PART I

BACKGROUND STUDY
CHAPTER - I

INTRODUCTION

"The purchase of the agriculturist's requirements and the scale of his produce are key activities in the business of farming and their importance is likely to be even more crucial in a socially regulated economy . . . . Due to his inability to secure a fair deal at these two stages, the average agriculturist is denied the full fruits of his industry."

—First Five Year Plan.

Scope and Objectives of the Study:

The term 'marketing' has a wide connotation. According to the Encyclopaedia Britannica, "Marketing is essentially the distribution of goods from the producer to the consumer. The central fact is the sale, but to secure sales the goods must often be assembled from the places where they were produced, graded when qualities differ, sorted when there are different varieties, moved to market and in many cases thence to the place of consumption. All of these processes constitute a part of the marketing operation."

From the above definition it becomes clear that 'marketing' refers to all the services and functions connected with the distribution of commodities. Similarly, agricultural marketing "in its widest sense comprises of all the operations involved in the movement of food and
raw materials from the farm to the final consumer. Thus the process of agricultural marketing begins immediately after harvesting of the crop and ends in its disposal to the final consumer. The marketing of farm produce is in no way less important than production since the economic prosperity of the farmers depends upon a good marketing system. Marketing is crucial in case of Assam, being a marginally surplus state in paddy and surrounded by deficit states so far as paddy is concerned, from the point of view of both internal and inter-state flow of paddy.

The specific objectives of this study are:
(i) To study the pattern and timing of disposal of marketable surplus of autumn paddy and jute by farmers according to farm-size groups.

(ii) To study the effect of the variation of prices on:
   (a) The farmers' acreage response in autumn paddy and jute;
   (b) The substitution in the cultivation of food crop by cash crop; and

(iii) To analyse the existing structure of marketing and to suggest remedial measures.

The study is confined to paddy and jute, the two major food crop and cash crop respectively of Assam. In Assam, there are two main varieties of paddy— the first one is the Winter variety (called 'sali') and the other is the Autumn
variety (called 'Ahu'). These two types of paddy are cultivated and harvested in different periods as shown in the Table-1.1. The Table also shows that type of land and the harvesting period of jute crop are almost similar and are substitutable to that of autumn paddy. Hence, the autumn variety of paddy is taken as the food crop while jute is taken as the cash crop for the purpose of this study.

Table 1.1.
Paddy and Jute Cultivation Calendar in Assam

<table>
<thead>
<tr>
<th>Crops</th>
<th>Periods</th>
<th>Nature of Land</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sown in nursery bed</td>
<td>Transplanted</td>
</tr>
<tr>
<td>1. Sali</td>
<td>May-June</td>
<td>June-August</td>
</tr>
<tr>
<td></td>
<td>(Transplanted)</td>
<td></td>
</tr>
<tr>
<td>2. Ahu</td>
<td>(Trans-planted)</td>
<td>May-June</td>
</tr>
<tr>
<td></td>
<td>(March-April)</td>
<td></td>
</tr>
<tr>
<td>3. Jute</td>
<td>March-April (No Trans-</td>
<td>July-Sept.</td>
</tr>
<tr>
<td></td>
<td>planted)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Sown in plantation)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Sown in field)</td>
<td></td>
</tr>
</tbody>
</table>

The 'price' for the purpose of this study invariably refers to the price received by the farmer on selling his crops, that is, the farm harvest price.

Methodology:
The study was undertaken through sample survey in four areas, one each from the Districts of Nowgong, Darrang, Kamrup and Goalpara where both autumn paddy and jute are grown extensively. Moreover, the reason for selecting these four districts
for this study is that these districts produce more than
76% of autumn paddy and about 99% of total jute output of
Assam.3

From each of these Districts one Haunza was selected. All
the four Haunzas are considered to be 'good' in respect of
cultivation of both autumn [Ahui] paddy and jute. From each
of the Haunzas, one village was selected for this study.
Then 50 cultivating households were selected at random in
total from a village with probability proportionate to
operational holdings. Thus, the whole sample consists of
200 farming households. The head of the households was then
interviewed for collection of primary field data which are
used for investigation and analysis. There were three rounds
of survey for this purpose. The list of selected villages
is shown in Table L1.2.

Table L1.2
Areas selected for the study

<table>
<thead>
<tr>
<th>Districts</th>
<th>Haunzas</th>
<th>Villages</th>
<th>Number of households</th>
<th>Distance from Head Quarters (in Kt.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Nowgong</td>
<td>Juria</td>
<td>Adakhunda</td>
<td>50</td>
<td>15</td>
</tr>
<tr>
<td>2. Darrang</td>
<td>Rangamati</td>
<td>Baghpuri</td>
<td>50</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chapari</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Kamrup</td>
<td>Jania</td>
<td>Bhara</td>
<td>50</td>
<td>104</td>
</tr>
<tr>
<td>4. Goalpar-</td>
<td>Cenabari</td>
<td>Bumtali</td>
<td>50</td>
<td>7</td>
</tr>
</tbody>
</table>

Total 200
Sources of Data and their Reliability:

The data used for this study are collected from both primary and secondary sources. For the part-II, namely 'Field Study' of this study, primary data are used. It has already been stated that data were collected from the selected households by the researcher by conducting direct interviews with the head of the households. The replies given by the respondents were recorded. Thus, these primary data were used for investigation and analysis in the Part-II of this study.

Moreover, secondary data are used for the Part-I namely 'Background study' of the thesis. The data for this part of the study are collected from the Directorate of Economics and Statistics, Government of Assam as published in their different Reports and annual publications. Another important source of secondary data is the Directorate of Economics and Statistics, Ministry of Food and Agriculture, Government of India.

It is needless to say that reliability of data is the most essential requirement on the part of the data used, and hence it is attempted to make the data as dependable as possible through cross-comparison of the primary and secondary data. The data were collected from the farming households as correctly as possible. Moreover, secondary data have also been used with utmost care for maintaining a great degree of accuracy. On the whole, the data used for
the purpose of this study can safely be said to be fairly accurate and authentic.

Framing of Hypotheses:

This study is based on testing the validity of the following hypotheses with the help of primary data collected by the field investigation.

(i) Small or marginal farmers usually dispose of their marketed surplus immediately after harvesting of the crops whereas the big farmers sell their marketed surplus generally in the lean months expecting some higher prices since during this season the quantity of market arrivals tend to decline. Thus the behaviour of subsistence farmers in disposal of their crops is inversely related to the movement of prices.

(ii) Farmers have shifted from producing food crop to cash crop so long as the prices of cash crop tend to increase and vice-versa.

Reference Period:

The study is spread over a period of five consecutive agricultural years. These are: 1972-73, 1973-74, 1974-75, 1975-76 and 1976-77.

Plan of the study and Pattern of the Thesis:

The whole study is divided into three broad parts, namely,

(i) Background study,
(ii) Field study and
(iii) Conclusion.
The first part consists of five chapters. The first chapter is on Introduction which incorporates the scope and objectives of the study, methodology, sources of data and plan of the study etc.

In the second chapter, attempts are made to have a birds' eye view on the economic structure of Assam. For this purpose, this chapter consists of four sections, namely, analysis of state income in Assam, Agricultural structure, Growth of population and Pattern of savings and investment of farmers.

The third chapter is devoted to the study on the historical background of agricultural marketing in Assam. In this chapter, there is a detailed discussion on the developments of agricultural marketing in Assam since the year 1939.

The fourth chapter consists of a detailed study on the geographical setting of the markets selected for the study, market functionaries and market structure.

The fifth chapter is on the study of present marketing patterns of paddy and jute and Government policy towards agricultural marketing in Assam. In this chapter there is an indepth study on various aspects of the state takeover of wholesale trade in paddy and rice in Assam since November, 1973. This chapter also incorporates a study on the present Market legislation in Assam.
The second part consists of four chapters. This part of the study forms the core of the study because, here, attempts are made to test the validity of the hypotheses already mentioned, with the help of primary field data.

The first chapter gives an introduction to the areas under study and also provides with a detailed socio-economic profile of the sample farmers.

In the second chapter, there is a study on the extent of paddy surplus and production of cash crop. Here, an attempt has been made to establish a correlation between the food-grain surplus and cultivation of jute.

The third chapter includes a study on the relationship between the extent of surplus and farmers' behaviour in disposal of their crops taking into consideration the price factor, according to different farm-size groups.

The fourth chapter attempts to analyse the impact of prices on the farmers' Acreage Response under both autumn paddy and jute and to ascertain the extent of substitution of autumn paddy by cash crop like jute, by farmers of different farm-size groups.

The third part of the study consists of one chapter which presents the conclusions and suggestions derived from the study on the basis of the investigations, analysis and observations. The Tables are incorporated in the body of
the thesis bearing the Part No., Chapter number and Table number. Besides, footnotes given in chapters are explained at the end of each chapter. Such footnotes indicate the references and sources from which it is quoted, and also explanation of certain terms used in the chapters.

Significance of the study:
It is hoped that the study will be of great significance since some results of major economic decisions of the farmers are obtained through field survey. Attempts are made to lead the entire study on an objective approach.

The study is considered to have thrown some light on the behaviour of farmers in marketing their surplus crops according to different farm-size groups. It is observed that the different farmers of different farm-size groups sell their marketed surplus in different times. This finding suggests a very close connection with the procurement operation either by the state or any other Agencies. It also suggests that to make the buffer stock operation of the state or Central Government a successful one, the Government should always take into consideration the pattern of market arrivals of farmers and their behaviour in disposal of their surplus crops.

It is considered that the study includes another important aspect, i.e., the impact of prices on the farmers of different farm-size groups in substituting food crop cultivation
by cash crop. It is hoped that the study also throws some light on the rural economy of Assam in general. Therefore, this may be of great utility to the planners, Government, academicians and other agencies while formulating the agricultural policy of the state.

References:

   Page - 915.

2. *Agricultural problems of India-(1973)* - Dr. C. R. Narovia,
   Page - 742.

3. *Statistical Hand Book, Assam, 1971 (Table 4.4.)*