Chapter I

INTRODUCTION

This chapter included the background information of agricultural sector and mung bean production conditions of Myanmar. Problem statement, objective of the study, scope of the study and usefulness of the study were presented in this chapter.

1.1 Background of the study

Myanmar is an agricultural country. Agriculture sector is the backbone of its economy. Agriculture sector contributed 38.5 percent of GDP, 10.6 percent of total export earnings and employed 63 percent of the labor force. And 75 percent of the total population resides in agriculture, livestock and fishery sector for their livelihood (MOAI, 2006). As an agricultural country, Myanmar's exportable agricultural products have constituted the largest share of the exports for many decades. A comparison of values between total exports and agricultural exports during the last ten years is illustrated in Table 1.1.

Table 1.1 Shares of agricultural exports in total exports

Year	Total export (myk in million)	Agri-export (myk in million)	Percent
1995-96	5,044	2,222	44
1996-97	5,488	1,871	34
1997-98	6,447	1,885	29
1998-99	6,756	1,792	27
1999-00	8,947	1,554	17
2000-01	12,736	2,258	18
2001-02	17,130	2,918	17
2002-03	19,955	2,755	14
2003-04	14,115	2,280	16
2004-05	16,697	1,783	11

Source: http://www.moai.gov.mm/agriculturalexport.html, (23-1-2007).

Myanmar still remains one of the developing countries and its economy mainly depends on agricultural production. For the development of agriculture sector, emphasis had been placed on ensuring self-sufficiency and surplus for export.

Pulses make up the third key commodity group in Myanmar together with paddy and oilseeds. Produce of pulses fields needs not only to supply enough for domestic marketing but also for exporting purposes. In 2004-05, the total pulses areas were 3,542,000 hectares, accounting for approximately 19.2 percent of the total cultivated areas 18,440,000 hectares in Myanmar. Pulses production of Myanmar was 409,000 MT in 1988-89 and 34,028,000 MT in 2004-05, averaging 3,417,500 MT increased per year and pulses yield per hectare was about 0.96 tons in Table 1.2.

Table 1.2 Sown areas, production and export of pulses

Year	Sown area '000ha	Yield kg/ha	Production '000MT	Export '000MT	Export percent
1988-89	728	668	409	17	4
1989-90	856	642	499	56	11
1990-91	999	643	601	194	2
1991-92	1,265	665	770	195	25
1992-93	1,497	658	939	449	48
1993-94	1,518	644	923	514	56
1994-95	1,745	686	1,160	425	37
1995-96	2,046	699	1,402	610	44
1996-97	1,963	723	1,397	595	43
1997-98	2,091	797	1,631	769	47
1998-99	2,459	724	1,720	621	36
1999-00	2,680	729	1,920	650	34
2000-01	2,934	788	2,314	831	36
2001-02	3,196	849	2,716	1,035	38
2002-03	3,232	881	2,850	1,100	39
2003-04	3,311	850	2,819	-	-
2004-05	3,542	960	34,028	-	-

Source: Myanmar Agriculture in brief, 2006, MOAI.

There are around 22 different pulses grown in Myanmar, among them, mung bean is the most important economically. The appeal of pulses to producers has rested on their low input requirements, low water use and uncontrolled trade regime. Both the area and production of pulses has risen dramatically over the last fifteen years. Mung bean growing area is about 801 hectare, and its production is about 734,000 MT in 2006 presented in Table 1.3.

Table 1.3 Mung bean sown area and production from 1988 to 2006

Year	Sown area '000 ha	Harvested area '000 ha	Yield MT/ha	Production '000 MT
1988-89	50	44	0.51	22
1998-99	707	672	0.69	464
2000-01	742	706	0.74	519
2001-02	747	742	0.78	578
2002-03	776	771	0.80	617
2003-04	770	769	0.87	673
2004-05	787	787	0.91	719
2005-06	801	800	-	734

Source: Myanmar agriculture at a glance (2006), Ministry of Agriculture and Irrigation

Agricultural development plans have prioritized agriculture as the main sector of the economy with three main objectives; 1) to achieve surplus in paddy production, 2) to achieve self-sufficiency in edible oil, 3) to step up the production of exportable pulses and industrial crops. To fulfill this objective, Ministry of Agriculture and Irrigation (MOAI) emphasized on production of exportable pulses to improve the agricultural sector. It is necessary not only to increase the production but also to improve the performance of pulses marketing system and marketing efficiency.

Among the exportable pulses earning, mung bean was about 247.6 million myk which account for 14 percent of total agricultural exports earning and its volume was about 143.50 thousand MT in 2005-06 as following Table1.4.

Table 1.4 Mung bean export among agricultural products in 2004-2005

Products	Volume (000'MT)	Value (Million myk)
Rice	182.20	180.30
Maize	254.80	165.30
Black gram	407.40	526.90
Mung bean	143.50	247.60
Chick pea	53.70	94.50
Pigeon pea	193.90	296.50
Other pulses	74.70	115.00
Sesame	10.50	51.50

Source: http://www.moai.gov.mm/agriculturalexport.html, (23-1-2007).

1.2 Problem Statement

If the price obtained by farmers were high, they had increased their production rapidly. Understanding the operation of the existing system of domestic pulses distribution and channels could aid in identifying possible constraints in the efficient movement of pulses from it production points to consumption points. Poor market knowledge and other structural imperfections have been caused inefficiency in market.

In domestic pulses marketing, price incentives is the focal point and price uncertainty can decrease the market responses and the productivity. A very inadequate road network, un-transparency of market and lack of the consistency of weighing measurement leads to an imperfectly functioning marketing system.

The role of information in prices, the dynamic process of information transmission between markets in price discovery, and its implication for market efficiency are not well understood. Insufficient capital investment hits particularly most small-scaled farmers by selling their products at the time of low price even though they expect the high price in the future.

Farmers in rural area have not up-to-date market information and Market Information Services disseminates agricultural market information by means of Agri-business News, weekly journal, which cannot supply current information to farmers in rural areas. Thus they have not good negotiation power with traders to sell their crop. Moreover, small-scale farmers cannot pay costs of market information.

Price series analysis is a direct approach for determine market efficiency. Price information which contains up to date knowledge is crucial for maximizing the returns to production and marketing investments. At planting time, a farmer's decision depends on expected profit on the anticipated price that would prevail in the market at the time of sale and on the farmer's interpretation of this price. A trader in search of profitable arbitrage translates price signals in deciding what crops to buy, where to buy and when to sell. Therefore, the accuracy, reliability and promptness of market information are crucial in attaining pricing efficiency.

1.3 Objectives of the study

The overall objective of the study is to analyze the current performance of the Myanmar pulses markets in critical areas.

The specific objectives of the study are as follows:

1) To determine the marketing margins and marketing costs along the marketing channels of mung bean

2) To describe market information system for pulses in Myanmar

3) To evaluate the efficiency of transmission of price information between the markets

1.4 Scope of the study

This study was conducted to know the production cost for mung bean growing farmers. Additionally, this study was to measure the marketing costs and marketing margins for market participants. Moreover, this study was to describe the marketing information service of mung bean in Myanmar. Besides, this study was to find out the transmission of price information between Yangon and Mandalay wholesale market.

1.5 Usefulness of the study

Market Information Services carrying out their prime function of providing up-to-date information to farmers and traders and generate much information which will subsequently be of use to policymakers, planners and researchers.

It would be helpful for MIS planners who need a thorough understanding of marketing system and product flows along the supply chain from the grower through various intermediaries to the market and between markets.

This study is expected to be provided for the decision makers to come up with appropriate decisions and policy and to improve accuracy, reliability and promptness of market information in the pulses marketing. The market information could be a valuable input for the government planners in developing an understanding of the ways markets work. The method used in this study demonstrated that price transmission models would be useful for lawmakers in formulating policies because the indications of where there was sub-optimal competition.