Role of Rural Bazaars in Agro-marketing in Chittagong Hill Tracts, Bangladesh — a case study of Bandarban Sadar Upazila, Bangladesh —

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1. Introduction

Chittagong Hill Tracts (hereinafter, CHT) is located in Chittagong Division, the southeast of Bangladesh, bordering India and Myanmar. In terms of ethnicity, the majority of Bangladeshi is Bangalee but in CHT the majority is the ethnic groups. Until the recent there have been the long-run ethnic political troubles and the development efforts could not be given at the required level in CHT. It is said that CHT has become economically worse than the rest of Bangladesh and for instance, more than 45% of the people live below the poverty line in CHT. It follows that the sustainable and endogenous rural development is to be realized in such remote CHT.

Looking back at the agricultural development so far in Bangladesh, the efforts have been made to modernize and increase the productivity as well as the yield. Though such results have been achieved to a certain level, the development efforts are not fully returned yet to the people. One of the reasons is the access to the market itself, the function of the market and market information etc. However, as a matter of fact, there is not lack of rural markets but are found such rural markets, what is called, bazaar and *hat* (periodical market) in Bangladesh, not excepting CHT. Such markets are the center of transaction of agro-products in the locality and the key to facilitate the rural economic vitality, especially sustainability and endogenousness.

Therefore, this study was conducted with the objectives to investigate (a) management of bazaar, (b) operation of *hat* and (c) distribution channels (from producers to consumers).

2. Methodology

For administrative purpose, Bangladesh is divided into 6 Divisions (regions), 64 Districts (prefectures), 464 Upazilas (townships) and 4,500 Unions. Union is the lowest tier of the local government of Bangladesh. Chittagong Hill Tracts consists of 3 Districts, namely Rangamati, Khagrachari and Bandarban. This case study was conducted in Bandarban Sadar Upazila of Bandarban District. There were 15 bazaars in Bandarban Sadar Upazila. Data and information were collected through the observation at two bazaars, that is, Bandarban Bazaar and Semidolupara Bazaar, and the interview with key informants like producer/seller, middlemen, Bazaar Chowdhury, Bazaar Managing Committee and government officials with use of the structured checklists during March and April, 2001.

3. Definitions of bazaar and *hat*

Bazaar can be defined to be a place like commercial complex where there are permanent and/or temporary shops and people dispose of products and buy necessary goods/services. Permanent shops are operated in the permanent rooms (structures) where commercial goods etc. are kept, while temporary shops are operated under the sky and the commercial goods are transferred to the storage after the business is over.

Hat called "periodical market" is held under the sky on the specific days of the week at the bazaar. At the day of *hat* a large number of sellers and buyers come together for economic and commercial transactions.

Table 1 Comparison between public bazaar and private bazaar

Item	Public bazaar	Private bazaar
Land owner	Government	Individual
Controller	Bazaar Fund Administration	Individual
Supervisor	Bazaar Chowdhury	None
Number of		
Permanent shops	72 in Bandarban Bazaar	Very few
Temporary shops	43 in Bandarban Bazaar	Some
<i>Hat</i>	Twice a week	None

Source: Field Survey, 2001

4. Management of bazaars

Bazaars are found to be of two types, that is, public and private. The former is established on the government-owned land. Plots of the land are leased out to the interests. In fact, the leaseholders are not necessarily the shop owners. There are many permanent and temporary shops. On the other hand, the latter is established on the private land. Permanent shops built by the landowner or plots are rented out to the interests on a commercial basis. There are less permanent and temporary shops. Another remarked difference is whether or not *hat* is held. Comparison in detail between the public bazaar and the private bazaar is given in Table 1. In the case of Bandarban Sadar Upazila, out of the relevant 15 bazaars 4 bazaars only were found to be public and the rest 11 bazaars to be private. Bandarban bazaar, being a public bazaar, has 72 permanent shops and 43 temporary shops. Semidolupara Bazaar, being private bazaar, has 34 permanent shops and 6-7 temporary shops.

Public bazaars were controlled by Bazaar Fund Administration (hereinafter, BFA) which was established in each District of CHT, while private bazaars were under the individual control. BFA is a special arrangement in Chittagong Hill Tracts by the government in response to the desire of the ethnic people for management and improvement of bazaars and *hats*. There is no such arrangement in the rest of Bangladesh. BFA in Bandarban District is located at the district headquarter only and none at the level of Upazila and Union. Bazaar Chowdhury (hereinafter, BC) as a staff of BFA is the person in fact who supervises the maintenance and improvement of the public bazaars.

BFA keeps the records of bazaar land, transfer of plots (leases), tax collection (from shop and/or plot) and auction of *hats*. The relationships among the interests in tax and rent collection etc. are shown in Fig. 1. Plot holders and permanent shop owners of the public bazaars pay tax annually to BFA through BC and in return BC gets part of such collected tax as com-

Fig. 1 Tax and Rent Collection

Source: Field Survey, 2001

Fig. 2 Relationships among Bazaar Fund Administration, the highest bidder and sellers
Source: Field Survey, 2001

mission and maintains the law and the order at the bazaars and supervises the infrastructure and the premises at the bazaars. In the case of Bandarban Bazaar, the revenue of tax from permanent shops (Tk.1.8 per square feet for the year) was Tk.416,600 in 2000-2001. Besides, BC has to collect the land tax of Tk.0.30 per 0.01 acre for the year. In return, BC receives part of the collected tax as commission. For instance, BC got 9.95% of the collected tax in 2000-2001 and the rate was lower than the official one since he could not collect the tax perfectly, that is 100%. It was much interesting that most of the permanent shops were operated in the rooms rented in. The permanent shop owners were not necessarily the plot holders.

5. Operation of *hats*

Hats are usually held at the public bazaars

and operated by the highest bidders (*Izradars*) through the procedure shown in Fig. 2. Bazaar Fund Administration (hereinafter, BFA) auctions out the right of commodity tax collection through open bidding. The highest bidder pays auction money to BFA. For instance of Bandarban Bazaar, the highest bidder paid Tk.357,000 in 2001-2002 (Tk.496,700 in 1997-1998). In return he can get the right to collect the commodity tax from agro-product sellers on every *hat* day for the year in accordance to a chart of rates of commodity tax declared by BFA. Rates of commodity tax for 8 major agro-products at the *hat* in Bandarban Bazaar are shown in Table 2. The rates of official commodity tax to price range from 0.3% to 1.9%, compared with 0.2% to 1.0% for the practical rates. The rates of commodity tax collected by the highest bidder were lower than those im-

Table 2 Rates of commodity tax for 8 major agro-products at *hat*

Kind	Average price (Tk.) (A)	Commodity tax imposed (Tk.) (B)	Commodity tax collected (Tk.) (C)	(B)/(A) (%)	(C)/(A) (%)
Banana	100.4/chari	2/chari	1/chari	1.9	0.99
Potato	6.53/kg	0.10/kg	0.05/kg	1.5	0.76
Brinjal	8.97/kg	0.10/kg	0.05/kg	1.1	0.55
Green Chili	17.41/kg	0.10/kg	0.05/kg	0.57	0.28
Tobacco leaf	100/kg	0.50/kg	0.50/kg	0.50	0.50
Turmeric	27.73/kg	0.20/kg	0.05/kg	0.72	0.18
Long bean	8.97/kg	0.10/kg	0.05/kg	1.1	0.55
Water melon	14.50/piece	0.05/piece	0.10/piece	0.34	0.68

Source: Field Survey, 2001

Fig. 3 Flow of agro-products

Source: Field Survey, 2001

posed by BFA.

As to *hats* held twice a week in Bandarban Bazaar, on an average 48 kinds of local agro-products were transacted per *hat*. The estimated transaction amounted to Tk.41,591 per *hat*. In April, 2001, on an average 86 agro-commodity sellers came from 50 to 60 villages within the distance of 25km. Most of them were Marma (61%), followed by Bangalee (25%), Tonchonga (8%) and Chakma (4%).

6. Distribution of agro-products

In a sense *hats* operated at the public bazaars are the centers of shipment as well as collection of agro-products. There were consumers, retailers and middlemen who bought agro-products at *hats*. There were found middlemen, what is called "*Farias*" and "*Beparis*", at *hats* of both public and private bazaars. Bangalee middlemen were dominant. Middlemen perceived *hats* to be the collection points of various agro-products toward 6 terminal markets outside Bandarban Sadar Upazila. Particularly, the main terminal market was Chittagong City, being 100km distant from Bandarban Sadar Upazila. Considering the price gap between public bazaars and private bazaars, the distribution

channels can be shown in Fig. 3.

According to the observation of the *hat* at Bandarban Bazaar in April, 2001, 15 *Farias* played a role of distribution of 18 agro-products to the terminal markets (Table 3). They procured agro-products of Tk.88,253 and sold them by Tk.113,742. The margin ratio was 22.4% in rough. Besides, comparing the prices of 48 agro-products between Bandarban Bazaar in Bandarban Sadar Upazila and Reaz Uddin Bazaar in Chittagong City, the margin ratio was calculated to be 36% on an average. In practice, the higher margin ratios of medicinal leaf, medicinal brinjal and maize were 65%, 60% and 56%, while the lower ones juice of date tree (7.4%), turmeric powder (12%) and kakon (13%).

7. Conclusion

Hat (periodical market), which is held at public bazaars, is the heart to distribute agro-products through a limited number of channels. Functional role of *hat* stimulates centrifugal flow of agro-products from farmers and private bazaars and centripetal flow of agro-products towards terminal markets. Middlemen are the key to intra-Upazila, inter-Upazila and inter-District

Table 3 Major terminal markets of 7 agro-products and their margins

Kind	Terminal market	Price at Bandarban Bazaar	Price at terminal market	Ratio of margin (%)
Banana	Chittagong city and Keranirhat	100.41/chari	140.00/chari	28
Potato	Chittagong city	6.53/kg	8.00/kg	18
Green chili	Chittagong city	17.41/kg	30.00/kg	42
Turmeric	Chittagong city	27.73/kg	37.00/kg	25
Long bean	Chittagong city	8.97/kg	15.00/kg	40
Papaya	Chittagong city	6.29/kg	10.00/kg	37
Sweet guard	Chittagong city	11.53/kg	16.00/kg	28

Source: Field Survey, 2001

distribution of agro-products through *hat*. On the other hand, private bazaars have not only commercial but also economic function like *hats*, that is, by way of agro-products being collected at a small scale every morning or afternoon.

The government is likely to have no concern with such private bazaars. Introduction of *hat* mechanism to private bazaars might lead to the improvement of distribution of agro-products in CHT.

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