Introduction
CHAPTER - I

INTRODUCTION

In any planned economic development programme, exchange of goods assumes a very important role in maintaining an equilibrium between production & consumption. The importance of agricultural produce, the production of which is subject to immovable, natural and economic limitations is therefore, of paramount importance, specially in an agricultural country like India. Agricultural marketing is one of the many fold problems which have a direct bearing upon the prosperity of the cultivators (producer) and consumers in the country. Agricultural marketing in its widest sense comprises of all the operations involved in the movement of agricultural produce from farm to the final consumer.

To understand the past behaviours of arrivals and prices of different food grain commodities influenced by long term forces, the secular trend and seasonal fluctuation is of much importance. Secular trend is that irreversible movement which continuous in general in the same direction for a considerable period of time. Seasonal fluctuation is to determine the increase or decrease brought about over seasons in the arrivals & prices of
food grain commodities. The secular trend and seasonal fluctuation analysis of time series will be helpful to the planners & policy makers in developing the strategy of ideal marketing system. The nature of trend and seasonal fluctuation in the arrivals and producer’s price of food grains has been estimated with a view to find out the remedial measures for minimizing these fluctuation.

In a developing economy, the producer’s supply of agricultural produce plays a significant role. This is the quantity which is actually made available to the non producing population of the country. The entire marketing system is interested with this surplus then that of total production of the commodity. An increase in the total production must be accompanied by an increase in the marketable surplus for the economic development of the country. Marketable and marketed surplus helps the policy makers in framing price policy, developing proper procurement strategies and in checking undue price fluctuation. The marketable and marketed surplus of food grain is affected by size of holdings, area under food grain crops, production of food grains, prices, size of family, requirement of produce for seed, feed and for other social ceremonies.
Marketing pattern & marketing channels plays important role in developing an ideal marketing system. The contribution of different marketing agencies like private traders, cooperative institutions, Govt. agencies, up-to-greater extent affect the nature of competition in the market. Marketing channels for various food grain in India are more or less similar in all part of the country. The efficiency of popular marketing channels in the studied market has been worked out along with the detailed price spread over for each of the channel.

The ideal marketing system is one that maximizes the long run welfare of the society. In ideal marketing system the resources in production & consumption are optimally allocated and market structural theory which includes motivation, efficiency and progressives of the system through time is fulfilled. An ideal marketing system should operate with maximum physical and allocative efficiency. For physical efficiency, the basic physical functions such as transportation, storage, processing should be carried on in such a way as to achieve highest output per unit of costs incurred on them. An ideal marketing system must allocate agricultural product in time, space and farm to intermediaries and consumers in such a proportions and at such prices as to ensure that no other allocation would make consumers better off.
The movement of goods from producer to consumers at the lowest possible costs, consistent with the provision of the services designed by consumer, may be termed as efficient marketing. And change that reduces the costs accomplished a particular marketing function with out reducing consumer’s satisfaction indicates an improvement in marketing efficiency. Marketing efficiency is the ratio of market output to marketing input.

Marketing efficiency in this context is the difference between the price at the farmer level and price paid by consumer. In other worlds the share of producer in the consumer’s price has been taken as an indicator of marketing efficiency in the present study. Higher the share of producer in consumer rupee greater the efficiency of marketing and vice-versa.

Agriculture sector is prime mover in India for its valuable contribution to the economic development. There is no denial of the fact that sustained rate of economic growth can not be achieved and kept up unless agricultural surplus is created and mopped up the capital formation. The government, farmers the scientists and a host of allied organizations together contributed substantially in the production and productivity of many crops. It has increased and created adequate marketable
surplus. While the production programmes received remarkable impacts, the marketing system was not matchingly to mop up the surplus gainfully from the producers and deliver the products to the consumers and endusers at affordable prices.

The success of the production programmes is dependent on farmers being assured of an incentive price for their produce and remunerative prices can be assured only when the farmers are able to sell their produce in a well developed market.

In a vibrant society the marketing system has to be dynamic and it is possible only by undertaking continuous search for marketing most efficiently and effectively in order to maximize the welfare of the consumers as well as the producers of the agricultural products. Agricultural marketing system is all embrasive and is a composite product of different dimensions of functions, facilities and services physical, economical technical and managerial for coordinating production and consumption at various stages.

The state Governments enacted State Agricultural produce Marketing Acts with the object to provide for better regulation of sale and purchase of agricultural produce. The National Commission on Agriculture (1976) recommended that the facility of a regulated market should be available in general with
in a radius of 5 Km. The high Power Commission on agricultural marketing (1992) estimated 6640 regulated markets which represents only 20 percent of the total markets in the country. In U.P. the number of regulated markets (1994) were 630 of which 374 were sub Mandi (sub market). The population per Mandi, in U.P. is 2.20 crores. It was realised that market regulation in so facts does not provide a remedy to improve the sale and purchase operations in the market.

Therefore it was accordingly decided with the association of FAO/UNDP to the development of appropriate technology for the planning and designing the agricultural markets with need based infrastructure. Therefore, it is interesting to study and prepare market profile of all regulated markets in a phased manner, covering time series data on all important aspects like commodity wise market arrivals, income expenditure, infrastructure development, category wise market functionaries, market practices Market information network etc. to use for studying the marketing costs and margins for selected transactions conducted in the market and have a quick assessment of the performance efficiency of the market functionaries involved therein.
JUSTIFICATION OF THE STUDY:

The positive relationship and interaction between economic development and structure, conduct and performance of the marketing system have been recognized by development economics. Commodity prices which perform the function of resource allocation, inter sectoral income distributions, capital formation are generated within the framework of the marketing system. Unless a market structure is conclusive to efficient pricing these functions of pricing will be poorly performed. In India there have been considerable changes in the extent of regulation and participation of public & cooperative agencies in the traditionally private agencies dominated in the trade of agril commodities. To what extent these changes have been socially beneficial is a matter of great importance and need to be examined in depth. The studies in food grain marketing system have come out with diverse conclusions and we still lack the universal applicable and valid set of hypothesis on marketing efficiencies. Thus there is need for more micro level studies for different commodities in different geographical areas under varying marketing environment.

With a view to fulfill the objectives of developing suitable strategy or fair marketing system and the development of
ideal market infrastructure, the present studies entitled "Economic analysis of market structure and food grain marketing in Hamirpur District of U.P." has great justification.

OBJECTIVES:

(1) To study, Production, Marketable & Marketed surplus of the important food grains.

(2) To analysis the fluctuation & pattern of arrivals & prices of the studied commodities.

(3) To study the structure of the market and marketing & contribution of various factors to change in the market structure.

(4) To examine the various functions in food grains marketing prevailing in the market under study.

(5) To find out the relative efficiency of various channels of food grain marketing in the area under study.

(6) To suggest the measures to improve the efficiency of food grain markets.