

FOOD MARKETING IN INDIA VIEWED FROM BELOW (\*)

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Needs for community orientation and participation are commonly recognised in current agendas for addressing the unresolved malnutrition problems of South Asian countries. Although these needs have been acknowledged, there is little experience in the application of interactive methodologies at community level for nutrition program design. As Gopalan (1987) states, "the challenge is how to reach the unreached."

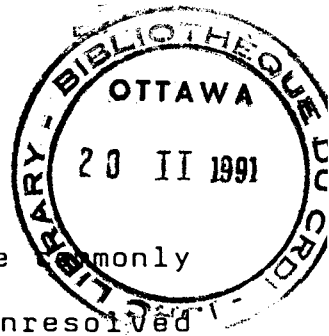
This paper has arisen from a rural appraisal conducted in the Parbhani district of Maharashtra. The region is part of the western dryland belt of India extending over Karnataka, Maharashtra, Andhra Pradesh and parts of Gujarat, Rajasthan and Madhya Pradesh. Maharashtra is the third largest state in India, both in terms of area and total population (Muthiah, 1987). The south-eastern part of Maharashtra forms the Marathwada region and Parbhani on which this discussion focuses is one of seven districts of this region. The average rainfall (normal) in Parbhani district ranges from 27-30 inches annually, and it is considered the zone of 'assured' rainfall. Each district is further sub-divided into talukas (sub-districts) for more efficient administration; Parbhani has seven talukas.

RURAL MARKETING

Marketing in Parbhani involves sale and purchase of goods, both food and non-food. This activity is mainly handled by the adult male of the household.

**Sales**

Cash crops are sold to intermediaries soon after harvest when



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prices are at a minimum. Sales occur at the nearby town or sometimes within the village. The intermediary bulks up the goods and sells in a larger market. By law, cotton can only be sold to the Cotton Federation of the Government of India. Cotton Prices vary, according to the variety being sold, between Rs 550 and Rs 680 per quintal (about Rs.25 equal one pound Sterling). The locally grown variety fetches the maximum price, because of the higher oil content of the seed.

Small farmers sell sunflower and safflower in the local markets soon after harvest. Sometimes they may sell their produce at a weekly village market. Large farmers often have storage space and, therefore, may hold their produce for a few weeks for sale in the nearby town when the prices are higher.

Safflower oil is by far the most popular oil for consumption in the region. Like sorghum, large landholders retain safflower for the family's oil needs and sell the surplus. A ghani (oilpress) set up by a large local farmer is used by the people in the vicinity to obtain extracted oil from their safflower seeds. It was revealed that the safflower oil is extracted at a price of Rs 25/- per quintal.

Large farmers store about 50-60 litres of oil in sealed containers for the family's annual oil needs. However, small farmers can afford to retain no more than 10-15 litres of oil. Lack of storage space and low resale value of oil (compared to safflower) prompts them to sell off as much safflower as possible, and purchase oil as needs arise.

In one Prabhani taluka, a mechanised ghani operates on a stric-

tly commercial basis. The owner purchases safflower not from individuals but in bulk from the local market. This oil extraction unit which consists of three ghanis is said to be slightly more efficient than others in the area. The extracted oil is sold locally to shop owners. No oil is marketed directly to families. This unit of three ghanis operates about 10 hours <sup>i</sup>daily; and oil is extracted in 8-12 batches, yielding about 70 kg of oil per day. The extracted oil is allowed to settle for 3-4 hours and then filtered through a fine net to obtain a clear yellow oil. Oil cake, the by-product is sold in the local market as animal feed, fetching a price of Rs 300/- per quintal.

Small farmers sell stored green gram, only when they are in need of money. They may sometimes be compelled to sell part of their produce to the money-lender to repay debts, particularly those taken for the purchase of seeds. In times of need, stored pulse grain may be bartered for other commodities such as sorghum, salt and spices at the village shop. By contrast, large farmers sell green gram and red gram after harvest, keeping the requirements for their family plus a little extra.

Data obtained from 110 families indicated that nearly 57 percent of the land holders utilise their produce for both home consumption and sale purposes. However, among the landless labourers, 80 percent utilise stored wage grains for home consumption and the rest are forced to sell their stored food grains in times of financial constraints.

It is interesting to observe that, interspersed in the fields are tall (6-8 feet), single stalked plants with cream colored

flowers. The main stalk of this plant is highly fibrous and, once dried, is used to make ropes at home level. The plant is locally called ambadi (Hibiscus cannabinus), also known as gogu. Sometimes oil is extracted from the seeds. Farmers usually sell the fibrous material in the weekly bazaar. Buyers make ropes as an income-generating activity.

### **Purchases**

As far as possible, farmers try to be self-sufficient for family food needs and maintain household food security. However, if land holdings are small, this is not possible.

Marginal farmers and landless labourers depend on the market for their food needs, especially the landless. Food grains, mainly sorghum, are purchased by the labourer from the open market (local shop or weekly bazaar) at rates which vary with the seasons: prior to the harvest sorghum sells for Rs.9/- per paili (five kilograms) and post-harvest for Rs.4/- per paili. Because of the high price of edible oil, large families can often purchase no more than a kilogram of edible oil per month. Local market prices are Rs 24/- to Rs 30/- per kilogram, as against Rs 13.70 per kilogram at the government ration shops. However, the ration quota provides only two kilograms per family, independent of the family size. Clearly, nutritional risks are great during the pre-harvest period, in view of high prices and low availability of agricultural employment during this period.

### **Fair Price Shops**

Fair price shops (FPS) in India are outlets for marketing rationed and subsidised food commodities. In Parbhani district, there are 1,674 such outlets, of which 219 are in urban areas and 1,455 in rural areas. Each FPS caters to a population of

approximately 2,000 persons. It sells wheat, rice, sorghum, sugar and edible oil on a fixed ration and at subsidised prices to its card-holding customers. The quota for the staple grain, oil and sugar per family per month is fixed by the government. Table 1 indicates the different prices charged for the same commodities in FPSs on the one hand and in the open market on the other.

TABLE 1

**Comparative prices of food items - FPS versus market rates.**

	Wheat	Rice (Rs. per kg.)	Sorghum	Sugar	Oil
FPS price	2.30	3.25	1.42	5.10	13.70
Market Rate for comparable variety.	3.25	4.50	1.50	6.00	24.00

The subsidised commodities are obtained by the Food Corporation of India (FCI) and stored in godowns at the district level (in Parbhani). The ration shop owners collect their quota as and when required. However, the accounting system is complicated, involving a nationalised bank for receipt of payments. The bank is distant from the godown. The shop owners may spend up to two days to obtain sanctions, make payments and then return to collect their quotas of food commodities. Altogether the profit margins for FPS owners are minimal, serving as a disincentive for them.

Some of the FPS owners revealed that their sales of wheat and rice are much greater than that for sorghum. There are three

major reasons for this. Firstly, sorghum is a locally produced grain, landowners obtain it from their own fields and some landless obtain it as wages. Secondly, when there is a sorghum glut in the market, sorghum prices on the open market are lower than those at the FPS, which are fixed and remain unchanged throughout the year. Thirdly, sorghum available at the ration shops, is usually the hybrid variety. FPS users realise that grains which cannot be sold or only fetch a lower price in the local market are purchased by the FCI and eventually reach the FPS. Moreover, the hybrid variety, is not appreciated by the local population because the grains are small and dark in colour. Subsidies on coarse grains may be the most effective means of assuring adequate food supplies to the poorest households. However, even when dealing with very poor consumers, quality factors and grain characteristics are of prime importance. This does not mean that there are no sorghum sales at the FPS in the region. Sales, however, are limited. If the benefits of food subsidies are to reach the poorest and most vulnerable groups, the system requires improvement. Experience with rationing of rice in Kerala, India, and Sri Lanka has demonstrated significant effects on the nutritional status of the poor in those regions (Gwatkin, 1979). Of concern, however, is the potential, negative effects of rationing and subsidization on farmer incentive and agricultural production. Government policies should aim to provide price support to farmers, to encourage internal production and to reduce dependency on imported grains.

Unfortunately, the fair price shops have been dealing mainly with wheat and rice, rather than locally produced sorghum.

Large farmers with irrigation facilities have tended to shift to wheat production in order to sell to the government procurement system. Small sorghum farmers, however, are unable to enter this market. Sorghum is also afforded a low status in view of its association with poor quality and poor man's diet. Specific attention should be given to sorghum, as a candidate for subsidy, since this would represent a nutrition intervention targeted to the poor.

#### RECOMMENDATIONS

The state government, therefore, should undertake more extensive stocking of sorghum in the region. A start has been made with the appearance of Markfed, a public enterprise currently purchasing sorghum grains.

Public procurement of sorghum should be firmly supported by increasing assistance to farmers in terms of technical inputs, seed supplies and storage facilities.

Government procured sorghum should also be utilised in national programs, such as the National Rural Employment Programme (NREP) which has been fairly active in the Parbhani region. The NREP is losing credibility at present because of the marginally acceptable grains which are provided as wages. Again, the NREP outlet could provide a ready market to benefit farmers producing sorghum in the region.

By channelling sorghum through the public distribution system, and making the grain widely available at the FPS at subsidized prices, access to food for the more vulnerable groups can be improved. Food security for poor families during seasons of food scarcity, elevated prices and non-availability of employ-

ment could thereby also be maintained.

Public procurement and distribution systems should pay particular attention during the pre-harvest seasons in the region to reduce the risk of malnutrition amongst the underprivileged.

(\*) This paper is an extract from RAPID ASSESSMENT OF COMMUNITY NUTRITION PROBLEMS the authors' forthcoming publication.

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