CHAPTER II
2.0 MEANING OF TERMS AND CONCEPTS USED IN THE STUDY

2.1. MARKETING THEORY

In common parlance, the term marketing is loosely used to assume different meanings in different contexts. To many people, marketing is selling or scientific selling. In a crude sense, it is stated that, the essence of marketing is creating values to products through term, place, time and possession utilities. The motive behind the creation of value is profit and maximum profit is reaped by adding more value at minimum cost. Some view the business of exchange function as marketing.

Markets are created by business men to maximize their profits. Markets are centres around which marketing activities take place.

2.1.1. Market: "A market, in general, may be described as a place or geographical area where buyers and sellers meet and function, goods and services are offered for sale and transfers of ownership of title occur. This idea on market is supported by many. Clark and Clark defines it as an area in which the forces leading to exchange of title to a particular product operate and towards which and from which the actual goods tend to travel. This obviously means that, a market is a geographical area and is found where a commodity is concentrated for sale". 9.
According to Jevons, market is anybody or persons who are in intimate business relation and carry on any extensive transactions in any commodity 10.

The term 'market' is derived from the Latin word 'Marcatus' which means 'to trade', 'merchandise', 'wares', 'traffic' or 'a place of business' 11.

Oxford Advanced Learner's Dictionary of current English defines market as a "public place (an open space or building) where people meet to buy and sell goods" 12.

Chambers 20th century Dictionary defines market as "A periodic concourse of people for the purpose of buying and selling; a building, square or other public place used for such meetings" 13.

J.L. Hanson says: "The function of a market is to enable an exchange of goods or services to take place, a means by which buyers and sellers are brought into contact with one another. It may denote a particular place where commodities are bought and sold as with the open air markets held in market towns or the highly organised markets such as that for cotton at Liverpool or for Wool and many other commodities in London. In a wider sense, however, a market can signify any area in which buyers and sellers are in contact with one another and this area may in fact comprise the whole world" 14.
Market means a concourse of buyers and sellers. According to the Encyclopaedia Britannica, the term market was derived from the Latin word 'Marcatus', which denotes a 'Market place'.

Market is a group of buyers and sellers with facilities for trading with each other. They might be gathered at one point or in one market place or scattered over a large area.

All these definitions touch upon some aspects of a market. In common use, the term refers to a market place, buyers and sellers, an organisation for the exchange of commodities, the act of buying and selling, or any other commercial activity.

In the strict economic sense, market means the demand for a commodity. It refers to the forces which determine prices, meeting of buyers and sellers, price determination and transfer of title. The demand for a commodity in a particular market differs from that in the other; the sum-total of which constitutes the aggregate demand and forms the basis for market segmentation.

Market, from the management point of view, refers to a social institution and not a place or a commodity.

According to the American Marketing Association, the term 'Market' can have two meanings:
The place or area where buyers and sellers function.

The centre which directs the flow of goods and services from the producer to the consumer.

For the purpose of this study, the following definition is followed:

Market is a public place where buyers and sellers meet and do transactions in commodities and services.

All places where marketing takes place cannot be considered as a market. Market is a place, whereas marketing is a function. The function of marketing can take place outside the market also.

2.1.2. Marketing

In the traditional sense, marketing emphasised the flow of goods from the seller to the buyer. In that sense, marketing is the transfer of ownership of commodities. In the case of service, it is difficult to transfer the ownership. Only the benefits of the services can be transferred to the consumer and he pays a fee or price for it. Therefore, the modern definitions took care to include both goods and services. Economists shifted the emphasis to utilities and defined marketing as the creation of time, place, form and possession utilities.
Again, the definitions underwent changes with customer or consumer orientation. The legal definition of marketing is concerned with the changes in the ownership and possession of goods and services. Marketing is the process of determining consumer demand for a product or service, motivating its sales and distributing it into ultimate consumption at a profit.

The Oxford Advanced Learner's Dictionary of current English defines marketing as "Theory and Practice of (Large Scale) selling".

Chambers Twentieth Century Dictionary defines marketing as "The act or practice of buying and selling in markets".

Marketing consists of those efforts which effect transfers in ownership of goods and care for their physical distribution.

Y.K. Bhushan says: "Marketing is the process by which products are made available to the ultimate consumers from their point of origin. It consists of all those activities which are meant to ensure the flow of goods and services from the producer or the manufacturer to the consumer".

According to the modern marketing concept, marketing is more than a physical process or a set of activities. It is the creation of a customer. It is the essence of all business.
Marketing involves the design of the products acceptable to the consumers and the conduct of those activities, which facilitate the transfer of ownership between seller and buyer. \(^{20}\)

J.L. Hanson defines marketing as: "The business of distributing a product, either from its place of production or from the port at which it was imported, to the people - consumers or producers - who want it." \(^{21}\)

Philip Kotler said "Marketing is specifically concerned with how transactions are created, stimulated, facilitated and valued." \(^{22}\)

Paul Mazur gave a wide definition to marketing, when he said: "Marketing is the delivery of a standard of living to society." \(^{23}\).

According to the modern view, marketing is a total concept; it includes all the complex functions between production and consumption.

William J. Stanton says: "Marketing is a total system of interacting business activities designed to plan, price, promote and distribute wants satisfying products and services to present potential customers." \(^{24}\).
On the basis of importance, markets have been classified as, primary markets, secondary markets and terminal markets.

On the basis of goods, markets have been classified as commodity market and capital market.

In commodity markets, different commodities are transacted. Commodity markets have been classified into three: produce exchange, manufactured goods market and bullion market.

Capital market has also been classified into three: Money market, foreign exchange market and stock and security market.

On the basis of regulation, markets have been classified into two: Regulated and unregulated markets.

On the basis of the nature of transaction, markets have been classified into two: spot markets and futures markets.

Modern marketing is different from the old marketing due to the fact that, both supply and demand have undergone sophisticated changes. Modern marketing is more consumer oriented. It starts and ends with the consumer, it precedes and succeeds production and it guides the entire business.
2.1.4. Approaches to the study of Marketing

There are many approaches to the study of marketing. The most important are the following:

1. Products or commodity approach
2. Institutional approach
3. Functional approach
4. Decision making or management approach
5. Legal approach
6. Economic approach
7. Systems approach

Products or commodity approach is a descriptive approach, in which marketing is studied on the basis of a commodity.

All the aspects of marketing, as structural functional, financial and managerial, are studied, with a commodity serving as focus. This approach is repetitive and time consuming and it is its main defect.

In the institutional approach the description and analysis of different institutions engaged in marketing are made. The activities of each institution form parts of the whole process of marketing. Normally, the institutions include, producers, wholesalers, agents, retailers and the facilitating institutions providing services like transportation, processing, grading, storing etc. In this approach the process of marketing is split up into institutional functions such as concentration,
equalization and dispersion. This approach concentrates on the differences in types of institutions, services performed, commodities covered and the cost of operation.

The main defect of this approach is that, it is partial and fails to bring out the inter-relation of all the institutions.

In the functional approach, the different functions which constitute marketing are studied. The different functions performed by the market functionaries are assembling, grading, processing, storing transporting, packing, advertising, banking, insurance etc. The main difficulty in this approach is that, the same function is performed by more than one functionary and one functionary performs more than one function.

The decision making or management approach studies marketing in a combined manner. It combines certain elements of all the other approaches. This approach concentrates on two factors: controllable factors and uncontrollable factors, which influence marketing. Economic, political and sociological forces are uncontrollables and prices, advertisement etc. which are under the control of the firm are controllables.

The main defects of this approach is that, it lays more emphasis on the application side of marketing, leaving out the theoretical side.
Legal approach is more fundamental and practical, though narrow in coverage. It concentrates on the transfer of title in a legal way and the regulatory aspects in marketing. This approach is very significant in the present Indian situation, with numerous enactments to regulate and control the marketing activities, like the common carriers Act, sale of Goods Act, Agricultural Produce (Grading and Marking) Act, the Market Regulation Acts of different states etc.

Economic approach studies marketing in a very narrow sense and considers the problems of value, demand, supply and price.

Systems approach is an advanced version of the management approach. A system is an organised body of sub-systems. In marketing, the main sub-systems are products planning, pricing, promotion, distribution and the like and each sub-system may have its own sub-systems. Systems analysis studies the external and internal environments of marketing activities. This approach considers that, marketing process is not a bundle of isolated functions, but a group of related functions which require coordination. Therefore, this approach is referred to as 'Integrated approach'. This approach facilitates incorporation of changes taking place in the sub-systems.

2.1.5. Marketing concept, Marketing process and Marketing system

These terms denote different meanings but, often, they are used interchangeably. Marketing concept is a philosophy, thinking
and an attitude, which is the concept of business itself. It is a corporate state of mind, which co-ordinates all the marketing functions for making the maximum profit. It is purely theoretical and lays down the guide lines for marketing activities, through identified and approved concepts.

Markets process is concerned with the changes in customers' attitudes due to cultural factors and technological developments. Marketing process converts these changes into profit making opportunities by matching the products with markets.

Marketing system is the business activity of linking the concept and process. That is to put the idea into practice through a well laid-out system. The system changes as per the changes in the concept and the process. Changes in the social and economic systems also bring about changes in the marketing system.

1.6. Marketing in Developed Economies

In the developed economies of the industrially advanced countries, one of the notable features is marketing and marketing institutions in a well developed form. In these countries marketing gets the top priority, innovation in marketing techniques take place, and it acts as a catalyst for further development. In the developed countries, whether they are under capitalism or socialism, marketing plays an important role,
though the system of marketing differs in accordance with the existing economic system.

2.1.7. Marketing in Developing Economies

In the developing economies marketing is in its infancy and in a neglected stage. In such economies, production techniques and construction activities get priority over marketing. Industries follow the policy of producing more for the already existing markets, than producing for new and to be created markets. Marketing, in developing economies, is capable of providing a multiplier effect to development.

2.1.8. Marketing in Capitalist countries

In capitalist countries the very way of life is conducive to the development of marketing, as competition is the order of the day. The free enterprise system and competition call for the development of marketing technology and innovative skill. As 'survival of the fittest' is the rule of competition, the weaker ones, in these countries, have to quit the business or improve themselves.

2.1.9. Marketing in Socialist Countries

Socialist countries were once termed as 'closed economies' but now, they have started showing interest in marketing. They have started opening their doors for the inflow of foreign goods, in
tune with the world order. In the internal marketing, which was completely under Government control, signs of changes have started appearing in certain fields. The situation in China, has also started changing, giving place to relaxation of controls, though in a mild way.

2.1.10. Evolution of Marketing concept and Marketing Functions

Marketing is both a philosophy, which guides business thinking, and a technology, which guides decision making. Both the marketing concept and the marketing function have undergone changes, over the centuries, to attain the present shape.

Evolution of Marketing concept

In ancient times, the aim of marketing was to earn profits through satisfying human wants. But, through the ages, human want changed and the changes reflected in the marketing concept also. The different stages of evolution are the following:

1. Self-sufficient stage
2. Exchange oriented stage
3. Production oriented stage
4. Sales oriented stage
5. Marketing oriented stage
6. Consumer oriented stage
7. Management oriented stage
In the self-sufficient stage of ancient times, each family was a self-sufficient unit; which produced or collected whatever it wanted, with little scope for exchange.

In the exchange oriented stage, the importance of time, place and possession utilities was understood, but, competition was more or less absent.

In the production oriented stage, which came in with the industrial revolution, the benefits of the producers were given priority; ignoring the consumers and the role of marketing.

In the sales oriented stage, the society witnessed certain changes, such as shift from agriculture to industry, rise in living standards and development of transport and communication. At this stage, corporate from of business and organised marketing procedures emerged. The marketing concept and the consumer gained importance. The satisfaction of the consumer was not considered, but higher sales could be achieved as demand outstripped supply.

In the marketing oriented stage, an equilibrium was achieved between demand and supply. This changed the marketing philosophy with a competition orientation and improved marketing techniques. The difference between sales and marketing was recognised as sales is to convert the product into cash without caring for consumer’s satisfaction, but, marketing is all the activities
involved in the transfer of products from the producer to the consumer with a view of earning profits and consumer's satisfaction.

In the consumer oriented stage, production exceeded demand and competition became keen. Producers started giving equal importance to production and consumption. Changes in consumer behaviour, demand and marketing pattern took place, consumer's satisfaction was given more importance and production became consumer oriented.

The management oriented stage is the present stage, in which consumer satisfaction becomes the core of marketing philosophy. In today's decision making and management, marketing considerations command a vital role. Marketing is the heart beat of corporate existence, as it directly contributes to profits.

Marketing has evolved and developed into a full-fledged business philosophy. But, in the course of its development the concept has undergone drastic changes with several concept orientations.
The different concepts have been grouped under the following heads:

1. The Consumer-oriented School
2. The Balanced Approach School
3. The Integrative School
4. The Reappraisal School
5. The Broadening School

The consumer-oriented concept views the objective of business enterprise as satisfaction of human wants. This concept sees the customer as the focus of marketing and related business activities. The supporters of this concept hold high the customer orientation and the saying 'The customer is the king.' This school believes that, customer behaviour is the determining factor of a firm's production and marketing.

According to the Balanced Approach School, the consumer-oriented concept limits the meaning and scope of marketing and should be rejected. They viewed the marketing concept as a balance of profit motive and customer's satisfaction. According to them balanced approach is the only realistic method to coordinate the different marketing interests. The desired integration is among markets, customers and products.

The Integrative school attributes a broad meaning to the concept by considering three basic elements: the need for
customer orientation, profit orientation and the organization structure for market performance.

The Reappraisal school wanted to review the concept from the changed modern situation to cover all aspects of marketing from an wider angle covering consumption, production, exchange and the marketing institutions.

The Broadening school calls for the application of the marketing concept to non-business organisations. Philip Kotler is credited for this recent marketing concept. According to him: "there is a definite marketing function in private non-profit marketing organisations and that realistic marketing analysis and planning can remarkably improve the operations of these organisations". This concept paved the way for another term, 'Social Marketing'.

Marketing Functions

Theoretically, the process of marketing can be classified into certain functions. When the marketing process is taken as a total system, each function becomes a sub-system of it. For effective distribution, all the marketing functions have to be performed. As profit motive is dominating the activities of marketing, they are called 'business activities'. This aspect is made clear in the following view that, marketing is the
performance of business activities that direct and facilitate the flow of goods and services from producer to the consumer or user.27

The functional approach to the study of marketing divides the marketing process into a number of activities. Marketing function is the act by which the product and the consumer are linked. The functional approach was introduced by A.W. Shaw, but, his ideas were discarded due to some deficiencies as it was impossible to divide the marketing process into a few functions. Again, it is difficult to determine which function is more important than the other.

2.1.11. Functions of Exchange

Function of exchange is the process of passing the goods and services to the consumer. For the purpose of analysis, this function can be divided into buying, assembling and selling.

Buying

Buying is an important function and the first step in the process of marketing. A producer has to buy raw materials, wholesaler has to buy goods to be sold to retailers and retailer also has to buy goods to be sold to the consumers. Buying involves transfer of ownership.
Assembling is a separate function from buying. Farmers and producers assemble their products to sell. Traders assemble their products after buying from different sellers. Assembling involves creating and maintaining stocks of goods.

Buying and assembling involve a number of related elements, such as kind, quality, quantity, price, date of delivery and other terms and conditions.

Selling

Selling is another important function which involves transfer of ownership.

In both buying and selling, transfer of ownership is involved. In buying, the buyer takes the ownership from the seller. In selling the seller gives the ownership to the buyer. So, in both buying and selling, the ownership is transferred from the seller to the buyer. Selling is a very difficult function which involves creation of demand.

2.1.12. Functions of Physical Supply

Functions of physical supply include transportation, storage and processing.
Transportation creates place utility to commodities. It is the function of transportation to take goods from place to place. It takes commodities from places where their utility is relatively low to places where their utility is relatively higher. Transportation is involved even in local transfer of goods from factory to godown or farm to the market, etc. Transportation is required even within a market, where no place utility is created, but some convenience is added.

The development of different modes of transports and communication has resulted in the opening up of new markets and the extension of existing market areas. With the development of road, rail, water, air and other kinds of transport facilities, both internal and international trade have developed.

Storage

Storage means holding and preserving of goods between the time of production and time of use. It facilitates a steady flow of goods in the markets. It performs the function of equalisation by regulating supply as per demand. It adds value to a commodity by creating time utility. There are different kinds of storages, like cold storages, godowns, warehouses, silos, etc.
Processing adds value to the products by creating form utility. It cleans or changes the form and shape of the produce.

2.1.13. Facilitating Functions

Facilitating functions are subsidiary functions which have a direct relationship with marketing. They are

1. Financing
2. Risk taking
3. Standardisation
4. Marketing Information
5. Packaging

Financing

Without the availability of adequate finance, the various functions of marketing cannot be performed. Financing is the lubricant of modern marketing. As per the period of requirement finance can be classified as short-term finance, medium-term finance, and long-term finance. The various sources of marketing finance include, commercial banks, co-operative credit societies, Government agencies etc. Financing institutions and organisations advance loans on various kinds of securities at different rates of interests, for marketing. Stocks in godowns are also accepted as securities.
Risk Taking

Risk taking is an important facilitating function in marketing, as marketing is subjected to innumerable risks. Risks may be due to theft, burglary, wars, transportation accidents, decay, deterioration of quality, fluctuation in prices, bad transaction, bad debts etc. Some of the risks can be avoided by taking more care, while others can be shifted to insurance companies. Risks due to changes in prices can be neutralised by hedging contracts.

Standardisation

Standardisation and grading of products as per quality standards are important facilitating functions in marketing. Standardisation is forming of grade specifications on the basis of quality for a commodity. Grading is execution of standardisation as per the grade specifications. Grading classifies commodities into different grades as per quality. Grading plays an important role in marketing as quality and prices can be compared on the basis of grades. It is said that grading begins where standardisation ends. The important grade standards in India are, ISI for industrial products, Agmark for agricultural products, MFPO for meat food products and FPO for fruit products.
Marketing Information

Accurate, adequate and prompt marketing information is very important for modern marketing. Marketing information is the result of marketing research and it includes data on market arrivals, prices, supply and demand positions, export, internal and international marketing situation marketing forecast and the like. This helps the producers, consumers, traders and middlemen in taking appropriate decisions.

Packaging

Packaging is an important facilitating function of modern marketing. Weights and measures authorities have prescribed different packing sizes for different commodities. Packaging now, has developed into a modern profession, and a big industry. Packaging involves packing size, packaging material, method of packaging and the style. Jute cloth, cloths, paper, board, wooden boxes, glass, metals and plastic materials are the important packaging materials. Plastics and allied products have revolutionized the packaging industry. Modern packaging concentrates more on style.

The traditional approach to the study of marketing follows the classification presented above. To suit the modern marketing concept, marketing functions have been classified as follows:
1. Contractual function
2. Merchandising function
3. Pricing function
4. Propaganda function
5. Physical distribution function
6. Termination function

Contractual function relates to searching out the market, buyers and sellers.

Merchandising relates to fitting of goods and services to market requirements.

Pricing relates to the selection of prices to induce the buyers.

Propaganda relates to creation of customers.

Physical distribution relates to transportation, storage and processing.

Termination relates to the end of marketing process.

2.1.14. Recent Innovations in modern Marketing

Social Marketing

According to this view, marketing should create a social consciousness. This is an extension of the broadening view of
Marketing. The aim of marketing as per this view is to achieve consumer satisfaction and long term customer and public welfare. Social marketing therefore, is the application of marketing theories and techniques to social situations, Social marketing consists of three elements; satisfaction of human wants, extension of ideas on marketing to social fields and consideration of social impact. This view insists that, a business must be assessed not only on the profitability aspects but also on the overall effects of the business on society. 28.

Demarketing

The role of marketing during periods of shortage caused by temporary excess demand over supply is termed as demarketing. The new concept 'Demarketing' is recently coined by Kotler and Levy. The task of a marketer, according to this view, is not simply to increase sales, but to shape demand in accordance with long term objectives. Demarketing has to discourage customers, in general, or a class of customers in selected periods. Some firms may not be able to produce sufficient products as before, due to some problems or contraction of investment. They have to adopt demarketing or marketing process in reverse. 29.

Remarketing

Remarketing denotes the method by which new type of wants are created for old type of products.
Overmarketing

Overmarketing means the marketing efforts by a firm to increase the sales disproportionately, neglecting quality, production efficiency and cash returns.

Metamarketing

The term Metamarketing was developed by Eugene J. Kelly with a broad outline of coverage. The word 'Meta' means 'beyond', as in metaphysics. The idea lying behind it is that, marketing is to focus on all scientific, social, ethical and managerial aspects and experiences on marketing and it should be really beyond the ordinary concept of marketing.30.

Marketing Mix

In modern days, marketing does not simply mean matching a product with the market. Modern concept of marketing starts and ends with the consumer. In the process of marketing, the customers' needs must be identified and resources should be allocated to satisfy the identified needs. The management can maximize profit only through consumers' satisfaction. Modern marketing involves a large number of functions which need careful planning and forecasting. From the management point of view, marketing involves four functions:
1. Analysis of forecast
2. Product development and planning
3. Creation of demand
4. Distribution

Prof. Neil H. Borden of the Harvard Business School, enunciated the idea of 'Marketing Mix'. He pointed out, the mix refers to the efforts, the combination, the designing and the integration of the elements of marketing into a programme or mix to achieve the objectives of the enterprise.

Marketing mix is a plan designed to analyse the marketing problems.

The marketing mix denotes a combination of various elements which in their totality constitute a firm's marketing system. 31.

The controllable elements are mixed by grouping them into four variables called 'four Ps' - Product, Price, Place and Promotion. The uncontrollables are referred to as external factors or 'Market forces'. They are:

1. Customers' buying behaviour
2. Traders' behaviour
3. Competitors' behaviour
4. Government behaviour
Marketing mix is more a tool than a concept, used in developing marketing planning.

2.2. AGRICULTURAL MARKETING

Agricultural Marketing is the marketing of agricultural products.

According to G.R. Bhatia, "Agricultural Marketing is a process, which starts with a decision to produce a saleable farm commodity and involves all aspects of marketing structure or system, both functional and institutional based on technical and economic considerations" 32.

The high power committee on Agricultural Marketing, Government of India, under the Chairmanship of Shri. Shankar Lal Guru, Chairman, Council of State Agricultural Marketing Boards (COSAMB), Delhi observed:

"In State Marketing Regulation Act, the term 'Agricultural Marketing' should be defined specifically to include all activities involved in the flow of agricultural produce from the production points commencing from the stage of harvest till these reach the ultimate consumers" 33.
According to Shepherd et al., agricultural marketing begins when the product is loaded at the farm gate and ends when the goods reach the consumer's table. 34.

According to C.B. Mamoria, agricultural marketing, in the widest sense, comprises of all the operations involved in the movement of food and raw materials from the field to the final consumer. 35.

The definition given by G.R. Bhatia and the High Power Committee on Agricultural Marketing appear to be comprehensive and suitable to the Indian situation.

In 1978, I had published an article in the Indian Express, on agricultural marketing giving my own definition to agricultural marketing. That definition is more suitable to this study and so it is being followed:

Agricultural Marketing is a combination of all the activities involved in the transfer of agricultural commodities and farm products from the producer to the consumer. The activities involved in agricultural marketing are mainly, assembling, storing, transport, cleaning, grading, processing, packing, display, advertisement and sales. 36.

These functions are performed by different agencies or institutions, called market functionaries in the marketing channel.
2.2.1. Channels of Distribution

Every producer seeks to link together a set of marketing intermediaries that fulfills the firm's objectives. This set of marketing intermediaries is called the marketing channel. This is also termed as trade channel and channel of distribution.\textsuperscript{37}

The American Marketing Association defined the term marketing channel as: The structure of intracompany organisation units and extra company agents and dealers through which a product or service is marketed.

This definition contains the following aspects:

- the firms internal marketing organisation units and the outside business units.

- the channel structure of the firm

- the channel complex of all firms.

Marketing channel has been precisely defined as: "a grouping of intermediaries from the first owner to the last owner, who take title to a product during the marketing process"\textsuperscript{38}. 
2.2.2. Channel Function

- Transfer of title to the goods involved
- Physical movement from the point of production to the points of consumption.
- Storage function
- Communication of information
- Creation of various utilities to the products

2.2.3. Kinds of Channel Members

The Marketing channel includes the original producer, the final consumer and other middlemen such as wholesalers, agents, brokers, retailers etc.

1. Agents: The agents do not take any title to goods, but they take active parts in marketing.

2. Brokers: Brokers are agents who do not have direct physical control of the goods in which they deal. They represent either the buyer or the seller in marketing.

3. Dealers: Dealers are firms that buy and resell products in wholesale or retail.

4. Distributors: This is a general term used to mean wholesales.
5. Retailers: Retailer is a merchant, who sells directly to the consumer in small quantities.

6. Wholesalers: Wholesalers are big merchants who buy and sell commodities in bulk. They sell to retailers or other wholesalers, industrial, institutional and commercial users.

7. Commission Houses: Commission house are agents who exercise physical control over the goods and negotiate the sales. They are bound to obey instructions issued by the principal. They do business for commission; and extend necessary credit and other facilities.

2.2.4. Facilitating Agencies

Common types of facilitating agencies are: banks, railways, warehouses, commodity exchanges, insurance companies, advertising agencies etc.

If capable, producers can directly sell to the consumers. But, in practice, there are several limitations on the part of producers to sell directly to consumers. Therefore, they have to depend on the middlemen to sell their produce. The middlemen perform several useful function; both to the producers and to the consumers, though, at times, with an element of exploitation.
2.2.5. Elimination of Middlemen

Middlemen are hired functionaries in the marketing channel and they do perform certain useful functions. Their services are not free of costs and they are charged for. The general criticism is that the charges made by middlemen are more than what are due to them. Many people advocate the elimination of middlemen, on the ground that, they are responsible for the rising costs of distribution. It must be understood that, elimination of middlemen does not mean the elimination of the functions performed by middlemen. If one functionary is eliminated, the function performed by him has to be performed by some one else. The desired objective here is to perform the services at the lowest possible cost.

The modern tendency is to consider middlemen as parasites, as they do more disservice to society. Therefore, actions on different angles are taking place to facilitate the producers to sell their products directly to the consumers. If not eliminated, the activities of the middlemen must be effectively regulated.

2.2.6. Characteristics of Agricultural products in relation to Marketing

The following are some of the characteristic features of agricultural products in relation to marketing which create problems;

- Small scale production
- Perishable Nature of Products
- Absence of Concerted, Conscious marketing activities
- Inelasticity of demand
- Unorganized Nature of Markets
- Malpractice in the Markets

Due to these problems, it was felt that, Government intervention in agricultural marketing was necessary, for the benefit of farmers and consumers.

2.3. REGULATED MARKETS

Regulated Markets are organised markets of wholesale agricultural produce transactions, covered by the Market Regulation Act. In India, Market Regulation is a State Government subject and it is being implemented with central Government guidance and support. The importance of regulated markets is evident from the following words of the Royal Commission on Agriculture:

"We hope that establishment of such markets would confer an immense boom on the cultivating class in India. It must, indeed, in our view, form an essential part of any ordered plan of agricultural development in this country, for only in this way can the works of the Agricultural Departments be brought into full fruition." 39.
Many states have passed Market Regulation Acts and several Regulated Markets have come into being.

Regulated Markets render many advantages:

- Illegal collections are completely prohibited
- Market practices are regulated and made uniform
- Correct weighing is ensured
- Necessary arrangements for prompt settling of disputes regarding quality, grading, weighing, reduction etc.
- Up to date market information on rates etc are made available for the benefit of the sellers.
- Facilities are provided for storing, grading, finance, accommodation etc.

There are certain defects in the present marketing regulations regarding:

- Constitution of Market Committee
- Administration of the Act.
- Levy of Market fees
- Defects in defining and declaring 'Notified Market Areas', 'Notified Commodities etc'.
The main aims of establishing regulated markets are:

- To stabilise the price of agricultural products and reduce the price-spread.

- To assure a fair price for the products.

- To provide an ethical environment for proper trade practices.

- To arrange for a common place for the seller and the buyer to meet.

The Market Regulation Act requires the following:

- Notifying the Market Area
- Declaration of Notified commodities
- Constituting a Market Committee.
- Establishment of a Market yard.

The Market Committee consists of the following

- Representatives of growers
- Representatives of traders
- Representatives from local bodies
- Government nominees.
For electing the representatives of growers and traders different states follow different practices. In some states, they are nominated by the collector of the District and in other states they are elected.

2.3.1. Duties of the Market Committees

1. Appointing sub-committees and delegation of powers.
2. To construct, control and maintain the Market yards.
3. To prescribe hours of trade.
4. To provide for proper storage facilities.
5. To maintain standard weights and measures.
6. To prevent adulteration of agricultural produce.
7. To carryout grading.
8. To maintain standard form of contracts in trading, maintain records and provide information on Marketing.
9. To carry on propaganda for the improvements of cultivation and regulated Marketing.
10. Fixing and levying the market charges.
11. Licensing, supervising and controlling the functionaries in the markets, including imposing of fines.
12. To maintain closed tender or open auction for sales as per the approved procedures.

In some states, the Regulated Markets function efficiently. But, in many other states they do not function efficiently. In some states, a few regulated markets function well; whereas the majority of them perform quite inefficiently.
2.4. Marketing Efficiency

Marketing efficiency means the capability of a market to perform its duties well and achieve the desired objectives.

This can be viewed from two angles:

- The capability of the market functionaries to perform their duties well and achieve the desired objects.

- The capability of the market itself, as an institution, to perform its duties well and achieve the desired objectives.

In this study, market is considered as a separate entity and its capability, as an institution, to perform its duties well and achieve the desired objectives, is studied.

The normal tests of efficiency are:

- Technical efficiency
- Operational efficiency
- Economic efficiency
- Pricing efficiency
- Exchange efficiency
- Organisational efficiency
- Allocative efficiency
These tests are applicable only to firms to assess their marketing efficiency from the managerial viewpoint. These tests are useless to measure the efficiency of a market as such, i.e. the well defined and notified geographical area in which marketing activities take place and market functionaries operate.

If each market functionary is considered as a separate institution these tests meant for firms, can be applied. In that case, technical efficiency may relate to the efficiency in marketing caused by technical improvements and innovations. Technical improvements may reduce marketing costs, but, the improvements themselves require huge inputs. If the output exceeds inputs, the system can be considered efficient. Input output analysis can be applied here.

Operational efficiency also relates to the cost of marketing operations and the benefits reaped. Input output analysis can be applied here also. Efficiency index method can also be applied.

Economic efficiency relates to value, demand and supply. Marketing costs and margins are analysed to determine economic efficiency. Minimum net price spread is considered as economic efficiency of the system of marketing. Cost-benefit analysis can also be applied.

Pricing efficiency is related to the internal functions of the firm and external functions in the market. Internal functions are related to the cost of production of the commodity. External
functions are related to demand creation and price fixation. The efficiency in pricing depends upon earning the maximum profit by balancing the cost of production and price. Net profit is the indicator of pricing efficiency. Input output technique can be applied here also, taking the cost of production as the input and price as the output. Price stability and less risk are indicators of pricing efficiency.

Exchange efficiency relates to the balancing of supply and demand in the most advantageous position to reap maximum profits. Exchange efficiency gets increased by institutional support, for which a price has to be paid. Here also costs and benefits are involved. Costs are inputs and benefits are outputs. Input output analysis can be applied to assess the exchange efficiency.

Organisational efficiency relates to how best the factors responsible for the efficient marketing are organised and exploited for the maximum benefit. Here also organisational costs are involved and profits are the benefits. Input-output analysis can be applied.

Allocative efficiency is related to how efficiently the various resources are allocated in the marketing process to achieve maximum benefits. Here also, the resources are costs and the profits are benefits. Here also input output analysis can be applied.
Price spread is not an absolute and reliable test for marketing efficiency. It suffers from several weaknesses. The price paid by the consumer and the price received by the farmer depend upon various economic and non-economic factors and the nature of the marketing channel, the distance between the buyer and seller, prevailing price levels in different places and the degree of processing involved. Cost of production of the commodity is not taken into consideration in price spread. Cost of production is a very important factor to determine whether a farmer is better off or not after receiving the share of price paid by the consumer.

For example, studies have revealed that, tobacco farmers in Andhra Pradesh get one percent or less of the price paid by the consumer of cigarettes. But, they are better off than paddy farmers, who get 60 percent or more of consumer’s price. Cost of production and the money value of price make the difference. This is true of commodities undergoing costly and combined processing - addition of many valuable commodities are involved in processing - and commodities consumed by people in foreign countries, where international trade is involved.

Therefore, price-spread is an inefficient tool to test marketing efficiency.

Input-output analysis is the best among the presently available tools to test marketing efficiency. But, it also fails
miserably in many cases, as the inputs and outputs involved are infinite. Though, it appears perfect theoretically, in practice, it involves several infinities. Even then, more and more economists and market analysts use input output analysis to measure marketing efficiency.

"Kohls and Uhl measured marketing efficiency as a ratio of output to input. Marketing input included the resources (labour, packing, machinery, energy and so forth) necessary to perform the market functions. Marketing output included time, form, place and possession utilities created in the process. Thus, resources were costs and utilities were the benefits of the marketing efficiency ratio. Efficiency in marketing was therefore, in maximization of this input and output ratio" 40.

Least Cost Market is considered as efficient by many. Least cost market is that market where the cost of marketing is the least, i.e., the average cost per unit without sacrificing the quality of the product and services to the consumer. Cost is found out by input-output analysis. In empirical application, precise measures of cost and benefits are required, which is very difficult due to numerous infinities.

Further, in the least cost market, the cost may be the least, but, the market may not be convenient due to various factors, to the farmers and other market functionaries. So, the efficiency of the least cost market also is unrealistic.
The UNDP experts have followed a new type of input-output analysis to evaluate the viability of a market proposal. In a way it is measuring the efficiency of a market.

A market is considered as a profit earning business unit, purely on the capitalist line of thinking. Cost of construction of the market complex is calculated, including fixed costs, variable costs and depreciation. A twenty five years projection is prepared. This is on the input side. On the output side also a twenty five years projection is prepared. Income from the market is calculated. Only money income as fees, rent, market charges etc are included. So, here expenditure is the input and income from the market is the output. Input output analysis determines the viability of the market. This is also one way of determining the marketing efficiency of a market proper. H.M. Steppe, Project Manager, Market Planning and Design Centre, FAO/UNDP, Faridabad and P. Ramaswamy, Dy. Agricultural Marketing Adviser to the Government of India, have prepared several such viability reports.

Technical efficiency, operational efficiency, economic efficiency and the like consider efficiency of a market from a partial angle. It is just like the blind men seeing the elephant. They determine only one aspect of marketing efficiency. To determine the marketing efficiency of a market as a whole, there is no method existing at present. Therefore, a new theory called the Throughput Theory is formulated.
Throughput Theory is based on the fact that, if a market is found to be beneficial, by all means to the buyers and sellers, more and more buyers and sellers will assemble in that market to buy and sell their products. Thus, the quantity transacted in that market will be more. Total transacted arrival is ‘throughput’. Throughput is the term used by UNDP experts to indicate traded arrivals. This term is adopted to formulate new theory. Throughput is not one of the ingredients to determine market efficiency. It is realistic and absolute and not related to any other variable than throughput. It is the ultimate expression of satisfaction regarding the efficiency of a market, both by the buyers and sellers. Throughput theory determines market efficiency on the basis of current year’s throughput in relation to previous year’s throughput. The terms ‘throughput’, ‘throughput co-efficient’ and ‘throughput co-efficient point’ are used in the theory.

2.5. REVIEW OF PREVIOUS STUDIES

In the field of regulated Marketing, previous studies are few, and they are dealing with the financial aspects of regulated marketing. Functional analysis are very few and they are confined to Government reports. Universities and individual researchers have made studies relating to certain specified region, or state only. All India studies based on comprehensive research and analysis were made and the reports were published by the Directorate of Marketing and Inspection, under the Agricultural
Marketing Adviser to the Government of India. There are several valuable reports, 'Working of Regulated Markets in India' is a treasure of information on all the aspects of Regulated Marketing.

The Agricultural Marketing Adviser to the Government of India, has published several reports on agricultural marketing analysed from an All India basis. These reports contain a wealth of information on various aspects of agricultural marketing covering several commodities. These are indepth studies on marketing of individual commodities group of commodities and marketing concept, process and system as per the approved methodology of Government of India. The method of analysis, interpretation of data and reporting are scientific and proper. The only defect observed is that, some of the reports are very old which require revision and updating. The Directorate of Marketing and Inspection, Government of India is, at present, undertaking surveys to revise and update the reports. At all measures, the reports are highly valuable for research, policy making and execution of market development programmes. The methodology followed is elaborate and it permits the presentation of facts and figures and rational statements in a highly realistic manner, without any bias or exaggeration. The approach is broad and balanced and it considers merits and demerits with equal importance and suggests practical solutions to the precisely identified problems.
The reports are reviewed, as they deal, in one way or the other, with some aspects of regulated marketing.

For example, 'Marketing of Onion in India', says: "Out of a large number of assembling markets for onions in the country, very few have been brought under regulation as yet and transactions in the market are carried on by traditional methods. High commission charges and unauthorised deductions like weight allowance, charity, postage etc. are quite common. Under cover system for sales is followed which does not ensure competitive rates and fair returns. In order to extend the benefits of market regulation to the producers in these areas, it is quite necessary that, at least the major assembling markets should be brought under regulation" 41.

"Marketable surplus and Post Harversts Losses of Paddy In India", provides a detailed method for computing marketable surplus:

\[ A - B = Ms \]

A stands for gross production of the given crop in the year of reference. B stands for the following items in the same year:

1. Consumption by family
2. Consumption by permanent labour on the farm
3. Consumption by temporary labour on the farm
4. Quantity retained for seed
5. Quantity retained for feed
6. Quantity used for barter
7. Payments in kind
   a. To permanent labour
   b. To temporary labour
   c. Farm machinery and equipment
   d. Customary payments to village artisans.
   e. Land owners as rent
   f. Land owners as share of produce
   g. Repayments of loan
   h. Land revenue
   i. Irrigation charges
   j. Others
8. Physical losses
   a. In transport - from threshing floor to storage
   b. In storage

   This is the quantity which becomes actually available for non-farm consumption and is, therefore, taken as true Marketable surplus.42.
This definition is followed in this study.

Post-harvest Losses have been classified as follows:

Losses at Producer’s level:
Losses in transport from field to threshing floor.
Losses in threshing.
Losses in winnowing.
Losses in transport from threshing floor to storage.
Losses in storage.

Losses at the level of market intermediaries, processing unit, wholesales, central and state warehouse, co-operative marketing society, retailer, fair price shop, regulated markets, loss in processing, loss in storage, loss in transport and loss in handling. 43.

‘The Report on Marketing of Maize and Millets in India’ contains very useful information on marketing of farm produce, for example, there is a description regarding market facilities and services available.

"Almost all the periodical markets are uncovered and without stallage, storage or drainage facilities. Most of these, lack good roads and some have none at all. The number of those with telephones fever and even postal facilities are not universal.

The condition of the wholesale markets is not much better. These too are not usually served by good roads. While postal and
telegraphic facilities are usually available, telephones are not
common. Parking places, drainage arrangements and traffic
regulations are generally lacking. Other facilities, e.g. storage,
market intelligence, standardized terms of sale, mechanical
devices for weighing, sampling, loading, unloading are also
conspicuous by their general absence." 44.

2.6. Working of Regulated Markets in India

The Agricultural marketing adviser to the Government of
India published two volumes regarding Regulated Markets in India.
The First volume, 'Regulated Markets-Vol.I-Legislations' was
brought out in 1956, with the object of compiling the Acts then
in force in various states, to present a comparative picture and
to serve as a guide to the states that had not yet enacted
legislations.

In 1968, the second volume, 'Working of Regulated Markets in
India' - Regulated Markets-Vol.II was brought out, with a critical
analysis of Regulated Markets in an All India basis. The preface
of it says: One of the yardsticks for measuring the efficiency of
regulated markets is the extent of participation by the farmers
in bringing their produce to the market for sale. 45.

The report has analysed the working of regulated markets in
the following lines with sufficient data:
- Role and scope of regulated markets
- Progress of regulated markets
Legislation
- Review of Market Acts by various expect committees
- Number of markets regulated
- Number of markets yet to be brought under regulation
- Statewise distribution of regulated markets
- Commodities notified and market arrivals.
- Notified market area and market yards
- Administration of Market Acts
- Market Committees - Chairman and Vice Chairman
- Market functionaries - condition governing registration, licensing system, fees etc.
- Methods of Business
- Developmental Activities
- Judicial Rulings on Market Acts

2.6.1. Agricultural produce defined

The term 'agricultural produce has been variously defined in different State Acts. In the earlier Acts only produce of agriculture, horticulture and animal husbandry were included. The revised Acts have included the produce of forest, apiculture and pisciculture also to the earlier lists.

2.6.2. Commodities Notified

Notified commodities also differ from state to state. In some state Acts all the defined agricultural commodities are notified. In some other states, list of notified commodities
would be issued by the Market committees from time to time. Each
Market committee would have its own list of notified commodities
on the basis of local importance as in Tamil Nadu.

The principal agencies who are involved in the assembling of
farm produce, are: growers, traders', cooperative societies and
other miscellaneous agencies comprising itinerary dealers,
village merchants etc.

2.6.3. Notified Market Area

Each regulated market has a notified area of operation. The
market committee has to notify the limit of market area in the
official Gazette. Different state Acts follow different pattern
of notified market area.

- notified area covers the entire hinterland of the market
- the areas from the limit of a revenue unit—a taluk, a division
  or a district.
- that it constitutes a viable unit and is neither too
  unwieldy nor too small.
- that the area notified is a contiguous one

2.6.4. Market Proper

In the literal sense, 'market proper' implies market or
markets where the sellers and buyers of agricultural commodities
get together for the purpose of sale and purchase there of.
Within the market area, as may be declared for the purpose of regulating purchase and sale, there may be several types of markets which, in fact, form part and parcel of the regulated market. The control over the 'market proper', i.e., the market yard and places around it, which really implied the primary wholesale market, has to be direct.

2.6.5. Market Yard

For an effective and proper regulation, direct supervision of sales is necessary and it is only then that the staff of regulated market can ensure that the transactions are put through without any malpractice which are found to generally exist in the trade. In fact, it is impossible for any market committee to exercise supervision over the multifarious transactions involved in the marketing process viz. sale procedure, price fixation, weighment, payment etc. unless rules are effected in a centralized place. This place is the market yard.

2.6.6. Ownership of Yards

While a fairly large number of market committees have market yards, the ownership of the yards in many cases does not vest with the market committees.
A market committee, established under the Market Act, is saddled with the responsibility of enforcing within the notified area the different provisions of the Act, the rules and the Bye-laws framed thereunder. Further, the Act enjoins upon a market committee to establish markets within its market area and provide necessary facilities to persons using it in orderly marketing of agricultural produce as directed by Government from time to time. Such facilities may include competitive conditions for the sale and purchase of agricultural commodities, storage facilities, arrangements for weighmen and prompt payments. Provision of amenities in the market yard such as drinking water, rest houses, cattle sheds, cart parks, roads, covered platforms, lighting and sanitary arrangements etc. A market committee is therefore, the pivot of the whole mechanism designed to improve the standards of marketing within its jurisdiction.

2.6.8. Chairman

The office of the chairman of a market committee is considered to be of paramount importance as the responsibility for laying out a general policy and giving proper guidance for the management of the market is that of the chairman.
2.6.9. Market Functionaries

(1). Commission Agents: There are two types of commission agents acting as intermediaries between sellers and buyers of agricultural produce. One called 'Katcha arhatia' acts on behalf of the sellers only while the 'Pucca arhatia' acts on behalf of the buyers. In some cases, the same commission agent acts as Katcha and Pucca arhatias.

(2). Broker: A broker acts as a middleman between buyers and sellers.

(3). Trader: He has been defined as any person other than a broker, who deals in agricultural produce which is not the produce of his own land.

(4). Weighman and Measurer:

They are functionaries who handle weights and measures in the regulated markets.

(5). Warehouseman: He is a person who stocks goods belonging to others in lieu of storage charge.

(6). Surveyor: A surveyor may be defined as a person who assesses the quality of any commodity.
(7). Hamals: They are labourers who handle the produce for unloading and loading, cleaning, staking, filling the bags etc.

(8). Transport Agencies: These are truck owners, drivers, cartmen etc.

2.6.10. Systems of Sale

The foremost function of the market committee is to see that, the agricultural produce brought by producer sellers into the market yard is sold under competitive conditions. The Rules and Bye-laws specifically mention the manner in which the sale shall take place in the market.

2.6.11. Market Charges

Market charges are those charges that are incurred by the seller or buyer or both from the time a commodity enters a market for sale till the time the title of ownership of the goods is transferred from the seller to the buyer.

2.6.12. Finances of Market Committees: sources of revenue

In the matter of finance, market committees are expected to be self-supporting institutions. There are two major sources of revenue to the market committee:
the market cess levied on agricultural produce transacted in
the market
- the market fee collected from various market functionaries.

There are other minor sources of revenue like grants in aid,
interest on investment, rent on plots, stalls or godowns, fines
etc.

2.6.13. Avenues of expenditure

All the receipts of market committees are paid into the
market committee fund which can be expended on various items
like, acquisition of land in market, maintenance and improvement
of market yards, provision of amenities like water, rest houses
etc; construction and repairs of office and other buildings,
expenditure on market news service, payment of salaries, payment
of audit fees, municipal taxes, interest on loans, electrical
charges, traveling allowances to members, postage and printing of
forms etc.

Studies have revealed that many of the market committees
have surplus funds. Only a few have deficits. It is reported that
the surplus funds are kept for developmental activities. But, in
practice, developmental activities are not properly undertaken
and facilities are lacking. The market committees are more
interested in revenue collection side, than in the expenditure
and developmental side.
2.7. Government Intervention in Agricultural Marketing

2.7.1. State and Market

Barbara Harriss has published a book 'State Intervention in Agricultural Exchange in a Dry Region of Tamil Nadu, South India'. In this book she has studied how the state has intervened and whether it has succeeded in controlling trade to meet social goals. She covers all aspects of intervention in trade: regulated markets, state trading and public distribution of food grains. Co-operative marketing, state warehousing, state finance and even taxation of trade. Her answer is negative. Tamil Nadu is termed as a 'Merchant State', by her.\(^4^6\). She selected two taluks from Coimbatore District for intensive probing.

Her findings are that, regulation has hardly increased competition.
- In the cotton market, commission agents control transactions by secret tender. Except on Tuesdays and Fridays, when there were open auctions, the market was run for the interest of the commission agents.
- Even the regulated market employees were close kins of traders.
- There was considerable price instability, which the market regulation failed to remedy.
- Resource mobilisation for the Government and fee collection activities were regularly going on.
- Even the cotton corporation of India, which has confined its purchases in regulated markets, has been dominated by organised merchants.

- State storage facilities could not help the farmers from distress sales.

- Merchants influence political parties in power through lobbying. They have made farmers' movements ineffective. Rich farmers are also traders and agro processors, who do not fight trader's exploitation of farmers.

While reviewing the book, M.V. Nadkarni, of the Institute for social and Economic change, Bangalore, observed; "The author has exposed the hollowness of Government control of private trade. One may feel that, her conclusions and very approach are negative and that she has not indicated a workable alternative- not even a direction to solve the problem when all known policy interventions are shown to have failed. The question remains: how the market problem can be solved to the satisfaction of both the farmers and consumers, both of whom are now exploited by the merchants." 47.

Sanjib Bhuyan has made a study of 'State Intervention in Agricultural Marketing: is necessary?' He has used the Gini Ratio to find out sellers' concentration and buyers concentration in jute marketing. His conclusions are:
- Traditional markets are functioning uncompetitively. Farmers sell at buyers market and face traditional marketing problems. From the point of view of pricing efficiency also these markets are inefficient as farmers are subjected to high variations in prices of their produce.

- The local regulated market has failed to attract farmers and traders to conduct business. The market participants have chosen the traditional markets for the transaction of their commodities; although these markets have been operating against the interests of the farmers.

- Supervision of market transactions in the traditional markets also by the market committee staff must be implemented.

- Gradual shifting of transactions to the regulated market yards must be effected.48.

A study ‘Operational Efficiency of two Regulated Markets of Chilies in Andhra Pradesh’ was conducted by K.Usha(Ph.D scholar) T.D.J.Nagabuhsham and J.Krishniah of the Department of Agricultural Economics, college of Agriculture, APAU, Rajedranagar, Hyderabad.

In Medak District two Market Committees were purposively selected. The conceptual model of Krishnaswamy and Chand (1978) and ‘Scaling techniques’ were applied to measure the operational
efficiency. Every function of the regulated market was evaluated by percentage of marks as per the weighted index and the total score of the market for all functions was computed and then the overall efficiency was determined.

A study 'Effectiveness of Regulated Markets in protecting the interest of cultivators at the Market place' was carried out by R.D.Biradar, Faculty member, Chhi Sahu Central Institute of Business Education and Research, Kolhapur, Maharashtra. His conclusions are:

- Regulated Markets are confined to only district and taluk headquarters and are not accessible to all the farmers living in far-flung villages. So, it is necessary to establish more markets and submarkets for every 5 to 10 villages.

- Farmers are not market conscious. Information and publicity must be strengthened.

- There is no co-ordination among market functionaries.

- Market charges must be reduced.

J.P.Misra, B.K.Pandey and B.B.Singh of the Dept. of Agricultural Economics, N.D.University of Agri and Technology, Narendra Nagar, Faizabad, conducted a study on the 'Impact of Regulated Markets on production of Agricultural produce and Income of producers' in Block Masodha, District Faizabad. Sample
farmers were classified into two groups, A & B, under A come farmers selling their produces in Regulated Markets and under B come farmers who sell their produce in other markets. Farmers were classified as small, medium and large (0-2ha, 2-4ha, and above 4ha). Then the impact was evaluated, Marketing of Agricultural produce through regulated markets increases the producer’s share in consumer’s price.51.

R.C.Mishra of the Dept. of Economics, S.C.S. Morning College, Puri, has conducted 'A study on Working of Sakhigopal Regulated Market in Orissa'.

To assess the functioning of regulated markets, the following method was used:

- Compound growth rate of arrival of agricultural product in the market yard has been worked out to assess the increase in arrivals of the agricultural produce in the market yard.

- The arrival of coconut in the market yard is compared with the production of coconut in the market area to measure the percentage of production and percentage of marketable surplus of coconut arriving in the market yard.

- Co-relation co-efficient of annual average prices ruling in the regulated market with the consuming centre prices has been worked out to study the nature of market integration.52.
A comparative study of Regulated and Unregulated Markets in Damoh District, Madhya Pradesh was conducted jointly by Bhag Chand Jain and Hemchand Jain, of Indira Gandhi Agricultural University, Raipur (M.P) and Jawaharlal Nehru University, Jabalpur (M.P) respectively.

The objectives were:

- to examine the structures of regulated and unregulated market in the study area
- to compare the market functions performed in the markets under study.
- to compare the market charges and margins in the markets in the study.
- to compare market efficiency of regulated and unregulated markets.

Two markets, one regulated and one unregulated were selected. 60 farmers, 30 from each market were selected. 25 traders also from each market were selected and interviewed and data collected for the year 1980-81 with the help of pre-tested questionnaire, using the survey method.
The results

- The regulated market was better organised structurally as compared to unregulated markets. Marketing operations in regulated markets were functionally specified and performed by a licence holder.

- Physical marketing facilities are better in regulated markets than in unregulated markets.

- Marketing costs were lower in regulated markets compared to unregulated markets. The prices received by farmers were also higher in regulated markets.

- Profits for traders are also higher in regulated markets.

- Regulated markets handle 40 percentage of the business, rest being handled by others.

- Marketing efficiency measured in terms of better prices to the producers, lower marketing charges and availability of facilities and services was found in regulated markets.53.

American economist, Veblen, author of the book, 'Leisure Class' was the founder of the institutional approach. Private property, taxation, slavery, laws etc. are institutions. He disapproved the classical theories as unrealistic, partial and
not absolute. But, institutional approach was finite, realistic, absolute and universally applicable.

The Government intervenes in the marketing field with regulations, to achieve certain socio-economic goals and objectives. Thus come into existence the institutions created by Government or government agencies. These can be classified as capitalist institutions and socialist institutions on the basis of their nature and functions. Veblen's institutions are capitalist whereas the agricultural marketing institutions in India are socialist.


26. Ibid. P.35.


42. Agricultural Marketing Adviser to the Govt. of India. Marketable Surplus and Post Harvest. Losses of Paddy in India, Directorate of Marketing And Inspection, Faridabad, 1980, P.5.

43. Ibid., Pp.40-41.


46. Barbara Harris: State Intervention in Agricultural Exchange in a Dry Region of Tamil Nadu, South India; concept publishing Co.New Delhi, 1984, P.101.


