marketing system during the peak harvesting periods.

DISCUSSION AND RESULT

Presently, middleman involvement is gradually increasing compared with during war period. The post war infrastructure development especially road construction and also remove the security from the paddy cultivation areas to marketing access areas. Let's discuss about the middleman marketing system during the peak harvesting period. Mostly Maha season farmers are facing the challenge of middleman because large numbers of small scale farmers are involving the paddy cultivation in many areas compared with Yala season. One of the seasonable productions of paddy in other words the economics concept of agriculture production is less the than one elasticity. As a result price would decrease. This will bring the major challenge for small scale farmer in other side the middleman can easily involve and capture the market to collect the less price of the paddy. According to the 100 farmers responded in four studies areas regarding the middlemen marketing system based on the farmer gates, market places, farmers home, brokers and other analysis in addition few case of paddy with farmers as well.

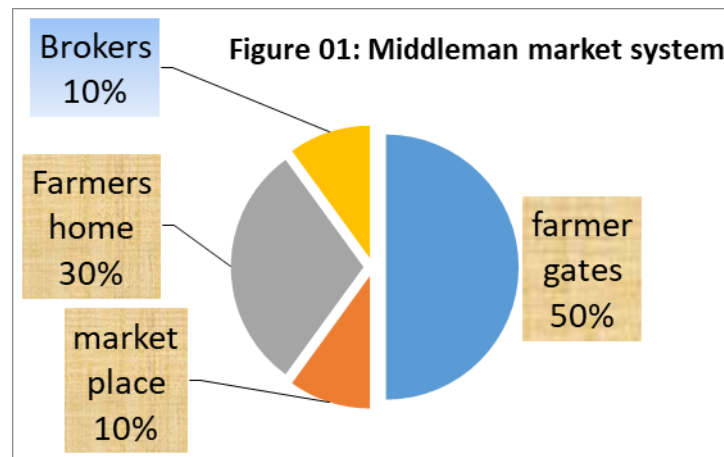


Figure-01

Source: Author's data collection- 2019

This figure-01 shows that how does the middleman involve the market system to capture paddy collections. During the case study the Farmer-1 (Kumarasamy, age - 50) pointed out nowadays, most of the middlemen arrived at the farmers' get of the paddy land. They knew about the small scale farmers' background, i.e. poor income, lack of storage facility, re-settle the loans, mortgage, wage labour, harvesting machinery payment and also machinery harvesting cutting paddy cannot keep more than three days at home because there are lots wastage things. Those are will be created low quality of rice due to the so many reasons for at farmer gate market and other marketing like market place, brokers, farmer home as well for middlemen marketing systems.

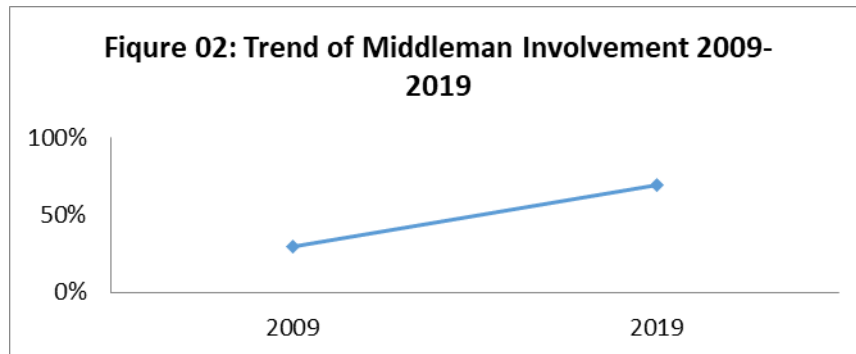


Figure: 02 Trend of Middlemen Involvement

Source: Author's data collection- 2019

The figure-02 shows that the trend of the middleman involvement is very rapidly increasing. The farmer – 2 (Kanthasami, age 40) expressed the reason for increasing the middlemen because the post war infrastructure road development and transport facilities moreover large numbers of small scale farmers have been involving the paddy cultivation, bulk of paddy supply in the market excess surplus is automatically reduce the price of paddy and also the machinery cutting harvesting paddy cannot keep and storage even though seed paddy cannot reuse paddy cultivation to expect potential yield.

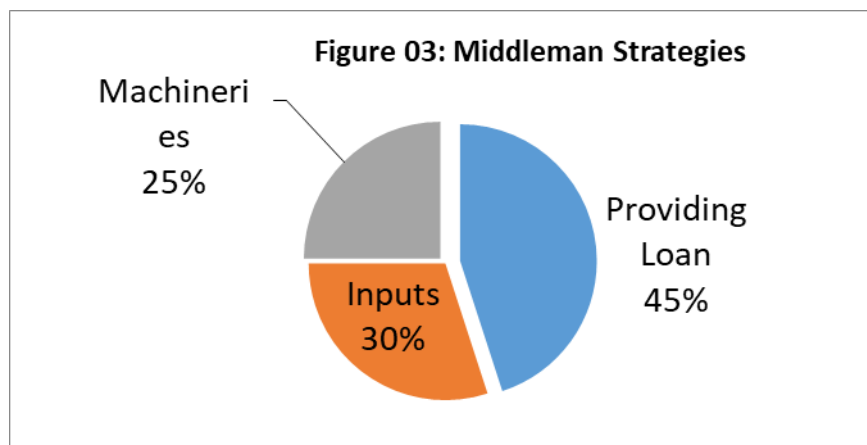


Figure: 03

Source: Author's data collection- 2019

Figuer -3 (Murugan, age 65) shows that the middlemen's strategies to capture market in different approaches such as providing loans, inputs and machineri es. Mostly the middleman providing loan to small scall farmers, who borrowed from the middlemen agencies. They provided pre-harvest and post- periods in term of

money . Whenever the farmers harvesting they will collect the paddy with lower price due to that farmers loss their bargain power. Whatever price fixed by the middleman. The farmers have to pay. Other strategy plan is usually provide inputs such as pesticides, mid season fertilizer, labors and capital machineries from pre-harvest to post harvest. These are major strategies of the middleman or boss, who are frequently involve the paddy marketing

The Development officer (DO) of agrarian mentioned about middlemen activities during the peak harvesting period. The government also can't control those people because the rural famers are producing the paddy yield for seasonal production during the period bulk of rice supply in the market also small scale farmers are borrowing money from some middlemen so that most of the farmers however they have to bound to sale the paddy to the middlemen. Moreover the DO highlighted the government providing subsidy especially fertilizer. This subsidy will help to the farmers to increasing the yield but on the other hand there is no reasonable price for paddy. In other words out increasing but not marching the expecting price of paddy. Most of the farmers are living under the poverty due to the lack of income, storage and wastage, wastage of harvesting method and etc,

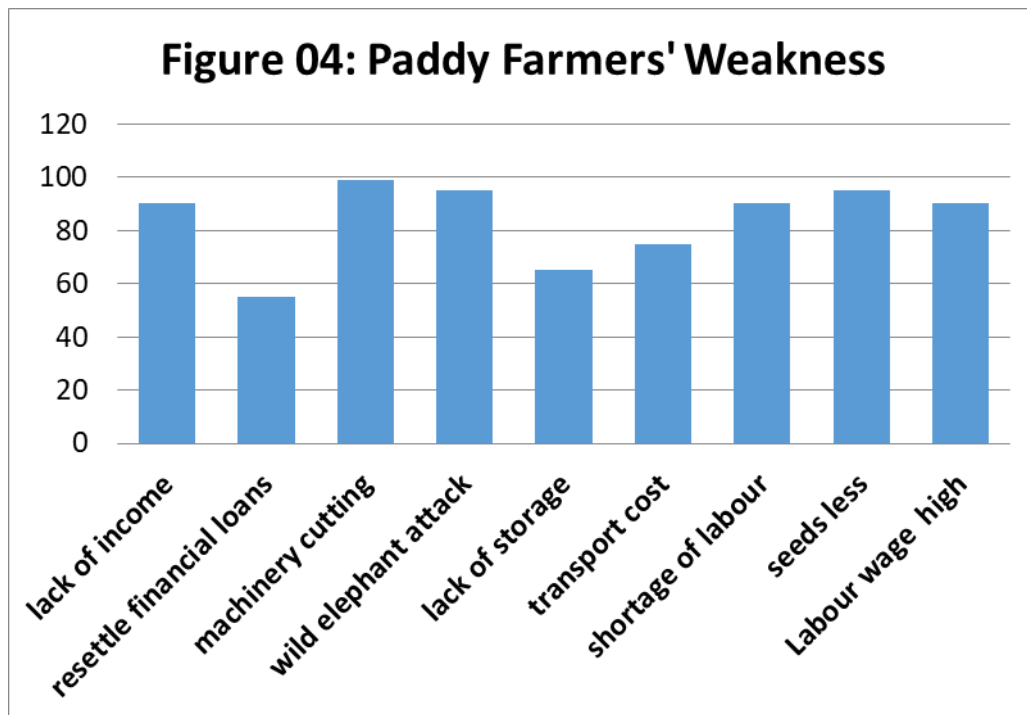


Figure: 04

Source: Author's data collection- 2019

This figuer-4 shows that paddy farmers are facing challenges, which are lead to involve the middlemen during the peak harvesting period. Mostly affected the all factors more than 50% paddy farmers' weekness especially machinery cutting,

shortage labour, wild elephant attack, seedsless can't reproduce effective yield and other factors indirectly involving to capture the market by middlemen.

Farmer-4 (Poobalan, age-52) pointed out that the issues of harvesting machine i.e. applying the machinery most of the time affect the quality of rice and damage rice and quantity of rice. Some neighbor farmers hired the harvesting machine and cutting the paddy early stage of the paddy. This practice also affected other farmers to make cutting the paddy. As a result of early stage of rice can't keep or storage even though in short time period at home compared with manual harvesting method. Nowadays, paddy farmers are diverge from manual harvest. Lack of manual harvesting labour because of the arrival of harvesting machineries. Almost manual harvesting labours are very reared even though they are not willing to involving like that work, because it would some period of take time to clear the harvest from the paddy land and also other challenges namely wild elephant and other animal attacks behind the so many reasons to sale the rice to middlemen

Farmer-4 (Farmer's wife- Arasamma, age 45); she underlined the middlemen activities increased this area of farmers' homes. They are not keeping the paddy. If they want to keep it paddy bags they have to dry the Sun. Supposes, the rainy season that one also making problems to sale the paddy to the middlemen. She pointed out another interesting reason that machine cutting paddy bags inside lots of wastage very difficult to clean and void to make rice procedure. That is why many farmers are selling the paddy to middlemen at the farmer gate. On the other hand most of the farmers are buying rice bag form the soap for easy to cook. This is also one of the reasons to involve the middlemen easy to collect the paddy bags with low price from farmers.

CONCLUSION

This study found out what did the reasons for involving middlemen to collect with low price for paddy during the peak harvesting period. Most of the farmers expressed more 90% their side weakness such as lack of income, resettle financial loans, machinery cutting, wild elephant attack, and lack of storage, transport cost, shortage of labour high wage labour, and demerge of paddy seeds and also no facility to dry the wet paddy. However, the farmers can make decision to sell the rice to the buyers based on the cost of the production and the marketing price, because farmers are from generation to generation involving this field. They are doing the paddy cultivation not only for subsistence but also for commercial purpose as well. This knowledge and experience will lead to make better production environment for small scale farmers to run their cultivation in seasonable. Not only that but also the government should consider control price support to the paddy

farmers to avoid the middlemen involvement and implementing valuation product in the rural areas.

SUGGESTION FOR FURTHER RESEARCH

The research was focused on how do the middlemen involving the paddy marketing system during the peak of the harvesting due to that what are the challenges for small rural farmers. And its' based on sittandy, Eravur pattu divisional secretariat in Batticaloa district. Also, provide some suggestion and recommendation. Despite it has not covered the inequality dimensions in overall country in case of middlemen involving the paddy marketing system. Moreover, the researches could be conducted in each channel of middlemen involvement relevance to issues and effectiveness to promote the agribusiness.

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