

Marketing Channels of the Silk Co-operative Societies in Murshidabad of West Bengal – A Socio-Economic Scenario

Abstract

The silk industry of the district Murshidabad of West Bengal was mainly financed by the money lenders. The sericulturists, reelers and weavers used to receive loans from the mahajans or the money lenders who were in the practice of advancing money to them for purchasing disease free layings, cocoons and silk yarns on the condition that the products should be sold only to them.

There are various malpractices prevailing in the silk markets – arbitrary deduction, manipulation of weights and scales, multiple market charges, existence of many middlemen etc. These result in increasing cost of marketing and reduced price of silk products. The objective of this paper is to discuss the various marketing channels, their effectiveness and marketing problems of the silk co-operative societies in the district.

Keywords: Malpractice, Manipulation, Intervention, Unorganized, Exploitation, Realistic, Restructuring, Rampant, Upgradation, Prospective

Introduction

Once silk goods of Murshidabad were exported to the different countries of the world. In sixteenth century Murshidabad exported its silk product to the coasts of East Africa, Arabia, Turkey, Syria and other countries. Then came East India Company and captured the silk business. The company used to purchase silk yarns from the reelers and exported them to the Western Countries for producing silk products and gradually the company acquired full control over the silk production in the district.

After independence the market of silk products of the district as well as Bengal began to decrease in quantity of silk production because of increasing cost and low quality silk.

As there is no organized market in the district, the sericulturists, reelers, weavers and the co-operative societies have to face difficulties in the marketing of their produce. The entire business starting from mulberry cultivation to silkworm rearing and production of silk fabrics are conducted in open market.

A large number of sericulturists, reelers and weavers are illiterate in the district. They are not aware of the product and market in competitive situation. They have only their expertise with which they face the market operations. They fail to sell their products at reasonable price due to lack of organized market in the district as well as in the state.

The success of sericulture industry depends on a proper and highly efficient marketing which assures good prices to the farmers, reelers, weavers and the co-operatives. Efficient marketing helps in arresting wide fluctuations in prices of cocoon, silk yarn and silk fabrics due to (i) variations in quality, (ii) absence of quality control, (iii) intervention of middlemen and (iv) poor marketing facilities. An efficient marketing channel entrusts a sense of security among the rearers, reelers and weavers who have no hesitation in accepting sericultural activity as one of their main occupations and financing problems of sericulture can be solved through an efficient marketing system.

Chief Marketing Channels of the Societies in the District

The chief marketing channels of the Silk Co-operative Societies are Tantuja, Tantushree, Manjusha, Bangashree etc. which are the central marketing agencies set up to provide marketing support to the co-operative societies. The societies have also some marketing opportunities through private traders. The marketing channels purchase silk yarns from the Reelers Co-operative Societies even from the neighbour district, Malda

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and from the private reelers. These channels supply the silk yarns to the Silk Weavers Co-operative Societies for producing silk clothes.

Since there is no proper marketing facility in the district for reeling silk yarn, the private reelers have to sell the reeled yarn at a low price to the silk merchants / middlemen to get quick return of working capital for further activities. Sometimes Tantuja, Tantushree, Manjusha and Bangashree purchase the reeled silk from the private reelers and the Silk Reelers Co-operative Society in the district at a fair price.

Similarly the private weavers purchase silk yarns either from the open market or from the individual reelers or from the middlemen at a high rate and sell their produce to the local dealers or middlemen or at the local market. The sale of silk fabrics produced by the private weavers is being

made through their own Sales Emporium established at the different parts of the district. The Silk Weavers Co-operative Societies purchase silk yarns from the silk marketing channels of the government like Tantuja, Tantushree, Manjusha etc. for weaving silk clothes. Sometimes the societies procure silk yarns from the private sources if not available from the Government sources due to shortage of stock, non-payment of dues etc.

The Silk Weavers Co-operative Societies in the district sell their produce to their marketing channels— Tantuja, Tantushree, Manjusha, Bangashree etc. of Government of West Bengal. The payment is made 50% in cash and 50% in the form of supplying raw materials to the co-operatives namely, yarn cash payments from the marketing channels. Sometimes the societies sell their products to the silk merchants, middlemen, etc.

Table No. 1
Marketing Channels of Sericulture in the District

Marketing Channels	P R I C E (Rs.) as on 31 st March, 2012							
	Cocoon per kg.	% of cocoon purchased by each channel	Silk yarn per kg.	% of silk yarn purchased by each channel	Silk cloth per 11 metre		% of silk cloth purchased by each channel	
					Single Thread	Double Thread	Single Thread	Double Thread
1. Co-operative Societies	190	5.02	1400	19.27	-	-	-	-
2. Khadi Institute	188	15.05	1425	14.34	2400	2640	20.70	18.12
3. Government	192	6.15	1450	25.00	2410	2645	26.18	28.78
4. Private Reelers	180	22.14	-	-	-	-	-	-
5. Private Weavers	-	-	1300	8.65	-	-	-	-
6. Mahajans (Money Lenders)	170	30.46	1200	20.32	2360	2550	25.87	23.67
7. Middlemen (Paikars)	175	21.18	1250	12.42	2380	2580	27.25	29.43
TOTAL		100.00		100.00			100.00	100.00

Source : Khadi & Village Industries Board, Handloom Development Office, Berhampore, Murshidabad and Field Survey

From the table no. 1 it is observed that the rearers get the highest price of cocoons, if these are sold to the Government channel. But the Government does not require bulk purchase. Sometimes a negligible portion of cocoons is purchased by this channel. The first two channels purchase cocoons at a price as fixed by the heads of the channels. The prices of cocoons badly differ among the private reelers, mahajans and middlemen.

The price of silk yarn is highest in respect of Government channel. The Government of West Bengal purchased 25% of silk yarns produced in 2011-12 through Tantuja, Tantushree, Manjusha and Bangashree from the private reelers and silk reelers co-operative society in the district. The silk weavers co-operative societies purchased 19.27% of the silk yarns (other than received from Government channel) in the year. The rate of silk yarn per kg. highly differs in respect of mahajans and middlemen.

The Table shows that the silk weavers co-operative societies get the highest price of silk clothes

while selling them to the Government channel. The whole production of silk clothes of the district is partly purchased by the Government channel due to lack of finance, unsound storing system, unscientific marketing operations etc. The mahajans and middlemen exploit the private weavers in respect of price, weight etc. because of unorganized market controlled by them.

The price variations among the channels are due to unregulated and unorganized market in the district. The rearers, reelers and weavers suffer from exploitation in the unorganized silk market controlled by mahajans and middlemen.

Most of the reelers of the district are engaged in reeling activity under the mahajans and middlemen at a fixed wage rate basis. The wage rates allowed by the mahajans and the middlemen for production of 1 kg of silk yarn are Rs180 and Rs190 respectively in the year 2011-12. The mahajans and middlemen sell the reeled yarns in the market at a

higher rate. Thus, most of the reelers have no any direct contact with the weavers of the district.

The weavers engaged in silk handloom sector work in three different ways: a) under co-operative societies b) under mahajan / money lender or c) are individual weavers. This cluster has enormous potential because of good demand in national and international markets. However, it is currently in poor shape as the weavers lack direct access to potential markets and some of the societies are suffering from payment of dues for about 3 years from the central marketing organizations under Directorate of Handlooms, viz. West Bengal State Handloom Weavers' Co-operative Society Ltd.(Tantuja), West Bengal Handloom & Powerloom Development Corporation Ltd.(Tantushree), Paschim Banga Resham Silpi Samabay Mahasangha Ltd.(Resham Silpi), West Bengal Handicrafts Development Corporation Ltd. (Manjusha), The West Bengal State Handicrafts Co-operative Society Ltd.(Bangashree). Besides these agencies, silk is also sold in fairs and via mahajans and middlemen.

Total production of silk yarn in 2011-12 was 621.6 MT, yarn is sold at markets in Nabagram, Panchgram and Sagardighi. Murshidabad is the leading district in the State in silk weaving. The district is famous for Kora, Garad, Karial, Jacquard and Jamdani silk. Total production in the co-operative sector of the district in the year 2011-12 was worth of Rs. 390 lakh. Total sale in the co-operative sector of the district in the year 2011-12 was Rs. 410 lakh approximately.

The major marketing problems that are really clipping the financing and growth of sericulture in the district have been observed as follows:

Lack of Organized Market

The exploitation of mahajans, middlemen and silk merchants is one of the main problems of silk industry in the district. Generally the farmers, reelers and weavers are bound to sell their products at low price to the local merchants owing to lack of organized market in the district.

Marketing Problems of Silk Co-Operative Societies

The silk co-operative societies do not have enough managerial skill to compete in the open market in the district. So marketing has become a problem to the societies which was also caused due to financial loss they incurred in their business with the central marketing agencies. The chief marketing channels of the societies are Tantuja, Tantushree, Manjusha, Bangashree etc. which are the central marketing agencies set up to provide marketing support to the Primary Weavers Co-operative Societies. The Silk Weavers Co-operative Societies of the district are suffering from high interest burden owing to delay in payment of more than Rs. two crore of dues to the societies by the central marketing agencies of the Government of West Bengal.

In order to give marketing support to the societies, the Government has introduced a number of schemes:

1. The Government declares rebate @ 10% on sales from September to November each year to increase the sale of silk clothes. The efforts have

not become fully realistic because of financing and marketing problems.

2. There are so fairs of silk in the district and national levels. These are now being organized throughout the year. The societies participate in the fairs at a minimum cost of participation charges. These fairs are showing very good result and a source of encouragement to the producers societies. They can interact directly with the customers knowing their liking or disliking regarding the choice of colour and design. This enables the societies to change their production pattern according to market demand.

Problem Relating To Marketing Development Assistance

The silk co-operative societies of the district sell their products in two ways— a) to the apex societies and b) to other than apex societies. When they sell their products to other than apex societies including local customers they allow rebate @ 10% on sales from September to November each year. The co-operatives subsequently recover from the Government this rebate which is known as Marketing Development Assistance.

The lag in realization of this rebate is normally two years. As working capital requirement of the societies is mostly by borrowing, it only increases their cost of borrowing which results in the peril of their profitability.

So the aspect of Marketing Development Assistance requires immediate attention of the Government so that the societies can recover the rebate within a very short time for increasing their profitability and for improvement of their financial restructuring.

Conclusion

An appeal of co-operative has been the greatest in the removal of perceived exploitation in the marketing of silk produce in the district. It is generally believed that collusive tendencies and price fixing are rampant in traditional rural markets as there are only a few intermediaries at each level of marketing. Marketing costs are also believed to be high as there usually is a long chain of intermediaries from the producer to the consumer. Small farmers are seen to be the greatest victims of marketing inefficiencies because of their meager marketed surpluses and poor bargaining position. Introduction of marketing co-operatives is, therefore, considered to be an effective way of reducing market margins and improving the prices received and paid by farmers, reelers and weavers of silk. It is also an effective way of facilitating an increase in the production for the market and financing problem for this reason is believed to be solved.

Most of the silk co-operative societies of the district have no access beyond local markets. They sell through mahajans or bigger societies i.e. through private traders. Since performance of the central marketing agencies has not been satisfactory in recent years, establishing direct market linkage outside the state and with export houses is a key necessity to boost the silk co-operative societies of the district. The societies need to be revived through technology upgradation and improved linkage with

prospective markets at national and international levels.

There is undoubtedly a lot of potential for development of sericulture in Murshidabad, if marketing systems and channels are properly improved. The post-cocoon sector should be boosted so that the entire cocoon produce is consumed within the district.

So proper initiations at every level are desirable for making the marketing system efficient. Efficient marketing organization may help in arresting wide fluctuations in prices of cocoons, silk yarns and silk fabrics. It will stabilize market trends. Local markets may stimulate rearing, reeling and weaving operations and thus improve silk industry in the district solving the financing problems.

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