ABSTRACT

Agricultural Marketing and Agricultural Growth
A Case Study of Barak Valley

Abstract of the thesis submitted to Assam University in partial
fulfillment of the requirement for the degree of Doctor of
Philosophy in Economics

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Date: 18-04-2011

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2014

<u>A B S T R A C T</u>

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Introduction

Well developed marketing network is the key for the growth of agriculture sector in an economy. Marketing provides the outlet for disposal of agricultural surplus. Marketable surplus, the difference between total agricultural output and subsistence needs, will not be substantial if marketing network is not well developed (Krishna,1965). Farmers will have no incentive to increase production if they do not get remunerative prices for their produce. If surplus is not produced, capital accumulation in agriculture will be badly affected which will in turn negatively impact upon the growth of the agriculture sector through both low productivity of land and labour. Thus, development of marketing network is the key for the growth of the agriculture sector.

In spite of the fact that Assam is predominantly an agricultural state where 52 percent of the main workforce is engaged in agriculture (2001 Census), agricultural marketing has remained very poor. This is more acute in case of the Barak valley region consisting of three districts of Cachar, Karimganj and Hailakandi. Lack of connectivity appears to be the primary reason for the poor agricultural marketing network. Besides poor road and rail connectivity with the rest of the country in general and rest of the state in particular, lack of cold storage facility compels the farmers to go for distress sale immediately after harvesting. Absence of refrigerated container traffic has made it impossible to move perishable agro-products to wholesale markets located in Guwahati and Kolkata. In the absence of agro-processing units at the local level, farmers have to sale the green produce at the local markets at a very low price.

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The proposed study seeks to investigate as to how lack of agricultural marketing facilities is impacting on the production of marketable surplus in the agriculture of Barak Valley. It intends to examine the conditions of the rural markets and aspires to identify the difficulties that the farmers are facing while marketing their produce. It proposes to establish the linkage, if any, between agricultural marketing and agricultural growth based on the empirical data drawn from the three districts of Barak Valley.

Besides the above statement of the problem, **Chapter 1** also contains theoretical and conceptual framework, objectives of the study, hypotheses, methodology, and organization of the study.

Theoretical and Conceptual Framework

Marketing in general and agricultural marketing in particular plays a vital role in economic growth (Gilbert, Linyong and Divine, 2013). Marketing stimulates the aggregate demand thereby enlarges the size of market (UNCTAD, 2013). Agricultural marketing can best be defined as series of services involved in moving a product from the point of production to the point of consumption (Acharya and Agarwal, 2011). Marketing systems are dynamic. They are competitive and involve continuous change and improvement. Businesses that have lower costs are more efficient and can deliver quality products at a lesser price only prosper. Those who have high costs, do not adapt to changes in market demand and provide poorer quality are often forced out of business.

Farmers generally consider marketing as their major problem. While they are able to identify the problems like poor prices, lack of transport and high post-harvest losses, they can hardly suggest potential solutions.

Agricultural markets have not been equally developed in all areas in a country. The market network is better developed in developed region and poorly developed in the underdeveloped region.

Objectives of the Study

Following are the objectives of the proposed study:

1. To examine the conditions of agricultural marketing in Barak Valley.
2. To investigate whether there is any relation between agricultural marketing facilities and marketable as well as marketed surplus in agriculture.
3. To find out as to whether there is any linkage between agricultural marketing facilities and capital accumulation in agriculture.
4. To examine whether there is any linkage between the development of agricultural marketing and growth of the agriculture sector.

Hypotheses

Followings are the hypotheses that this study intends to test:

1. Condition of agricultural marketing in Barak Valley is not satisfactory.
2. Agricultural marketing facilities and generation of marketable surplus are positively correlated.
3. Agricultural marketing facilities and generation of marketed surplus are positively correlated.
4. Agricultural marketing facilities and accumulation of capital in agriculture are positively correlated.
5. Agriculture marketing is a major determinant of agricultural growth.

Methodology

We have used both primary and secondary data. Secondary data have been collected from various issues of state level agricultural census, publications of Department of Agriculture, Government of Assam, various issues of Statistical Handbook of Assam and Economic Survey of Assam published by the Directorate of Economics and statistics, Government of Assam, various issues of Basic Statistics published by North Eastern Council (NEC) and various issues of North East Data Bank published by North East Development Finance Corporation (NEDFi). Secondary data have also

been collected from the various issues of Agricultural Statistics published by the Ministry of Agriculture, Government of India.

Primary data on agricultural production and marketable surplus have been collected from agricultural households. In the Barak Valley region, there are six agricultural subdivisions: 3 in Cachar district, 2 in Karimganj district and 1 in Hailakandi district. From each agricultural subdivision one Agricultural Development Officer (ADO) circle has been randomly selected. From each ADO circle two villages (one agriculturally developed having at least some marketing network and other agriculturally underdeveloped) have been selected purposively in consultation with Agricultural Development Officer (ADO). From the selected villages 10 percent farming households have been selected randomly for sample study.

Hypothesis 1 has been examined based on secondary data relating to agricultural marketing facilities like number of wholesale market, number of principal market yard, number of sub-market yard, number of warehouse, road per 100 square km, and number of agmark nodes. Information on these parameters have been presented in such a way so that the condition of Barak Valley can be compared with state level position.

In order to examine the rest of the hypotheses, agricultural marketing facilities index (AMFI) has been constructed using multiple correspondence analysis (MCA). It may not be out of place to mention as to why havewe used MCA instead of Principle Component Analysis (PCA). The following points are in order for justification for the use of MCA:

1. Multiple correspondence analysis (MCA) is an extension of correspondence analysis (CA) which allows one to analyze the pattern of relationships of several categorical dependent variables. As such, it can also be seen as a generalization of principal component analysis (PCA) when the variables to be analyzed are categorical instead of quantitative.

2. MCA is used to analyze a set of observations described by a set of categorical variables. Each categorical variable comprises several levels, and each of these levels is coded as a binary variable. For example gender, (F *vs.* M) is one categorical variable with two levels

where 1 is used for male and 0 for a female. The complete data table is composed of binary columns with one and only one column taking the value "1" per categorical variable.

3. PCA is particularly used for continuous and quantitative variables and hence is not suitable for categorical variables.

4. MCA is a data exploration technique which is used to establish correlation patterns across sets of variables.

5. Like PCA, the single component that exhibits the maximum variance is considered to be the first the principal component in MCA.

Following Ezzarari and Verme (2012), we have used the following technique for MCA.

$$AMFI = \frac{1}{K} \sum_{k=1}^{K} \sum_{j_k=1}^{J_K} W_{j_k}^{K} I_{j_{k}i}^{K}$$

Where

AMFI: Agricultural Marketing Facilities Index

k= number of dimensions with $k = (1,2,......,K)$

j= number of modalities of each dimension with $j=(1,2,.....,J_k)$

I= binary (0/1) indicator of each modality

W=weight determined with MCA

i= index number indicating households.

To examine hypothesis 2, we have calculated correlation coefficient between Marketable Surplus (MS) on AMFI. We have also presented the scatter plot of these two variables showing their degree of association. And finally we have regressed Marketable Surplus (MS) on AMFI in order to assess the impact of change in AMFI upon MS. Data on marketable surplus have been calculated deducting the consumption needs and seed requirements from the total production of the sample households.

The linear regression equation

$$MS = \beta + \beta_1 AMFI + U_i$$

is used to measure the impact of change in AMFI on MS.

Similiarly, in case of hypothesis 3, we have calculated correlation coefficient between Marketed Surplus (MTS) on AMFI. We have also presented the scatter plot of these two variables showing their degree of association. we have regressed Marketed Surplus (MTS) on AMFI in order to assess the impact of change in AMFI upon MTS. Data on marketed surplus have been collected from the sample households for winter rice only.

The linear regression equation

$$MTS = \beta + \beta_1 AMFI + U_i$$

is used to measure the impact of change in AMFI on MTS.

In order to examine hypothesis 4, we have calculated correlation coefficient between Capital Accumulation (CA) on AMFI. We have also presented the scatter plot of these two variables showing their degree of association. we have regressed Capital Accumulation (CA) on AMFI in order to assess the impact of change in AMFI upon CA. Data on Capital Accumulation have been calculated summing up the household level money values of Agricultural Tools and Implements, power tiller, pump set, animal used for cultivation, and spray machine.

The linear regression equation

$$CA = \beta + \beta_1 AMFI + \cup_i$$

is used to measure the impact of change in AMFI on CA.

For hypothesis 5, we have used cross-section data collected during the field visits as we do not have time series data on agricultural marketing. We have used level of production of winter rice as a proxy for growth as and marketing facility index (AMFI) as a proxy for agricultural marketing. We have regressed total production of paddy in quintals (winter rice) (TPPQ) on family size (FS), land holding size (HS),

average price per quintal of paddy (APPQP) and AMFI based on the following equation:

$$\ln (TPPQ) = \beta_0 + \beta_1 ln(FS) + \beta_2 ln(HS) + \beta_3 ln(APPQP) + \beta_4 ln(AMFI) + U$$

Where

TPPQ= Total Production of Paddy in Quintals (Winter Rice)

FS=Family Size

HS=Land holding size

APPQP=Average Price Per Quintal of Paddy

AMFI= Agricultural Marketing Facility Index

Based on the β values, we have concluded whether AMFI is a major determinant of agricultural growth or not.

Organization of the Study

The report of the study is organized as follows:

Chapter 1: Introduction

Chapter 2: Review of Literature

Chapter 3: Agriculture and Marketing Infrastructure in Barak Valley

Cha Chapter 4: Profiles of Sample Study Locations

Chapter 5: Analysis of Sample Data

Chapter 6: Findings, Recommendations and Conclusion

We have reviewed the relevant literature in **Chapter 2.** Available literature on Agricultural Marketing and Agricultural Growth has been classified into four groups:

    (i) Literature relating to the international experience,

    (ii) Literature relating to the national experience,

(iii) Literature relating to the regional experience, and

(iv) Literature relating to the local experience.

While the International Experience has been constructed based on the works of Shepherd (1997), Shepherd (2004), Hendriks (1994), Crow and Murshid (1994), Kang (2005), Mathema (2001), Yinsheng and Yupeng (2001), Pribadi (2001), Kindness and Gordon(2001), Crawford (1997) Diao, et al., (2007) Gilbert, et al, (2013), Krishna (1965) National Agricultural Marketing Council (NAMC), (2009), Rasak and Amusat (2012) and Vaswani, et al, (2003); the national experience has been captured based on the works of Acharya (2004), Acharya (2001), Planning Commission (2007-12), Kolanu and Kumar (2004), Narain (1957, 1965, 1971, 1972), Shetty (1990), Mallick (1993), Gandhi (1990, 1996), Kumar (1993), Misha and Chand (1995), Mishra (1996), Mitra (1997), Chand (2000), Gulati and Bathla (2001), Mundalak, et al (2000) , Alagh and Sarma (1980), Bandyopadhyay (1996), Chattopadhyay (1983), Minhas and Vaidyanathan (1965), Rath (1980), Sen (1971), Srinivasan (1979), Vaidyanathan (1977, 1987), Vyas (1996), Bardhan (1973), Bardhan and Rudra (1978), Bhaduri (1973), Bhalla and Sing (1997), Bhalla and Alagh (1979), Bharadwaj (1974), Dandekar (1994), Mellor and Desai (1986), Patnaik (1972), Mohanakumar (2008), Rawl (2008) and Mukesh, et al (2009); the regional experience is captured through the works of Sharma (1984), Agarwal (1984), Chakraborty (2009), Bhattacharjee (2009), Goswami (1988), Rajput (2005), Bora (1993), Gogoi (1993), Saikia (1982) , Bhagabati and Das (1993), Bezbaruah (1994), Rahman and Singh (1995) and Phukan (1992). As there are not many local studies available, the local experience is factored into using the studies of Roy and Bezbaruah (2002), Laskar (2009), Roy (2009), and Rakshit (2009).

The essence of the review of literature at four levels may be summed up as follows:

(i) The development of agricultural marketing network is a *sine qua non* for agricultural growth in the developing countries. However, agricultural marketing is still given a low priority as compared to production in the national agricultural development plan. As agricultural marketing is not considered as a service industry, hence, it does not receive facilities and supports as other industry counterparts.

However, it is felt that a partnership between the private and public sector can only strengthen the agricultural marketing network in developing countries. CBOs and NGOs could also play a pivotal role in organizing agricultural marketing in developing countries.

(ii) Agricultural marketing system is the critical link between farm production sector on the one hand and non-farm sector, industry, and urban economy on the other. It is observed that with the development of access to market, marketed-surplus to output ratios (MSOR) in Indian agriculture is steadily rising over time.

(iii) Contract farming as a unique system that integrates both production and marketing and eliminates the market risks for both the producers and business A growing trend of contract farming is observed in India. Contract farming is beneficial to both the farmer as well as contractor. To the farmer, contract farming reduces price risk, to some extent production risk, marketing costs, and uncertainty of credit and helps in acquiring inputs. To the contractor, it helps in ensuring supply of quality product at the right time and at relatively lower cost.

(iv) However there is ample scope for improving the efficiency of the marketing system and reducing the costs of marketing in India.

(v) The markets for agricultural goods have not properly developed in the north eastern region. In fact, efficient marketing is essential for the development of the agricultural. Tribals of North Eastern India suffer from severe lack of market access. In many parts people still conduct transaction through barter due to the lack monetization.

(vi) It is evident from the literature survey that no study has been undertaken to analyze the condition of agricultural marketing in the Barak Valley. Moreover, the causality between the agricultural marketing and agricultural growth also needs to be established particularly in the context of the Barak Valley Region of Assam.

In Chapter 3, we have dealt with the comparative position of "Agriculture in India, Assam and Barak Valley" in the first section and, in the second section, we have

focused on the comparative position of "Agricultural Marketing Infrastructure in India, Assam and Barak Valley".

Judged in terms of the parameters like land use pattern, availability of cultivable land, area under irrigation, yield rate, major crops, cropping intensity, crop diversification, and size of land holding, it has been observed that while the status and condition of agriculture in Assam lags far behind the national average, the same in Barak Valley, in turn, lags behind the state average. Once the conditions of agriculture at the local, regional and national levels are mapped, conditions of agricultural marketing at the three levels have been assessed in terms of storage infrastructure, cold storage, grading, market information system, transport and communication infrastructure and number of markets.

It is evident that poor agricultural condition in Assam goes hand in hand with the lack of development of agricultural marketing infrastructure. Although no attempt has been made here to establish any sort of causality between these two, however, one can infer that there exit two-way linkage between them. The availability of better agricultural marketing infrastructure encourages the cultivators to produce more and similarly better agricultural conditions and higher productivity will attract market forces to penetrate in an otherwise underdeveloped region. Thus, the strategy for the promotion of agriculture-led rural growth must factor into this dynamics between agricultural growth and agricultural marketing.

In Chapter 4 we have introduced the study area and the sample characteristics. While our study area spreads over the three districts of Barak Valley, viz., Cachar, Karimganj and Hailakandi, our sample size consists of 409 farming households randomly chosen from 12 villages under six agricultural development officer (ADO) circle.

In Chapter 5, we have constructed an agricultural marketing facilities index (AMFI) using MCA and the formula already mentioned in Chapter 1 under methodology section.

We have tested the hypothesis 2 : " Agricultural marketing facilities and generation of marketable surplus are positively correlated", using correlation analysis. We have assessed the nature of relationship between Agricultural Marketing Facilities Index (AMFI) and marketable surplus (MS). It might be observed that there exists a positive correlation (r=0.291) between these two variables as has been hypothesized. Our hypothesis is thus accepted at 1 percent level of significance. This implies out of every 100, in 99 cases the positive correlation between AMFI and MS would likely to hold good.

However, what is important to note is that the degree of association between AMFI and MS is not very high. As the correlation coefficient (r) does not show the magnitude of meaningful effect of AMFI on MS, we regress MS on AMFI in order to examine the impact of change in AMFI upon MS.

It might be noted that although AMFI is statistically significant, and a unit change in AMFI is likely to affect 132 point change in MS, however, the predictive power of the model is poor as manifested from the low value of R^2 (0.085). The reason for low R^2 appears to lie with the fact that the coordinates of MS and AMFI are too scattered and hence a poor fit for the linear regression line.

Thus, in sum, the hypothesis that "agricultural marketing facilities and generation of marketable surplus are positively correlated" holds good. However, the strength of the association is not proved to be strong enough. Low value of r (0.291) and R^2 (0.085) indicate a weak positive correlation between MS and AMFI.

A plausible explanation for this weak positive correlation lays in the fact that majority of the sample households have reported consumption as the main motive behind their cultivation of rice. After meeting the household consumption needs, whatever is left they offer it for sale. Thus, the ground level experience suggests that rice cultivation is more of a consumption-need-based-decision rather than market-guided-decision. Thus, the qualitative factual information corroborates our quantitative results.

We have tested hypothesis 3: "Agricultural marketing facilities and generation of marketed surplus are positively correlated", using correlation analysis. We have established the nature of relationship between Agricultural Marketing Facilities Index (AMFI) and marketed surplus (MTS). It might be observed that there exists a positive

correlation (r=0.271) between these two variables as has been hypothesized. Our hypothesis is accepted at 1 percent level of significance.

However, what is important to note is that the degree of association between AMFI and MTS is not very high. It might be noted that although AMFI is statistically significant, and a unit change in AMFI is likely to affect 79 point change in MTS, however, the predictive power of the model is poor as manifested from the low value of R^2 (0.074). The reason for low R^2 appears to lie with the fact that the coordinates of MS and AMFI are too scattered and hence a poor fit for the linear regression line.

Thus, in sum, the hypothesis that "agricultural marketing facilities and generation of marketed surplus are positively correlated" holds good. However, the strength of the association is not proved to be strong enough. Low value of r (0.271) and R^2 (0.074) indicate a weak positive correlation between MTS and AMFI.

As has already been pointed out that rice cultivation is more of a consumption-need-based-decision rather than market-guided-decision, hence both marketable surplus and marketed surplus appear to be less influenced by marketing facilities.

We have tested hypothesis 4: "Agricultural marketing facilities and accumulation of capital in agriculture are positively correlated", using correlation analysis. We have examined the nature of association between Agricultural Marketing Facilities Index (AMFI) and capital accumulation (CA). It might be observed that there exists a positive correlation (r=0.334) between these two variables as has been hypothesized. Our hypothesis 4 is accepted at 1 percent level of significance.

It might be noted that although AMFI is statistically significant, however, the predictive power of the model is poor as manifested from the low value of R^2 (0.11). The reason for low R^2 appears to lie with the fact that the coordinates of CA and AMFI are too scattered and hence a poor fit for the linear regression line.

Thus, in sum, the hypothesis that "agricultural marketing facilities and accumulation of capital in agriculture are positively correlated" holds good. However, the strength of the association is not proved to be strong enough. Low value of r (0.334) and R^2 (0.11) indicate a weak positive correlation between CA and AMFI.

It might be noted that as the majority of the sample households belong to class of marginal and small holder who basically cultivate rice primarily for family consumption, not much of investment and capital accumulation in terms of ownership of agricultural implements have been noted. However, a section of the households having larger land holding size have found to have made higher investment leading to greater accumulation of capital. This has made the distribution of capital accumulation skewed leading to larger variation in the scatter plot.

In order to examine hypothesis 5: "Agricultural marketing is a major determinant of agricultural growth", we have taken agricultural production as a proxy for agricultural growth and agricultural marketing facility index as proxy for agricultural marketing.

We have regressed total production of paddy in quintals (winter rice) (TPPQ) on family size (FS), land holding size (HS), average price per quintal of paddy (APPQP) and AMFI.

It might be noted that AMFI has some positive impact on the level of production. A 1 percent change in AMFI leads to 0.03 percent change in production. However, as this result holds good at 5 per cent level of significance, the statistical reliability is moderate.

Besides AMFI, land holding size also influences the level of production. One percent change in the land holding size is likely to affect 0.98 percent change in production. However, it is important to note that the result relating to the impact of land holding size on production of winter rice holds good at 1 percent level of significance. Hence, the impact of land holding size on the production is more certain than the impact of AMFI. As the R^2 is 0.938, the model is robust having high predictive power.

But unlike the impact of land holding size on production of winter rice, which is direct and instantly visible, the impact mechanism in case of AMFI is not directly comprehensible. AMFI affects the level of production in a roundabout way. Well developed rural connectivity and availability of transport facilities reduce the cost and hazards of agricultural marketing. Lesser transport cost increases the margin of profitability of the farmers leading to higher income which will in turn help in enhancing agricultural growth.

Thus, our hypothesis, "Agriculture marketing is a major determinant of agricultural growth", gets rejected as the value of the coefficient of HS is higher than the value of coefficient of AMFI which suggests that the HS is the major determinant of agricultural growth rather than AMFI in spite of the fact that AMFI plays a positive role in determining agricultural growth.

Having discussed the various dimensions of association between agricultural marketing and agricultural growth in the context of Barak Valley of Assam, we have enumerated our findings and recommendations in **Chapter 6** which is the concluding chapter.

Findings

1. Agriculturally Assam lags far behind the national average in terms of net area sown, total cropped area, availability of cultivable area, area under irrigation, yield rate of major crops, and crop diversification.

2. Barak Valley, in terms of the parameters cited in 1, lags behind the state average of Assam.

3. Assam lags far behind the national average in agricultural marketing infrastructure like number of number of wholesale markets, warehousing, cold storage, grading centers, grading laboratories, Agmark nodes, and transport and communication infrastructure.

4. The condition of agricultural marketing infrastructure in Barak Valley in terms of the parameters cited in 3 is extremely poor and the Valley, in turn, lags far behind the state average.

5. There exists a weak but positive correlation between agricultural marketing facilities and marketable surplus as well as with marketed surplus. A plausible explanation for this weak positive correlation lays in the fact that majority of the sample households have reported consumption as the main motive behind their cultivation of rice. After meeting the household consumption needs, whatever is left they offer it for sale. Thus, the ground level experience suggests that rice cultivation is more of a consumption-need-based-decision rather than market-guided-decision.

6. There exists a weak but positive correlation between agricultural marketing facilities and accumulation of capital in agriculture. It might be noted that as the majority of the sample households belong to class of marginal and small holder who basically cultivate rice primarily for family consumption, not much of investment and capital accumulation in terms of ownership of agricultural implements have been noted. However, a section of the households having larger land holding size have found to have made higher investment leading to greater accumulation of capital. This has made the distribution of capital accumulation skewed leading to larger variation in the scatter plot.

7. Although agricultural marketing facilities captured by the agricultural marketing facilities index (AMFI) has positive impact on agricultural growth (taking production of winter rice as a proxy to growth) in Barak Valley, however, it is not the major determinant of agricultural growth. Instead of AMFI, land holding size has been found to be the major determinant of agricultural growth in Barak Valley where cultivation is done primarily for self-consumption rather than marketing

Recommendations

1. In view of the fact that not much cultivable waste land is available, the strategy of agricultural development in Assam in general and Barak Valley in particular should rest on intensive method of cultivation.

2. In view of the fact that the agricultural marketing infrastructure is extremely poor in Assam in general and Barak Valley in particular, special attention is called for to address this issue without which it would be extremely difficult to improve the condition of agriculture in the state of Assam as well as in Barak Valley. The agricultural development policy of Barak Valley needs to be centered round these facilities.

3. Agriculture being the main stay of the people of Barak Valley, efforts need to be made in order to establish at least one Principal Regulated Market in each of the three districts.

4. An institution needs to be devised in order to bring the farmers and both the big private and public institutional buyers together in order to sensitize the farmers about the needs of the market as the farmers of Assam in general and Barak Valley in particular are not aware of different types of gradation of agricultural crops having implications for their marketing.

5. In order to transform the agriculture from tradition to modernity, from consumption-induced to income-induced, it is extremely important to make agriculture commercially viable through greater integration with the forces of market. For these to happen, grading centers and grading laboratories need to be opened up at least in each district headquarters which is currently not available in Assam.

6. The reach of "Agricultural Marketing Information Network" (AGMARKNET) through the establishment of Agmark Nodes in Assam is extremely narrow compared to other Indian states. As the AGMARKNET takes the marketing information to the doorstep of the stakeholders, the reach of the system needs to be expanded at least at the regulated market level so that the producers can easily access to market information.

Conclusion

Agricultural marketing has been the biggest challenge to the agriculturists in India in general and Assam in particular. As the reach of the institutional buyers like FCI is limited only to agriculturally developed states where practice of agriculture has assumed an industrial dimension, farmers in agriculturally backward states face a tremendous challenge in marketing their crops. While the Ministry of Agriculture, both at the Centre and the State, is much concerned about the level of production, farmers are concerned with the marketing of their produces. Whatever institutional framework has been created at the central and state level for the promotion of agricultural marketing is proved to be utterly inadequate. Even the minimum support price (MSP) declared by the Central Government for the procurement of major crops has largely remained on paper for the majority of the farmers in the country as the declaration is not backed by institutional mechanism which can ensure the

procurement by public institutional buyers had the farmers are unable to sale their produce to private operators at that price.

The problem of agricultural marketing particularly for the marginal, small and semi-medium farmers in agriculturally backward states like Assam has been further magnified with the adoption of food security programme which is serviced by large scale procurement of foodgrains from the surplus produced areas and distributing the same at a subsidized rate to the underprivileged section of population. In spite of tremendous benefit of the programme, it has created problem for the cultivators who could not sale their produce to the government agencies at the minimum support price. As the rural people get the subsidised rice from government recognized outlets, rural markets are no longer acting as the effective vent for the surplus produced as the local produce is not price competitive. As a result, agriculture for the marginal, small and medium holders is increasingly losing its attractiveness and people are desperately leaving agriculture even for a ghetto life in urban areas which might snowball into bigger social and political problem in future.

In order to make agriculture as a viable career option for the rural people, integration between production and marketing has to be done at various levels. The sooner this aspect is realized and corrective measures are initiated, the better it would be for the deprived millions who provide food security to the nation at the cost of their own livelihood insecurity.