

Socioeconomic Problems of Marginal Salt Producers- A Study with reference to Tamil Nadu

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Abstract

This paper intends to examine the fundamental problem among marginal producers who face an economic decline in their salt production. The fortunes of marginal salt producers are diverging as the gap between technology-driven and traditional production processes widens. In this empirical study producers' problems are analyzed with the socioeconomic status (SES) of marginal producers. A small sample of marginal salt producers is considered for the study and data is collected through questionnaires and interviews. The collected data is analyzed by employing the SPSS. It has been found that gender, age, and marital status have an insignificant relationship with production problems, although education and family size and work experience have a significant relationship. Further, it has been found that unfair access to fair markets, lack of demand, low productivity and product quality are major problems that discourage marginal producers to continue their operations.

Keywords: SES, marginal producers, salt industry

Introduction

The production sector has a prominent role in the economy both in terms of economic output (i.e. goods and services) and employment generation. However, economic output and job creation vary from industry to industry based on their nature. In today's world, technological advancement has transformed the production process from labor-intensive into automation, which improves the overall economic output (both quality and quantity) of the industries predominately its efficiency and fast production process, quality control, and supply chain management. Despite the rapid advancement of technology in the production process, a few sectors are lacking behind the adoption of technology, especially in the developing and underdeveloped countries where financial resources are limited to spend on modernizing the existing industries. For instance, agriculture and its allied sectors in India, are still practicing and following outdated traditional methods of production (farming). The salt industry is one of the oldest industries in India that provides million of livelihoods to the unskilled and semi-skilled workers who are from

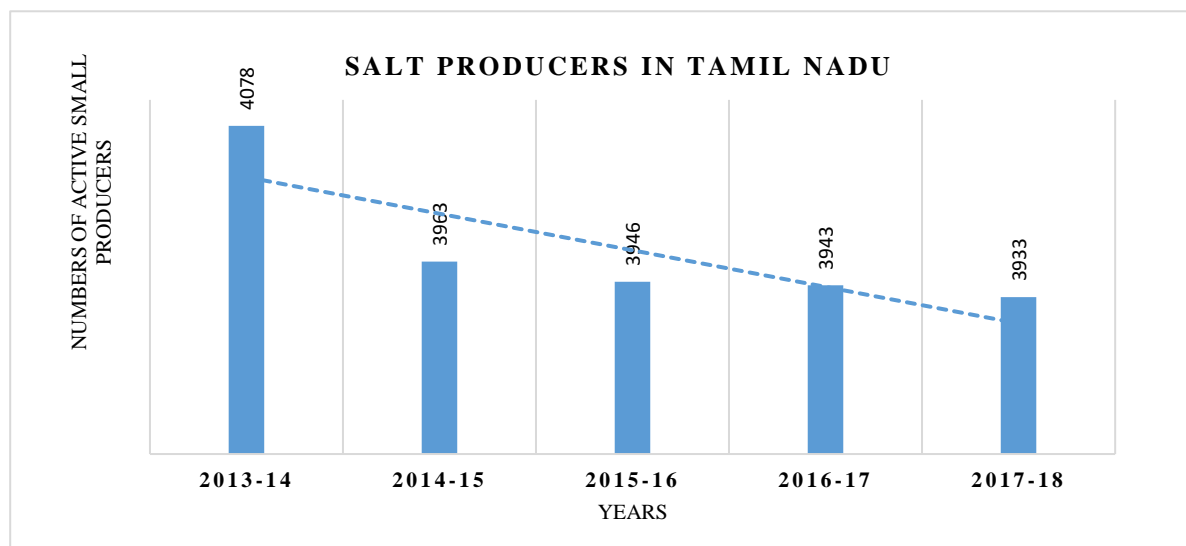
underprivileged and economically weaker sections of the society. Though India achieved remarkable growth and development in terms of overall salt production and export. Regardless of the oldest industry, a significant number of salt producers still follow the traditional method of salt production, particularly marginal (small) producers who are holding less than 10 acres of the salt pan. The traditional methods of salt production require manual labor to look after the production process, hence it creates job opportunities for many manual workers. There is still enormous potential for further growth and employment generation as India is rich with huge coastal areas.

Review of literature

We extensively reviewed various reports published by the salt commission, research papers, and case studies related to salt producers in India. The annual reports (AR) published by the salt commissioner showed a substantial decline of small producers in Tamilnadu over the years. However, no major changes in other major salt-producing states like Gujarat, Rajasthan, or Andhra Pradesh. A large number of small

producers are stressed about losing market demand and failing to meet the expected price of the product and low return on their investment. In addition to that small or marginal salt producers faced various constraints of production including the regulatory mandate for product quality, labor, and marketing in the state of Tamil Nadu and

Andhra Pradesh **Narasimhan, T. E.** (2014). The salt producers are unable to pay a fair amount of wages on account of inadequate demand for the products, hence workers hesitate to work in the salt pan as there is a high risk of being contacted with occupational-related diseases **Arumagasamy, G. and Renu, S. R.** (2013).



Source: Annual Report

Price flexibility during the peak production period discourages producers as they fail to meet the expected market price for their products. Rainwaters submerged in saltpan cause quality degradation that draws low market prices **Arockiaraj J.** (2013). Meeting the standard quality of the product is another challenge to the producers for fetching adequate demand in the market, particularly for small producers, further lack of transport facilities, market information, and warehouse facilities producers fail to meet fair prices. Besides these, producers are deprived of access to the formal financial system **Kumar Anand E.** (2015). Unlike Gujarat and Tamilnadu, the state of Rajasthan produces salt from the inland resources i.e. saline lakes, salt deposits etc., similar to other salt production states, small and medium scale producers continue with traditional methods of production. Deprived of technology advancement limiting the industrial growth and grabbing potential market **Chouhan et. al.** (2013). Unusual rain and pollution from the nearby industrial plants like thermal power plants hit worst to the farmers since fly ash settled on the saltpan as a result quality of products deteriorate. The producers were worried as the implementation of the Food Security and Standard Act 2006 adversely affected small and marginal producers who produce with the mean for their

livelihood **Kumar, J.** (2012). Both small producers and manual salt workers face multiple challenges, hence a detailed study is required on the salt industry by emphasizing production aspects, marketing problems and socio-economic status of both salt workers as well as marginal producers for improving and developing the salt industry **Brahma, R.** (2018). In this paper, we try to establish whether production problems have a relationship with the socioeconomic status of marginal producers.

Research Methodology

We design this study to analyze the fundamental problems faced by marginal salt producers. The production-related problems are analyzed with the socioeconomic status of salt producers. For analysis, producers' problems are classified into three categories i.e. low level, medium level, and high level. The producers' problem levels are defined by the mean and standard deviation viz. High level= $\bar{X} + \sigma$; Medium level= $\bar{X} - \sigma$ and $\bar{X} + \sigma$; Low level= $\bar{X} - \sigma$ (**Kumar Anand E.** (2015). A small sample is considered and collected through the questionnaire and interviews with the marginal salt producers of Tamilnadu using a random sampling method. The data normality is tested before analysis using SPSS and then tested

the significance level of variables to draw inferences.

Findings

It has been found that work experience irrespective of age, helps producers to enhance productivity, profitability, and better marketing. The longer the production experience, the better the performance and vice versa. Further, the education and family size of the producers have a significant relationship with production problems, it signifies that large the family has advantages in the production process either as an active engagement in production or management, and vice versa. Contrary, it has been found that gender, age, and marital status do not have a significant relationship with production problems which signifies, that these variables have less or no influence on the production problems of salt producers. However, **Kumar Anand E.** (2015) found that age had a significant relationship with production problems (irrespective of producers' classification). Hence, we can infer that the relationship between demographic and production problems may vary according to producers' classification i.e. small, medium, and large. In addition, it is reported that the number of marginal salt producers is declining and closing some production units on account of low profitability, unfavorable market conditions, and competition from the large producers.

Conclusion

Despite exponential growth in the overall production of salt in the country, small producers' participation has been declining, and shutting down some of the production units in Tamilnadu (AR 2019) is a genuine concern for the livelihoods of both workers and producers. Medium and large producers gaining momentum over the small or marginal producers. The current situation is unfavorable for the marginal producers that they face threats both in terms of their productivity, profitability, and market access. Proactive measures for marginal producers, like fair access to the market, ease of access to finance, training, and subsidy on machinery can help to achieve their sustainability.

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