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Feasibility of rice procurement programme for poor farmers in Bangladesh

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Abstract

The study has been conducted to examine feasibility of rice procurement system and factors influencing farmers to sell rice at procurement centers in an area of Jamalpur district. In total, 45 sampled farmers including both participant and non-participants and 15 millers who are residing in various upazillas in Jamalpur district were interviewed. Stratified sampling technique was followed to select the respondents. From the 45 farmers, 20 farmers were participating in the procurement process. To examine the financial profitability of rice procurement system, activity budget analysis was done. To find the influencing factors those encourage farmers to attend in rice procurement programme, the Logit regression model was used. The study revealed that on an average, 52 percent and 11 percent of paddy procurement targets in Boro and Aman season respectively were achieved. On the other hand, 91 percent and 49 percent of rice procurement targets in Boro and Aman season respectively were achieved. Though cost of production was higher for marginal/small farmers, but the both gross and net return was higher for medium/large farmers. Out of 9 independent variables, four variables have been found to have significant influence on adopting rice procurement system in the study area. Although, Government Boro paddy procurement has many weaknesses, but it can be reduced by taking necessary steps in making it more efficient.

Key words: Procurement programme, performance, influencing factors, cost of procurement

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Introduction

Economic development in Bangladesh cannot be achieved unless there is a breakthrough in the agricultural sector which is largely dominated by paddy production. It is very implausible in this country that a farmer is involved in agricultural activities without cultivating paddy. The government of Bangladesh is consistently pursuing policies to attain food self sufficiency and also to improve the farmers' economic condition. The present food grain production in Bangladesh is sufficient to meet its domestic requirement. In the face of more food grain production, market price has been distorted and the farmers are getting low price for paddy. On the other hand, paddy production is becoming less profitable due to increased cost of production resulted from withdrawal of subsidies from modern inputs. Now, the government of Bangladesh has adopted paddy or rice procurement programme as an important tool to provide price incentive to the farmers.

Domestic rice procurement serves the dual purposes of building rice stocks for the public food grain distribution system (PFDS) and of providing income support to farmers. To fulfill the later objective the government provides a support price higher than the cost of production in order to ensure that farmers do not produce at a loss. Indeed, as described in the National Food Policy (2006), small producers need adequate incentives to produce, as their economic status often compels them to sell immediately after harvest when prices are low. Higher prices, however,

are in conflict with the objective of keeping prices low enough so that the low-income consumers can afford to buy food. This conflict can be avoided through higher government subsidies, but these have budgetary implications for the country and can reduce investment in public goods essential for long-term growth. Subsidies have also implications for market distortion. Besides having an impact on the government budget, procurement prices that are much higher than market prices, in turn, favor rent seeking opportunities leading to further increase in costs for the government. Dorosh and Shahabuddin (2002) examined procurement prices in four years in late 1990s of which three witnessed excessively high procurement prices for the Boro season. This resulted in elevated cost for the government and windfall profits for those fortunate enough to sell at the procurement centres. There are reports of procurement centres refusing to buy from farmers and colluding with the millers and middlemen (Shahabuddin *et al*., 1999). Some studies related to this line are: a report for IFPRI by Ahmed *et al*., (1993) attempted to develop a consistent approach to determining the procurement price of rice and improving the operational effectiveness of the procurement programme in order to support farm-level prices of rice at harvest seasons. The report argued that the market price should be the main criterion for determining procurement price. Reza (2001) evaluated the government Boro procurement programme in Bogra and Naogaon districts and found that the performance of the Boro procurement system, compared the market price and procurement price of Boro paddy for different years, examined the factors involved in the farmers', millers', and traders' participation in the Boro procurement programme. The study observed differences in net return for farmers and millers in cases between selling rice to the procurement centers and selling rice in the market. However, some problems of the procurement system were also identified which caused reluctance among the farmers to sell paddy/rice to procurement centers. Deb (2008) reveals that the procurement target of 12 to 15 lakh metric tons of rice and paddy from the domestic market in 2008 was considered realistic on the basis of previous procurement from 1995 to 2007. The selected 42 districts for procurement of Rice and Boro paddy in 2007 may also be the major source of Boro procurement in 2008. Considering the average cost of production of Boro paddy (Tk. 12.77 per kg) and Boro rice (Tk. 20.26/kg), procurement price of Boro paddy (Tk. 18.00 per kg) and Boro rice (Tk. 28.00 per kg) was reasonable balance between the interest of producers and consumers. Shahbuddin *et al.,* (2009) conducted a survey on price support, domestic procurement programme and public stock management which examined the effectiveness of the domestic procurement programme, mainly in terms of the participation of farmers in the process of both paddy and rice procurement. Sattar (2011) evaluated the public food operations in Bangladesh with special emphasis on government rice and paddy procurement programmes, on which he examined the structure and functions of the public food operations in Bangladesh, evaluated the performance of the government paddy and rice procurement systems, observed the farmers and millers perception of the government procurement systems. Alam (2015) found that government stock and market price are negatively correlated with rice procurement, but the annual household income has increased because of procurement programme.

Rice is the staple food in the everyday diet of Bangladeshis. The government of Bangladesh is consistently pursuing policies to attain food self sufficiency and also to improve the farmers economic condition. The present food grain production in Bangladesh is sufficient to meet its domestic requirement. Due to more food grain production, market price has been distorted and the farmers are getting low price for paddy. On the other hand, due to increased cost of production resulted from withdrawal of subsidies from modern inputs paddy production is less profitable. Every year the price of paddy normally recorded its lowest level during the peak period of harvest. Food procurement program has potentially an important bearing on the country's food security. The paddy and rice procurement is especially important because of bumper production of paddy in some years. In the past, few studies have been conducted on the marketing and procurement of paddy in Bangladesh.

But there was no exclusive study on Government rice procurement program that addresss the participation and feasibility of poor farmers. This study will be helpful to determine whether the farmers are satisfied or dissatisfied about the government rice procurement program and what is the extra return got by farmers from this programme. If the poor farmers are dissatisfied about paddy procurement program, this study will be helpful to provide the proper suggestion for the improvement of the procurement program. The results of this study are expected to be helpful to the farmers, traders, millers and procurement officials as well as of significant use to the planners and policy makers.

Materials and Methods

The research targeted the farmers and millers considering in total, 45 sampled farmers including both participant and non-participant and 15 millers who are residing in various upazillas such as Islampur, Melandah and Madargonj under Jamalpur district. Stratified sampling technique was followed to select the respondents. From the 45 farmers interviewed, 20 farmers were participating in the procurement process. Of them, 10 were marginal/small (0.01 – 2.49 acres) and 10 were medium/large (2.5 -7.49 acres and above). Among the large farmers, 4 of them had rice husking mills. The survey schedule was developed by keeping in view the objectives of the study to collect the expected primary data from farmers. Three questionnaires; one for participating farmers, those who sold paddy to the procurement center and another for non-participating farmers, those who did not sell paddy to the procurement center and another one for millers were made. In addition to primary data, secondary data were collected from government and non-government institutions and books, publications or websites.

In order to arrive at meaningful conclusion, mainly tabular and graphical methods of analysis were followed. Average, percentage and difference were the major statistical tools employed to show results in a comprehensive manner. To find the influencing factors those encourage farmers to attend in paddy/rice procurement programme, the Logit model was used. The dependent variable, either participate in procurement programme or not, have been analyzed by using a Logit model. This dependent variable is a binary variable. The variables are assigned a value of zero if farmers do not participate in procurement programme ($Y=0$) and a value is 1, if they participate in the programme ($Y=1$). Mathematically the Logistic model is written as:

$$(L_i)^n = \left(\frac{P_i}{1-P_i}\right) = \beta_{1+}\beta_2 X_{1i} + \beta_3 X_{2i} + \dots\dots\dots + \beta_k X_{ki} + \mu_i$$

Where, L is called the Logit, the $\left(\frac{P_i}{1-P_i}\right)$ is simply the log of the odds ratio in favour of procurement programme i.e; the ratio of the probability that a respondent chooses to participate in the procurement programme to the probability that it chooses not to participate in the procurement programme. β_1 is the intercept term, and X_1, X_2, X_3 …….X_k are the explanatory variables and the subscript i denotes the i^{th} observation in the sample; β_2, β_3…… β_k are the coefficients associated with each of the explanatory and to be estimated and μ_i is the stochastic error term.

Results and Discussion

In different literature, we find that government procured less than its target since long time. Alam (2014) and Sattar (2011) mentioned that the achievements of Aman and Boro paddy and rice procurement targets over the 15 year period of 1996-2010. On average, 52 percent and 11 percent of Boro and Aman paddy procurement targets were achieved respectively and the respective figures of rice procurement achieved were 91 percent and 49 percent. The picture is relatively better in the case of Boro procurement but the picture of Aman was quite depressing as <1 percent of Aman paddy procurement target was achieved in most of the years. The effectiveness of the programme in terms of achieving its objective (to what extent the current procurement system allows the government to procure adequate supplies for its distribution needs), it was found that on an average 71 percent of the government rice off take was from domestic procurement of rice. There are also fluctuations for the rate of fulfillment of procurement target for both paddy and ricein terms of the target and actual

fulfillment of the procurement quantities. Alam (2014) also indicated that procurement programme did not reach its target. The reason of this gap could be lack of information to the farmers, communication gap between government officers and farmers or millers, lack of responsibility of procurement officers, etc.

Socioeconomic characteristics of the sampled farmers and millers: In this section, we are going to discuss about sampled farmers' socioeconomic status in terms of their personal as well as social characteristics related to economic performance. Farmers´ age plays a vital role in the farming activities and management. Some researchers think that the older farmers are more experienced. They are more acquainted with production practices and more able to manage their inputs in more efficient way and they are more risk averter than their younger counterparts. Other researchers believe that younger farmers adopt new procurement system more rapidly than their older counterparts, but we did not find significant difference. However, the mean age of participant farmers, non-participant farmers and millers are 40, 43 and 49 years, respectively (Table 1).

Educational qualification of farmers is also an important factor responsible for the effectiveness of the government procurement programme. It is assumed that an educated farmer is capable to understand market demand, supply and price behavior of his product and collect up to date market information. Education also helps a farmer to take better decision regarding participation or not participation in the government procurement programme. So it is assumed that education of the farmers have a positive impact on the participation in the procurement programme. Most of the farmers of this study had secondary level of education (Table 1).

Table 1. Socioeconomic features of respondents

Categories	**Participant farmers**	**Non-participant farmers**	**Millers**
Age in years (mean, range)	40.33 (25-55)	43.47 (25-62)	49.27 (28-65)
Level of education in years (mean, range)	5.62 (2-10)	4.52 (2-8)	7.43 (2-10)
Farm Size (acre)	18.0	5.0	-
Farming as primary occupation (%)	50.0	60.0	-
Farming as secondary occupation (%)	50.0	40.0	33
Mean distance from home to procurement center (km.)	14.03	19.07	0.43
Mean distance from home to nearby market (km.)	4.58	5.49	0.77
Amount of paddy produced (F)/ received (M) (Kg.)	15384.0	3325.0	125430.0
Amount of paddy/ rice supplied to the procurement programme (Kg.)	8000.0 (52.0%)	-	40000.0 (47.0%)
Amount of paddy/ rice sold to the market (Kg.)	4000.0 (26.0%)	1630.0 (49.0%)	44000.0 (52.0%)
Average annual income (Tk.)	87315	120964	285278.0
Member of any social organization (%)	60.0	12.0	60.0
Member of any political organization (%)	75.0	28.0	80.0

Source: Field survey, 2016; Note: Figures in the parenthesis indicate percentages of total.

Agriculture is the primary occupation for almost half of the rice producers. The distance of procurement center and market – both are far from the non-participants' home. But market is nearer than procurement center. Therefore, it may be a cause for them not to join in procurement programme. The millers are urban based from where the market and procurement center are not far. The average farm size of participant and non-participant farmers are 18 acres and 5 acres. It seems that participant farmers are mainly large farmers and they produce rice following mono cropping system. Participant farmers sold 52% and 26% of their paddy to under the procurement programme and market, respectively. They did not sell the whole amount for getting higher price after finishing the procurement period. Though

non-participant farmers did not receive higher prices, but they did not join to the procurement programme as they did not own card or procurement center is so far that to transport paddy will involve high transaction cost. Again the millers sold nearly half of their rice to the procurement programme and half to the market. Here, we can see a gap between amounts to paddy produced (f)/ received (M) and amount of paddy/rice sold. The reason in case of farmers is consumption at household level. For millers, after receiving paddy, millers process the paddy and get rice. Normally, from 40 kilogram of paddy, it is possible to get 26-28 kilogram of rice and the rests are rice bran.

There are nearly 100 political parties in Bangladesh, but 4 or 5 are very active. These active parties have some forms of sub organizations led by different types of professionals like farmers, weavers, labors, bankers, shopkeepers and many others. The organization that is leaded by the ruling party has strong role in every sphere of decision making. Now a day, the trend is: to be privileged, someone needs to be the supporter of ruling political party. In this research, the meaning of member of political organization, in most cases, it is the supporter of ruling political parties. In addition, social organizations are cooperative associations, farmers' field schools, professional groups, etc.

Cost and return of Boro paddy: There were also large variations in net returns across farm categories. Medium/large farms were observed to be more efficient in terms of net return than the marginal/small one. Though cost of production was higher for marginal/small farmers, both gross return and net return was higher for medium/large farmers. Net return was more than double for medium/large farmers than marginal/small farmers (Table 2). The net return for marginal farmers was lower than those of others due to their higher production cost.

Table 2. Cost and return for Boro production of participant and non-participant farmers by farm type

Farm type	Participant farmers			Non- participant farmers		
	Gross return (Tk./acre)	Cost of production (Tk. /acre)	Net return (Tk. /acre)	Gross return (Tk./acre)	Cost of production (Tk. /acre)	Net return (Tk. /acre)
Marginal/small	41618.0	33606.0	8012.0	38582.0	35705.0	2877.0
Medium/large	45747.0	28667.0	17080.0	44266.0	29265.0	15001.0
All farm	44582.0	30060.0	14522.0	42546.0	30508.0	12038.0

Source: Field survey, 2016.

Higher production cost of marginal farmers was caused by their fewer amounts of land holdings. It was also true for small farmers. Medium or large farmers' net return was higher because of using modern production technique and lower production cost (Table 2).

Place of paddy sold by participant farmers: It is noticed from Table 3 that medium/large farmers sold more paddy to the procurement centre than that of the marginal/small farmers. Marginal/small farmers sold more than two-third of their paddy to the procurement centre. On the other hand, medium/large farmers sold only less than one-seventh of their paddy to the procurement centre. The amount of paddy sold to nearby market and nearby rice mill was 24.45 and 27.99 quintal, respectively in all areas. In selling nearby market, medium or large farmers were ranked higher than others. But in selling to nearby rice mill, marginal farmers were ranked first in the studied areas.

Cost of selling paddy: Medium/large farmers had to bear more cost for selling paddy at procurement centre than that of marginal/small farmers. But still for both farm types- cost of selling at procurement centre was lower than the cost of selling at nearby market and mill-gate (Table 4). Selling cost also differed by category of farmers. Marginal farmers bear no cost in the case of farm-gate selling in terms of loading or unloading cost, bag cost or other cost.

The buyers bought paddy from them by bearing all types cost including transportation, loading or unloading, bag or others. But in the case of small, medium/ large farmers it was Tk. 17.57/quintal and Tk. 16.2/quintal, respectively. Costs of selling at mill-gate were Tk. 21.67/quintal, Tk. 25.94/quintal and Tk. 26.57/quintal for marginal, small and medium/large farmers, respectively. The cost was high for medium/large farmers caused by high bag cost of Tk. 40.8/quintal. Nearby market selling cost was also high for medium/large farmers and low for marginal farmers.

Table 3. Place of paddy sold by participant and non-participants farmers by farm type

Place of sold	Participant farmers			Non- participant farmers		
	Average amount of paddy sold (quintal)		All farms	Average amount of paddy sold (quintal)		All farms
	Marginal/small	Medium/large		Marginal/small	Medium/large	
Farm-gate	10.87	73.67	34.42	21.54	64.34	42.23
Nearby market	13.72	45.42	31.39	14.43	53.41	24.45
Procurement centre	16.76	28.21	22.65	-	-	-
Rice mill	4.17	46.91	32.22	10.00	48.73	27.99
Total	45.53	194.21	120.67	45.97	166.48	94.67

Source: Field survey, 2016.

Table 4. Cost of selling paddy for participant farmers by farm type, 2015

Items	**Participant farmers**						**Non- participant farmers**				
	Cost items (Tk./quintal)					Total cost	Cost items (Tk./quintal)				Total cost
	Transp-ortation	Loading/ unloading	Payments to official/ labourers	Bags*	Others		Transp-ortation	Loading/ unloading	Bags*	Others	
Marginal/small											
Procure-ment centre	32.54	12.15	25.51	49.43	5.0	58.19	-	-	-	-	-
Farm-gate	-	7.38	-	50.0	-	57.38	-	6.0	9.0	-	13.0
Mill-gate	24.14	12.92	1.00	70.27	73.33	94.22	-	6.0	45.0		25.94
Nearby market	22.16	9.06	38.33	64.52	7.54	84.43	-	6.05	35.95	19.24	49.82
Other	-	-	-	-	-	-	-	-	-	5.5	1.17
Medium/large											
Procure-ment centre	34.5	12.97	33.05	27.87	15.0	64.5	-	-	-	-	-
Farm-gate	-	8.75	4.00	0.67	-	7.14	-	5.57	28	-	17.57
Mill-gate	20.68	10.31	3.00	63.23	58.13	74.63	26.29	4.351	40.8	-	26.57
Nearby market	18.9	7.3	15.32	55.38	9.22	69.86	21.35	6.07	37.89	8.83	52.58
All farm											
Procure-ment centre	33.55	12.56	29.67	37.93	11.67	61.43	-	-	-	-	-
Farm-gate	-	7.83	3.00	33.56	-	27.23	-	5.67	18.5	-	16.2
Mill-gate	22.41	10.96	2.50	66.92	63.19	83.41	20.82	5.127	42.67	-	25.97
Nearby market	20.52	8.21	20.25	59.60	8.47	76.58	21.98	6.06	35.2	15.8	50.08
Other	-	-	-	-	-	-	25	-	-	5.5	0.59

Source: Field survey, 2016. Note: *weighing, market toll, miscellaneous

Additional income received by farmers for participating in the procurement programme: To fulfill the objective, to what extent the current procurement system support paddy prices and farmers' income, required calculations that have been made and presented in Table 5. The table shows that farm income as well as annual household income of the participant farmers increased by 4.31 percent and 3.24 percent, respectively due to participation in the public rice procurement programme. When we have looked at the income changes by farm sizes, we find that farm income increased by 6.24 percent and 3.61

percent, respectively for marginal/small and medium/ large farmers. In terms of the percent of the total farm income, marginal/small farmers earned more than the medium/large farmers but in absolute terms, changes in income of medium/large farmers are higher than marginal/small farmers. The corresponding increments of income were 3.89 and 2.92 percent in annual household income (Table 5). It was also found that the average cost of selling milled rice to open market was the highest for automatic mills (Tk. 78.84/quintal) and to procurement centre; it happened for semi-automatic mills (Tk. 139.51/quintal).

Table 5. Extent of support of current procurement system on paddy prices and farmers' income by farm category, 2015

Particulars	Farm types		
	Marginal/small	**Medium/large**	**All**
a. Paddy sold to procurement centre (quintal/farm)	16.76	28.21	22.65
b. Value of paddy sold to PC (procurement centre) in procurement price (Tk./farm) [a ×Tk.1800/quintal]	30171.48	50783.23	40762.04
c. Value of paddy sold to PC in market price (Tk./farm) [a × Tk.1434/quintal]	24036.61	40457.30	32473.76
d. Cost of selling paddy to PC (Tk./quintal)	58.19	64.50	61.43
e. Cost of selling paddy to nearby market (Tk./quintal)	84.43	69.86	76.58
f. Total cost of selling paddy to PC (Tk./farm) [a ×d]	975.26	1819.55	1391.39
g.Total cost of selling paddy to nearby market (Tk./farm) [a × e]	1415.05	1970.75	1734.54
h. Net margin of selling paddy to PC (Tk./farm) [b - f]	29196.22	48963.69	39370.65
i. Net margin of selling paddy to nearby market (Tk./farm) [c - g]	22621.56	38486.55	30739.22
j. Incremental margin of selling paddy to PC (Tk./farm) [h - i]	6574.65	10477.14	8631.43
k. Farm income (Tk./farm/year)	105337.10	290486.24	200468.98
l. Incremental margin of selling paddy to PC (Tk./quintal) [j / a]	**392.28**	**371.40**	**381.08**

Source: Field survey, 2016.

Factors affecting participation of farmers in rice procurement programme

The amount of paddy or rice sold to the procurement center relies on different factors. A Logit model has been fitted to find out the influencing factors of selling rice or paddy to the procurement centers. Different socioeconomic factors including age and education of the farmers, distance of the farm household from the procurement center, farmers' level of knowledge about the procurement system, procurement price, political affiliation of the farmers, transportation system, behavior of the government official employed in the procurement system and so forth have been included as independent variables in the model. In total, 13 independent variables were included in the model. Due to multicolliniarity, 3 variables (distance from home to market, member of any social organization, good communication system) were omitted.

The empirical result shows that the farmers' knowledge about the procurement system has positive coefficient and it was 9.369. It indicated that the higher the Farmers' knowledge about the procurement system, the lower the probability of selling paddy/rice to procurement centers. One unit increase in the farmers' knowledge about the procurement system will increase the probability of

selling paddy/rice to procurement centers by 9.369 unit, keeping other factors held constant.

Procurement price in the season has also positive coefficient (12.298), which was also statistically significant at 1% level. It indicated that, the higher the procurement price in the season, the greater the probability of adopting GO-NGO supports in farming practices. One unit increase in the household size will increase the probability of selling paddy/rice to procurement centers by 12.298 unit, keeping other factors remaining constant (Table 6).

This result implies that getting a procurement card was positive (23.000) which indicates that the higher the probability of getting a procurement card, the greater the probability that the household would be selling paddy/rice to procurement centers. If other things being equal, one unit increase in the level of getting a procurement card will increase the probability of household to be selling paddy/rice to procurement centers by 23 units.

Table 6. Factors affecting farmers to sell paddy/ rice at procurement centers

Variables	**Coefficient**	**Significance**
Education (year of schooling)	0.002	0.964
Distance from home to Procurement Center (in km.)	0.495	0.482
Farmers' knowledge about the procurement system (scored between 1 - 6)	9.369 ***	0.002
Procurement price (idea about price, if more, then it was taken as 1, otherwise, 0)	12.298 ***	0.000
Getting a procurement card (Dummy, 1, if they have card)	23.400 ***	0.000
Political affiliation (dummy)	13.272 ***	0.004
Appropriate time of procurement (dummy)	0.990	0.902
Good Behavior of officials (Dummy)	1.286	0.526
Presence of corruption (Dummy)	0.541	0.763
R^2	0.653	
Log likelihood	0.000	

Source: Authors' calculation from field survey data, 2015; Note: *, ** and *** indicate significance at 10%, 5% and 1% respectively; Number of positive observations/ total obs. = 20/45, LR chi^2 (9) = 63.36, Prob> chi^2 = 0.0000, Pseudo R^2 = 0.653, Log likelihood = -398.387; standard errors are robust.

Political affiliation carry a positive significant value which may mean that Political affiliation emerges as an important factor in influencing selling paddy/rice to procurement centers, i.e., one unit increase in the level of political affiliation will increase the probability of selling paddy/rice to procurement centers by 13.272 unit keeping other factors remaining constant.

Problem and probable suggestions: There is a giant gap between the rice procurement policy and the actual condition of this system. Every component of the system seems unreachable for poor farmers. The reason most of the farmers mentioned that procurement related officials reject the paddy and said that farmer's paddy did not meet the entire requirement. Most of the farmers sell the paddy to the nearest market and *Bepari* supplies that paddy to the procurement center. There is also a problem in payment system. Sometimes, officials say that they do not have enough balance in their account. In that case, farmers face a big problem because they have to repay the loan that they took from different persons for carrying out their farming operations. Selection of farmers is also another problem in rice procurement system. To improve this, govt. should modify the selection criteria. In some villages, it is seen that some medium and small farmers have the procurement card, but they do not sell rice to the procurement center for avoiding the harassment. In those cases the farmers sell the card to the powerful influential who can deal with the procurement

centers. It is seen that, government is very happy to have given price support to the farmers. To tackle the situation, some cooperative association could be formed with the participation of small and medium farmers through which they can get a card, can sell the paddy and deal with the problems together.

Conclusion and Policy Implications: Domestic rice procurement serves the dual purposes of building rice stocks for the public food grain distribution system (PFDS) and of providing income support to farmers. To fulfill the objective the government of Bangladesh provides a support price higher than the cost of production in order to ensure that farmers do not produce at a loss. The National Food Policy Plan of Action (2008-15) also put emphasis on the importance of enhancing effectiveness of PFDS and has been providing effective support to producer prices. However, it is not yet identified what works better for the betterment of small and marginalized farmers who are the major suppliers of agricultural produce. The effectiveness of the public rice procurement programme depends on how the programme`s objectives are fulfilled or in other words how and what the programme is implementing. Domestic public rice procurement programme has two objectives such as (i) to provide support price and increase farmers income and (ii) adequate supplies for public distributional needs. Although rice procurement has many weaknesses, but it can be reduced by taking necessary steps in making it more efficient. However, government should be careful in removing all types of irregularities, making information available, purchasing directly from the farmers, reducing the dominance of middlemen or politicians, organizing farmers through farmers association, flexible criteria (moisture content and increasing maximum limit), appropriate timing, and so forth. A well-functioning procurement programme is very important for ensuring food security of the country. So that poorest farmers of poor country can survive in agriculture.

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