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Research Paper

Assessment of Efficiency of Marketing Channels and Constraints in Marketing of Jute in Cooch Behar District, West Bengal

Dipankar Barman and M. Anoop*

Department of Agricultural Economics, Banaras Hindu university, Varanasi, India

*Corresponding author: anoopmangalasseri@gmail.com (**ORCID ID**: 0000-0003-0846-6385)

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ABSTRACT

Jute is an important commercial crop with multiple uses. The present study looks into the marketing channels, price spread, marketing efficiency and marketing related problems of jute growing farmers in Cooch Behar district of West Bengal. A sample of 80 farmers and 10 market intermediaries each (faria or small traders and big traders) and two FPO were taken randomly. Three marketing channels were identified. Majority of the jute producers marketed their jute in channel I followed by channel II and channel III. Producers' share in consumer rupee and marketing efficiency was highest in channel III followed by channel II and I. Major marketing problems faced by jute producers were involvement of more number of middlemen, lack of organized marketing system and high marketing cost.

HIGHLIGHTS

- Among the three jute marketing channels found in the area, majority of farmers followed channel I (Producer → faria/small trader → big trader → jute mill)
- Marketing efficiency was found highest in channel III (Producer → FPO → jute mill)

Keywords: Jute, Marketing Efficiency, Price Spread

Jute is one of the most important cash crops of South-Asia and it is largely produced in India and Bangladesh. Nearly 88 percent of the world's jute grew in these two countries (Islam and Alauddin, 2012). A large number of farmers and labourers are depending on jute production and processing for their livelihood. Thus, jute plays a crucial role in the agriculture and industrial growth of the nation and makes significant contributions towards rural economic transformation (Kalita and Bhuyan, 2018). Majority of jute farmers in India are small and marginal farmers (Chapke, 2013). West Bengal, Bihar and Assam are the three largest Jute producing states in India. West Bengal is the undisputed king of jute production in India accounting for over four-fifth of production and nearly three fourth of area under jute. Assam is the second largest producer and Bihar is the third largest producer of jute with area shares of 81 percent in West Bengal, 10.11 percent in Assam and 6.8 percent in Bihar, respectively (Kalita and Bhuyan, 2018).

Jute is one of the most affordable natural fibers, second only to cotton in terms of production and variety of applications. Jute fibers are primarily made up of the plant materials cellulose and lignin. Jute fiber, like kenaf, industrial hemp, flax (linen), ramie, and others, falls into the bast fiber category (fiber collected from bast, the plant's phloem, sometimes referred to as the "skin"). Raw jute is

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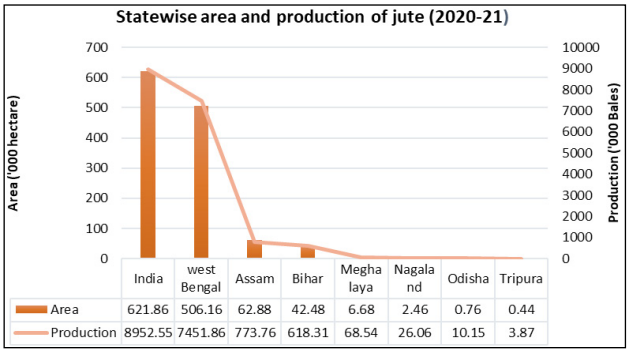
the industrial term for jute fiber (Islam and Ahmed, 2012). The demand for Jute-based factory products has been rising, mainly due to its eco-friendly, biodegradable as well as remunerative properties.



Data Source: *www.indiastat.com*

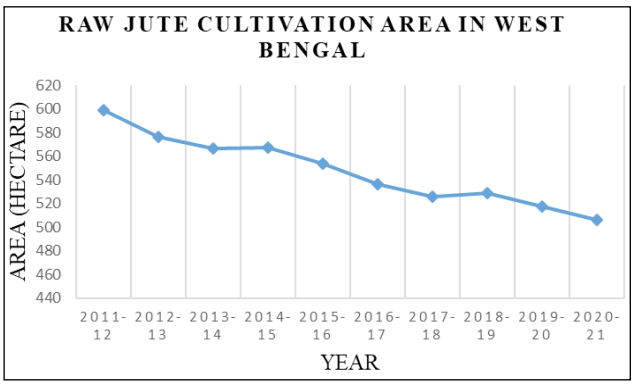
Fig. 1: Area and production of jute in India and in major producing states (2020-21)

Apart from these, cultivation of Jute may also be effective to reduce soil-erosion and maintain good soil health in low land areas. In the recent times, Jute has been highly preferred in preparation of modern-day fabrics like geotextiles which can be used in building road and railway embankments, earth dikes, and coastal protection structures due to its diversified usability. The demand for jute made products have been increasing day by day in the world market as well as in the domestic market as there is an emerging trend to use eco-friendly products. The demand for natural fiber is expected to increase further due to deterioration of the environment caused by dumping of non-decaying artificial materials and increasing environmental awareness among the people (Goyal, 1990; Chapke, 2013).

However, despite having such auspicious demand, Jute cultivation as well as area in the region shows fluctuating trends in the recent past years (Kumari *et al.* 2018). Hence, the present study tries to understand the current marketing scenario and marketing constraints faced by jute farmers in Cooch Behar district of West Bengal.

MATERIALS AND METHODS

The study is based on primary data collected in 2022. Cooch Behar district was selected purposively for the study as it is one of the major jute producing districts in West Bengal. Cooch Behar district comprises 12 blocks out of which 2 blocks were selected randomly. Thereafter, 2 villages were selected randomly from each selected blocks and then from each village 20 jute farmers were chosen randomly. Thus, the total jute farmers selected were 80. For the study of marketing cost, marketing margins and price spread, 10 market intermediaries each (faria or small traders and big traders) and two FPOs were taken into the sample from the jute market of the area after identification of prevailing marketing channels. Thus, the total sample size was 102.



Data Source: *www.indiastat.com*

Fig. 2: Raw jute cultivation area in West Bengal

Analysis of marketing efficiency: Marketing efficiency is closely related to the cost of moving goods from the producer to the consumer, and the number of services provided. If the cost is less than the value of the services supplied, it will be effective marketing. The term "improved marketing efficiency" refers to lowering marketing costs while maintaining the same level of services to customers (Acharya and Agarwal, 2018). Acharya method was used in the study to assess the efficiency of existing jute marketing channels.

Market efficiency =

$$\frac{\text{Net price received by the farmer}}{\text{Marketing cost + Marketing margin}}$$

Analysis of marketing constraints: Garrett's ranking methodology has been used to evaluate the constraints of jute marketing in the study area. Major constraints being faced in jute marketing were listed after discussion with farmers. Respondent farmers were then asked to assign ranks for the various constraints they were facing. These ranks

were later converted into score values with the help of following formula:

$$Percent\ position = \frac{100 \times \left(R_{ij} - 0.5\right)}{N_j}$$

Where,

R_{ij} = Rank given for i^{th} factor by j^{th} individual

N_j = Number of factors ranked by j^{th} individual

The percent position was translated into points with the aid of Garrett's chart (Garrett and Woodworth, 1969). The scores of each person were added for each question, and mean scoring values were then determined. The variables with the highest mean value score were considered to be the most crucial benefit/problem faced by the farmers in the area of study (Katoch, 2021).

RESULTS AND DISCUSSION

Raw jute marketing channels in Cooch Behar district: The term "marketing channel" refers to the channel through which a product moves from the producer to the ultimate consumer. It is desired that the transfer of goods from producer to customer should be at as low-cost as possible. Generally, small marketing channels are considered beneficial for the producers and consumers. In the marketing of jute in Cooch Behar, three marketing channels were identified via which the item moved from the producer to ultimate customer.

- **Channel I:** Producer → faria/small trader → big trader → jute mill
- **Channel II:** Producer → big trader → jute mill
- **Channel III:** Producer → FPO → jute mill

Table 1: Jute marketing through different marketing channels by sample farmers

Marketing channel	Number of farmers (%)
Channel I (Producer-faria/small trader-big trader-jute mill)	39 (48.75)
Channel II (Producer-big trader-jute mill)	28 (35.0)
Channel III (Producer-FPO-jute mill)	13 (16.25)

Majority of the respondent farmers (48.75%) were found selling jute through channel-I. Channel III was found to be less preferred by the farmers in the study area. Most of the farmers followed Channel-I, because faria/small trader bought their products from their house. Channel-III was a very early stage, so they did not cover maximum area and farmers also knew very little about Channel-III.

Marketing cost incurred by intermediaries: The total marketing costs incurred were found to be ₹ 112.5/bale, ₹ 178/bale and ₹ 437.5/bale by producer, faria/small trader and big trader & FPO, respectively, for marketing of one bale of jute. The producer has incurred 100 per cent marketing cost on transportation. Faria/small traders incurred the maximum share of marketing cost towards transportation (63.20%) followed by packing & labelling (21.06%) and loading & unloading (15.73%). Similar to producer and faria, share of transportation cost was the highest for big trader & FPO (82.28%) followed by packing & labelling (8.57%), loading & unloading (6.4%) and store (2.74%) in the total marketing cost incurred by them. The highest marketing cost was incurred by big trader & FPO followed by faria/small trader in jute marketing.

Table 2: Marketing cost incurred by intermediaries (₹/Bale)

Particulars	Producer	Faria/small trader	Big trader & FPO
Transportation	112.5 (100)	112.5 (63.20)	360 (82.28)
Packing & labelling	—	37.5 (21.06)	37.5 (8.57)
Store	—	—	12 (2.74)
Loading & unloading	—	28 (15.73)	28 (6.4)
Total	112.5 (100)	178 (100)	437.5 (100)

Figures in parentheses indicate percentages.

Price spread of jute market: Price spread is one of the important measures of marketing efficiency. It is the difference between price paid by the ultimate consumer and price received by the producer for an equivalent quantity of farm produce. The spread includes marketing cost incurred by the intermediaries as well as their margin accrued. The price spread has been computed separately for jute sold by the sample producers through different channels. The price spread was higher when the marketing channel was longer and shorter in the shorter channel. Price spread was found to be ₹ 1496.52, ₹ 797.61 and ₹ 654.21 in channels I, II and III respectively. Producer's share in consumer rupee

Table 3: Price spread of jute market (₹/Bale)

Particulars	Channel I		Channel II		Channel III	
	₹	% Consumer price	₹	% Consumer price	₹	% Consumer price
Producer						
Producer sale price	10390.38	87.4	11089.29	93.29	11232.69	94.49
Marketing cost	—	—	112.5	0.94	112.5	0.94
Net price received by producer	10390.38	87.41	10976.79	92.34	11120.19	93.54
Faria/small trader						
Purchase price	10390.38	87.41				
Marketing cost	178	1.49				
Marketing margin	520.91	4.38				
Sale price	11089.29	93.29				
Big trader						
Purchase price	11089.29	93.29	11089.29	93.29		
Marketing cost	437.5	3.68	437.5	3.68		
Marketing margin	360.11	3.02	360.11	3.02		
Sale price	11886.9		11886.9			
FPO						
Purchase price					11232.69	94.49
Marketing cost					437.5	3.68
Marketing margin					216.71	1.82
Sale price					11886.9	100
Mill purchase price	11886.9	100	11886.9	100	11886.9	100
Price spread	1496.52		797.61		654.21	
Producer share in consumer rupee	10390.38	87.41	10976.79	92.34	11120.19	93.54

Table 4: Marketing efficiency

Particulars	Unit	Channel I	Channel II	Channel III
Net price received by producer	Rs per bale	10390.38	10976.79	11120.19
Total marketing cost	Rs per bale	615.5	550	550
Total marketing margins of intermediaries	Rs per bale	881.02	360.11	216.71
Marketing efficiency	Ratio	6.94	12.06	14.50

was highest in channel III (93.54%), followed by channel II (92.34%) and channel I (87.41%).

Marketing Efficiency: Marketing efficiency is directly related to the cost involved in moving goods from producer to the consumer and the quantity of services offered. If the cost incurred by marketing intermediaries is lower when compared to services involved, then it will be called an efficient marketing system. The improvement in marketing efficiency means the reduction in marketing cost without reducing the quantum of services of the consumer (Singh *et al.* 2020).

In the present study the Acharya method (Acharya and Agarwal, 2018) of marketing efficiency is used, which suggests that the ratio of net price received by producers and sum of total marketing cost and total marketing margin is to be used as a measure for marketing efficiency. According to Acharya, the greater the ratio the higher the efficiency and vice versa.

Table 4 shows the marketing efficiency by the Acharya method of jute in channel I, channel II and channel III. It shows that jute marketing efficiency in channel III (14.50) was greater than channel II (12.06) and channel I (6.94). It is quite noticeable that the marketing efficiency estimated by Acharya method was in increasing order in three channels for jute marketing in the study area. It may be inferred

that due to less no of intermediaries, marketing cost and marketing margin was low in channel III, thus channel III was more efficient than channel II. And in the same way due to high marketing cost and marketing margin, channel I is less efficient than channel II.

Marketing related problems faced by the jute producers: Sample respondents were asked about the various marketing related problems they face, and were then listed and ranked. It was found that involvement of more number of middlemen was the most severe problem faced by the jute producers. Lack of an organized marketing system for jute was reported as another important constraint by the farmers. The other major problems as reported by the farmers were high marketing cost, non-availability of markets in the nearby areas and issues in transportation of the harvested product.

Table 5: Marketing related problems faced by the jute farmers

Problems	Avg. score	Rank
More number of middlemen	61.98	I
Lack of organized marketing System	56.25	II
High marketing cost	51.55	III
Market very far off	46.33	IV
Problem in transportation of produce	34.90	V

CONCLUSION

Environment friendly goods and services are becoming popular among consumers worldwide. The usage and adoption of environmentally benign, renewable, and biodegradable resources ensures environmental sustainability. It is crucial to guarantee a constant supply of natural fibre in the effort to achieve environmental sustainability. This is possible only when fiber cultivation assures reasonable return through efficient marketing mechanisms. When looked into the marketing arrangement of jute in the study area, majority of the sample farmers (48.75%) were found selling their produce through channel I followed by channel II (35%) and channel III (16.25%). Marketing efficiency in channel III (14.50) was greater than channel II (12.06) and channel I (6.94). It is important to make sure farmers are able to make use of efficient marketing channels available, and fetch maximum share of consumer rupee. Measures such as Strengthening of FPOs, awareness creation, and providing support for transporting the produce to markets can solve many issues currently faced by jute farmers in the area.

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