many under-developed countries of the world, particularly those that are making strenuous efforts to bring about rapid economic growth, are plagued by sharp fluctuations in prices in general, and food-grains prices in particular. Such sharp fluctuations in food-grains prices shatter their programmes of economic development and act as a constraint on smooth development. Inflation is, however, inseparably associated with the process of rapid development; in fact, it is the inevitable price that has to be paid for development (25). With a view to ensuring that inflationary pressures do not cross limits of tolerance and that price fluctuations are not too wild, it is necessary to watch carefully all parameters which affect prices in an economy. The factors that affect prices in developed countries may be different from those which affect them in developing countries. In fact, the problem of inflation may differ structurally from country to country. Therefore, detailed studies are needed for each country separately so as to formulate an appropriate price policy. Some studies (21, 54) have addressed themselves to evaluate behaviour of prices in Indian economy. However, most of these studies have failed to go into the depth of the problem as a result of either the inadequacy of framework of analysis or inadequacy of data or inadequacy of methodology or all.
Consequently, they have not succeeded in striking at the roots of this problem. The objective of this study is to examine the problem of prices of food-grains and their determinants in a developing country like India, where most of the farmers live at the verge of subsistence.

An important feature of Indian economy is that food-grains constitute one of the largest sub-sectors. In the mid-fifties food-grains accounted for 67 percent of Indian agricultural production and 31 percent of the entire wholesale trade (42). In 1960-61 the share of food-grains in total agricultural output was 80.32 percent which increased to 81.77 percent in 1970-71 (32).

Naturally, prices of food-grains play the pivotal role in maintenance or disturbance of stability of general prices in Indian economy. In fact, it has been the unique experience of Indian economy that during periods when general prices have been tending to stabilise, changes in food-grain prices have sparked off a general inflationary process. This happened in 1953-54 and again in 1966-67 and then 1971-72 and 1978-79 (33). Food-grain prices are not only important from this viewpoint but they are also important from farmers point of view. Farmers have to view these prices in their dual capacities of a consumer and as well as a producer. A high price for food-grain provides them to produce more while on the other hand their income
increases by the same percentage by which the price changes, which enables them to produce more of their own produce. But for other consumers, these prices have only adverse effects. Therefore, it is important to have an appropriate and effective policy for food-grain prices for which an identification of factors responsible for fluctuations in food-grain prices is required. In the present context of rising prices, total production should not be considered as the effective determinant. It is amount of market arrivals rather than total products which should be considered as a determinant of prices because the portion of total output which is actually sold is responsible for the determination of prices.

CONCEPTS:

'Marketable surplus' represents total surplus which producers have a potential to provide to the market. This is the quantum that is likely to be left in their hands after meeting genuine requirements of consumption, payment of wages in kind, feed, seed, etc. This may, however, be distinguished from 'marketed surplus' which represents only that portion of the marketable surplus which is actually sold and is placed at the disposal of non-producers (2).

For the poor farmers, marketed surplus may be larger than marketable surplus because they sell out of distress and have to repurchase later at higher prices.
The case is different with rich farmers who tend to keep some amount of their produce in the form of stocks. Thus, in their case, marketable surplus may be greater than marketed surplus.

According to Mathur-Ezekiel (25) which of these terms is more appropriate depends upon the nature of an economy. In developing countries, producers sell that amount of output which is sufficient to provide necessary cash and it is consumption which is treated as the residual. But in developed countries, producers treat their consumption requirement as essential while the sales are treated as a residual. Distinction between two other concepts of surplus is also essential. These concepts are those of gross and net marketed surplus. Gross refers to actually marketed quantities and net marketed surplus is the gross marketed surplus minus repurchases from the market (28).

Obviously, an overall (I) increase in agricultural productivity, in general, may not by itself be sufficient to sustain the tempo of development. What is far more crucial to the process of development is growth of marketed surplus as output grows. If marketed surplus does not increase with an increase in production, it may well constitute a fundamental bottleneck in rapid development. Growth of marketed surplus provides necessary funds for capital formation, may increase foreign exchange earnings if extra
supplies are exported, and it tends to ease the problem of balance of payments by obviating necessity to import food-grains and raw-materials.

**Review**

Interest in marketable surplus is not new, at least in India. Many attempts have been made to know relationship between marketable surplus on the one hand, and output, prices and size of holding, on the other hand. However, in depth, studies in case of low income countries may provide some insights into other economic problems of the economy. Though individual studies may have a limited scope and may not be capable of illuminating all facets of the problem, yet through a review of literature, it may be possible to piece together scattered studies in such a manner as will enable us to view the problem in the widest perspective and its entirety. This not only shortens the gap between understanding but it also helps in an examination of different policy implications.

Agrarian structure is one of the factors that affect marketable surplus. Agrarian structure is mainly determined by land relations, which in their turn, get reflected in size distribution of holdings. Therefore, it is assumed that size of holding is an important determinant of marketed surplus. Behaviour of marketable surplus across various size of holding helps us in identifying the non-viable holdings in different regions.
A couple of studies have estimated the relationship between size of holding and marketable surplus. While these studies agree that the marketed surplus is not an exclusive characteristic of only "large holdings," they differ on several other points of substance (9). These studies have been conducted in two different ways i.e. indirect and direct estimation. Dharam Narain and Utsa Patnaik have studied the problem in indirect manner, but both have come to dramatically opposite conclusions. Dharam Narain (29) for example, finds in his study that marketable surplus as a proportion of output declines as size of holding increases up to the size group 10 to 15 hectares, it rises thereafter with size of holding. He further finds that even land-holdings in the size-class 0-5 hectares sell to the market slightly more than one fifth of their total output. On the other hand, Mathur (24) shows that sale of jowar by land-holdings in the size class 0-5 acres is practically nil. This difference arises only due to the difference between the concepts of marketed and marketable surplus used in two studies. Besides, while Mathur deals exclusively with a single crop: Jowar which incidentally is the main diet of the poor and marginal farmers of the region of study, Dharm Narain covers all food-grains and the country as a whole.

Utsa Patnaik (31) concluded that small farmers accounted for smaller proportion of total sales to the
mark t. Farmers having upto 10 acres of land accounted for 33.2 percent while farmers having upto 15 acres accounted for 44.4 percent of total marketable surplus. She did not find any perverse relation between marketable surplus and output and size of holding. Results of our study of Sunhur village in Punjab are also in contrast to those of Farain but are similar to those of Utsa Patnaik. Her results are also supported by results of All India Rural Debt and Investment Survey, 1961-62 by RUI(28). In this case, behaviour of marketable surplus is fairly the same as has been found by Patnaik. But in both of these studies, they have admitted that the contribution of small farmers to marketable surplus seems to have been overestimated due to two reasons. First, they have included the repurchased quantities and second, they have used the gross value of output of agriculture.

A study by Sharma(41) based on indirect estimation is both at national as well as at state levels. According to Sharma, proportion of marketable surplus to net production of food-grains increases consistently with an increase in size of holding. Thus, he has tried to eliminate one source of overestimation by considering net output in place of gross output. But second source of overestimation does not seem to be eliminated in his study as well.
A study of relationship between size of holding and marketable surplus (estimated directly) provides a more detailed picture at micro level. A study of Amritsar and Karnal districts by George and Singh (43) showed that Punjab farmers, even small ones, grow paddy mainly as a cash crop and satisfy consumption need by other crops. While small farmers treated paddy mainly as a cash crop, medium and big farmers treated wholly as a cash crop. But in our study (35) as far as medium and large farmers are concerned, they withhold 18 to 24 percent of their output of wheat and only 2 to 6 percent of output of paddy for their household consumption. Thus, paddy for these farmers is wholly a commercial crop but wheat is partially but largely a commercial crop. But in case of West Bengal, the picture is little different. Hati (16) finds that for the farm size above 1.98 hectares, the proportion of marketable surplus rises at an increasing rate as farm size increases.

Distinguishing features of different studies are that some of these studies such as by Dharm Narain, Utsa Patnaik and RBI cover the country as a whole, while other studies are related to particular regions or districts of a state. This feature gives rise to another difference. Studies of Sharma, George, Chaudhary etc. relate to Punjab where wheat is a staple diet of the people. Naturally, farmers treat paddy as a cash crop just like sugar cane,
cotton, etc. Studies by Naikarni and Mathur relate to backward areas of Maharashtra where most farmers are not only marginal and poor but crops like jowar constitute their staple diet. Such food-grains crops as wheat and paddy are treated as cash crops by such farmers. Hati's study relates to West Bengal where farmers are relatively poor and rice is the staple diet. Hence, other food-grains' crops are treated as cash crops. Therefore, such factors may also account for some of the differences in their empirical findings.

With the help of the pictures presented by micro level studies, we can have a general idea about the relationship between size of holding and marketable surplus. First, proportion of marketable surplus and marketed surplus increases significantly as the scale of farming increases. A great proportion of total marketable surplus is accounted by a small fraction of total farmers, usually they happen to be rich farmers. Second, some of the marginal farmers are not able to meet their consumption needs from their farm produce. Therefore, their contribution to total marketed surplus is negligible and, at times, it might even be negative. Finally, small farmers also produce commercial and even some superior cereals, and all such crops are treated as cash crops.
If indeed the proportion of marketable surplus increases significantly with the scale of production, then the income/output elasticity of consumption will play a decisive role in the determination of marketable surplus of farmers concerned.

Many economists have propounded the hypothesis that marketable surplus is closely related to prices; output/income. But here the crucial question is to know whether supply of marketable surplus is a positive function of prices and output/income; and whether the response of marketable surplus to a given change in price and income is negligible or substantial.

Mathur-Ezekiel (25) profounded the hypothesis that "the behaviour of food-grain prices is dependent not merely on total production of food-grains but also on the proportion of it which is marketed......". In under-developed economies farmers sell that amount of output which will give them the amount of money needed to satisfy their cash-requirements and retain the balance of their output for their own consumption. Thus, it is due to the fixity of cash-requirement, prices are inversely related to marketable surplus.....

1. For Empirical verification of this hypothesis, see Krishnan, Mathur and Prakash, Tripathi.
The subsistence farmers have inelastic demand for cash. If prices rise, the sale of a smaller amount of food-grains provides the necessary cash and vice-versa. This makes the short-run supply curve of food-grains backward bending. Krishnan (22) found empirical evidence in support of hypothesis of inverse relationship between price and marketed surplus while relaxing the assumption of fixity of cash requirements. Even when cash-requirements grow either positively or negatively, marketable surplus has been found empirically to be inversely related to prices (44). Mathur and Prakash (27) accepted Krishnan's contention that inverse relation between marketed surplus and price is not contingent upon the fixity of cash requirements. However, they argue that the size of marketable surplus is decidedly affected by the level of cash-requirements and changes therein.

Dandekar has observed that a very small proportion of producers react inversely to prices. According to him, small producers at the bottom end of the scale have no surplus to sell and as such the question whether elasticity is positive or negative does not apply to them. So far as the large and prosperous farmers are concerned, they have normal positive elasticity. Therefore, negative elasticity would be applicable only to the intermediate size farms which are neither so small as to have no surplus to sell,
nor so large as to show the positive response. Dandekar further argues that even for this intermediate category of farms the negative price elasticity is easily explainable as normal consumer behaviour and as such there is no need to make the fixed cash requirements assumption (9).

Dandekar’s analysis is not however very persuasive (39). His argument in case of small farmers ignores the possibility of marketed surplus appearing in the face of a favourable price change which causes their self consumption to decline via a large substitution effect. Even at the empirical level, his analysis is far from conclusive as it is based on the sale and purchase data of a single crop viz. 'Jowar'.

Khatkhate (18) considers such behaviour to be paradoxical, but there is nothing paradoxical about their behaviour except that they belong to lower end of the income ladder where ordinarily food needs are not fully satisfied quantitatively.

Khatkhate (18) believes that rise in relative prices does not stimulate production in agricultural sector. He says that a small farmer strives to produce to the maximum extent that his farm capacity permits. But the inference that because he is already producing to maximum, rise in prices would not have any impact on his production, is difficult to swallow. Olson(9) tried to support his hypothesis and he argued that the failure to increase yield is not due to lack of price incentives but to the lack of credit, lack of knowledge and non-availability of fertilizers etc. In brief, it is supply constraints that stultify growth of agricultural output.
In many of the studies, prices are not considered because studies are based on cross-section data which relate to a point of time. If in such studies, prices are taken, it will not have any impact. In one of the study by Vyas and Maharaja (28) output elasticity yields positive as well as high value. Another study by Khan and Choudury (28) of West Pakistan and by Shah (28) of Gujarat based on cross-section data represented significant positive relationship between production and market supply. An elasticity greater than unity would suggest a more than proportionate response with a given change in output and provide a basis for designing a progressive structure for the procurement of marketable surplus.

Krishnan (22) has tried to test Mathur-Bhaskel hypothesis: Is marketed surplus of food-grains inversely related to prices? The crux of the problem is that supply of food-grains is fixed in short-run. Krishnan has tried to estimate elasticity of marketable surplus from demand function of food-grains with a given supply with the following expression:

\[ \gamma Q = A P^{-\alpha} \left( \frac{Q}{P} \right)^{\beta} \]

\[ M = -\left( \beta - \alpha \right) \frac{\gamma}{1 - \gamma} \]

where \( \beta \) and \( \alpha \) are income and price elasticities respectively and \( \gamma \) is the proportion of output consumed.
by them. It is clear that the sign and magnitude of elasticity of marketable surplus is eventually determined by the sign and magnitudes of income and price elasticity. A farmer behaves in the market in dual capacity. An increase in prices affects him both as a producer and consumer of food-grains. A rise in prices will decrease his consumption of food-grains, while on the other hand, as a producer, it will increase his monetary as well as real income. So this increase in income compensates his loss as a consumer. So due to this reason, own consumption rises. In his thesis, price, income, elasticities of consumption and elasticity of marketable surplus are found to be \(-0.3584\), \(0.5215\) and \(-0.3030\) respectively which support the hypothesis of inverse relationship between price and marketable surplus and it is obvious that the hypothesis is operationally valid for Indian economy.

Further, this hypothesis was tested empirically by Tripathi (44). In her thesis, she argued that inverse relationship between price and marketable surplus implicitly assumes that marketable surplus should increase with cash requirement and vice-versa. It implies positive relationship between cash-requirement and marketable surplus. She further argued that if farmers have got inadequate demand due to low income and output, then an increase in output may lead to utilisation of additional
quantities of food-grains to satisfy this pent-up demand rather than augmenting cash-requirements which in their turn would increase marketable surplus. Her study reveals that cash-requirements of all sixteen families studied have grown negatively, output has grown negatively only in case of five families. Thus, growth of output happens to be inversely related with the growth of cash-requirements. Positive growth of output of eleven families seem to have led the farmers to satisfy their reserved demand for food-grains rather than augmenting their consumption of non-food items or productive investment. Thus, these results lend a very strong support to hypothesis of backward bending supply curve of food-grains postulated by Mathur-Ezekiel. Incidentally, these results are obtained, when cash-requirements instead of being fixed, have grown negatively or positively. Thus, postulated relationship between marketable surplus and prices could be obtained when cash-requirements are fixed as well as when they grow negatively or positively. Her empirical results support the hypothesis propounded by Krishnan that Mathur-Ezekiel theorem can be derived while relaxing the assumption of fixity of cash-requirements. But negative growth of cash-requirement does not seem to be plausible in the present situation of rising prices.

Vincet Dubey(10) criticises the hypothesis that an increase in agricultural production does not lead to an
increase in marketable surplus due to fixity of cash-requirement. According to him, in under-developed countries, the structure of the economy is of dualistic nature. Traditional agricultural sector co-exists with modern industrial sector in the economy. An increase in per capita income in agricultural sector leads to increased demand for goods produced in non-agricultural sector. This is possible only through securing more cash by selling more. Secondly, if we take demonstration effect into consideration, then increased farmers' income will partially be spent on commodities other than food-grains because desired pattern of consumption differs significantly from actual pattern of consumption. So according to Dubey, an increase in production leads to an increase in marketed surplus.

But the type of relationship between two sectors which he had taken into account depends first, on the degree of inter-dependence between two sectors and secondly, on the price and income elasticities. What Dubey has discussed can be true only in case of highly developed economy. But in case of India, several empirical studies have revealed a low degree of inter-dependence between two sectors. One of the study revealed that inter-dependence between farm and non-farm sectors as revealed by backward and forward linkages is weaker than the degree of inter-dependence between manufacturing industries. Secondly a great mass of people are still under the subsistence level
and spend a large part of their income on the food-grains. But price and income elasticities which are visualized by Dubey is probably possible at the advanced stage of development, but in the short-run this is not possible. This is supported by empirical results. Tripathi found in her study that in Punjab even the prosperous middle and large farmers in post-green revolution period have continued to treat food-grains as a superior good. So Dubey's criticism is invalid in this case. Thirdly, in a developing country like India, majority of people are occupied in subsistence farming and they are not able to meet their own consumption requirements. So in such a situation of near starvation, an increase in output, would not lead to increase in marketed surplus. But on the other hand, people would like to fulfill their wants which are suppressed over long periods.

A rational human being would normally respond to prices in the sense that an increase in prices could induce him to put more in the market for sale so as to earn maximum profits. This is true in the case of advanced economies where agriculture is more a business than a way of life. But in under-developed countries like India, the phenomenon of 'backward bending supply curve' operates. A rise in price, instead of being an incentive to sell more, the tendency on the part of cultivators is to sell less just to be liquid enough to meet their bare needs and vice-versa.
Raj Krishna [19] also prepared a model to estimate elasticity of marketable surplus for a subsistence crop and estimated the price elasticity of marketed surplus with the following expression:

\[ e = \gamma b - (\gamma - 1) \delta \]  

...(1)

where \( \gamma \) is the reciprocal of marketed surplus-output ratio, \( b \) is price elasticity of output, and \( \delta \) is the price elasticity of farm consumption. He concluded in his study that so long as the price elasticity of output is positive, price elasticity of marketed surplus should also be positive and greater than price elasticity of output. Krishna preferred cross-section study but in such studies elasticities estimated are almost non-significant.\(^{(20)}\) In cross-section analysis, the object is to identify and measure the effect of the other factors which determine how much of the output of a subsistence crop will be taken to the market by different peasant families in a poor, partially commercialised economy while in time series data interest is focused on the response of the marketed supply to price movements.

A main pitfall of his model is that only cash income instead of total net income of the peasants is taken into consideration. Secondly, he has implicitly assumed complete adjustment which means that his elasticity may be
relevant only to a substantial number of production periods after a change in price. Finally, he used relative price rather than absolute prices for estimating elasticities of marketed surplus with respect to price and output. He has not taken into consideration changes in food-grains prices because time-series data are not available. It needs a stout heart to make a general policy pronouncement without taking into consideration the effect of an important variable such as price on which the quantum of marketable surplus has been hypothesized and observed to depend. Inflationary rise in prices, on the one hand, raises the money and real income of the farmer because they can meet their money needs by selling a small part of their produce and on the other hand, encourages them to hold back a greater part of the produce from the market in expectation of getting a more favourable price in the future. So under the circumstances, the applicability of the findings of Raj Krishna's study for the country as a whole is questionable and the policy prescription advanced by him is of doubtful validity, it is more so in view of empirical results thrown up by recent studies.

Krishna's model has received considerable attention and has prompted several empirical investigations of marketed surplus. Toquero et al. (28) has adopted this technique in the study of rice in two regions of Philippines.
Their study revealed positive value of both partial and total price elasticities—partial elasticities are low and relative price turns out to be non-significant and simultaneously the estimated elasticity of marketable surplus with respect to output turns out to be higher than one as well as larger than partial and total price elasticities.

Behrman (7) also developed his model in order to derive the elasticities. The final expression in his model to derive elasticities was different from that of Raj Krishna:

\[ c = Y b_1 - (Y - 1) (y + hK)(1+b_1) - (Y-1) h b_2 (1+\gamma). \]

Elasticity could be derived in terms of parameters of the above equation, which can be estimated directly from the data. The elasticity estimated from the equation comes out to be negative for wheat in case of Punjab at lower level of sales ratio, though at higher levels, it yields positive elasticities. In his model, the demand for on farm consumption is made to be a function of the total net income of the peasant unit. It seems to be more reasonable assumption than Krishna's model. Moreover, elasticity of output in Behrman's model is a function of the number of production periods which elapse after the change in price whereas Krishna does not bring in the time factor which is too important for determining the elasticities.
Bardhan (3,4) also conducted a study of cross-section data of a village level. Bardhan regressed percent of food-grains marketed on total supply of food-grains, price of food-grains and several other variables using OLS method. Her results showed that cross-sectional price elasticity of marketed surplus though still negative, is smaller in magnitude and statistically less significant than in the case of general sample. In her model, she has taken prices to be exogenously given. But criticising her model, Hassel (15) commented that village prices are not exogenous as they are determined by marketed surplus.

Using her data, he himself developed a model and found positive short-run price elasticity of marketable surplus which ranged from 2.7 to 3 for larger farmers and output elasticity is greater than unity and statistically significant (1.97, 1.75). In his model, marketable surplus is treated as residual. He concluded on the basis of empirical result that the farmers respond to changes in prices and income as consumer and higher prices will result in sales of larger quantities. But his argument is invalid on the basis of the assumption of closed and self-sufficient village.

At the same time, Shah and Pandey (28) carried a study of sales of wheat by farm households. They treated family size, output, sale price of wheat and price of a major substitute of wheat as independent variables.
Both family size and output led the expected negative and positive coefficients respectively and statistically significant.

All the studies were at micro level but on the other hand macro level studies provided an opportunity to study inter-relationship between agricultural and non-agricultural sector based on indirect estimates from time-series. Bardhan and Bardhan (5) tried to derive the time series of marketed surplus of cereals with national level data. They obtained a positive and also a unitary elasticity of marketed supply with respect to ratio of cereal price to the prices of other food-products but negative elasticity with respect to price ratio between commercial crops and cereals. Thamarajakshi (28) also indirectly derived time-series estimates of marketed surplus for the years 1951 to 1965. The coefficients with respect to output were both positive and statistically significant. The output elasticity (0.44) which was found to be less than unity. Similarly, Venkataramanan and Prahaladchar (28) carried out the study for the period of 1964 to 1973 by the same methodology. His study revealed that a significantly high output elasticity of marketable surplus observed from cross section data does not seem to be applicable to time-series data. Comparative study of two periods indicate that the degree of inter-dependence of
two sectors has increased and agriculture has been more commercialised.

Wadkarni(28) also attempted to prove the already postulated hypothesis relating to marketable surplus and price; output and income. The questions of marketed and marketable surplus, on the one hand, and extent of purchases from market for consumption, on the other hand, are considered to be the counter parts of the larger issue of commercialisation. He had tried to show that how different classes of farmers participate in the process of commercialisation within the limitation of data. His study is related with a region which is characterised by the dominance of millets; Jawar constitutes the staple diet of the people- wheat is considered as a cash crop. The period under study is 1969-71 and average of three years data is taken. As a study is at a point of time, so there is no question of studying the responsiveness of marketable surplus to prices. His study reveals negative net marketed and marketable surplus of both jawar and bajra in the smallest two or three size classes. But it is only in case of all-size classes, Inspite of above results, marketable surplus of wheat is concentrated among the large size classes. Analysis of marketed and marketable surplus are made through log-linear regression equation. In general, however, we find both the response
co-efficient with respect to output and elasticity higher and significant for the households above demarcation, than for those below. Other things being given, market response to output in case of every crop is positive and significant whether it is superior or inferior. Estimated elasticities in case of all the three commodities, elasticity of marketable surplus of wheat is greater i.e., 0.94 while the elasticity in case of jowar and bajra is 0.63 to 0.80 and 0.29 to 0.75 respectively. This indicates that people consider wheat as cash crop, while depend on jawar and bajra for their consumption needs.

In case of income as independent variable—elasticity was negative for the households below demarcation and positive above demarcation households. Negative value implies that these households make repurchases of staple food-grains when their income increases. The concentration of marketable surplus in the hands of big farmers gives them an unequal advantage in the labour market as well.

This is a study of a particular district i.e., Ahmednagar district, which is characterized by dominance of small millets. This district is confronted with irrigation problems. The study of this type can be a good regional guide from the planning point of view. The estimated results can provide a wider prospective to understand the
problems and situation which is prevailing in such regions. If state government is interested for improvement, for planning purposes, this study is going to be of great help. This can easily represent those areas which are un-irrigated or where the irrigation facilities are low. Even for the planning at district level, it will be quite useful. But such type of regional studies, can not be taken as the representative of the whole state or country. In this study, prices are left out of investigation. We are not belittling the importance of this study but as study is based on cross-sectional analysis so it is related only to a point of time. So prices at a point of time can not be significantly different for different households. If we take the study as it is then its usefulness is limited. If prices were also taken then it would have been much more important from the point of policy.

Briefly, on the whole, marketable surplus should be analyzed in the wider perspective of the quality and the extent of commercialisation and development of the home market in its various dimensions. The question has a great relevance for the prospects of India's economic development. Academic attention should now be focused more on socially and economically relevant issues such as the question of price responsiveness of marketable surplus.