CHAPTER IV

STRUCTURE AND WORKING OF THE FOODGRAIN MARKET

1. General

The market structure describes those characteristics of the organisation of a market which strategically influence the nature of competition and pricing within a market. The degree of seller concentration described by the number and size distribution of the sellers in a market, the number of buyers in a market, the condition of entry to the market i.e. the relative ease or difficulty with which new firms may enter the market and the degree of product differentiation etc. determine the structure of a market in general.

The relation of firms with one another in a market determine the nature of competition and affect the pricing to a large extent. The market

with a limited number of firms differs a great deal with the market having large number of firms in operation. The former situation provides an opportunity for oligopolistic forces to prevail in the market whereas the latter situation compels the firms to operate under competitive conditions.

Besides such horizontal inter-firm relationships the vertical relationships of the firms also explain the market structure. The legal form of business firms operating in a market differs considerably. For instance, the sole proprietorship firm or a partnership firm differs from cooperatives in objectives as well as modus operandi. The business firms other than cooperatives adhere to profit as their main object, while the cooperatives endeavour to render necessary services to their members. Hence, the profit, which is an important criterion for evaluation of the performance of business firms, is relegated to the background in evaluating the proficiency of a cooperative society.

The market structure also explains the relationship between the producers and traders. The traders operating in a market sometimes have more than sale-purchase relations with the farmers.
Very often the traders who purchase the market surplus of the producers, advance money for production as well as consumption purposes. Moreover, the producers deposit their surplus money with the traders which forms a different kind of relationship between them. The producers operating under such situation are sometimes unable to take a most appropriate marketing decision. If the relationship between producers and traders or commission agents is based on personal terms and faith the efficiency in marketing at farmers' level is certainly jeopardised.

2. **Market Structure**

The sample farmers sold their foodgrain surpluses either at the village site to one of the several types of intermediaries operating at the village level or shifted it to the nearest primary market. This depends on the facilities available at the village site for marketing, institutional set up at the village level, and the marketing practices followed by the farmers in general. The foodgrain surplus brought to the primary market again is either sold directly to the traders or through commission agents. In regulated markets, the producers are
required to sell their produce through commission agents although in some cases the work of commission agent and trader is being performed by the single agency. However, in non-regulated markets the farmers taking their foodgrain surpluses to primary markets are not obliged to sell through commission agents.

The market functionaries operating at the primary level handled the foodgrains for further channelising it through the local and secondary markets and finally making it available to the consumers.

The trade links thus created among the market functionaries at various stages of marketing, formed the market channels which moved the foodgrains onwards to the consumers. The complexity of the market channels is illustrated in Figures 4.1 to 4.3.
Figure 4.1: Paddy- Rice Marketing Channel
Figure 4.2: Wheat Marketing Channel
Figure 4.3: Bajari Marketing Channel
Village Markets

The village markets were formed by village traders, cooperative societies, itinerant traders, commission agents and rice millers etc. and most of them operated in the market especially during the post harvest season. The village trader located at the village site, wherever existed, was the only market functionary who operated throughout the year. Such traders helped the farmers both in supply of consumer goods, and in the disposal of their market surplus. The cooperative societies also were in existence in most of the sample villages but they were seldom helpful to farmers throughout the year, in disposal of their surplus foodgrains.

The rice millers were important among the intermediaries working in village markets particularly in paddy growing areas. They managed to purchase paddy directly from the farmers as well as village level cooperative societies. The rice millers procured paddy either themselves or through their agents. The agents working for the rice millers were local men and charged 25 paise per bag of paddy as their commission.

The rice millers/commission agents purchased paddy
mostly at the village site, but in a few cases the farmers themselves delivered the same at the rice mill, if it was in the vicinity of their village.

(ii) **Primary Wholesale Markets**

The regulated markets at Dehgam and Bavla with one and two sub-market yards respectively formed the primary wholesale markets for foodgrains in the sample area. The surplus foodgrains, which were not sold at village level, were brought to the primary wholesale markets for disposal by the sample farmers.

The Agricultural Produce Market Committee at Bavla in the Dholka Taluka of the district was formed in May, 1943 under the provisions of Bombay Agricultural Produce Markets Act. The cotton was the only regulated commodity in the early years of working of Bavla market as the foodgrains and other commodities were brought under regulation afterwards. Among the foodgrains, wheat was regulated in 1954-55 for the first time. In the following year Bajari, another important foodgrain was brought under regulation. Although the paddy was brought under regulation during 1956-57 the Bavla market is one of the important paddy markets of the State at present and attracts large paddy arrivals not
only from the nearby villages but also from the distant parts of the State. The rice mills exist in a good number in the area of operation of the market.

The Dehgam Taluka was notified as the regulated market area under the provisions of the Bombay Agricultural Produce Markets Act in December, 1950 and the first Agricultural Produce Market Committee was established in 1951.

The cotton, oilseeds, pulses, Guvar and fruits particularly Mango were the major commodities regulated in the initial years of operation of the market. The foodgrains like Bajari and wheat were brought under regulation in the following years. The Bajari and wheat are major among the foodgrains brought to the market by the growers. The Dehgam market is one of the major assembling centres for Bajari in district and the State.

The foodgrain market in Ahmedabad city serves as the primary wholesale market for the producers of Daskroi Taluka as there exists no other market either regulated or non-regulated in the Taluka. The wheat and Bajari were brought to the Ahmedabad market by the farmers while the Paddy was marketed mostly at the village level through commission agents or rice millers. The southern part of Daskroi Taluka
adjoining the Kaira district is the major paddy producing pocket and hence there exist a good number of rice mills which are instrumental to marketing of paddy at the village site.

The establishment of regulated markets in the Dholka and Dehgam Talukas of the district from a long period of time have their impacts on the marketing patterns adopted by the farmers. The selling of produce in regulated markets has become a common practice with the farmers and therefore a good amount of their foodgrain surplus is transported to the regulated markets or primary wholesale markets.

(iii) Intermediaries in Primary Wholesale Markets

The major assembly of foodgrains took place at the primary market level. The general commission agents, A-class traders plus commission agents and A-class traders were the major market functionaries for marketing of wheat and Bajari in the primary market; while rice millers and commission agents working on behalf of the rice millers made the major purchases of paddy from the primary markets. The intermediaries operating in a regulated market had well defined specific market functions to perform.
with adequate supervision of the Agricultural Produce Market Committees. However, the traders and other market functionaries in non-regulated markets were free to choose their mode of operation and hence operated under slightly varying conditions.

The commission agents were in existence in both the regulated markets (i.e., Dehgam and Bavla) with a minor distinction. The commission agents for cotton and foodgrains generally were different in Bavla market and were supposed to obtain separate licences from APMC, while those in the Dehgam market were enabled to deal with any of the scheduled regulated commodities brought to the market. The joint licences were issued to commission agents in the Bavla market to handle cotton and other commodities together, but such commission agents dealing in all the scheduled regulated commodities were very few in number. The term joint license holder conveyed a rather different meaning in the Dehgam market. The joint licenses were issued to those who wanted to work in the market as the general commission agents and 'A' class traders simultaneously.

There existed no general commission agents, but a separate class of commission agents called 'Dalals'
in Dehgam market. The general commission agents or Dalals acting as a link between the producer and the trader had a moral binding to see that the payments for the produce are made to the farmers in the scheduled period of time by the trader. However, if in case, the trader failed in making the payment, the commission agent was held responsible for making such payments on behalf of the traders. The responsibility of the commission agents was not over once the transaction was settled between the producer and the trader. Although the payment was the entire responsibility of the trader and its supervision was to be effected by the Agricultural Produce Market Committee, the commission agents were instrumental to getting such payments made as the sellers practically had no direct contacts with the traders who made purchases of their surpluses in the market during auction through commission agents.

The commission agents entitled to hold a joint license, purchased either on behalf of the traders or by themselves in the Dehgam market. In Bavla market a commission agent was supposed to act only as a commission agent and was entitled to make purchases only on behalf of the traders. As mentioned earlier the joint license holder was
allowed to handle cotton and foodgrains both simultaneously in the Bavla market.

The wholesalers operating in the market proper i.e., the main market yard or sub market yard, locally known as 'Khud-Bazar' in the radius of 5 miles from the market yard were issued 'A' class traders' licenses. However, the wholesalers, who operated in the notified area of operation of the market, i.e. a Taluka, except the market proper, were issued 'B' class traders' license, in both the regulated markets. The retailers were grouped as 'C' class traders in the Dehgam market and as Miscellaneous traders in the Bavla market. Besides these three classes of traders, the weighmen also were issued licenses in both the market yards for operation. However, the weighmen for foodgrains were not issued licenses in the Bavla market, except Koth sub market yard, as the Agricultural Produce Market Committee managed for weighing of foodgrains on the weighing balances installed by them at Bavla main market yard and Dholka sub- market yard. The charges for weighing of foodgrains including labour, were received by the market committee. In Dehgam
market the licenses were issued to the weighmen operating in the market yard and they were classified as 'A' class weighmen.

Besides commission agents, traders and weighmen, the carting agents and Hamals were other market functionaries to whom licenses were issued to operate in the regulated market by the Market Committee in Dehgam. Such licenses were not issued in the Bavla market to carting agents and Hamals.

In the primary wholesale markets the intermediaries viz. commission agents and traders performed various other functions for the farmers. If the farmer did not find the market price very attractive for disposing off his produce instantly, the commission agent held the produce in his warehouse, till the farmer agreed for its disposal. The farmers' rapport with the commission agents was to such an extent that a farmer usually preferred to patronize the same commission agent unless his relationship was snapped due to some reasons. The farmers normally had an account with the commission
agents in which all their sale proceeds were credited. The total amount of his sale proceeds was seldom withdrawn by the farmer at a time.

The amount required was withdrawn from time to time and even loans were granted to the farmers by the commission agents, whenever the exigencies pressed the farmers for the same. Thus, the commission agents not only acted as an intermediary but performed the banking functions also for the farmers.

The cooperative societies also operated in the primary markets as traders and commission agents. The various types of cooperative societies like service cooperatives, consumers cooperatives, milk cooperatives, Taluka purchase and sale unions etc. were the license holders of the market committee. Some of the cooperatives owned paddy processing units and hence operated in the market for procurement of paddy to feed their processing units. The cooperatives like Taluka Purchase and Sale Unions also acted as commission agents for the farmers who preferred to sell their produce through them.
The rice millers also were license holders of the market committees in a fairly large number. The purchases were made by them for feeding their own processing units as well as for outstation despatches. The rice millers also had a good rapport with the farmers and provided a good deal of facilities to the farmers like other commission agents and traders in certain areas.

The wholesalers operating in the primary markets had adequate trade links with other markets. The traders of Dehgam market assembled Bajari from the local area and fed the markets of North Gujarat and Saurashtra on a large scale. The wheat purchased by them also was largely sent to Ahmedabad and Bombay markets. In the periods of poor supply the traders of Dehgam market managed to purchase Bajari from outstation markets of Rajasthan and Uttar Pradesh for meeting the requirements of North Gujarat and Saurashtra markets.

In Bavla also, the wheat and rice were major commodities supplied to outstation markets. The parboiled rice produced by the rice mills of the Bavla market area was in a great demand in Ahmedabad, Bombay and other markets. The wheat
particularly grown under dry conditions and known as Bhalia or Daudkhani with Amber coloured grain was considered to be of a high quality. The consumers from Ahmedabad and Bombay markets had a special preference for such wheat and paid a comparatively higher price. Thus, both the regulated markets were large assembling centres for Bajari and wheat and had good processing facilities for Paddy, which ultimately was moved in processed form to distant markets.

3. The Secondary Market at Ahmedabad

The Ahmedabad market largely worked as a secondary or terminal market as most of the foodgrains were brought by the traders for sale. The commission agents working in the Ahmedabad market helped traders in purchase and sale of foodgrains at a standard rate of commission. The traders from outstation markets visited the commission agents with the sample of their foodgrains. The commission agents arranged for sale of such goods in a short period of time or made the arrangements for storage of such goods in their warehouses at nominal charges. If the outstation trader could not sell immediately the commission agent paid 70 to 80% of the total value
of the produce at settled price and unloaded the goods in his warehouse, which was sold to some trader later on, not necessarily at the price paid to the outstation trader.

If a trader of Ahmedabad market wanted to make purchases of certain foodgrains from certain market the commission agent managed for the same and played an important role in settling the deal. The commission was charged from both the parties at the same rate that is Rs. 1.60 per 100 Rs. which was known as Dami. There were nearly 52 commission agents locally known as Arhatiyas in Ahmedabad market.

Besides Arhatiyas another class of Dalals also worked in the market. Such Dalals were not taking any responsibility for the payment and charged Rs. 0.35 per bag of paddy and Rs. 0.50 per bag of other foodgrains.

4. Market Intelligence

The secondary market at Ahmedabad provided good facilities for marketing, both in local and outstation markets, for rice, wheat and Bajari which were moved from the primary markets. The traders operating at primary markets had a good
communication with the commission agents and wholesalers at Ahmedabad market. The commission agents working in Ahmedabad market proved to be an important source of market intelligence for the traders of primary markets. The primary market traders received regular market information in printed form through their commission agents. The commission agents advised them about the prices of various foodgrains and market trends including demand forecasts for specific foodgrains in the outstation markets.

The marketing decisions of traders were based on their own experiences as well as such market intelligence data gathered from various sources. They were informed and advised by their commission agents in the secondary market regarding the important shifts in the market on telephone almost daily or whenever required. In order to establish trading contacts, the traders also sent their agents to various market centres. Of course, this practice of gathering market information was not followed by all the traders.

The market committees at regulated markets also were instrumental in dissemination of market
intelligence as the prices of important commodities on previous day were displayed daily on the Boards in the compound of the regulated market yard. The farmers who came to sell their surplus, thus had firsthand information on the prices prevalent in the market. Therefore, the chances for exploitation of the farmers at regulated market yards by traders were minimised to a large extent.

5. Extent of Competition

The competitiveness of the market at large determines the efficiency with which the market operates. The lack of competition, among the traders often helps the oligopolistic forces to prevail in the market.

In oligopoly a small number of firms handle the large share of the total supply and therefore enjoy monopolistic power to certain extent. The element of monopoly empowers the traders to manipulate the prices for their own benefit which consequently proves harmful to various sections of the society. The traders operating under oligopolistic conditions either enter into competition with their rivals or cooperate and pursue a common policy for exploitation of the
market. Such collusion helps the traders in sharing the higher market margins at the cost of the social welfare in general.

The actions of traders in a market with regard to competition depend upon the number of existing firms and the prospects for entry of new firms in the market. If the new firms do not enter the market for certain reasons like Government policies etc., the traders may pursue a common policy for their own benefits provided their number is very low in the market. The pursuance of a common policy for trading among large number of firms is rather difficult. However, even if there are a few firms in the market and there is a collusion among them, it will be effective for a period during which the number of firms do not tend to increase. Once the new entrants start operating in the market, and the number of firms increase, the competitive forces will tend to govern the market mechanism and the collusion among the old firms will become ineffective.

The traders operating in regulated markets are often looked with suspicion since their working close and together in one place may be leading to
development of mutual relations which will give them monopoly power. In such a situation the traders will avoid competition in order to make purchases at lower prices in the regulated markets.\(^2\).

(i) **Number of Traders in Primary Markets**

The systematic information on number of traders were available from the Agricultural Produce Market Committees. The traders operating in the regulated market are classified into different categories. The categorywise details on number of traders in Dehgam and Bavla Markets during 1979-80 are presented in the following table.

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TABLE 4.1

NUMBER OF TRADERS IN SELECTED REGULATED MARKETS

<table>
<thead>
<tr>
<th>Type of traders</th>
<th>Number of traders during 1979-80</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bavla Main Market Yard</td>
</tr>
<tr>
<td>1. General Commission Agent/Dalal</td>
<td>14</td>
</tr>
<tr>
<td>2. Joint Licence Holders (CCA + A - class)</td>
<td>-</td>
</tr>
<tr>
<td>3. A - class</td>
<td>205</td>
</tr>
<tr>
<td>4. B - class</td>
<td>6</td>
</tr>
<tr>
<td>5. C - class/Miscellaneous</td>
<td>239</td>
</tr>
</tbody>
</table>

The general commission agents, joint license holders and 'A' class traders operate in the regulated market yard. In Bavla market as mentioned earlier no licenses were issued to operate jointly as commission agent and A - class traders as in Dehgam and other regulated markets of the District. The 'A'- class traders holding licences in Bavla Market were more than 200 and in Dehgam market their number was 128. Thus, the functionaries who were directly involved in the purchase of farmers' surplus numbered to 219 in Bavla market and 185 in
Dehgama market, which indicates the overcrowding of the market yards by traders. Due to such a high number of traders there seems to be a lesser chance for them to cooperate in order to exploit the producers bringing their surplus foodgrains to the regulated markets.

(ii) Rice Mills: Number and Capacity

The rice milling industry has developed to a considerable extent in Daskroi and Dholka Talukas of the District since paddy is one of the major foodgrain crops grown by the farmers. The rice mills existing in the sample area are both huller type and sheller type. The only huller type mills are not considered as rice milling units because most of them undertake paddy milling on custom basis and are also exempted from payment of levy to the Government. Therefore, the data available on number and capacity of rice mills pertain to only sheller type or huller-cum-sheller type rice mills. Such data are available with Collectorate of the District and also from the Rice Millers' Association. The information on number of rice mills and their milling capacity in every sample Taluka is given in the following table.
TABLE 4.2
NUMBER AND CAPACITY OF RICE MILLS IN SAMPLE AREA

<table>
<thead>
<tr>
<th>Milling capacity (Tonnes per hour)</th>
<th>Daskroi</th>
<th>Dholka</th>
<th>Dehgam</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capacity (tonnes per hour)</td>
<td>No.</td>
<td>Capacity (tonnes per hour)</td>
</tr>
<tr>
<td>0.50</td>
<td>14.50</td>
<td>29</td>
<td>3.50</td>
</tr>
<tr>
<td>0.75</td>
<td>10.50</td>
<td>14</td>
<td>4.50</td>
</tr>
<tr>
<td>1.00</td>
<td>19.00</td>
<td>19</td>
<td>25.00</td>
</tr>
<tr>
<td>1 +</td>
<td>3.50</td>
<td>2</td>
<td>10.00</td>
</tr>
<tr>
<td>Total</td>
<td>47.50</td>
<td>64</td>
<td>43.00</td>
</tr>
</tbody>
</table>

Source: Records of the Office of District Collector, Ahmedabad

The Daskroi Taluka ranked first with regard to the number of rice mills, among the three Talukas of Ahmedabad district selected for the study. There were 64 rice mills in Daskroi Taluka and 45 rice mills in Dholka Taluka. The rice mills with half tonne capacity per hour were very high in Daskroi Taluka as out of 64 mills in operation 29 mills i.e., 45.31% of the total fell in that category. Nearly 22% of the rice mills were with three quarter tonne capacity per hour and around 30% of the rice mills were with one tonne capacity per hour. The rice mills with more than one tonne capacity were only 2 in Daskroi Taluka.
The organisation of rice mills in Dholka was different than that in Daskroi Taluka. The rice mills with smaller milling capacities were very low as only 7 rice mills out of 45 were with half tonne milling capacity. The rice mills with 1 tonne capacity per hour were highest in number being 25 or 55.55% of the total rice mills in existence in the Taluka. The rice mills with three quarter tonne capacity were a little more than 13% of the total. The total milling capacities of rice mills in Daskroi and Dholka talukas were 47.5 and 43.0 tonnes per hour respectively. The average milling capacity worked out to nearly 0.75 tonnes per hour per mill in Daskroi Taluka and 0.95 tonnes per hour per mill in Dholka Taluka.

There were only 4 rice mills in Dehgam Taluka as paddy was not produced in larger quantities. Out of the existing 4 mills three were with half tonne capacity per hour and only one mill was with one tonne capacity.
The rice mills operate on an average for 150-200 days in a year. Even if we presume that the rice mills operated for only 150 days in a year and in one shift only, the total requirements of paddy will amount to 57,000 tonnes in Daskroi Taluka and 51,600 Tonnes in Dholka Taluka. The production of paddy in a single agricultural year was certainly not enough to meet the requirements of rice milling units and subsequently the rice millers had to purchase paddy from outside. In other words the supply of paddy was shorter than demand and hence enough scope for competitive forces to prevail in the paddy market.

The analysis of number of rice mills in sample Talukas alongwith the total capacity of milling suggests that there was a keen competition among the rice millers to procure the paddy in order to feed their processing units. Therefore, there were very remote chances of exploiting the paddy growers by rice millers in general.

6. Marketing Pattern

The pattern of marketing foodgrains differed considerably from village to village and one crop to another crop in the sample area. The farmers made use of different market channels for movement
of their surplus foodgrains depending upon a variety of factors. The market channels like village traders and itinerant traders providing the farmers with an opportunity to sell right at the village level although existed, their share in the total foodgrains marketed was not much impressive. The institutional marketing i.e. marketing through organised channels like cooperative societies, and regulated markets was important aspect of foodgrain marketing in the sample area. The details on share of each agency involved in movement of foodgrains either at the village level or primary wholesale market level are presented in the Appendices.

1. Paddy

The marketing agencies involved in movement of paddy were village traders, itinerant traders, rice millers, cooperative societies etc. All of the marketing agencies operated at the village level in order to procure the paddy from the producers before it was brought to the nearby wholesale market. However, the avoidance of competition was not the sole factor behind such a behaviour as there was a great deal of competition at the village level and the farmers
had good knowledge regarding the prices in vogue in the primary as well as secondary wholesale markets. The traders or rice millers put an effort to make purchases right at the village level in order to make sure that the right quality of paddy was purchased in adequate quantities. The share of each agency which was effective in paddy marketing is shown in figure 4.4 given on the next page.

Figure 4.4 shows that all the agencies involved in marketing of paddy were not equally important in different size groups of farmers. The village traders shared 18% of the total marketed surplus of paddy in the large farmers' class. In other two classes of sample farmers i.e. medium and small farmers', their share was 4.18 and 12.09% of the total marketed surplus of paddy respectively. Overall, the village traders purchased around 14% of the paddy sold by the sample farmers.
Figure 4.4.: Share of Different Agencies in Paddy Marketing

LEGEND

Rice Mills =  
Village Traders =  
Traders at PM =  
Traders at RM =  
Co-operatives =  

-158-
The farmers shifted a good amount of their surplus paddy to the nearby primary wholesale markets, where it was sold either in the regulated market yard, or directly to the traders if the regulated market was not in existence. However, the farmers necessarily did not sell their paddy in the regulated markets in case there was one in existence, but outside the yard sales were effected on account of a number of reasons.

The traders at primary markets other than those operating in market yards, were patronized by all the groups of sample farmers. The small farmers sold a little more than one tenth of their paddy through this agency whereas the medium farmers sold more than one fourth of their paddy through them. The large farmers also made use of that agency for disposal of about 19% of their marketed surplus of paddy.

The sales of paddy in the market yard were highest among the large farmers, followed by the small farmers. The medium farmers, on the other hand disposed off rather a negligible quantity
of their marketed surplus of paddy at regulated market yards. Overall, only 22.18% of the marketed surplus of paddy was disposed off at regulated market yards.

The cooperative societies, operating at villages and primary wholesale markets, were instrumental in marketing of a little more than 29% of the marketed surplus of paddy. The share of cooperatives was highest among the small and medium farmers' classes and lower in the large farmers' classes. However, it does not imply that the large farmers were not inclined to sell through cooperative societies. The modus operandi of the cooperative societies operating at village level was important in determining the quantity of marketed surplus to be handled from each class of the sample farmers.

The cooperative societies largely procured the paddy against the repayment of crop loans from their member borrowers, only in the quantities which were sufficient for repayment of the crop loan. The excess paddy of the borrowers was not accepted by the cooperative societies. Therefore, the borrowers had to employ an alternate agency in marketing of the
excess paddy while, the non-borrowers and the non-borrowers and the non-members had no access to the cooperative society with regard to disposal of the marketed surplus of their paddy in general.

The rice millers purchased nearly one seventh of the total marketed surplus of paddy from the sample farmers but no specific trend was visualized among the different size classes of sample farmers. The medium farmers' class disposed off nearly 19% of the marketed surplus of their paddy against the small and large farmers' classes who routed only a little more than 12% of the marketed surplus of their paddy through that agency.

(ii) Wheat

Figure 4.5 shows the share of each agency in marketing of surplus wheat of the sample farmers.

The village traders including itinerant traders, shared the marketed surplus of wheat in varying proportions in different classes of the sample farmers. Except in the medium farmers' class, they could not play a vital role in marketing of wheat. The medium farmers' sold one fifth of their surplus wheat through village traders against only 16% by the small farmers and 15% by the large farmers. Overall, a little more than 16% of the marketed surplus of wheat was handled by that agency.
Figure 4.5: Share of Different Agencies in Wheat Marketing

**Legend**

- Village Trader
- Traders at RM
- Traders at PM
- Co-operatives
The large quantities of the marketed surplus of wheat were taken to the nearby primary wholesale markets by the sample farmers. The sale of wheat through traders at primary wholesale markets was to the tune of 16.73% of the total, varying from 11.34% in small farmers' class to 21.33% in medium farmers' class. The sale of wheat at regulated market yard was very common among the sample farmers from all the size classes. The small farmers transported nearly 48% of their marketed surplus of wheat to the regulated markets. The medium farmers, on the other hand sold only 36% of their marketed surplus of wheat at regulated markets. The sale of wheat at regulated markets was largely patronized by the large farmers as more than half of their marketed surplus of wheat was sold at regulated markets. Overall, 46.55% of the wheat was sold at regulated markets by the sample farmers establishing the regulated markets as the single largest channel for marketing of wheat.

The cooperative societies also involved in marketing of wheat in some of the sample villages but their share was not very striking as it hardly exceeded 20% of the marketed surplus of wheat for the entire
sample. The inter-class variations in the quantum of marketed surplus of wheat handled by cooperative societies were not very large. The cooperative societies handled nearly one fourth of the surplus wheat in small farmers' class which declined with increase in the size of operational holding, being 22.09% and 16.43% of the marketed surplus in medium and large farmers' classes respectively.

(iii) Bajari

The share of every marketing agency dealing with Bajari in the sample area differed considerably from one class to another class of farmers. Basically, the Bajari was with very small number of farmers as marketable surplus in all size groups as compared with that of paddy and wheat. The marketing pattern of Bajari also was a little different from that of paddy and wheat. The village traders shared 29.26% of the marketed surplus of Bajari in the range of 16.59% to 31.90% in the medium and large farmers' classes respectively.

Besides the sale at village site the surplus Bajari also was taken to the nearby primary wholesale market by the sample farmers, like other foodgrains. The traders at primary wholesale markets (outside the market yard) handled 46.39% of the marketed
Figure 4.6: Share of Different Agencies in Bajari Marketing

**LEGEND**

Village Traders =  
Traders at RM =  
Traders at PM =  
Co-operatives =  

-165-
surplus of Bajari. The small farmers disposed off nearly 60% of their surplus of Bajari through that agency followed by the large farmers who sold almost 48% of their marketed surplus of Bajari through that agency.

Excepting the medium farmers the marketed surplus of Bajari was not sold in large quantities at regulated market yard by the farmers. The small farmers transported a little more than one fifth of their surplus Bajari to regulated markets while the large farmers sold less than 14% of their surplus Bajari at regulated market yards. Overall, 18.87% of the marketed surplus of Bajari was sold at the regulated market yards.

The cooperative societies hardly handled Bajari on behalf of the farmers with an exception. Only one cooperative society reported purchase of Bajari from the farmers which was 63 quintals i.e. 5.48% of the total marketed surplus of Bajari. Thus, the cooperative societies were instrumental only in marketing of paddy and wheat in the sample area.

The foregoing analysis suggests varying patterns of marketing foodgrains with regard to both; type of foodgrain and class of sample farmers. The cooperative
societies ranked first in order of importance among the various marketing agencies in paddy marketing, whereas the traders at primary wholesale markets shared the largest quantity of the marketed surplus of Bajari. In case of wheat, the situation was altogether different as most of the surplus was sold at regulated market yards.

The typical pattern of paddy marketing can also be visualised from the fact that as much as 57% of the marketed surplus of paddy was disposed off by the farmers at the village site and 43% was shifted to the primary wholesale markets. The proportions of the marketed surplus of wheat and Bajari sold at the village site on the other hand were 37% and 35% respectively.

7. Seasonality in Disposal

The marketing of foodgrains is characterised by the disposal of large proportion of the marketable surplus by farmers in the immediate post harvest months. The prices of foodgrains tend to be lower during the post harvest months and therefore the farmers' returns from marketing are affected adversely. The proportion of foodgrains marketed in the immediate post harvest period has frequently been used as an index of the
holding power of the farmers on the assumption that higher the holding power of the farmer lower the proportion marketed in the immediate post harvest months when the market price is low.

Although it is difficult to ascertain the holding power of the farmers at this stage it is a fact that most of the sample farmers disposed off their surplus foodgrains in a short period following the harvesting season. The data on the month wise disposal of paddy, wheat and bajari by the sample farmers belonging to different size classes are presented in Exhibit 2. The concise information on seasonality in marketing of foodgrains is given in the following table.

The disposal of paddy was started by the farmers right from the month of October. The disposal of paddy was at peak in the months of November and December during which 69.40% of the marketed surplus of paddy was sold by the farmers. In the period of merely four months after harvest as much as 89% of the marketed surplus of paddy was disposed off in the market by the sample farmers.

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The period of paddy marketing varied from seven months in case of large farmers to three months in case of medium farmers. The medium farmers disposed off 22.72% of their surplus paddy during October and nearly 47% during November. The remaining surplus of paddy was disposed off in December which accounted for little more than 30% of the marketed surplus.
The small farmers disposed off more than half of their marketed surplus of paddy during the month of November and nearly 30% during the month of December. Thus, almost 84% of the marketed surplus of paddy was disposed off within two months' period by the small farmers after harvest.

The large farmers did not show any strikingly different behaviour in disposal of their surplus paddy. For them too the months of November and December were important for disposal of paddy. The marketed surplus of paddy disposed off during November and December by the large farmers amounted to 37.62% and 31.34% of the total marketed surplus respectively. Thus, nearly 69% of the marketed surplus of paddy was disposed off in market within two months even by the large farmers. The disposals undertaken during later months were not much of importance as they formed only 21.24% of the marketed surplus of paddy with the large farmers.

The marketing of wheat was also pursued on a large scale by the sample farmers during two months i.e. March and April. The small and medium farmers disposed off almost their entire surplus during those two months. The large farmers however, disposed off about 71% of their marketed surplus of wheat during March - April and 22.58% during the month of May. Thus, the quarter beginning from March and ending in
May shared nearly 83.58% of the marketed surplus of wheat with the large farmers. Overall, the wheat was sold during the five months of the year i.e. March, April, May, July and September.

The Bajari crop was taken twice by some of the sample farmers hence there were two peak periods for Bajari marketing in a year. In the months following Kharif harvests i.e. October and November a little more than 32% of the marketed surplus of Bajari was sold by the sample farmers. Similarly, during the post hot-weather harvest season, two months i.e. May and June were crucial for marketing of Bajari as nearly 47% of the marketed surplus of Bajari was disposed off by the sample farmers.

The period of Bajari marketing for small farmers was two months for Kharif crop and one month for hot-weather crop. For medium farmers such period was one month for the Kharif crop and three months for hot-weather crop. In case of large farmers, the disposal of Bajari was staggered and therefore the period of marketing extended for seven months after Kharif harvest and three months after hot-weather harvests. Overall, the Bajari was sold during eight months of the year by the sample farmers.
The disposal of large proportions of the market surplus of foodgrains by sample farmers in the immediate post harvest months confirms the poor holding power of the farmers in all the size classes. A few of the farmers did keep a part of their surplus across the peak marketing season, but the quantum of such surplus kept for future marketing was hardly adequate enough to assure any considerable gain in monetary terms even at a higher disposal price.

The major reason for early disposal of surplus foodgrains accounted for by the farmers was the persistent need for money in order to meet productive and consumptive expenses. The farmers who were borrowers of the cooperative societies were obliged to surrender the produce for repayment purposes immediately after the foodgrains were ready for movement from the threshing yard. The rest of the market surplus of borrowers as well as the entire surplus of non-borrowers was either disposed of at the village site or nearby primary wholesale market at the earliest, as the farmers were reluctant to wait for sometime with a view to realising a little higher price. The farmers were adequately aware of the fact that the foodgrain prices decline sharply in the post harvest months, but
they were left with no other alternative except disposing off their surpluses as the requirements for money to meet with various obligations were quite pressing.

The farmers, thus at least were not interested in storage of foodgrains although other necessary services in marketing of foodgrains like transport and cleaning etc. were rendered by them universally. The storage function of foodgrain trade was left to the traders and institutions which ultimately created the time utility for consumers of foodgrains.