An efficient agricultural marketing system accelerates agricultural production and thereby promotes economic growth particularly in the developing countries. An efficient marketing system leads to direct gain to the producers and consumers and it plays an important role in maximizing the aggregate production of an economy. A good crop season may result in low prices and low total revenues to the farmers. An efficient market through effective storage, transportation and proper distribution of farm products may arrest a fall in prices and ensure fair return to the producers. Similarly efficient market has its favourable effects on consumption also. A reduction of retail prices of the farm products with unchanged or an increased farm prices may have encouraging effect on production and consumption. In India where more than two-third of the workforce is engaged in agriculture, marketing efficiency is of utmost importance.

Two approaches have been adopted to judge the efficiency in the marketing system, the first refers to an analysis of the functioning of the market using structure – conduct – performance framework where competitive market is identified as an efficient market and the second refers to the analysis of marketing margin and price spread at various stages of movement of a farm product from producers to the final consumers. These methods are not mutually exclusive and we have used both the methods to study the efficiency of the marketing system of potato and rice in Hooghly district of West Bengal.

Hooghly district has about 70% of its population dependent on agriculture and potato and rice are the two most important crops in the district. In India productivity of potato is highest in West Bengal and Hooghly district occupies the
first position in terms of productivity of potato in the state. Productivity of rice in Hooghly district is higher than the state average.

Several attempts have been made earlier to measure the efficiency of marketing of agricultural products in the districts. These studies mostly utilized the bivariate correlation coefficients or the cointegration approach in terms of Engle-Granger method. But these studies have serious methodological limitations. In our study we have used the maximum likelihood method of cointegration developed by Johansen and Juselius, which has taken care of most of the limitations and methodological flaws of the earlier studies.

This dissertation incorporates six chapters. In the first chapter different concepts of marketing efficiency have been explained. We have considered the need for the study. We have given a brief profile of the district. The objectives of this study are mentioned in this chapter.

In the second chapter we have made an overview of studies on marketing efficiency of agricultural products made in India and abroad. We have segregated the studies according to the methodologies adopted. First we have considered the studies based on market structure, conduct and performance approach. These studies are again subdivided into two parts: (1) studies where correlation coefficients have been utilized to indicate the degree of integration and (2) studies using comparatively modern methodology in terms of cointegration approach. Finally we have surveyed the studies based on marketing margin approach. Most of the previous studies involved serious methodological limitations. In this study as has been mentioned earlier we have adopted both the approaches to examine the efficiency of marketing system of potato and rice in Hooghly district. We have given the importance on the results obtained on the basis of Johansen-Juselius methodology in analyzing the secondary data, which resolves the methodological flaws of most of earlier studies.
The third chapter is dealt with the database used and the methodologies adopted in our study. In the fourth and fifth chapters we have analysed the secondary and primary data respectively and interpreted the results. Chapter six represents the conclusion of our study and policy guidelines on the basis of this study.

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To the best of my efforts and sincerity I tried to make this dissertation free of flaws. Still there may be some mistakes for which nobody but me is responsible.

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