Chapter-7

SUMMARY AND POLICY IMPLICATION

7.0 Conclusions:

From the study, we have concluded that the large capital or corporate firms are not operating from all the 19 districts through their collection centres in collecting directly from the farmers. The corporate firms use to maintain quality constraints and below a specified quality standard, they do not buy agricultural commodities directly from the farmer and from the wholesale markets. On the other hand, small capital local traders use to collect entire produce and do not follow any constraints in terms of quality standard. From the evidence of North 24th pargana, district that interaction among the farmers, small capital traders and the large capital traders helping the farmers in getting more price than before when large capital traders were not allowed in the agricultural trading market. This keen interaction and concentration at the moderate price acting as insurance to the farmer as beyond that certain limit the probability is lower that the market price will reduce beyond that moderate price point. This sort of behaviour we have found by surveying at North 24th pargana district and Nadia, Midnapure West and Purulia districts and from the data interpretations also. We also found that the likelihood for higher price than moderate price is also high for all the districts (18 districts under study). This is so as corporate traders use to maintain a qualitative constraint and farmers are not able to meet and not prefer to sell only quality produce to the large capital or corporate firms so they must intervene in the rural wholesale markets. This intervention and quality constraints pushing the wholesale price upward and local middle men are involved and gaining here as they are able to hoard for some time after collecting from the farmers at a market moderate price. So the thing is that farmers are now getting little bit more and direct relationship between farmers and large capital
or corporate traders are not operating due to the quality constraints are there as imposed by the large capital or corporate traders. Local level small capital traders will not exit from the market but helping the farmers indirectly in getting more than before. One thing is that participation in the rural wholesale markets by the large capital or corporate traders raising the chance of raising wholesale price and this may raise the probability of rise in retail price in the retail market though I did not study this effect on retail price.

The corporate traders are collecting only quality produce at a higher price from the wholesale markets and from the farmers so they must not be able to offer lower price at the retail market. This particular behaviour we have found at the chapter-6 in detail and concluded that as small capital retailers are competitive in nature and collecting from the rural level small capital traders so they are able to offer agricultural commodities at a lower price. Moreover, small capital retailers are not imposing the strategies like “Tying” and “Mixed Heterogeneous Bundling” but imposing low degree of “Mixed Homogeneous Bundling” on agricultural commodities. On the other hand large capital or corporate traders use to apply strategies like “Tying” on agricultural commodities with “Mixed Heterogeneous Bundling” and “Mixed Homogeneous Bundling” with higher degree on agricultural commodities, which actually raise the price of agricultural commodities. These strategic interactions between the group of small capital retail traders and large capital retailers guarantying the existence of small capital retailers who are engaged with the agricultural commodities in presence of large capital retail traders in the retail market.

7.1 Policy implication:

The main points which we have found here is that whole sale price is showing some degree of concentration at the market moderate price in those districts where large capital or corporate
traders are operating through their collection centres in collecting directly from the farmers. Moreover, higher likelihood for higher price is there on all the districts including those districts concentrating high density at market moderate price. We also have found that large capital or corporate traders (retailers of single brand and multi brand) are offering agricultural commodities at a higher price in the retail market. This behaviour must have impact in the rise of food price in the retail market in general. Therefore, the government should take necessary steps in making policies so that this effect can be minimized. One policy can be of; there should be no expenditure in creating brand value through high advertisement cost on those agricultural commodities of necessary in nature, which the large capital retailers are selling in the retail market without adding any value to the produce after collecting from the farmer or rural wholesale market. This may reduce the external effects of rising prices of food items. If this effect can be minimized then the policies relating to the corporate investment in agriculture can be accepted as these reforms are helping to gain more to the farmers than before and giving an insurance benefit in those districts where large capital traders are collecting agricultural commodities directly from the farmers as we have found in our study.

We have seen that the interaction between large and small capital retail traders is not pushing small capital retailers out of market as large capital retailer are not able to offer agricultural commodities at a lower price than small capital retailer.

The policies relating to the retail market are that the government should concentrate in building infrastructure for the small capital retailers like investment in making retail market building through cooperative or other possible ways, in making supportive supply chains, road connectivity, warehouses etc. At the end we are strongly arguing that whatever be the policies
are to be taken by the government that must guarantee the farmer’s economic condition as good as possible than the prevailing one.