MARKETING OF RICE IN SIND

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The study of marketing system involves descriptive analysis of physical conditions prevailing in the area as well as economic relationship between quantity sold and price received. It refers to the analysis of the life cycle of a commodity as it passes through the complicated path from producers to consumers. The researchers in the marketing system are interested to enquire what happens to the product as it changes form, location and possession. They are eager to know what types of marketing agencies, cost and margins are involved in the marketing of some specific commodity. They analyse the price trends and findout many other facts about specific marketing system. Thus scientific description of marketing system gives a picutre of the relationship between the different segments of the system. It gives wide knowledge about the marketing organization and working of the agency involved in it.

The study of marketing system embodies the description of marketing organization, marketing agencies and marketing functions. Consequently various observations of marketing were recorded to study the infra-structure of marketing system of rice in selected markets of Sind. The conditions prevailed in Dadu, Larkana, Jacobabad and Badin district markets for whole - selling and retailing of rice mainly Irri-6 variety, were thoroughly analysed.

1.1 Marketing Organization

Although rice is produced in all the districts of Sind excluding Karachi division, yet Dadu, Larkana, Jacobabad and Badin districts are well known to produce on large scale.

The government of Pakistan is the single largest purchaser and seller of rice. All the rice millers are required to sell rice with some specification such as Irri-6 special which contains 15% broken, and Irri-6 FAQ variety with 40% broken and rice exceeding 40% broken are not purchased. The inspectors of the Rice Export Corporation of Pakistan visit the rice mills/whole salers and decide about the grades and only after approval the rice is transported to Pipri near Karachi. The 75 per

cent of the total produced rice paddy is sold to the government and the proportion of production which comes to the market as next marketed surplus is around 25 per cent in the case of rice, as investigated.

1.2 Product Market for Rice

The product market for rice is that, it is dominated by rice millers, commission agents and retailers. The rice growers, compelled with their needs, want quick disposal of their produce. It gives the rice millers cum whole salers and commission agents working for rice millers, chances of exploitation. They do not wait for complete harvesting, which results in receiving low prices for their supplies they sell to the commission agents or rice millers. The commission agent never acts as agency and merely performs his job as broker. The rice paddy bought by growers is mostly purchased by rice miller cum whole salers. The rice millers cum whole salers process the rice paddy and sell the rice varieties as specified by the rice export corporation directly. The rice millers also sell these varieties including rejected rice that is (rice containing more than 40 per cent broken element) to the retailer from whom it passes to the consumer.

1.3 Marketing Channels

There is one district channel involved in the marketing of rice paddy which is brought in the selected markets of Sind. Through the channel the production is sold to the rice miller or to the commission agent and from where it is channelised to consumers. In many cases commission agents were found to be working for some specific rice miller cum whole-salers.

Marketing agencies intervening between the producers of rice are commission agents, rice millers cum whole salers and retailers. Rice millers and retailers assume price risk, accept the title and exchange the ownership, whereas commission agents, transporters do not assume any market risk. They simply extend their services on commission or for wages.

1.4 Commission Agent

They do not accept the title of goods; rather they work for other, who own goods or wish to buy in making sales or purchases.[1] Consequently they assume no risk of price decline or of physical deterioration of the product. Neither they make any profit representing the difference between selling and buying prices nor they invest capital in the business. They charge for their services a certain percentage of the gross selling price of the product.

In rice market of Sind, the commission agents were found active and they perform the job on commission basis. Some commission agents also purchase directly from growers and sell it to the rice miller cum whole salers and some times instead of selling process the rice paddy and sell the rice to the retailer. In many cases the commission charges varies from one rice variety to another and from time to time.

1.5 Rice Miller cum Whole Saler

The rice millers cum whole salers are firms or agencies who take part "in buying and selling activities that operate between the local market and the retailer"[2] The whole salers generally deal with large quantities of goods either for sale or purchase. They operate their business in a different way than retailer.

Rice miller is the most active agency in the marketing of rice in the province of Sind. They mostly operate their business as whole salers and do not interact with consumer directly. They usually purchase rice paddy from the growers directly. Some commission agents also engage to buy rice paddy on the behalf of specific rice miller. The rice millers sell it after adding the form utility. They process it first and channelize it through retailers. The processed rice paddy is locally known as "Chanwar". After processing, it is filled in jute bags and is sold mostly to the government and to retailer also. The retailers purchase the rice from rice millers according to their demand.

1.6 Retailer

The retailer is the last agency who faces consumer. "The last step of marketing between the producer and consumer is performed by the retailer"[3]. In rice market of Sind, the retailer purchase rice from rice millers. They do some grading but in the limited way to avail some price differential on good quality of rice. They spend small amounts on transportation because it covers little distance to bring rice from rice miller to retailer's shop. The retailers' shops are generally located in various localities. The retailers of rice are found almost in every part of Sind. They do their business of rice according to the demand of their localities.

1.7 Marketing Functions

The operations carried out by marketing agencies for the movement of products from producer to consumers are termed as marketing functions. Marketing is a part of production because "no commodity really is produced until it is in a form which can be used, at a place where and at a time when it is needed, and in the possession of those who will consume"[4] The marketing is a process which needs a

number of services to make the products ready for consumption. The various services rendered by marketing agencies in the marketing of rice include assembling transportation, buying and selling, processing, and financing.

Assembling

Assembling is one of important functions and plays a vital role in the marketing system. Farm products are assembled in sufficient quantity before they are transported to the markets.

Transportation

The marketing system is incomplete without transportation. It creates place utility by shifting the products from the production areas to the processing and consumption area. It flows the rice paddy in two phases. Firstly, it involves in shifting the produce from producer to the rice miller cum whole salers and secondly it flows the rice from rice miller cum whole salers to the government and retail markets.

Generally the rice paddy is brought by growers to sell in the near rice mill of the town through bullockcarts, tractor-trolley, trucks, and suzuki vans. The sample of producers use trucks or sukuzi vans to transport rice paddy in Mehar, district Dadu, Larkana, Kandhkot, district Jacobabad and Telhar, in district Badin, the selected main rice milling centres in Sind. The truck transporters demand high charges which rice paddy growers do not afford. Move-over it is also not available all the time and every where.

Buying and Selling

Buying and selling are considered as one general function. The most common agencies participating in the function of buying and selling of rice in Sind are commission agents, rice millers cum whole salers, the Rice Export Corporation of Pakistan and retailers. Among these, rice miller and the rice export corporation are the risk assuming agencies who handle the product physically. They assume business risk, invest capital and undertake buying and selling. The rice miller cum whole salers after processing the rice paddy, sell to Rice Export Corporation, and also sell to the retailers.

Processing

The rice paddy is processed at rice mills before they are sold to the government and retailers, and finally to the consumers. Processing of rice paddy is done by rice

miller cum whole salers who have installed husking and other automatic plants for this purpose. They engage labour on daily wages in small units and big units have engaged labour on monthly payments. These machines for processing purpose run for production season only.

Financing

The products passing through the marketing system is an enormous system. The functions performed in creating various utilities by risk assuming agencies have to invest huge amounts for flowing the products from farm to the final destination. The commercial banks, the Agricultural Development Bank, Cooperative Credit Societies and private money lenders advance credit facilities to involved agencies. Some other loans are also extended on varying terms and conditions. Thus financing plays an important role in making the marketing system efficient.

The marketing of rice is poorly financed. The growers are not extended institutional credit, for growing rice paddy to their satisfaction. Yet, rice millers cum whole salers advance loans to producers at the time of sowing on the commitment that they will have to sell the produce to them. Though no interest is charged by rice millers cum whole salers on such loans, yet they purchase rice paddy at lower price than the support price of the government. Thus interest is charged in disguised form.