CHAPTER 1

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Rapid economic development is the basic objective of economic policy in the developing countries of the world including India. Various economic measures, ranging from the traditional tools of economic policy such as fiscal and monetary measures, price controls, rationing, etc., to direct central planning are being adopted in different degrees in these countries to bring about the rapid development of their economy. The economic development of a country is a process by which the real national income of the country increases at a rate sufficient to offset the rate of growth of its population so that there is a steady increase in the per capita real income and standard of living of the people in the country. Such a development becomes meaningful only when the quantitative increase in the real national income of the country is accompanied by a qualitative improvement in its distribution. This distributive aspect of economic development has two aspects namely, distribution among individuals and distribution among regions.

In its regional aspect, distributive aspect of economic development points out to the need for an equitable distribution of the benefits of economic development among the different regions of a country and among the different
localities within a region of the country. Here in lies the need for rapid rural development in India. The Indian economy is predominantly rural in character in the sense that over 75 per cent of its population lives in rural areas. Hence rural development in India is necessary to make the benefits of economic development reach the majority of its population. Besides, rural development in the country is also necessary to make rural life attractive to the people so as to discourage the rate of urbanization in the country and thereby to reduce the various problems which rapid urbanization gives rise to.

'Rural development' can broadly be taken to mean an improvement in the living standards of the people living in the rural areas of the country. Such an improvement in the living standards of the people in the rural areas requires an increase in their productive capacities and levels of income. Such an increase in the productive capacities and levels of income of the people in the rural areas requires various economic infrastructure facilities in the rural areas, of which developed marketing facilities is an important one. Developed marketing facilities in the rural areas have a significant influence on the levels of income of the people in the rural areas by influencing the cropping pattern in agriculture, by encouraging more intensive use of land and by influencing the location and development of various rural industries and handicrafts.
Rural marketing in India is beset with various problems at present. Malpractices of middlemen, insufficient storing and transport facilities, and lack of adequate market information may be mentioned as the more serious of the many problems of rural marketing in India.

A characteristic feature of the rural marketing set up in Dakshina Kannada, as in the other districts in the state as well as in some other states in the country, is the existence of weekly village markets, popularly known as 'santho' or 'shandy' among the local people. These weekly village markets have a peculiar advantage from the point of view of rural marketing in that these markets enable a direct contact between the agricultural producers and rural artisans in the district thereby eliminating the middleman whose malpractices constitute one of the major problems of rural marketing in India. Besides, they enable the agriculturists and rural artisans to have a ready market for their products in the rural areas and enable the consumers to get fresh and genuine products at reasonable prices. On account of these advantages these weekly village markets have been becoming increasingly popular in the district. However,

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1 Dakshina Kannada is one of the coastal districts in Karnataka with its headquarters in Mangalore. The district was formerly known as South Kanara.
there are certain problems facing the participants in these markets. An attempt is made in this thesis to analyse the structure, nature of operations and problems of these weekly village markets in the district and to suggest certain remedial measures to these problems in order to make them more effective in bringing about rapid development of the rural areas in the district.

Hypothesis and Objectives of the study: The basic hypothesis of the thesis is that developed marketing facilities lead to rapid rural development around the marketing centres. This is because marketing facilities influence cropping pattern and the extent of utilisation of land in the rural areas around the marketing centres. Marketing facilities also influence the development of allied agricultural activities, location and development of rural industries and handicrafts all of which tend to increase the incomes of the rural people.

The broad objective of the thesis is to examine the above hypothesis by studying the structure and functioning of the weekly village markets and their contribution to rural development in the district. Its specific objectives are:

(i) to bring out the need for rural development in the country;
(ii) to examine the extent to which marketing facilities influence income generation in rural areas around the marketing centres through their influence on cropping pattern;

(iii) to examine the growth and structure of weekly village markets in the district;

(iv) to analyse the problems of these weekly village markets in the district; and

(v) to suggest remedial measures to overcome the problems facing the weekly village markets in the district so as to improve their structure and functioning so as to make them more effective means of rural development in the district.

Methodology: Since the thesis is basically a primary investigation, the basic data required for the thesis are collected through primary investigation. While the census method is used to survey the weekly village markets in the district, the sampling method is used to collect the required information pertaining to the contribution of these weekly village markets to rural development around them and to elicit the views of the participants in these markets with regard to their usefulness. The sampling method is also adopted to assess the influences of marketing facilities on income generation. Whenever sample data are used, the samples are chosen at random based on personal judgement to ensure randomness and representativeness. Besides primary data, available secondary data are also used wherever necessary. The regression technique is also used wherever found necessary and possible in order to
quantify the effects of certain variables on others. The influence of distance between farms and markets on per acre farm incomes is analysed by comparing the per acre farm incomes of farms situated at different distances from the secondary and primary markets.

**Scope of the study:** The study is confined to an analysis of the structure and functioning of the weekly village markets in the district of Dakshina Kannada. However, published information on the functioning of such markets in the other parts of the country are used as a secondary information for purposes of comparison wherever available and found possible.

**Relevance of the study:** Since published works on the nature and role of weekly village markets in the country are very few, it is felt by the researcher that a detailed study of the structure and functioning of the weekly village markets in the district and their contribution to rural development will throw significant light on an important aspect of the Indian rural economy. The study is also thought to be useful in suggesting measures to accelerate the process of rural development in the country. The researcher will feel immensely compensated for his efforts if this study is found to be useful in these directions.

**Chapter Outline:** With the above as the introduction, Chapter-2 discusses the need for rural development in India and analyses the important models of rural development put forward by economists from time to time so as to develop a
background for the discussion in the ensuing chapters of the thesis. Chapter-3 discusses the role of marketing in rural development with particular reference to the income generating effects of marketing in rural areas. A brief review of the problems of rural marketing in India is made in the fourth chapter of the thesis.

The fifth and the sixth chapters of the thesis contain an elaborate discussion of the structure and functioning of the weekly village markets in the district. While Chapter-5 analyses the growth, structure, location and volume of transactions of these markets in the district, Chapter-6 discusses the problems of these markets and suggests certain remedial measures. A summary of the study and its main findings are presented in the seventh and concluding chapter of the thesis.