PART-III

CONCLUSION
CHAPTER - I

CONCLUSIONS AND SUGGESTIONS

The following conclusions and suggestions are forwarded on the basis of the results of the empirical investigations.

1. The empirical study reveals that the vulnerable section of 60% of rural farmers have uneconomic size of landholdings upto 4.99 acres, covering only 37.80% of the total land resources. This shows the magnitude of the economic problems of small farmers. Their economic position is worsened still further with increase in the family size and fragmentation of land.

The study further reveals that small farmers possess only a small portion (13.13%) of their paddy output as marketable surplus while big farmers possess a sizeable portion (64.88%) of paddy as marketable surplus. But in case of jute, both small and big farmers possess more than 80% of the output as marketable surplus. It is also found that jute is cultivated by farmers of all the size-groups of farm and even by deficit paddy growers.

Since 60% of rural farmers possess uneconomic or nearly economic size of landholdings below 4.99 acres, their agricultural production may be increased through the introduction of high yielding varieties of crops. At present, the cultivation of high yielding varieties of crops has not been as popular as in other States of India. Moreover, the small farmers
having below 2.50 acres of land should be provided with inputs like fertilizers, implements and pesticides at subsidised prices. Further, distribution of land among these farmers on priority basis should also be examined carefully by the Government. Besides these, a sizeable portion of the total plan outlay on agriculture should be utilised for the benefit of small farmers.

2. One of the interesting findings of this study is that small and subsistence farmers sell major portion of their marketed surplus of paddy and jute in the peak marketing period, i.e. immediately after harvest, when prices are low. This may be due to their bad economic condition. Thus, the hypothesis that the behaviour of small and subsistence farmers in disposal of their crops is inversely related to the price movement, is aptly well-founded by this study.

On the other hand, it is seen that big farmers sell major quantity of their paddy and jute surplus in the medium and lean months when prices prevail at higher rates. Thus, it is found that behaviour of big farmers in disposal of their crops showed positive correlation with the price of the crops. Hence, big farmers are found to be price-conscious.

Since 65% of the marketable surplus of jute was sold in the peak marketing period, the Jute Corporation of India should intensify its procurement operation in this season. On the other hand, since autumn paddy is marketed by 44.50%, 27.70%
and 27.80% in the peak, medium and lean seasons respectively, the Government should pay due attention to procurement of autumn paddy in all these seasons. This would enable the Government to purchase large quantities in order to build its buffer stock of paddy.

3. Since more than 65% of the marketable surplus of autumn paddy was sold at the local markets, these local markets should be the strategic points of paddy procurement by the Government. Therefore, efforts should be made by the Government to develop approach roads to these markets.

4. The study reveals that in case of big farmers there is a close correspondence between the prices of jute and its acreage. Moreover, the study unmistakably established the finding that the big farmers have to a great extent, shifted from growing autumn paddy by jute in response to the increase in the prices of jute and vice-versa. Thus, the existence of such relationship goes to suggest a possible policy implication. The Third Plan had explicitly stated that the price policy "must ensure that the movements of relative prices accord with priorities and targets that have been set in the plan." Therefore, if any aspect of the prevailing allocation of land between paddy and jute is considered socially and economically unsatisfactory, its improvement should be made by suitable price-incentive schemes rather than quantitative control.
The proposition is that apart from operational problems, it may be possible to regulate the acreage under these crops by a suitable manipulation of the parity ratio and to protect the growers from wide fluctuations in the prices of jute.

Besides the above, the following are the general conclusions and suggestions which are forwarded on the basis of interpretations and observations.

5. An analysis of the present marketing structure of Assam shows that with the development of institutional agencies in the procurement and distribution of paddy and even jute, domination of the middlemen is still prevailing particularly in case of jute since more than 92% of jute is sold by growers directly to jute dealers (Table II-3.3.). Moreover, though the procurement of paddy by the Food Corporation of India and the Co-operative societies were only 4.77% and 3.68% respectively, it is to be admitted that at present, the farmer is, at least, assured of a minimum support price for his paddy.

6. It is observed that, in case of procurement of paddy, the procurement price of the Government agencies remains fixed throughout the agricultural year although the procurement price offered by the non-Government agencies usually tends to increase in the medium and lean months. Moreover, non-Government agencies offer higher prices to growers than those offered by the Government agencies. This fact is discernible from the Table III-1.1.
Table III-1.1.

Procurement Prices of Autumn Paddy offered by the Government and non-Government agencies for five years.

<table>
<thead>
<tr>
<th>Crop Years</th>
<th>Government Procurement price (Rs.)</th>
<th>Procurement price offered by non-Government agencies (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>45.56</td>
<td>60.00</td>
</tr>
<tr>
<td>1974-75</td>
<td>52.50</td>
<td>60.00</td>
</tr>
<tr>
<td>1975-76</td>
<td>65.00</td>
<td>80.00</td>
</tr>
<tr>
<td>1976-77</td>
<td>65.00</td>
<td>80.00</td>
</tr>
</tbody>
</table>

*Source: Food Corporation of India.

Note: Non-Government procurement price is based on three-monthly Pre-sowing average price (Table II-4.2.).

The Table depicts that the Government procurement price of paddy was much lower than the price offered by non-Government agencies throughout all the five crop years. This gap in the prices may be a vital cause of lower procurement by the state agencies than the procurement by the non-Government agencies.

However, it is not intended to suggest that the Government procurement price should be based on the open market price of procurement. What is intended to suggest is that the Government should raise its procurement by providing an incentive price to growers by minimising the price-spread. The most important and technical aspect is to assure the farmers of a major share of the price paid by the consumer.
7. It is observed that in case of marketing of jute, there is no grading system in the primary market level where more than 90% of marketed jute is sold by growers to jute dealers who operate in these markets. Thus, in the absence of grading system, jute growers are mostly deprived of a due price for their jute crops.

There should be a Government-sponsored grading agency which should function in the primary and other markets for the benefit of both the grower and the buyer. Moreover, the Government should provide the farmers with baling machines (for jute) in collaboration with the Co-operative agencies. In this connection, it is heartening to note that Assam has set a novel example in establishing the Co-operative Jute Mill at Siliguri. This is a growers' Co-operative venture which collects jute grown in Nowgong district. But the study reveals that, still then, the growers sell major portion of their jute surplus to the jute dealer.

8. The traditional marketing of paddy in Assam (1938-66) reveals that in the earlier periods there was unregulated open market of paddy and rice. This open market led to the sufferings of the people mainly causing rising trend in prices. Therefore, to tackle this problem the Government had to take recourse to enforcement of control over rice trade and introduction of state trading in paddy on several occasions. But all such attempts by the Government could not bring any
desired result. The failure in the past might be due to inadequate procurement, inability of the Government agencies to compete with the private traders, weaknesses in enforcing control over the rice mill and unsatisfactory working of the service co-operatives and Primary Marketing Societies.

9. Although the perspective of the State trading in paddy in Assam prior to 1966 showed failures; the existing scheme of the wholesale trade in paddy and rice by the Government since November, 1973 shows a somewhat encouraging picture which is evident from the procurement performance particularly from the Kharif year 1975-76. Therefore, the present scheme of wholesale trade in paddy and rice by the Government shoulders a sign of hope for the future in view of its procurement performance in the recent few years, provided it is implemented in a more purposeful manner.

In order to make the present scheme of wholesale trade in paddy and rice by the Government a success, some important measures should be taken. These measures are, such as, (i) the Government should build up sufficient buffer-stock of paddy to meet the requirements of distribution, (ii) pricing policy aimed at providing incentive price to growers by minimising the price spread, (iii) strengthening the primary marketing societies, Co-operatives etc. (iv) opening Co-operative rice mills and nationalisation of the rice-mills, if necessary and (v) keeping a reserve-stock, distinct from a buffer-stock for periods of crises, such as scarcity of rice caused by flood.
which has been a quite regular phenomenon in Assam. Moreover, the Government should initiate increased participation of co-operative marketing societies in the procurement and distribution channels of foodgrains. In this connection it may be mentioned that a Committee known as the Pantwala Committee on Co-operative Marketing, was appointed by the Government of India in 1964 to review the pattern of the organisation of co-operative marketing of agricultural produce, distribution of production requisites and supply of consumer goods at different levels. The Committee had recommended that the Food Corporation of India and other State trading agencies should give "positive preference" to the co-operative marketing societies for procurement of foodgrains and other agricultural commodities.

But in the context of the recent abolition of restrictions on the free movement of paddy by the Centre, it is thought that this may weaken the present wholesale trade in paddy and rice by the State Government in Assam, which is a marginally surplus state in rice. In this context, it may be appropriate to quote Prof. B.C. Dantwala's observations, "Once the inter-State Trade is thrown open to private trade, the surplus States' capacity to procure will be considerably weakened, the stocks available to the Central Government would be smaller and even less certain than at present, and its strategic position in the foodgrains distribution would be impaired." On the whole, it may be suggested that in Assam,
on the one hand free trade should be allowed to operate on a competitive basis and on the other hand to regulate by suitable measures by the state agencies.

10. It is disappointing to observe that there is a phenomenal growth of population in the state of Assam. The growth rate during 1961-71 was 34.36%, while the compound annual growth rate of the state income remains stable (3.4%). Moreover, 67% of the households have no savings. But on the other hand, average annual compound rate of growth of agriculture during 1961-52 and 1970-71 was disappointing at 1.43%, against the national average of 3.29%. This indicates the magnitude of the problems on the economy of the state.

Since there is a big gap in the rate of growth of population on the one hand, and annual growth of the state income, rate of growth of agriculture and percentage of savings on the other hand, these problems should be tackled through multiple approach. For increasing farm productivity, the strategy should be progressive increase of area under high yielding varieties of crops, adoption of multiple cropping patterns, popularisation of the use of fertilisers, increased farm mechanisation etc. For the purpose of increasing their income and savings, efforts should be made to encourage the farmers for undertaking poultry farming, horticulture, beekeeping, pisciculture etc. Moreover, seasonal unemployment in the farming sector should be solved by educating the farmers to
take up handicraft industries, handloom etc. Lastly, farmers should be imparted education on family planning devices.

11. Agriculture should be made a business proposition for all the farmers by way of the development of marketing intelligence. Farmers should be made market-conscious through providing the services of market intelligence.

12. Decentralised storage units should be established in different areas for the purpose of facilitating smooth supply of foodgrains, particularly during the period of flood which usually causes disruption of the communication and transportation system in the rural areas of the state.

13. The Government and other agencies should make efforts to contact the small and marginal farmers of rural areas, while collecting and formulating the market intelligence.

14. The nationalised banks and rural banks, in particular, should take initiative in raising the economic condition of the rural farmers. They should pay special attention towards providing credit to the farmers on priority basis.

References:
1. Third Five Year Plan, P.119.
3. "Food policy- Misplaced Criticism" by Prof. K.L. Pantwala (The Times of India, dated 10.2.66)