INTRODUCTION
The principal focus of study in the present thesis is to analyze the complex relations between peasantry and the market in the course of involvement of diverse classes of peasantry with the activity of marketing of agricultural commodity. It is through the study of characteristics and patterns of the agricultural marketing of subsistence and commercial crops in a backward agricultural economy that the nature of relations between the economically differentiated peasantry and segmented rural markets are approached. The milieu of survival of multiple informal exchange networks, and often inter-locked input-output transactions mediated by both the price as well as non-price variables, is described and explained in the backdrop of evaluation of formal interventions by an ineffective semi-command nature of agro-bureaucracy. The fact of co-existence and mutual reinforcement of the declining but yet dominant informal markets and market-analogue institutions and recurring disasters of mushrooming but yet segmented formal and regulated exchange-facilitating institutions and public organizations is argued to be an additional contributory factor in the differentiation among peasantry. It is thus argued in the present thesis that such a co-existence of surviving informal sector and ailing public organizations has produced a circumstance, which is instrumental in the exploitation of petty and poor and small peasantry in the countryside. The dominant rich peasant, urban merchants and government staffs in the network of agricultural marketing and financing contribute to such economic exploitation through a complicated mechanism of extensive extraction of surpluses.

The theoretical framework adopted in the present work consists of the argument that peasantry is a heterogeneous category and there are economic classes within peasantry in the countryside. The peasant economic agents and peasant units of production, which are positioned in the agrarian social structure and enmeshed in the agrarian relations of production, are differentiated on the basis of polarization of two contradictory economic classes of capitalist and wage workers. The pyramidal structure within peasantry is traced by delineating the nature and magnitude of economic exploitation in the production sphere. There had been multiple criteria used with regard to the identification of the peasant classes in the countryside. The property relations manifested in the inequality in ownership of resources in the agrarian economy is
fundamentally approached and approximated by the criterion of the labour-exploitation index. It measures the degree of use of human labour from outside the peasant family vis-à-vis the family labour on the farms. The degree and extent of phenomenon of objective material exploitation of labour is basic to the concept of economic class within peasantry. Second, production in general is central to the peasant organization of life on the farms. The willingness, propensity and capacity to use the combination of inputs in production process on the farms on part of diverse peasant households are of course varied, and thereby emerges the variation in the agricultural production performance of a hierarchy of farms belonging to peasant classes. There is a hierarchy of technical-organizational complex pertaining to the agrarian classes within peasantry. A class of peasantry is in a position to use the efficient techniques of production, another just good, and yet another inefficient technique and level of technology. The economic and disposable surplus generating capacity of peasantry also varies across the economic class lines. It has historically been observed that the dominant classes through sheer application of the exploitative strategies and play of power, which unfailingly originate in the ensuing economic relations of production, generally appropriate the surplus produced by an inferior class. It is in this perspective that an argument is build up in the present work that a study of the phenomenon and process of agricultural marketing of crops needs to be essentially grounded in the in-depth analysis of dynamics of the differentiated social structure and economic life of peasantry in the countryside. The analysis of marketing of the farm products, which in totality signify the long chain of movement of crops and products from the farm gate to the arena of a marketplace, entails investigations into the crucial role played by more or less the autonomous forces of money and the state. A market for the farm products needs to be studied in its relation with the ongoing monetization and state-intervened commercialization phenomena among peasantry.

All economic classes of peasantry intermingle with the institutional forces of money, market and the state. Such an interaction is not at all typical of and confined to the capitalist agrarian economy. The monetization of agrarian economy, the marketization of labour power of the peasant households and the penetration of the state capital in the countryside are but spectacular propositions of a capitalist agrarian
economy framework only. The propositions and the phenomena, that these institutions entail, operate as great catalyst to the ongoing processes of differentiation among peasantry, and this is apart from producing without fail other specific outcomes in the agrarian society in the form of differential involvement of the diverse classes of peasantry in agricultural produce marketing activity. The monetization is a sine qua non of agrarian capitalism, be that the peasant or landlord capitalism. It is but a necessary condition only; it does not constitute however a sufficient condition in itself. When a moneylender pumps money into peasant sector of agricultural economy, that is in the form of usury capital and merchant capital being advanced and paid to the peasant producer, these may generally lead to a formal subsuming of labour by the capital in the form of widespread "debt bondage" and "forced commercialization" of agriculture. The monetization in these forms affects necessarily the circulation sphere, and in effect, the exchange relations between producer-seller and merchant-trader on the one hand and peasant-debtor and usurer-creditor on the other.

Beyond the operation of money and market, the state is an apex umbrella institution in the economy. It is involved in policing, regulating and coercing the entire spectrum of peasant life from the production to consumption stage. It has been active in the creation and augmentation of the public social overhead capital and rural infrastructures, and also establishing the public agricultural market yards and various other cooperative credit and marketing organizations in the countryside. There are however literatures which document the instances of public failures as well. It is variously argued that the state activities in the economy give rise to the rent seeking activities and institutionalization of the inefficiencies in the working of economy and thereby aid in the survival of outmoded and exploitative structures of private social relations in the rural society and economy. The informal structures of credit disbursement and marketing of agricultural commodities in rural areas, in lieu of being displaced and dismantled, are as yet surviving; these have got mostly re-established along new lines with a force of vehemence and vengeance beyond the control of the formal and regulated institutions of the state. This gap and its economic outcome often leads to further expanding the scope of the economic differentiation among peasantry by virtue of the
fact that the public fund augments the per capita resource position of affluent peasantry. The affluent and rich peasants are able to extract surplus via the network of institutions of informal financing and marketing as well. It is in this backdrop that the rural informal markets are mostly interlinked, interlocked and interposed with each other; the terms and conditions of one input or output market almost spill over to another market for a particular class of peasant. The terms and conditions of exchange, and legally speaking, the contract of exchange is different for the diverse classes of peasantry. The exchange relations are visible replica of the productions relations in the countryside. The heterogeneous classes of peasantry are therefore subject to differentiated pattern of marketing behavior and invariably bear the differential impact of involvement in the product market. The commercial sales at profitable prices by the affluent and dominant peasants are simultaneous with the distress sales at immediate post-harvest low prices by the small peasant, tenant and landless tillers. The merchant, moneylending and state capitals survive even in the budding agrarian capitalist framework to fritter away the surplus of the inferior and subordinate peasantry, and help in maintaining the social structures through accelerating the pace and process of further differentiations among peasantry. The synthesised analysis of the economic differentiation among peasantry, and the nature, characteristics and the complex network of working of money, market and the state are therefore needed to be brought into focus to develop a complete explanation of the pattern and characteristics of agricultural marketing activity. The network of institutions of money, market and the state help in reinforcing the differential behavior of different classes of peasantry in agricultural marketing as defined in terms of the storage, transportation, intelligence, pricing, means of agency and market types and revenue generation.

The present study is but principally empirical in nature. It is facilitated by the primary quantitative data of the farm economic survey in the villages and of the case study of marketplaces of a district in north Bihar called Purnia. The theoretical premises are compared with the empirical facts about the sample households and farms of peasantry and sample agents of the marketplaces. It is hypothesized to be empirically tested that there exists economic strata among the sample peasantry. There is almost a
positive relationship between the economic strata of peasantry and the size-classes of crop output and marketed output. There exists multiplicity of exchange systems among the differentiated peasantry. The mode of agricultural finance has close relations with the mode of agricultural produce transactions in the countryside. There is absence of interlinkages between formal produce and credit markets but presence of interlinked transactions is marked in the informal sectors. There are the government regulation and intervention in the arena of particularly agricultural financing and marketing. The informal and unregulated segmented, incomplete and fragmented markets survive unabated, and the survival of informal nexus of marketing and finance is also contingent upon the failures of the formal state intervention in the markets in the countryside. The motto of empirical analysis in the thesis is then to explain the survival of the informal markets in crops and credit in the face of formal state interventionist regimes.

Purnia, which is a semi-feudal district of the Gangetic basin situated in the northeastern corner of Bihar state in India, is selected for the empirical study of peasantries and rural exchange systems of the villages and marketplaces. It is chosen because the district under choice is one of the most economically backward geographical spaces of north Bihar. There exists the typical category of human agents called the ‘worker-tenants’ (locally called the ‘raiyat-bataidars’), who earn livelihood principally as labour under a wage bonus scheme of payment. A majority of them were permanent agricultural labour attached to big farmers under annual contract scheme, and working on a small piece of leased-in land for survival in the early seventies. The raiyat-bataidars and pure bataidars were spread over all size-classed of holdings in Purnia. The largest percentage of these two categories were however concentrated in the size-class of holdings between 1.00 and 4.99 acres in 1967-68. There were 51.56 percent of peasant-sharecroppers (locally called the raiyat-bataidars) and 83.04 percent of pure sharecroppers (locally called the bataidars) in this acreage size-class. In the size-class of land holdings between 5.00 and 9.99 acres, there were 37.50 percent of raiyat–bataidars and 15.17 percent pure bataidars in the district. In the class of holdings below 1.00 acre and above 15.00 acres, there were hardly even one percent of raiyat-bataidars and almost zero pure bataidars. In historical perspective, Purnia was the seat of one of the famous
three colonial zamindari establishments of Bihar called the Maithil Brahmin Zamindari. A priori, such an agrarian economy could be the best representation of extreme features of the peasantry as well as rural markets or market-analog institutional complex. Second, it is a foremost jute district situated at the borders of jute-producing states of Bihar and Bengal. Bihar occupied second position in respect of acreage devoted to the jute crop in India (i.e. 303.47 thousand acres in Bihar) in the early fifties, and Purnia occupied first position in Bihar in respect of total jute acreage of the state (i.e. 246.41 thousand acres in Purnia). It was found that there were only eight districts in Bihar, which were recorded for cultivating the crop of jute. Purnia alone could account for 81.20 percent share in total acreage under the jute cultivation in Bihar province. In early nineties, the rank of Purnia among the jute producing districts in the country was top-third. Third, Wolf Ladejinsky of the World Bank had declared in the early seventies that it was the only district in Bihar witnessing the Green Revolution. It was the district in economic agrarian transition from the Permanent Settlement of revenues to the Green Revolution on farm. Lastly, it is the home-district of the researcher. There is ease and convenience of language, culture and informal help of relatives and friends here. Given the difficulties associated with language, culture and limited scope for informal assistance in the strange places, the present researcher has chosen the home state in eastern India i.e. Bihar. Moreover, the present study is undertaken by the individual researcher without the institutional financial and manpower support, and therefore, it is confined to a district level empirical study only. All these make the district quite interesting and suitable for the kind of study undertaken in the present thesis.

In the empirical literature of agricultural markets, the first ever district-level cross-sectional study of terms and conditions of rural markets and involvement of the differentiated peasantry in these markets was completed by Ashok Rudra and Madan Mohan Mukhopadhyay in 1970-71 in the Hoogly district of West Bengal. Another study was completed in 1975-76 by Ashok Rudra and Pranab Bardhan, in which district level data had been pooled together to arrive at state-level empirical findings pertaining to Bihar, West Bengal and eastern Uttar Pradesh. The scope of investigation in these empirical works was limited in contrast to the present work. The present study, though
confined to a district only, undertakes to investigate comparatively broader and extended empirical issues in the countryside. The scope is wide and extensive over the existing empirical works resembling to the theme in the sense that the stratification among peasantry, multiplicity of exchange systems and heterogeneous segmented markets in the countryside are empirically described and analyzed in the present cross-sectional study. Moreover, a brief historical profile of Purnia district is presented with analysis on the themes of peasantry, production and surplus, agricultural marketing, money and agricultural financing and the agro-bureaucratic state.

In the present work, both the primary as well as secondary data and information are used. The primary data relate to the year 1991-92. The primary information presents materials of analysis, which facilitate the cross-sectional study of peasantries and market agents in Purnia in the single year. The secondary data pertain to the time-series of variables in historical perspective. The time-series data pertaining to the land rent, crop prices, and arrival of crops are collected from the records of the official and non-official institutions in the district. The concrete study of the socio-economic conditions of the peasantry and dynamics of agricultural marketing and financing is undertaken to facilitate the investigation in the historical perspective. The conceptual and theoretical perspective developed through the survey of literature on the principal themes in the first two chapters is juxtaposed with the third chapter on the historical study of Purnia economy and society. The primary data are collected during the conduct of field sample survey of paddy and jute cultivating peasantry in villages and the case study of a sample of the agent-middlemen-traders in marketplaces of Purnia. The primary data analysis in the succeeding fourth, fifth, sixth and seventh chapters in the thesis are based on the information collected during the field survey.

Both the survey and case study methods of primary data collection have been utilized. The survey method resorts to the use of the structured schedules of questionnaires among the peasant households in the sampled villages. In the present study, the multi-stage purposive stratified random sampling is chosen as the method of sampling. In the district of Purnia, which is constituted by three administrative
subdivisions, three revenue villages, three informal village haats, and three government formal regulated market yards from each subdivisions are purposively sampled. The purposive sampling of 3 villages and 3 regulated market yards has posed no problems since 8 sets of data pertaining to each 404 inhabited village with haat facility and 7 sets of data pertaining to each 9 regulated market yards and three sets of data pertaining to the informal markets have been there in hand. The target population-sampling frame is compiled by the researchers himself. It is subsequently stratified based on a few significant economic criteria. The target population of stratified cultivating village households and market trader-agents are then randomly sampled with the help of random tables by taking a percentage out of their respective population. In total, 268 peasant village households, 27 informal mart merchant-traders and 33 formal market-yard merchant-functionaries are sampled from strata of target population (refer to the Appendix- I for elaboration). The sample unit of the farm economic survey is the household, and in case study of marketplace, it is the individual proprietor firm. The case study utilizes the method of informal interviews with the agent-functionaries of the crop trading firms as units to generate the qualitative information and quantitative data.

In matter of analytical design of the study, a historical description is chalked out through endeavors centered at compiling and filtering the available secondary data and tabulating these on various dimension of the agrarian economy of Purnia. The statistical methods of analysis are resorted to on the field collected primary data of households and market agent-firm. The tools and techniques of description and explanation consist principally of the use of percentages, ratio and arithmetic mean analysis. The cross-tabulation presentation, Chi-square tests and contingency coefficient analysis are also used. The cross-tabulation is defined as a table in which data is compared using a row and column format. A row and column table where the row totals and column totals are left to chance is referred to as a “contingency table”. A contingency table is therefore an arrangement of presentation of values of variables pertaining to grouped together units of analysis i.e. the households in cross-tabulation cells in cross-tabular analysis in the form of frequency, percentages and proportion with a view to facilitate the statistical analysis of tabular data. The non-monotonic relation between two criteria for groupings of peasant
households is established at two levels of presentation: the visual tables and statistical estimation of the standard values and coefficients. The visuals on the relation are presented by using the techniques of “cross-tabulation” tables and “contingency tables”. It is often the case that some researchers think of a Chi-square analysis as a “goodness-of-fit” test. In other words, it is assumed that it assesses how closely the actual frequencies fit the pattern of expected frequencies. The canonical Discriminant Function Analysis and cost-benefit analysis have also been used. The Discriminant Function Analysis, which was developed in 1936, is a statistical technique, which permits one to study the differences between two or more groups of objects with respect to several variables simultaneously. It is used for both interpretations as well as classification purpose. Since the values on the discriminating variables are defined as dependent upon the groups, the Discriminant analysis becomes an extension of “multivariable analysis of variance”. The statistical tests of quantitative estimations, for example, the skewness and kurtosis of the series of values on variables, standard deviation, arithmetic mean, F-test and t-test of analysis of variance are variously resorted to in different chapters of the thesis.

The chapterization scheme of the thesis is as such that the first two chapters are devoted to deal with the conceptual literature on peasantry, rural markets and the agro-bureaucracy (the state). These chapters draw attention to the themes on the centricity of phenomena of differentiation among peasantry, survival of informal markets and failure of formal interventions by the bureaucracy in the countryside. The theoretical literature on the differentiation among peasantry, the concept of agricultural production and economic surplus, and the agencies and institutions involved in agricultural marketing are elaborated in the first chapter. The second chapter deals with the definition and evolution of the market, functions of money, role of credit and paradigms of analysis of agricultural financing, and the nature of public functions and failures of the state in the economy. In the third chapter, a brief historical profile of Purnia district is presented with secondary data based analysis on the themes of peasantry, production, agricultural marketing and finance. The historical growth of sharecroppers and agricultural labour is traced. The agricultural crops, input uses and the growth in productivity level attained recently are
described. An outline of the institutional developments is furnished in terms of analysis of agricultural produce market places and credit sector to underline the historical predominance of the informal sectors of produce marketing and lending among the peasantry in Purnia. In the fourth chapter, the rationale of selecting the villages, the method of selecting the households, the nature and characteristics of the crops grown and a description of the sample villages are furnished. The methodology adopted in matter of classification of sample peasant households by the labour use index is also described. It is in this chapter that the distribution of owned and operated land and the nature of land leasing, as well as the extent to which land is irrigated and multiple cropped, and composition and structure of non-land assets among peasantry are described. The analysis of farm economic survey data of Purnia district pertaining to the year 1991-92 is taken up in the next six successive chapters. The fifth chapter deals with the method of aggregation of the household data and delineation of the peasant economic classes on the basis of labour-exploitation criterion. The correctness and fitness of the method of stratification of peasant households are statistically tested. The composition of labour in households, the pattern and intensity of its uses, and the form of its exchanges are explored on the basis of primary field data.

The characteristics of the selected households with respect to current material costs of production, wage outlays, and output performance are described in the sixth chapter. The degree of marketing of output of food and commercial crop is also analysed. An attempt is made to analyze the pattern of production and degree of marketing of output across the economic classes both in terms of volume and value to establish the extent of commercialization of output. The estimates made in this chapter are a prelude to the estimation of farm income and economic surplus in the next chapter. The seventh chapter discusses the estimation of the income of the households and the economic surplus they generate. It is evaluated as to if the farm income the peasant households receive, is at least as much as they would have received if they had worked outside as casual labour rather than on their own holdings. The value of family labour days imputed at the casual labour wage rate is deducted from the composite farm income to obtain the farm surplus. The viability of sample farms is also evaluated in terms of a minimum
consumption level of the family. The Bihar-specific poverty line (on the basis of applying a minimum nutrition norm) is adopted to obtain family poverty level income and it is compared with the actual farm income.

The eighth chapter is devoted to the discussion of the agricultural credit structure and behaviour of indebted peasantry in Purnia. The hypothesis with regard to the financial behaviour of the classes of peasant in terms of the choices of credit channels, the response to transaction and interest costs, the reactions to seasonality in credit availability, and motivations to use the linked credits are empirically tested. A brief profile of the formal credit structure operating in the district is furnished with a view to shed light on reasons for the failure of formal interventions. The ninth chapter undertakes to describe the marketing of output of paddy and jute crops by sample farms in Purnia. The marketing behaviour and pattern of various classes of farmers are discussed in terms of the choice of agency, channels of marketing utilized, type of market places visited, timing of disposal of crops, means of storages and transportation used, and costs of marketing. The reasons behind choosing a particular matrix of marketing pattern are also explored and discussed in the chapter. The tenth chapter is devoted to the discussion of infrastructure of the marketplace the sample peasant visits in Purnia. It also discusses the economic characteristics of the trading agents and functionaries of differing economic status as measured by their size of working capital and possession of assets. The structure of prices of crops ruling in the market and the one received by peasantry is compared and the price spread phenomenon is dealt herein. This supplements the information we have been able to gather from the farming households.