

A Study on Onion Cultivator's Satisfaction towards Middlemen in Perambalur District

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Abstract

Indian economy is an agricultural economy where agriculture remains the mainstay of the majority of people. Though the contribution of agriculture to Indian GDP has been declining year after year, but still more than 60 per cent of people dependent on agriculture either directly or indirectly. The statistical data reveals that there is an increase in agricultural production, but the farmers are still dying of starvation and malnutrition. This can be attributed to various factors such as rising of input cost, failure of monsoon, exploitation of middlemen in the agricultural markets. Agricultural marketing is still in primitive stage. Most of the farmers do sell their products through middlemen. Farmers select the middle men with certain expectation. When the expectation from middlemen is met farmers are satisfied. Satisfaction can be measured by various factors. Therefore this paper makes an attempt to study the satisfaction level of farmers of various holdings toward the role and functioning of middlemen.

Keywords: Satisfaction Index, Emphasis Index.

Introduction

Agriculture, a major sector of Indian economy, has several problems. Of all the problems marketing is the most critical one. Only in agricultural marketing the scope for exploitation and defrauding the farmers/producers is more. Lack of organization rise in input cost and indebtedness leads to distress sale by farmers. Distress sale is a situation where farmers are forced to sell their produce for a price lower than even cost of production.

Onion is considered to be remunerative and its marketable surplus is higher compared to other vegetables. The lack of cooperation, opportunity cost and of course unfair treatment in mundies force onion farmers go for sales through intermediaries. The arrival of agricultural commodities in the regulated markets is generally on the increase with the growing awareness among their crucial role in getting remunerative prices and saving from the exploitation of the middlemen.

Significance of Agricultural Marketing

The tempo of agricultural production calls for a simultaneous improvement in the marketing system, to safeguard the interest of the farmers. An efficient marketing system can stimulate agricultural production. It is the market system

Objectives of the Study

- i) To study the socio-economic conditions of farmers
- ii) To study the marketing pattern of Onion Farmers in Perambalur District.
- iii) To measure the satisfaction level of the farmers towards the intermediaries.

Methodology of the Study

Scientific methods are followed in the process of research; Samples, data collection and analysis are done with the help of scientific method as applicable to social sciences.

Sampling technique

A multistage sampling has been framed. The first stage is the selection of a district. Perambalur district is purposely chosen as it is a district where the production of onion is more. The second stage is selection of five blocks on simple random basis viz. Perambalur, Veppanthattai, Veppur, Alathur and Ariyalur. In the third stage, 300 cultivators have been selected based on simple random sampling technique.

Period of the study

Primary data for the purpose of this research were collected from July 2007 to June 2008.

Socio Economic Conditions

Table - 1

Annual Income of Sample Farmers

Income	Marginal farmers	Small farmers	Medium farmers	Large farmers	Total
Less than Rs. 20,000	10 (10.00)	52 (34.67)	12 (30.00)	3 (30.00)	77 (25.67)
20,000 – 40,000	52 (52.00)	33 (22.00)	6 (15.00)	1 (10.00)	92 (30.67)
40,000-60,000	20 (20.00)	35 (23.33)	7 (17.50)	2 (20.00)	64 (21.33)
Above Rs.60,000	18 (18.00)	30 (20.00)	15 (37.50)	4 (40.00)	67 (22.33)
Total	100 (100.00)	150 (100.00)	40 (100.00)	10 (100.00)	300 (100.00)

Source: Primary data

Table - 2

Land Utilization of Sample Cultivators

Land Utilization	Marginal farmers	Small farmers	Medium farmers	Large farmers	Total
Less than 20 percent	11 (11.00)	27 (18.00)	12 (30.00)	2 (20.00)	52 (17.33)
20-40 percent	12 (12.00)	46 (30.67)	6 (15.00)	1 (10.00)	65 (21.67)
40-60 percent	20 (20.00)	35 (23.33)	7 (17.50)	3 (30.00)	65 (21.67)
60-80 percent	19 (19.00)	23 (15.33)	3 (7.50)	1 (10.00)	46 (15.33)
80-100 percent	38 (38.00)	19 (12.67)	12 (30.00)	3 (30.00)	72 (24.00)
Total	100 (100.00)	150 (100.00)	40 (100.00)	10 (100.00)	300 (100.00)

Note : Figures in parenthesis denote percentage to total

Source : Primary data

Table - 3

Sources of Loan or Finance

Sources of Loan	Marginal farmers	Small farmers	Medium farmers	Large farmers	Total
Private Money Lender	57 (57.00)	75 (50.00)	7 (17.50)	3 (30.00)	142 (47.33)
PACB	11 (11.00)	26 (17.33)	9 (22.50)	2 (20.00)	48 (16.00)
Commercial Banks	11 (11.00)	32 (21.33)	12 (30.00)	2 (20.00)	57 (19.00)
Own funds	21 (21.00)	17 (11.34)	12 (30.00)	3 (30.00)	53 (17.67)
Total	100 (100.00)	150 (100.00)	40 (100.00)	10 (100.00)	300 (100.00)

Source: Primary data

Table - 4

Marketing pattern of onion by sample cultivators

Channels of Distribution	Marginal farmers	Small farmers	Medium farmers	Large farmers	Total
Direct sales	14.00 (14.00)	31.00 (20.67)	12.00 (30.00)	3.00 (30.00)	60.00 (20.00)
Village Merchant	40.00 (40.00)	44.00 (29.33)	9.00 (22.50)	1 (10.00)	94.00 (31.33)
Commission agents	28.00 (28.00)	51 (34.00)	15 (37.50)	3.00 (30.00)	97.00 (32.34)
Wholesaler/retailer	18 (18.00)	24.00 (16.00)	48.00 (10.00)	3 (30.00)	49.00 (16.33)
Total	100.00 (100.00)	150.00 (100.00)	40.00 (100.00)	10 (100.00)	300.00 (100.00)

Source: Primary data

Tools for Measuring Satisfaction

The farmers expressed their level of satisfaction towards the role of middlemen at the exploratory stage of this study. Seven attributes are to be present in order to satisfy them. The level of satisfaction is a state of mind and there is no universally accepted and absolute tool to measure the same. It has become obligatory for the researcher to fix up certain measurements as the tool for measuring satisfaction of farmers. Following are the tools used for measuring satisfaction of the sample farmers using seven attributes as yard sticks.

Emphasis Index (E.I)

Emphasis index is the numerically expressed value for emphasis on a 5-point scale. It is calculated for each attribute separately.

The formula is adopted for calculating each attribute separately.

The formula adopted for calculating emphasis index is:

$$EI = \frac{EM_1 N_1}{N}$$

EI = Emphasis Index

M1 = Numerical value for a particular level of emphasis

N1 = Number of respondents stating the particular level of emphasis

N = Total number of respondents.

Level of Satisfaction of Farmers

The satisfaction levels of the sample farmers are collected in the attitude 5-point scale. Points scored (P) = $\sum Wn_1$

$$\text{Satisfaction Index (SI)} = \frac{\sum Wn_1 xEI}{N}$$

The data collected and the analysis are shown. The ultimate satisfaction index is calculated as follows:

Ultimate Satisfaction Index (USI) = $\sum SI$.

Satisfaction Index

Weighted Satisfaction Index is arrived after giving each of the seven attributes an importance in relation to their real significance to consumers of onions; appropriate points are assigned to each factor from +2 to -1 as per the intensity of satisfaction. Then the points are added to calculate the total points for each factor.

The points scored for each factor are then multiplied by Emphasis Index to arrive at individual weighted satisfaction index.

Table - 5

Level of Satisfaction: Marginal Farmers towards the role of Middlemen

Factors	Highly Satisfied	Satisfied	No opinion	Not satisfied	Not at all satisfied	Total
Directing the flow of onions from cultivators to consumers	11	28	8	31	8	86
Performing the function of merchandising	7	21	9	23	26	86
Guiding the cultivators in pricing the onions	15	6	11	36	18	86
Looking after advertising and publicity	7	22	19	18	20	86
Giving advice to cultivators on a small commission	21	29	4	20	12	86
Helping for large scale production by collecting huge orders	5	19	9	32	21	86
Lending advance loans to cultivators	9	13	21	27	16	86

Source: Primary data

Table - 6

Satisfaction Index – Marginal Farmers

Factors	Points scored (a)	Emphasis Index (b)	(ax b)	SI = $\left(\frac{axb}{86}\right)$
Directing the flow of onions from cultivators to consumers	3	3.75	11.25	0.13
Performing the function of merchandising	-40	2.80	-112.0	-1.30
Guiding the cultivators in pricing the onions	-36	3.55	-127.8	-1.49
Looking after advertising and publicity	-22	3.50	-77.0	-0.90
Giving advice to cultivators on a small commission	27	3.80	102.6	1.19
Helping for large scale production by collecting huge orders	-45	3.10	-139.5	-1.62
Lending advance loans to cultivators	-28	2.60	-72.8	-0.85
Ultimate satisfaction Index	-28	2.60	-72.8	-0.85

Source: Primary data

Table - 7

Level of Satisfaction: Small Farmers towards the role of Middlemen

Factors	Highly Satisfied	Satisfied	No opinion	Not satisfied	Not at all satisfied	Total
Directing the flow of onions from cultivators to consumers	30	36	20	23	10	119
Performing the function of merchandising	17	7	27	35	33	39
Guiding the cultivators in pricing the onions	37	24	7	23	28	119
Looking after advertising and publicity	41	10	27	23	18	119
Giving advice to cultivators on a small commission	15	26	3	30	45	119
Helping for large scale production by collecting huge orders	30	20	17	40	12	119
Lending advance loans to cultivators	17	37	13	11	41	119

Source: Primary data

Table - 8

Satisfaction Index – Small Farmers

Factors	Points scored (a)	Emphasis Index (b)	(ax b)	SI = $\left(\frac{axb}{119}\right)$
Directing the flow of onions from cultivators to consumers	53	3.75	198.75	1.67
Performing the function of merchandising	-60	2.80	-168	-1.41
Guiding the cultivators in pricing the onions	19	3.55	67.45	0.57
Looking after advertising and publicity	33	3.50	115.50	0.97
Giving advice to cultivators on a small commission	-64	3.80	-243.2	-2.04
Helping for large scale production by collecting huge orders	16	3.10	49.6	0.42
Lending advance loans to cultivators	-22	2.60	-57.2	-0.48
Ultimate satisfaction Index				-0.30

Source: Primary data

Table - 9

Level of satisfaction: Medium farmers towards the role of middlemen

Factors	Highly Satisfied	Satisfied	No opinion	Not satisfied	Not at all satisfied	Total
Directing the flow of onions from cultivators to consumers	9	7	3	4	7	30
Performing the function of merchandising	10	9	4	2	5	30
Guiding the cultivators in pricing the onions	4	5	2	12	7	30
Looking after advertising and publicity	5	6	3	5	11	30
Giving advice to cultivators on a small commission	9	2	4	12	3	30
Helping for large scale production by collecting huge orders	5	6	2	3	14	30
Lending advance loans to cultivators	5	7	4	9	5	30

Source: Primary Data

Table - 10

Satisfaction Index-Medium Farmers

Factors	Points scored (a)	Emphasis Index (b)	(ax b)	SI = $\left(\frac{axb}{30}\right)$
Directing the flow of onions from cultivators to consumers	7	3.75	26.25	0.88
Performing the function of merchandising	17	2.80	47.60	1.59
Guiding the cultivators in pricing the onions	-13	3.55	-46.15	-1.54
Looking after advertising and publicity	-11	3.50	-38.50	-1.28
Giving advice to cultivators on a small commission	2	3.80	7.60	0.25
Helping for large scale production by collecting huge orders	-15	3.10	-46.50	-1.55
Lending advance loans to cultivators	-2	2.60	-5.20	-0.17
Ultimate satisfaction Index				-1.82

Source: Primary data

Table - 11

Level of satisfaction: Large Farmer towards the role of Middlemen

Factors	Highly Satisfied	Satisfied	No opinion	Not satisfied	Not at all satisfied	Total
Directing the flow of onions from cultivators to consumers	1	2	0	3	1	7
Performing the function of merchandising	2	0	1	2	2	7
Guiding the cultivators in pricing the onions	0	1	2	2	2	7
Looking after advertising and publicity	1	3	1	0	2	7
Giving advice to cultivators on a small commission	3	2	1	1	0	7
Helping for large scale production by collecting huge orders	2	0	3	1	1	7
Lending advance loans to cultivators	1	2	0	2	2	7

Source: Primary data

Table - 12

Satisfaction Index: Large Farmers

Factors	Points scored (a)	Emphasis Index (b)	(ax b)	SI = $\left(\frac{axb}{7}\right)$
Directing the flow of onions from cultivators to consumers	-1	3.75	-3.75	-0.54
Performing the function of merchandising	-4	2.80	-11.2	-1.60
Guiding the cultivators in pricing the onions	-5	3.55	-17.75	-2.54
Looking after advertising and publicity	1	3.50	3.50	0.50
Giving advice to cultivators on a small commission	7	3.80	26.60	3.80
Helping for large scale production by collecting huge orders	1	3.10	3.10	0.44
Lending advance loans to cultivators	-4	2.60	-10.40	-1.49
Ultimate Satisfaction Index				-1.43

Source: Primary data

Results and Discussions

1. In case of land utilisation, 17 per cent of farmers use less than 20 per cent of the land.
2. 57.45 per cent of marginal farmers choose private money lenders as their sources of finance.

3. 48.78 per cent of small farmers choose private money lenders as their sources of finance.
4. Of the 300 sample farmers, 44.05 per cent choose private money lenders as their source of finance.
5. Commission agents and Village merchant plays a major role in marketing of small onion in perambalur district.
6. Of the 300 sample cultivators, 32.00 per cent sell their marketable onion through commission agents.
7. Among the marginal farmers, 40.00 per cent sell their onion through village merchants.
8. Among the small farmers, 34.00 per cent sell through commission agents which remain major mode of sales.
9. For marginal farmers, it is found that the dissatisfaction is highest for the factor “helping for large scale production by collecting huger orders”. Next comes “guiding the cultivators in pricing the onions”. There is dissatisfaction in relation to “performing the function of merchandising, looking after advertising and publicity, and lending advance loans to cultivators.
10. However, the sample marginal farmers are satisfied with the factors “directing the flow of onions from cultivators to consumers and giving advice to cultivators on a small commission”.
11. In case of small farmers, the dissatisfaction is highest for the factor: “giving advice to cultivators on a small commission”. Next comes “performing the function of merchandising”.
12. In general, the sample small farmers are not satisfied with the role of intermediaries in marketing of onion as the ultimate satisfaction index is – 0.30 (minus 0.30).
13. In case of medium farmers, the dissatisfaction is highest for the factor: “Helping for large scale production by collection huge orders”. Next comes, “guiding the cultivators in pricing the onions”.
14. However, the marginal farmers are satisfied with the factors “directing the flow of goods from cultivators to consumer, performing the functions of merchandising, and giving advice to them on a small commission”
15. In case of small farmers, the dissatisfaction is higher for the factor: “guiding the cultivators in pricing the Onions”. Next comes “performing the function of merchandising”.
16. Large farmers are satisfied with the factors “looking after advertisement and publicity, giving advice to them, and helping for large scale production”.

Conclusion

The Indian agricultural marketing is facing many challenges and requires lots of initiatives from government to protect the farmers. At the same time the attitude for farmer towards sale of agricultural products should change. The farmers who largely depend on intermediaries should undertake the direct sale and cooperative sales to take the right price. Most of the agricultural products are sold to village merchant or commission agents to whom the farmers are indebted. The onion farmers can sell their onions in the weekly market or nearby farmers' markets. They should wait for a better price for their produces. To conclude, the direct mode of sale, organized farmers movements and well informed about the marketing information system will reduce farmers' burden.

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