CHAPTER VII

CONCLUSIONS

1. Basic Theme

The private trade in foodgrain marketing is looked upon with a suspicion in our country, and there are conflicting evidences regarding its efficiency. Some of the studies carried out in this field suggest that the private trading is exploitative in nature and the traders earn profit at the cost of both producers and consumers. The prices of foodgrains tend to increase in the lean season and the benefits of such off-seasonal rise in prices did not accrue to the producers. Similarly, the regulated markets also do not perform well and the traders operating in markets enjoy monopoly power with mutual understanding and close personal relations and make the auction system ineffective in practice.

The traditional foodgrain marketing system, according to a few other studies, is efficient and hardly possesses any characteristics of an exploitative market. The stock building in foodgrains by traders has not been very profitable as in some cases the net returns for individual holding periods varied from loss to positive returns and the weighted
average returns for certain holding periods were even less than interest costs. Thus, the assumption that traders make excessive profits through storage is not largely justified.

The inter market prices of comparable varieties of Jowar, Rice and Wheat were closely related to each other and the price differences were not greater than cost of transportation. The regulated markets, although did not succeed in performing their functions effectively, they certainly have conferred some socio-economic benefits on the producers. The market charges have been reduced to a satisfactory level, due to regulation imposed on the working of the market functionaries.

The present study is undertaken with a view to judging the efficiency of the existing foodgrain market structure in a district in order to know which of the two contradictory views are applicable in the region taken for our study. Besides, this study is also deemed essential for the development of agricultural sector especially in formulating our agricultural marketing policy to make it beneficial enough to yield adequate and stable income to our farm population. The diversity in the nature of agricultural goods produced and changing economic significance of the farm-firm etc. necessitate desirable changes in the existing market structure, if we wish to achieve the above objective. Hence, an attempt is
made to examine the existing foodgrain market structure in the perspective of its efficiency and adequacy in handling the increasing surplus of foodgrain production.

2. Production and Market Surplus

The foodgrain crops occupied 76% of the total cropped area of the sample farmers. The small farmers cultivated foodgrain crop on a little more than 86% of their total cropped area while the large farmers allocated a little less than 75% of their total cropped area to such crops. Among the foodgrain crops grown, paddy and wheat were very important as each one shared 30% or more of the total cropped area.

The contribution of small farmers in production of selected foodgrains viz. Paddy, Wheat and Bajari was not of much significance. The small farmers' contribution remained at lowest being 4.30% in Paddy, 3.26% in Wheat and 2.92% in Bajari. As against them, the large farmers contributed to total production of Paddy by 70% and to that of Bajari and Wheat by more than 76% each.

The average yield of Paddy and Bajari per hectare of land was not much different in various size groups of sample farmers. Only in case of wheat the average yield was distinct in all the size groups of sample farmers. The large farmers obtained lowest per hectare
yield of wheat and paddy as compared to that obtained by their counterparts.

The retention of foodgrains on farm, in percentage terms, declined with increase in the size of holding. In other words, the small farmers retained larger part of their total production of wheat, Bajari and Paddy whereas the large farmers behaved in opposite manner. But the same was not true in absolute terms. The quantity of foodgrains retained per family increased with increase in the size of operational holding. Particularly, wheat was retained almost in double quantity by large farmers than that by the small farmers.

The marketable surplus of Paddy and Bajari did not show definite trends with regard to size of holding. However, the marketable surplus of Wheat increased positively with increase in the size of operational holding. The marketable surplus of selected foodgrains per family presented altogether a distinct picture. The quantity of Paddy, Wheat and Bajari increased considerably with increase in the size of holding. The large farmers' marketable surplus per family was two times more in case of Paddy, three times more in case of Bajari and four times more in case of Wheat than that of the small farmers.
Again, when the marketable surplus was viewed on the basis of land, no definite trend was observed, because the total land with the farmer and area under particular crop was not in any fixed proportion.

3. **Determinants of Marketable Surplus**

The factors which determine the marketable surplus of foodgrains are numerous. However, the consumption of foodgrain by producers' family, size of operational holding, area under a particular foodgrain crop as percent to gross cropped area, yield of foodgrains per hectare of land, short term loans and market price of foodgrains were considered as important factors determining the marketable surplus. The regression analysis was undertaken for all the three selected foodgrain crops in every class of the farmers in order to find out the importance of every causal factor in determination of the marketable surplus of foodgrains in the sample area.

The results of the regression analysis confirmed that size of family was negatively related with the marketable surplus. In other words the marketable surplus declined with increase in the size of family. The short term loan was negatively related to marketable surplus of Paddy in all the classes of sample farmers. However, in case of Wheat and Bajari it showed negative relationship.
in small and large farmers' classes respectively. The market price too showed a mixed relationship with the marketable surplus of Paddy, Wheat and Bajari. It was negative for all the three selected foodgrains in small farmers' class. But it was positively related with the marketable surplus of Paddy and Wheat in medium farmers' class. In large farmers' class it was positively related with the marketable surplus of Bajari and Wheat and negatively related with that of Paddy.

The three factors viz. size of operational holding, area under particular food grain crop as percent to gross cropped area and yield of foodgrains per hectare of land were positively related with the marketable surplus of foodgrains in all the size groups of sample farmers. Although, the elasticity of sale with respect to every crop differed considerably in various size classes of the sample farmers.

The marketable surplus of selected foodgrains can be increased considerably by substituting the non-food crops for food crops or by increasing the per hectare yield of foodgrains in all the classes of sample farmers. The size of operational holding, may also contribute to a large extent in enhancement of marketable surplus, but it is not feasible in the present time when pressure on land is increasing day by day.
The market price of foodgrains can also affect the marketable surplus of selected foodgrains to a considerable extent. However, in the small farmers' class the price variable showed a negative relationship with marketable surplus for all the three selected foodgrains which confirms that the small farmers sold almost all their marketable surplus immediately after harvest. The lower sales with rise in prices indicate that the small farmers did not have any surplus to sell at a higher price in the off-season. The medium and large farmers, on the other hand, sold more when the prices of foodgrains were high with single exception of Paddy in large farmers' class. The price of foodgrains, thus, can be conveniently used as an incentive for increasing the marketable surplus of foodgrains.

The short term institutional credit viz. crop loan, which is supposed to augment the production and productivity of field crops and hence the marketable surplus, turned out to be a very poor factor with regard to marketable surplus of selected foodgrains. The elasticity of sale of foodgrains with respect to crop loan was very low which confirms that there was practically no relationship between the two. Therefore, any increase in the crop loan in sample area will hardly result into increased marketable surplus of foodgrains.
Thus, the increased yield per hectare of land, replacing of other crops by foodgrain crops, large size of operational holding and market price are the factors which determine the marketable surplus of Paddy, Wheat and Bajari to a large extent.

4. Market Structure

Our study of the market structure, as mentioned earlier, describes those characteristics of the organisation of the market which influence the nature of competition and pricing within a market. The foodgrain market structure in Ahmedabad district comprised of various market functionaries like village traders, regulated market traders and cooperatives etc. The farmers were not compelled to sell their foodgrains surplus through any single agency as the market structure itself did not permit any of the firms to operate in a monopolistic manner.

The farmers had a choice to market their surplus either at the village site through agents, village traders, cooperative societies and rice millers etc. or to take their produce to the nearby regulated market with only exception of Daskroi Taluka. The villages were linked with the primary markets with pucca roads or kutcha roads which were usable mostly round the year. The primary wholesale markets also were sufficiently crowded with commission agents and traders leaving a very
little scope for a trader or group of traders to exercise undesirable marketing practices. Hence, there is a reason to believe that there was no collusion among the traders, either overt or tacit, particularly in the regulated markets.

The rise mills too were in a pretty large number in sample Talukas like Daskroi and Dholka which were mainly rice growing areas. There were about 64 rice mills in Daskroi Taluka and 45 rice mills in Dholka Taluka. The analysis of the milling capacity of the rice mills etc. suggested that the rice mills had to depend upon the arrivals of paddy from outside the Taluka in order to maintain the economic level of rice milling. Therefore, there was a keen competition among the rice millers in order to purchase paddy and hence rather remote chances for exploitation of paddy growers.

The traders operating in primary wholesale markets received information regarding market trends, prices etc. from the commission agents and wholesalers working in the secondary market i.e. Ahmedabad market. The decisions of primary market traders were based on their own experiences and market intelligence gathered from such sources. The regulated markets were also instrumental in dissemination of market intelligence. The farmers generally had adequate information regarding the prices of foodgrains.
The foodgrain market, hence was essentially a competitive market with a reasonably good number of market functionaries and there was enough dissemination of market intelligence protecting the producers from any possible exploitation.

5. Integration of the Market Structure

The wholesale prices of Paddy, Wheat and Bajari were compared in the existing primary and secondary markets of the district. The village level prices too were compared with the prices prevailing in the nearest primary wholesale markets with a view to ascertaining the extent of integration. The degree of relationship between prices in various market centres was taken as an indicator of market integration. The price differences were considered in relation to the cost of transportation incurred by the farmers in bringing their produce to the primary wholesale market.

The analysis of price variations between the villages and primary wholesale markets suggested that the prices paid at village site were in close association with the prices of primary wholesale markets. However, such differences were not actually equal to transport cost but little more. Another important feature of the price variations was with regard to regulated markets. The primary wholesale markets which were regulated did offer a little higher price than
The primary wholesale market which was not regulated. But, such differences were not considerable enough to show that there was under pricing at the village level.

The weekly wholesale prices of Paddy, Bajari and Wheat were used to obtain the correlation matrices among the primary and secondary wholesale markets of the district. Such an analysis suggests that the primary and secondary wholesale markets were fairly integrated in case of Wheat and Bajari prices. The three sample regulated markets of the district, which were selected for working out the correlation matrix of Paddy prices, did not show much of integration due to varietal differences in Paddy. The medium varieties of Paddy were grouped under 'Basmati' Paddy, but in fact there were considerable variations in variety wise prices.

The primary markets were well integrated with the secondary market. The two out of four primary markets were also integrated rather closely as both were important wheat assembling centres of the district. The other two primary wholesale markets viz. Viramgam and Sanand showed a lesser degree of integration both among themselves and with the secondary market.

The primary wholesale markets were closely integrated with each other with regard to pricing of Bajari. The primary wholesale markets, which were
producing centres were also fairly integrated with the secondary market at Ahmedabad, which may be considered as a consuming centre.

6. Price Spread

The price spread analysis is used to measure the marketing efficiency with a hypothesis that the smaller the difference between the price received by the producer and that paid by the consumer the greater will be the efficiency of the market. The price spread of Wheat was worked out by calculating the difference in price between primary and terminal markets at a given point of time. The marketing margins were calculated by comparing the prices at successive levels of marketing on the similar time plane.

The price spread analysis suggests that the producers received nearly 79% of the consumers' Rupee net of all marketing expenses in Dholka Taluka. The producers of Wheat in Dehgam Taluka although sold their Wheat through similar channel of marketing but their net realisation from consumers Rupee was 76%. The margins earned by wholesalers were almost similar in both the places but that earned by the retailers were higher in Dehgam market. The aggregate of marketing as part of
consumers' Rupee was 11.23% in Dholka market and 9.76% in Dehgam market, which by no means can be considered as excessive.

The cooperative societies also were instrumental in marketing of foodgrains in some of the sample villages. Therefore, the price spread analysis for Wheat marketing through cooperative channel was also undertaken. The market channel used for disposal through cooperative was farmer-service cooperative society-private trader-consumer. The cooperative society stored Wheat for a fairly long period from April to December and disposed it off in the month of December and January. The price realised by the producer was 71% of the consumer price. The gross margin earned by the society was barely enough to meet with the storage expenses and hence the net margin earned by the cooperative society was almost negligible. The trader earned nearly 15-16% net margin for his dual performance as wholesaler and retailer.

The marketing margins earned by the market functionaries and the marketing expenses were largely reasonable. The producers were paid fairly good price for their wheat. There was no trace of duplication of marketing functions at any stage of marketing and hence it can be said that the marketing was efficient under both the channels used by the farmers for disposal of their surplus wheat.
7. **Seasonal Price Variations**

The seasonal price variations in an efficient market shall not exceed the stocking operation. The analysis of seasonal variations in prices of Wheat and Bajari at primary wholesale traders' level indicates that the average gross margin for Kharif Bajari and Wheat was positive, while that for the hot-weather Bajari was negative. The traders could realise only 8% gross margin on the investment in case of Kharif Bajari. Such margin in case of hot-weather Bajari was minus 8% which means the traders would have incurred the losses if the purchases were made by them during peak season and stock was carried out until off-season. In case of Wheat the trader could earn only 14% margin on the investment except storage cost. The returns to storage were thus not very high as they were not the sole earning of the storage operations.

It is generally believed that the traders make heavy purchases during the peak season of arrivals and carry over the stocks until next harvest season. The wholesalers operating in the primary wholesale markets who were selected in the sample for detailed study disclosed that the purchases made by them were definitely heavy during the post harvest period but at the same time they also made heavy disposals during the same
period. The purchases were made by them throughout the year and hence, they hardly built heavy stocks of foodgrains. The storage of foodgrains in fact was done at various stages and hence there were lesser chances for single market functionary to build heavy stock and earn abnormal returns for the stocking operation.

8. **Paddy- Rice System**

The efficiency of paddy marketing is determined in a separate manner than that of two other cereals. The Wheat and Bajari are the grains which do not require any processing before consumption other than flour milling which is done by the consumer himself. The paddy is required to be processed into rice before final consumption and hence the consumers purchase rice from the market rather than purchasing Paddy and undertaking the processing activity themselves. The efficiency of paddy processing hence has a large bearing on the efficiency of paddy marketing.

The difference between the price of Paddy and rice, under an efficient marketing system, shall not be more than the processing cost, and storage cost including some profit for the processors. The analysis of Basmati variety of paddy showed that there was not much of difference between the actual price of rice and computed price of rice. The computed price of rice was even higher
than actual price during certain months of the year. On an average there was a difference of Rs. 7 per quintal between the computed and actual price of rice. The rice millers did not make their entire purchases during the peak arrival season. The purchases of Paddy were made round the year and normally one cycle of purchase, processing and marketing of paddy was completed in a period of three months. Hence, there was neither heavy stock building of paddy nor excessive earning in the form of milling margins by the rice millers.

9. Technical Efficiency

The advantages of technical efficiency of marketing are not universal in developing economy. The advantages of technical efficiency attained at one level are not necessarily reaching the basic constituents of the marketing system viz. consumer and the producer. For instance the marketing through regulated markets or cooperative societies may be advantageous for the producers as they have not to spend much in the process of marketing. But, the consumers at the other end are not benefitted by such a system as the entire channel is not regulated or established systematically. The agricultural produce moving onward from the regulated market loses its identity. Therefore, the technical efficiency of the foodgrain marketing system as a whole is difficult to measure.
The efficiency of various market channels used by the farmers for the disposal of foodgrains was measured with the help of partial budgets prepared for the purpose. The cooperative societies and regulated markets and the unregulated private traders were the most appropriate marketing channels for the farmers although these agencies did not pay the highest net price for all the three selected foodgrains. The rice mills paid higher price for paddy but their share in the total market surplus was not exceeding 15%. The cooperatives, on the other hand, shared nearly 29% of the surplus paddy, paid reasonably for it.

The regulated primary wholesale markets were instrumental in handling fairly large quantities of paddy and wheat in the sample area. The Bajari was sold largely through the traders operating at primary wholesale markets. Even at the centres with regulated markets, the Bajari was sold to the traders who were operating outside the market yard and did not take any interest in purchasing the foodgrains at auction platform. Such traders along with the traders of primary wholesale markets without regulatory measures shared nearly 48% of the surplus Bajari with the sample farmers. The regulated markets handled less than one fifth of the surplus Bajari. The traders working at primary markets with regulatory measures did pay higher price to the farmers for their
Bajari. Although the cooperatives handled a very small quantity of Bajari, the prices paid by them were quite reasonable.

Hence, in the present structure, the cooperative societies and the traders working at regulated markets were important enough to be recognised as partially efficient so far as the price paid to the farmers net of all marketing costs and the volume of marketable surplus handled was concerned. The other market channels like rice mills, village traders, itinerant traders paid high prices in several instances but there was no evidence regarding their performance in terms of proper weighing, grading and prompt payment of money to the farmers.

Among the marketing functions performed by the farmers with marketable surplus of foodgrains the transportation of foodgrains from village to primary wholesale market was the important one. The farmers made use of both owned and hired vehicles for transportation. The bullock cart, camel cart and tractor trolley were the major modes of transport used by the farmers. The bullock carts were owned by nearly 75% of sample farmers but only a few of them used their own bullock carts for foodgrains transport purposes. The farmers preferred to use hired vehicles for cost and convenience which suggests that even the farmers were cost conscious and efficient in order to transport their foodgrains from villages to markets.
The Agricultural Produce Market Committees had made efforts to regularise various types of marketing functions undertaken by different types of market functionaries. Besides fixing the market charges, the market committees were also instrumental in improving the weighing of foodgrains through establishment of mechanical weighing devices. The market committees also managed for a number of services which were directly or indirectly responsible for efficient marketing of foodgrains. The present market structure thus made use of comparatively efficient methods although the advantages of such efficiency were limited to certain segments of market structure. There, however, remains a need for streamlining the whole market structure in order to benefit the consumers too with the efficient marketing of foodgrains.

10. Cooperative Marketing

The general purpose marketing cooperatives handle the marketing of foodgrains in Gujarat State. The State Level Marketing Federation, District Purchase and Sale Unions, Taluka Purchase and Sale Unions and Service Cooperative Societies form the necessary cooperatives marketing structure. However, there is not much of integration among such cooperatives with regard to marketing of foodgrains. The cooperatives work as separate entities and handle the marketing and processing of foodgrains of their own.
The marketing of foodgrains by village level service cooperative societies was remarkable in terms of quantity handled. However, the cooperatives purchased foodgrains only from their borrower-members and that too in the quantity which was adequate to meet with the recovery requirements of the crop loan. Hence, the cooperatives' approach was recovery oriented rather than being the business approach. The village level cooperative societies suffered losses in foodgrain marketing either due to higher seasonal fluctuations in the prices of foodgrains or due to inefficient management of foodgrain marketing business.

The Gujarat State Cooperative Marketing Federation (the apex level general purpose marketing cooperative) also handled the processing of paddy and marketing of rice. The paddy processing and marketing was undertaken by the Federation during 1975-76 for the first time. During the period of five years the total quantity of paddy processed and marketed by the Federation increased by five times. The profit making was not the aim of the Federation but the rice mills with adequate milling capacity were not owned by the Federation. They had to hire milling facility usually from private millers.
In general, the marketing of foodgrains by cooperatives was not very successful although there is a good infrastructure of marketing cooperatives in Ahmedabad District. The establishment of cooperative societies will not bring about any change in the marketing behaviour of the farmers. The cooperative societies, in their individual capacities will not be in a position to impress upon the foodgrain market. Hence, there is a need for integration among all the cooperatives set up at different levels with regard to marketing of foodgrains. The societies should have to follow a business approach and collect the foodgrains from the farmers irrespective of the fact whether the farmer is a borrower or not. The integration of the societies will reduce the risk and uncertainty of the business as it will not be shared by any cooperative institution singularly.

The existing cooperative structure is in a position to handle the marketing of foodgrains successfully provided there is adequate integration among the cooperative societies working at various levels. The higher level cooperatives can afford to have professional management for handling of foodgrain marketing, which the small cooperatives do not have at present. Due to
integration the benefit of the professional management will accrue to the lower level cooperatives and subsequently to the farmers. It will also generate employment potentials. In short, there is much to be done in order to make the cooperatives an integral part of the foodgrain marketing structure.

11. Test of Hypotheses

The hypotheses formulated for examination are verified with the help of the findings of our present study and their validity with regard to the present foodgrain market structure is tested and presented in this section.

(1) The first hypothesis formulated for examination was that the existing foodgrain market structure is efficient and fulfills the textbook conditions of competition to a large extent. The study of the market structure suggests that the foodgrain market was competitive in nature in the Ahmedabad district. The number of traders and processors was high enough to restrain any collusion amongst the traders. The market intelligence was also well disseminated providing both the consumers and producers with information on market trends etc.
(ii) The regional variations in the prices were not very high and there was close relationship in the wholesale prices of wheat and Bajari in the different markets of the district on the similar time plane. However, the prices of paddy were not found much correlated due to large variations in variety which forms the base of paddy pricing. By and large, the hypothesis that price movement of a foodgrain in one market is closely related to the price movement of the same foodgrain in other markets was found to be true.

(iii) The traders earned marginal returns for storage activities. In certain cases, the returns to storage were negative. The cooperative societies which stored foodgrain for longer period earned margins barely enough to cover the cost of storage. Hence, the hypothesis that the seasonal price movements are consistent with cost of storage of foodgrains seems to be valid.

(iv) The hypothesis formulated with regard to the working of cooperative societies reads as follows: "the cooperatives do not operate successfully in marketing foodgrains due to risk and uncertainty involved in the business and lack of proper decision making".
The cooperative societies working in the sample area did not care much for foodgrain marketing and used their energies in disbursement of crop loan and consumer goods along with agricultural inputs. The management of the cooperative societies was not professional in nature and hence the risk element deterred their business activities to a large extent. Thus, the hypothesis was found of great relevance and valid.

(v) The private traders were not found exploitative. The extent of competition in the market and dissemination of market intelligence hardly permits a situation in which the producers are exploited by the traders. The farmers shifted a good amount of marketable surplus to the primary wholesale markets instead of selling the same at the village level. The private traders even operating at village level did not exploit the farmers for the reason that the farmers were aware of the price movements and there were primary wholesale markets in the nearby area. Hence, the charge that the private traders exploit the farmers does not seem to be tenable.
12. **Major Findings and Consequent Suggestions**

1. The large farmers formed nearly 63% of the sample and contributed to more than two thirds of the paddy production and three fourths of wheat and Bajari production. The large farmers offered more than two thirds of their paddy and more than half of their Bajari and wheat production as marketable surplus. The small and medium farmers on the other hand could not offer greater parts of their foodgrain production as marketable surplus except paddy. However, on the per hectare basis the small farmers offered nearly 16.28 quintals of paddy as marketable surplus which was highest among all the three classes. This may partly be due to the fact that the rice is not a staple food for the small farmers with their low and uncertain level of income. But in case of Wheat and Bajari the marketable surplus with large farmers was more by 20% and 38% respectively than that with small farmers. Therefore, the large farmers are likely to contribute more in production and marketable surplus of foodgrains.

2. The crop loans are disbursed on a large scale by cooperative societies with a view to helping the farmers in increasing their agricultural production.
In the sample area, the farmers borrowed crop loan for production of foodgrain as well as other cash crops. However, the crop loan was not found having any direct relationship with the marketable surplus of foodgrains. Therefore, it can be concluded that more disbursement of the crop loans will not be instrumental to substantial enhancement of the marketable surplus of foodgrains. The linking of crop loans marketing was inadequate and this resulted in declining marketable surplus and increasing overdues. The crop loans should essentially be given on condition of sale of all agricultural produce by the borrowing farmers through cooperatives. The recommendations of Gorwala Committee should by and large, be implemented in order to make the short term agricultural financing more effective. Then only, the cooperative societies which have so far worked as disbursing agencies shall be able to work as business units and undertake marketing of output on a large scale.

3. The foodgrain market was found having conditions of nearly perfect competition in the Ahmedabad district. However, the extent of competition was more in the regulated primary wholesale markets. The market regulation creates favourable marketing conditions through rationalisation of market charges, standardization of weights and measures, grading of produce wherever possible, open
auction system of price determination, dissemination of market intelligence and better storage facilities in the market centres. The regulated markets have made a good progress de facto in Ahmedabad district and hence the marketing seems to be much more orderly. The regulation of primary markets has essentially been the factor responsible for transport of considerable quantity of market surplus of foodgrains from villages to primary wholesale markets. The farmers had preferred to sell at regulated markets rather than selling at village level in order to get the advantages of orderly marketing. Therefore, the regulated markets should be established at all important market centres/Taluka places at the primary level. The efforts should be made by the Government to regularise the secondary/terminal markets of foodgrains so that the consumers are also benefited by the regulatory measures in foodgrain marketing. The establishment of regulated market committee is not an end by itself. The advantages of regulated markets may be achieved only when such markets are operating in practice. Even in Gujarat State some of the regulated markets exist de jure without conferring any benefits to the farmers. Such markets shall be made effective by the Government by taking proper corrective measures.
4. The Gujarat State Cooperative Marketing Federation processed and marketed a good amount of paddy rice, although this activity was not very efficient in technical terms. The Federation purchased paddy from the farmers either directly or through commission agents and processed the same in its own milling plants or hired the services of private/cooperative rice mills. The capacity of Federation's own milling plant was quite inadequate and the recovery of whole rice in general was very low, due to inefficient milling of hired rice mills. If the Federation can manage to have its own milling units with adequate capacities, the level of efficiency may be elevated considerably.

5. The Federation can organise the purchases of foodgrains through marketing cooperatives working at various levels. The foodgrains collected by the village cooperatives may be handled by Taluka/District Purchase and Sale Unions before they reach the Federation. The Federation can fix up a floor price every year for such purchases and the excess profit earned can be distributed as bonus or second instalment of price to the farmers. The milk cooperatives and cotton cooperatives are working in similar manner. The organisation of foodgrain marketing through cooperatives will not only help the farmers in realisation of higher price for their produce but also revive the village level cooperatives which are in a
dormant stage due to high overdues and poor recovery of farm finance. This will help in increasing the productivity of farms and divert the R.B.I. money amounting to a few hundred Crores to right use. However, for such an action, there should be compulsion from the National Bank for Agriculture and Rural Development that only those farmers will be given crop loan who would surrender their produce to the cooperatives. The primary marketing cooperatives and village level cooperative societies shall be kept ready for handling of agricultural output before such a scheme is put into practice. The proper integration of the cooperative societies can offer a great deal of competition to the private trade.

6. The foodgrain marketing is rather in primitive form in spite of quite a good deal of development of agricultural sector. The processing is limited to rice and dal milling. The cooperatives can establish processing units for production of rice flakes, wheat flakes, fine wheat flour and other traditional wheat products like 'Suji' which has a wider market. The products can be sold in small packs of 1 Kg to 10 Kg. so as to supply these products to the consumers with greater convenience.
7. The Government has imposed various regulations on the marketing of foodgrain from time to time which have distorted the efficiency of marketing rather than improving it at any level. The restrictions on mobility have created market imperfections. The steps like nationalisation of wholesale trading in wheat have disturbed the trade circles by threatening its very existence. Hence it is necessary that existing market mechanism should be properly studied and evaluated by the Government before taking up certain steps which have long range effects on foodgrain marketing. The private traders, engaged in marketing of foodgrains and much criticized so far, have proved always equally efficient and adopted fair trade practices where they are thrown open to competition from regulated markets and cooperative societies.

8. There was no restriction imposed by the Government on the foodgrain trade during 1979-80, the year of study. The efficiency of the foodgrain marketing structure, which was evident during the year, might not be so in the years when Government imposes restrictions on inter state mobility of the foodgrains or other regulatory measures of similar nature. Such interference by Government creates instability which leads to great deal of uncertainty in private trading operations.
9. The number of traders operating in the primary and secondary markets and existing milling capacity of rice mills suggest that the existing market structure will be in a position to handle the increased foodgrain surplus without necessitating any change at any level of marketing. The entry of the firms was not restricted in the trade. The capital invested by the traders was adequate but there were a number of restrictions on availability of working capital imposed by the Reserve Bank in order to prevent hoarding of foodgrains. The capital was rationed but in general the traders did not complain about the scarcity of capital.

10. The satisfactory level of efficiency with which the market structure operates at present does not suggest that there are no possibilities for improvement in the working of existing marketing system. The foodgrain marketing can be improved considerably by establishment of regulated markets at secondary levels and proper integration of cooperative marketing societies. However, there is no dire need to bring about any major changes in existing foodgrain market structure which may hamper the extent of competition in the market.
11. The major limitations of this study are (i) the limited area and (ii) one year period for which necessary data were collected. It is quite likely that the foodgrain market structure in Ahmedabad district has attained a good level of efficiency due to establishment of regulated markets since long. In other districts, where the regulated markets are not in sufficient number or the regulated markets are not functioning de facto, the efficiency of foodgrain marketing may not be on the similar plane. Therefore, the study should be extended to such districts also. The efficiency of foodgrain market structure during the period with restrictions imposed by the Government shall also be evaluated so as to estimate the contribution of free mobility of foodgrains in efficient marketing. The correlation matrices for wholesale prices of foodgrains, essentially for similar varieties, shall also be obtained by collecting data on prices from the markets situated at larger distances, so as to ascertain the extent of market integration.
The purpose of this thesis will be fulfilled if it will succeed in removing certain misconceptions about agrarian market structure, size of farm units and desirability of taking over any enterprise on simple ground of increasing social welfare and helping the producers and consumers. The work may also encourage others to undertake more detailed studies in agricultural marketing for the purpose of giving more justice to producers along with the consumers.