1.28 Chapter Scheme

- The first chapter deals with introduction to Regulated Market and chapter scheme.

- The second chapter presents review of literature and research design.

- Profile of Tirunelveli Market Committee is given in the third chapter.

- Analysis and interpretation of farmer’s opinion with regard to Regulated Markets is presented in the fourth chapter.

- The fifth chapter gives the analysis and interpretation of the traders and officials perception on Regulated Market.

- Sixth chapter explains the functional performance of Regulated markets under Tirunelveli Market Committee.

- The last chapter deals with summary of findings and suggestions.
2.1 Introduction

An efficient marketing system can be an effective agent of change and an important means for raising the income levels of farmers and the satisfaction levels of the consumers. An attempt is made here to briefly review the previous studies relating to the various aspects of Regulated markets viz., government intervention in agricultural marketing, market regulation, orderly marketing system, centralization of trade in market yards, effectiveness and performance of Regulated market and utilization of Regulated markets.

The Royal commission on Agriculture in India had said that, "The prosperity of the Agriculturist and the success of any policy of general agricultural improvement depend to a very large degree on the facilities which the agricultural community has at the disposal for marketing to the best advantage, such of the produce on its surplus to its own requirements". To emphasis the aspects of marketing, Clark and Clark (1960) said that marketing consisted of those efforts, which effect transfer in ownership of goods and care for their physical distribution. 36

Bansil (1961) in his study entitled "Problems of Marketable surplus in Indian Agriculture mentioned that marketable surplus represented the theoretical surplus available for disposal with the producer after his genuine requirements of family consumption, wages and payments in kind, feed, seed and wastage were met. 37

Zaiban Y. Jasdanwalla (1966) in her work entitled "Marketing efficiency in Indian Agriculture" analyzed most of the attributes of an imperfect market organization and went beyond them to unearth the hidden realities. The study related to two crops cotton and groundnut in a district in Saurashtra the present Gujarat. It was a complete study of behaviour of prices from the farmer's end upward to the terminal markets in big urban centres. It also examined the inter – relationship of

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movement of prices of crops prevailing in different markets. The study found that the
prices received by the producers varied depending upon the distance from the market;
further away the seller, the lower the price he received. The author pointed out that
the farmers in distant villages due to lack of storage facilities, and for other reasons
sold the produce largely during the immediate post – harvest period, to the local
agents and sold only small quantities in the regulated markets or directly to the
processors. In the findings she stated that as there were only two regulated markets in
the study area, the cultivators with larger surpluses sold their produce outside these
two markets and felt much satisfied with the sale of each crops, outside the regulated
market.\textsuperscript{38}

In his study entitled "Regulated markets in Mysore," Irani (1968) inferred that
in India sale in the village was the most convenient and least troublesome method of
sale to the farmer, and nearly 65 per cent of the marketable surplus of all agricultural
commodities were disposed of in the village itself.\textsuperscript{39}

Joshi (1971) in his published thesis "Regulated Markets in Gujarat" made and
attempt to study the workings of Regulated Markets in the whole state. The concern
of the study was with the establishment and growth of regulated markets in the state
along with their legal framework, function and financial status. The study brought to
light the extent of sales outside the regulated markets, the ultravires transaction taking
place within the limits of the market proper, the wide disparities in the bases and rates
of market fees and the like.\textsuperscript{40}

Utkal university undertook the project "Regulated Market in Orissa: A case
study" in 1973 to examine the performance of regulated markets in the state of Orissa.
The objective of the study was to assess whether the existing agricultural marketing
system in the state was a success. For this purpose, two regulated markets were
studied. The study concluded that the regulated markets were not performing the

\textsuperscript{38} Zaiban Y. Jaden Walla, Marketing efficiency in Indian agriculture, "Allied Publishers (PVT) Ltd
Bombay 1966.


\textsuperscript{40} V.R. Joshi "Regulated Markets in Gujarat, Published PhD. thesis, Sardar Patel university, The Kaira
District co-operative union, Nadiad, 1971.
functions they were intended to. The farmer’s product was found still subjected to the monopoly business of the traders even within the market premises. The prices were set, not discovered, placing the farmer in a disadvantageous position.  

Jasdanwalla (1977) in her study ”Marketing Efficiency in Indian Agriculture” has made a qualitative assessment of the factors causing the deviation of actual conditions from those of a hypothetical perfect market. Further, she traces the manner of exploitations suffered by contracting parties. She also suggests the way and means of providing external economies which can make markets more perfect and orderly. According to her, the following advantages could be enjoyed with the introduction of an efficient marketing system (i) a rise in the income of farmers (ii) a fall in the prices of consumer items and (iii) a rise in the profits to the middle men. So she recommended the establishment of regulated market in every district. 

In their study entitled "The Measurement of operational Efficiency of Regulated Markets – A conceptual Model", Krishnaswamy and chand (1978) pointed out that the fundamental mistake made in India was that production and marketing were considered two separate and independent functions. Also the efforts to develop agriculture were directed more towards production than towards marketing. A mere call to "Produce more" without providing for an efficient marketing machinery which could assure a fair return to the producer – seller carried no conviction with the farmer.

Subbarao (1978) examined the organizational characteristics of the Rice marketing system in the state of Andra Pradesh – His study revealed the Importance of regulated markets in augmenting the pecuniary prospects of rice production. 

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42 Jasdanwalla Y. Zailun, "Marketing Efficiently in Indian Agriculture", Economic and political weekly, Decembers 1977, p. 137.


44 Subbarao, Rice Marketing system and compulsory levy in Andhra Pradesh, Allied Publication Pvt Ltd 1978, P. 7.
"An analysis of wheat price Differential in some Regulated Markets," Deole (1979) measured the pricing efficiency of the Regulated markets in terms of market integration. (a) by examining the price variations over space and time. The objective was to explore the possibilities of increasing the producers' share in the consumers' rupee and to study and identify the stable markets. The study revealed the existence of wide price fluctuations in different markets. The study identified the relatively efficient regulated markets that would be profitable for the producer.  

Gopala Rao and Sripathy Rao (1979) in their paper entitled "Small farmers and Agricultural price" observed that the small farmers did not enjoy any price advantage in Regulated Markets because of the fact that the traders did not prefer to buy in small lots. They suggested the creation of small platforms for the use of small farmers, grading facilities and the stepping up of propaganda activities to spread the benefits of Regulated Markets.  

Arora and Jeyaprakash (1979) in their study entitled 'Comparative Efficiency of Alternative Marketing Agencies of Groundnut in Tamil Nadu in respect of Small Marginal and Large farmers," endeavored to examine the relative efficiency of Regulated markets in terms of marketing charges paid by different categories of farmers under different marketing systems. The objective was to estimate the marketing cost of groundnut incurred by farmers in the private marketing in North Arcot and South Aroct One in each, were sampled and the results revealed that the marketing cost of farmers in the private mandis was 77 per cent higher than that incurred in the Regulated markets.  

Barbara Harris (1980) examined the effects of market regulation, in reducing the degree of imperfection with which different market functions, through time and 

space. The study concluded that regulated marketing has apparently failed to halt the rise in the level of market imperfections.48

Barbara Harris (1980) examined the efficiency of regulated market in Andra Pradesh and Karnataka. Their efficiency was tested in terms of their abilities to ensure competitiveness in the market. The competitive efficiency of the regulated markets was measured by the co-efficient of price variation of different food crops. She found that the regulated markets failed to put an end to the level of market imperfections in respect of rice and sorghum. She concluded that the implementation of market regulation was weak. In her opinion, the regulated markets were not working satisfactorily because the Regulated Market Act could not control the money market or the money lending or credit activities of the traders. Another factor added to it was non-regulation in transport system and storage costs.49

A study on Inaction, Interaction and Action – Regulated Agricultural Markets in Tamil Nadu by Barbara Harris (1980) revealed that the Regulated markets had failed to create a significant impact on the marketing of Agricultural produce. According to the study Regulated Markets were weak in organization and administration set up. The personnel employed were inadequate to supervise the mercantile activity. She criticized that Regulated markets remained fund – collecting bodies rather than service – rendering institutions amassing enormous surplus funds which remained unutilized.50

The study by Subramaniam (1980) disclosed that the farmers who sell through the Regulated Markets were really benefited in the form of higher prices and low

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marketing cost. But the amenities made available in the Regulated Markets were not sufficient to help the farmers and traders.\(^5\)

Subbi Reddy and Narasimham (1980) attempted to study the efficacy of the Hindopur Regulated Market with a view to providing an insight into the working of the Regulated Markets in Andhra Pradesh. He found that the Committee was facing difficulties in conducting effective supervision of auction, weighment and payment for sale. There was no government agency to provide up-to-date market information.\(^5\)

Commission Agents according to Ravindran (1981) have a strong hold over the agricultural markets in India. They have been able to lure the farmers through their schemes of loans and advances. In his analysis he shows how 76.9 per cent of the producers of agricultural commodities depend on commission agents for the sale of a wide variety of their agricultural products. The commission agents give loan of the order of Rs.1,200 to 4,800 at a rate of interest of 18 to 24 per cent to the needy farmers. In addition to loan, the commission agents supply gunny bags to the agriculturists. Besides these the commission agents come forward to meet the transportation charges of the farmer from the farm to the godowns. The commission agents are preferred for all these facilities. Thus in the opinion of Ravindran, the regulated markets have fallen much below the expectation by not being able to relieve the farmers from their conventional problems.\(^5\)

Sivarama Prasad (1981) stated that a network of warehouses all over the country could serve not only as a place of storage, but also as a place of orderly


transactions of selling and buying, thus eliminating the need for the farmer to travel long distances to market their produce.\(^{54}\)

Agarwal (1981) suggested that there was a dire need for establishing more and more Regulated Markets and the co-operative movement should be strengthened.\(^{55}\)

Gopalan and Mathan Gopalan (1981) conducted a study on the Marketing efficiency of the co-operatives in a potato region in Tamil Nadu and observed that the marketing societies had weakened in this region because of the existence of small monopolies and malpractices of the commission agents at the assembling point. However, the study concluded that the overall level of the marketing efficiency of selected marketing co-operatives was good.\(^{56}\)

Ganesan (1982) conducted a study on cotton trading in a secondary market in Tamil Nadu and observed that the establishment of the Regulated Market was purely meant for the benefits of the farmers, but the village traders used the market yards to a greater extent and the participation of farmers in the market yards was not encouraging.\(^{57}\)

Shankariah, et al (1982) examined the performance of an Agricultural Market Committee from the standpoint of the producer-seller in Konda district in Andhra Pradesh. They found that most of the farmers were aware of the existence of the market committee. Many of them did not have any idea of its composition. Farmers had no faith in the nominated members. They preferred to increase the number of farmers and their effective participation in the Market Committee. Traders were dominating in fixing the price. They suggested that it was the duty of the trading


community, bureaucrats and politicians to take remedial actions to improve the performance of the Market Committee before it was too late.\textsuperscript{58}

Kalliyaperumal (1982) in his thesis "The organization working and performance of Regulated markets in south Arcot District," evaluated the performance of Regulated Markets with specific objectives, namely (i) to estimate the monetary benefits that farmers and traders enjoy in their transaction through Regulated Markets (ii) to investigate whether the market arrivals of the notified crops are up to the attainable levels, and if so to examine the reasons there for (iii) to study the economic aspects of market diversions, that is, the flow of agricultural commodities between regulated markets. (iv) to decide how far the regulated markets can be expected to enforce regulation in trade and (v) to suggest on the basis of the findings of the study, suitable remedial measures to make the regulated markets more efficient. He has taken the period of 1969-70 to 1979-80 for the study. Different regulated markets were selected for different purposes for the study of overall performance of the regulated market, four regulated markets were selected which included Tindivanam, Villupuram, Virudhachalam and Kallakuruchi. For studying the performance of weaker markets three markets were chosen, which included Ulundurpettai, Tittagudi and Sethiathope. For pricing analysis, two crops – groundnut and gingelly were selected. The working of the regulated markets in the district was chiefly studied through the market conduct and performance approach.\textsuperscript{59}

Renade et al (1982) in their study entitled "Groundnut Marketing. A study of co – operative and private Trade channels, centre for Management in Agriculture" analysed the problems of groundnut marketing through co – operative channels. The study provided useful suggestions for enlarging the income of the groundnut growers. The study explored and evaluated the possibility of increasing the income of groundnut growers with the help of vertically integrated groundnut co – operators. The analysis at the macro level reveals that, in spite of wide fluctuation in groundnut


production the private traders and middlemen had managed to maintain their levels of profit. He found that the farmers’ net share was not high when he sold the produce in the regulated market through the co-operative commission agent when compared to the private channel.  

Ananda Kumar et al (1983) made an attempt to evaluate the services rendered by commission agents to the farmers. They concluded that a big majority of the farmers did not prefer to sell their produce through commission agents. Commission Agents were not providing adequate physical financial facilities to farmers. A majority of the farmers rated the service rendered by the commission agents as "Bad" and "Very Bad".

Muthusamy (1983) conducted a study of the utilisation of the Regulated Markets by farmers and traders in South Arcot District, Tamil Nadu. The study observed that the socio-economic factors, the perception of Regulated Markets, the volume of turnover and the satisfaction regarding various services that prevailed in the market yard had a significant influence on the farmers and traders in utilising the Regulated Markets.  

Rajan Nair 1983 in his Thesis, "A study of the Evolution and working of Regulated Markets in Tamil Nadu," traced the Revolution of Regulated Markets from the British period and motives behind the regulation primarily being fair price for the farmer. He found that the poor organizational design was the major cause for the poor growth of the Regulated markets. Further frequent changes made from time to time and the inability to develop the organization based on a total plan made the structure complex and the organization weak. He found that the paucity of arrivals in certain markets was due to a total lack of faith in the system and this was often due to the


failure to rectify minor defects and to adopt the system in an acceptable form to suit the requirements of the cultivators. He even went to the extent of suggesting a total ban of private trade altogether outside the Regulated markets to achieve its objectives. But he accepted that it did not appear to be feasible in the present set up. He recommended various procedure for correcting the defects of Regulated Markets.\textsuperscript{63}

According to Sathya Priya (1984) establishment of Regulated or centralized market is mainly for facilitating the growth of free and informal competition in the existing system without malpractice. An opportunity could be given to the producers to sell their produce by a method which ensures the presence of several buyers, a competitive bidding for each lot sold and a more vigorous competition among buyers which could result in higher prices. Thus it is her opinion that the regulated markets can get the peasants fair marketing conditions which are undoubtedly a major pre-requisite for the steady growth of Agriculture.\textsuperscript{64}

According to Narasimhamoorthy, et al (1984) all the functionaries, based on their function could be classified into two categories, namely "Trading Market Functionaries and Non – Trading Market Functionaries". Trading functionaries include buyers, commission agents and the non trading functionaries include weighmen, hamalies hot men and female laborers. The authors add that while the former category influences competitive condition in the market, the latter category renders certain important services like weighing, loading and unloading and clearing and servicing which are important for the quick disposal and efficient handling of arrivals in the markets. Further, it is pointed out that though the trading functionaries played a vital role, the position of non-trading market functionaries should not be undermined.


as most of the malpractices in the regulated markets could be removed only if the non-trading market functionaries are well trained, sincere and honest.65

Sivarama Prarad (1985) in his thesis has attempted to examine the workings of Regulated Markets and assessed their role in facilitating an orderly marketing of agricultural produce in Andhra Pradesh. The study covered the period 1970 – 1971 to 1980 – 1981. His objectives were (i) to study the pattern of administration and the facilities provided in the selected markets (ii) to examine the working of selected markets in relation to the stipulated functions (iii) to measure the operational and financial efficiency of the selected markets and (iv) to consider and offer suggestion to develop an effective marketing system in the state. He revealed in the study that majority of the grower – sellers and traders in all the markets were found to be facing the problem of transportation as a result of non availability of adequate number of carts, lorries and wagons when needed. Even though the market committee had no statutory obligation to provide transport facilities, they could come forward to improve these facilities for the growers and the traders. He has observed that in all the selected markets, grading was taking place only in respect of a few commodities and that too to a limited extent. This is partly due to lack of grading equipment and shortage of trained staff to carry out the grading of the products.66

According to Dilip Kumar Mand (1985) the problem of agricultural marketing stunted the growth of agricultural production for a long time. The farmers were faced with the problems such as short weights, excessive brokerage, inadequate storage facilities, outmoded and wasteful processing facilities, exploitative trading forces and discouraging unfavorable price levels. These problems put the country into a very great difficulty in bringing about an equilibrium between production and consumption. Hence the evolution of a suitable marketing system for the agricultural products became quite incumbent on the part of the Government. The outcome was


the birth of regulated markets in various parts of the country to protect the interests of
the producers and consumers and thereby prove itself to be the backbone of
agricultural development. 67

The functioning of Regulated Markets in Maharashtra was analyzed by
Dhume (1985). In his study entitled, "A study of the Regulated cattle Market of
Maharashtra", he found that due to lack of funds the facilities provided by the
Regulated cattle markets of Maharashtra were poor. He suggested that administrative
reforms in the Regulated Markets were essential to make them more efficient.68

Ajjain (1986) in his study entitled "Regulated Markets in Tamil Nadu. A
Malady – Remedy Analysis," traced the growth and development of Regulated
Markets in Tamil Nadu. He stressed the need for the evaluation of the functioning of
Regulated Markets in Tamil Nadu. On the basis of his analysis, he found that most of
the Regulated Markets were not functioning well.69

Richard J. Sexton (1986) explored the responses of co-operatives to the forces
shaping Agricultural Marketing. He emphasised the need to understand their role in a
market-oriented economy. He found that the sector-wide financial crisis was no doubt
the most significant force affecting Agricultural Marketing.70

In their work Acharya and Agarwal (1987) have stated that "a study of
Agricultural marketing system is necessary to an understanding of the complexities
involved and the identification of bottlenecks with a view to provide efficient services
in the transfer of farm products and inputs from producers to consumers. An efficient
marketing system minimizes costs and benefits of all sections of the society.

67 Dilip Kumar Mund, “Agricultural Marketing: Problems and Prospects” Vol XXX III No. 9, June
1985, P. 36.

68 M.N. Dhume, "A study of the Regulated cattle Market of Maharashtra Agricultural marketing” Vol

69 N. Ajjain, "Regulated Markets in Tamil Nadu: A Malady – Remedy Analysis” Agricultural situation
in India, September 1986, P. 455

70 Richard J. Sexton, "Co-operatives and the Forces Shaping Agricultural Marketing", American
Journal of Agricultural Economics, December 1986, p.1167
Specially, the subject of agricultural marketing includes marketing functions, agencies, channels, efficiency of cost, price spread and market integration.\textsuperscript{71}

According to Mitendorf (1987) to evaluate government marketing intervention programmes, a distinction has to be made between the nature and degree of defined policy objective and the way of implementing the scheme. There is a wide variety of options, often not seen by policy makers that have to be analysed in terms of costs and benefits. It was felt that marketing system had become more competitive due to improved market information, grading and transport; market centers has lost their original role in advanced countries and direct marketing had therefore made considerable progress. There in an urgent need for marketing economists to provide more policy guidance on government marketing interventions via cost / benefit evaluation taking alternative solution into account.\textsuperscript{72}

Meena (1987) in her article has written that construction of market yard is an important component of market regulation programme and involves substantial investment prima facie. New market yards appear to be the attractive places for transaction of agricultural commodities. Lot of investment has been made in regulation of agricultural produce markets throughout the country. The coverage of regulation both in terms of geographical area and agricultural commodities has expanded rapidly for every rupee invested in the construction of new yards, goods worth Rs 6.76 was transacted annually. Though this ratio is quite encouraging there is substantial under utilization of facilities.\textsuperscript{73}

In his study entitled "Efficiency and weakness of Regulated Market in India", Thakar et al, (1988) have attempted to give briefly the facts about the history, growth, coverage and functioning of regulated markets. The study has highlighted the efficiency or otherwise suggested remedies for improvement in the functioning of


regulated markets. The author found that there were practically no sales in the market yard due to lack of marketing facilities. They stressed for the need for sufficient investment in Regulated market to improve the overall infrastructural facilities. It is also remarked that in many cases, the regulated market existed only in paper with the passing of the Market Regulation Act, which was the desire of the planning commission and the Government of India, but the Act was not implemented in letter and spirit.\textsuperscript{74}

Raman (1988) while dealing with regulated markets in Bangladesh have pointed out with no uncertainty that the failure of local markets, the malpractices in them and the excessive involvement of dealer without license in the marketing operations were chiefly responsible for the emergence of the regulated markets. So he has concluded that the Regulated markets should work in such a way to eliminate all these shortcomings and help the farmers to market with ease in such markets.\textsuperscript{75}

Dhoshi (1989) has stated that "It was believed for a long time that the establishment of regulated markets all over the country would provide an institution channel on permanent footing to meet the vital problems faced particularly by the growers of agricultural produce. The expectation has not borne fruits upto the expected level and malady continues in spite of the efforts taken so far. Consequently one is driven to think of exploring possible alternatives to the system of regulated marketing. Market regulation cannot be done away with since it provides the necessary infrastructure and discipline if carried on sagaciously and conscientiously. Wide range of commodities can be covered under the system and certainly at least partial justice can be granted to the grower".\textsuperscript{76}


\textsuperscript{75} M.L. Raman, "Regulated Markets in Bangladesh – A case study in Gouripur" Economic affairs, Vol 33, No. 4, December 1988, PP. 234 – 240.

Sangwan (1989) emphasised that the level of seasonal variations in the prices of potato was considerably less in the Delhi market in the Farrukhabad, Meerut, Patna and Kanpur markets. The study focused largely on the lower harvest season prices in producing areas than on consumption centers like Delhi. He suggested that the establishment of more cold storages near the producers could enable more storage and could also reduce the burden on transport which in turn might favourably affect the post-harvest season prices.77

Viswa Nath Gupta (1990) in his article, "Agricultural Marketing Scenario Today, has analysed various steps taken by the government in setting up of regulated markets and their utilization to protect farmers. According to him regulated markets have successfully removed malpractice followed by brokers and commission agents. The committee managing the affairs of a regulated market hears all the complaints and settles them. In the case of any dispute the same is referred to arbitration which is also arranged by the committee. The market committee is empowered to punish anyone who is found guilty of fraudulent and dishonest practice.78

In view of Nizamudin Khan (1990) regulation of market was started to provide facilities to producers sellers and to guarantee fair remunerative price for the produce by controlling the market functionaries through compulsory licensing system. A market committee consisting of representatives from both producer and traders ensures that the auction of commodities is done in regulated markets according to the rules and regulations. In order to remove sharp fluctuation in prices and to provide fair treatment to the producer sellers in the market, different kinds of curative and preventive steps have been taken by the central as well as state governments among which regulation of markets is the most important step taken in this direction. He has pointed out that states like Jammu & Kashmir, Meghalaya,


Nagaland and Sikkim have yet to enact law for the establishment of Regulated Markets.\(^7\)

Archana Sood (1990) has expressed his opinion in the article "Agricultural Marketing Needs Streamlining" that the arrival of agricultural commodities in the regulated market is generally on the increase with the growing awareness among the farmers of their crucial role in getting remunerative prices and saving them from the exploitation of the middlemen. Study conducted indicates that the farmer gets 3 – 11 per cent more price by sale through regulated market than through private trade. Yet only 25 per cent of the agricultural produce is sold through organized sector because of certain shortcomings in the regulated marketing system. He has suggested that there has to be better regional and temporal price integration for the effective functioning and utilization of the system.\(^8\)

Srinivasan (1990) in his paper presentation has specified that in Tamil Nadu state, the performance of the regulated market is of mixed nature. In northern districts like Cuddalore and Villupuram, the performance is good but it in very poor in southern districts like Tirunelveli, Virudhunagar etc. In Tamil Nadu, in all but one market Tirupur the farmers directly sell their produce. Very large number of farmers are aware of the functioning of regulated market, but a very few utilize their services. Thus there exists a wide gap between awareness and adoption that needs, to be bridged. The deficiency is to be made good by taking into cognizance the changing environment and the prospects in the twenty first century. All focus must be on helping the primary producer viz, the farmer to get remunerative prices for his produce.\(^9\)

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\(^7\) Nizamudin Khan "Weeding Remuneration in Agricultural Marketing", Kurukshetra Vol XXX IX No. 3 December 1990 P. 8.


According to Dasaradhan (1990) the basic principle of market regulation is to prescribe the manner in which the commodities, are to be sold, and it is the socio economic problem which have to be looked into. As per the observation of "National planning committee" the farmer in general sells his produce at an unfavorable place unfavorable time and usually he gets very unfavorable terms. The object of the Act will be fully achieved by promoting centralization of the trade in the market yard with the regulatory provision of the Act being effectively implemented to the benefits of the farmers.\textsuperscript{82}

Fred C. White (1992) made an attempt to determine whether dynamic relationships between agribusiness, sales and research existed. Statistically significant dynamic relationships were identified.\textsuperscript{83}

According to Dankar (1993) the advent of regulated markets has helped in mitigating the marketing handicaps of the producer – seller. The government of India has advised and encouraged the state government to enact market legislation to set up regulated markets. Under these market legislations, agricultural product market committees are set up to operate and manage the markers. These committees are granted in addition to their regulatory functions, corporate powers enabling them to own property, borrow money, acquire facilities, collect fees, sue and be sued etc. They provide for proper method of sale, correct weighment, quick settlement of disputes between buyers and sellers. Out of 6934 whole sale assembling markets 6640 have been regulated under different state marketing legislations. There has been piecemeal approach to extend regulatory provisions to different kinds of commodities. Commodities like fruit, vegetables, cattle etc. remained overlooked in many parts of the country. There have been 23 market legislations in the country. While 3-4 states are yet to enact their own legislations, some states / union Territories

\textsuperscript{82} R. Dasaradhan, Directorate of Agricultural Marketing Key note Address Training on Activities of Regulated Market, organized by National Institute of Agricultural Marketing, Jaipur, 1990, PP. 1&2.

have by notification, adopted the prevailing legislation of other states that suit their conditions.\(^8^4\)

Raju and Rao (1993) analysed the two important and major Regulated Markets working in Guntur district. The study showed that utilisation of the market yard was only to a small extent by farmers due to their ignorance about the facility and the pressure to dispose of the produce at the earliest. The Market Committees strictly enforce that buying and selling of all notified commodities should take place within the market yard. They should also strictly enforce the collection of commission charges as stipulated by the regulation. Growers should be made aware of the facilities the committees were providing for them particularly the storage and short-term advances. The supervision by market officials should be improved so that the operation of unauthorised agents could be checked.\(^8^5\)

Haridoss et al (1994) has expressed that the extent of consciousness generated by the regulated markets among the farmers could be measured by the questions of market arrivals. Market arrivals form an index of the farmers willingness to participate in Regulated markets. The Regulated Markets have taken cognizance of the sufferings of the farmers at the hands of merchants and hence introduced many measures which are beneficial to farmers. The study was undertaken by them in Madurai Market committee based on the secondary data such as market arrivals, marketable surplus, price, production, and area under the crop which were obtained from the various issues of annual administration report. Only those crops which were already notified by the committee were taken for the study and it was shown that with regard to all the crops except groundnut, marketable surplus has been the most significant factor which influenced the market arrivals.\(^8^6\)

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\(^8^6\) R. HariDoss, "Determinants of Market arrivals of Regulated Market under Madurai market committee, TamilNadu." Indian journal of Agricultural Markeing, Publication of Indian Society of Agricultural Marketing Jaipur, cofn spl. 1994, PP 31 – 34
In a study with respect to the structure, functioning and operational service of Regulated Markets, Bhag Chandra Jain (1994) showed that the Regulated Market could not attract the producers and the market had no proper infrastructure facilities like good storage, transport, processing, financing and standardisation facilities open to all the functionaries.\(^{87}\)

Basavaraja et al (1994) have pointed that it is very difficult to achieve success in the implementation of regulatory measures without adequate development of market infra structural facilities. Hence to have an orderly marketing system forty seven regulated markets were undertaken for development for the first time in 1975 – 76 by the world Bank to provide necessary funds. They undertook their study to analyse the investment made in regulated market information in the five selected regulated markets wherein investments were made and concluded that there was a need to give top priority for less developed or underdeveloped market for investment purpose and to have orderly marketing system.\(^{88}\)

Ravi et al (1994) have interpreted the role of effectiveness of regulated markets in terms of market arrivals, market infrastructure and extent of completion. Market arrivals indicate an important index of the effectiveness of regulation. Considerable growth has been evidenced in the arrival of various commodities in the regulated market over years. A large number of markets lack basic amenities and facilities for scientific handling of commodities. The accumulated revenue amount can be utilized for providing marketing infrastructure as well as cheap and efficient marketing service to farmers. Extension of such facilities to all the important regulated markets will go a long way in reducing the marketing cost and improving

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marketing efficiency. Competition is the main stay in ensuring fair price for the farmers in regulated markets.\(^\text{89}\)

Acharya (1994) in his presidential address, delivered at the VIII National conference of the Indian society of Agricultural Marketing, stated that regulation of agriculture produce market was taken up as an institutional innovation and construction of well laid out market yard was considered as an essential requirement for effective implementations of the regulation programme. In the context of too much pre-occupation with the construction of market yards, it needs to be borne in mind that though the regulated markets and yards play an important role in orderly marketing and safeguarding the farmers against the payment of non-function market charges, it is the linkage of these yards with other market centers through paved roads, railways, transport vehicles and communication networks which influence the price for formation in these market yards.\(^\text{90}\)

An orderly marketing system is a major perquisite to promote the material and social well being of producers and consumers simultaneously. According to Banakar and Murthy (1994) regulated markets are responsible institutions which can promote the orderly and systematic sale of agricultural product of every distinction. Keeping in view the overall interest of community and consumers they add that marketing extended service with regard to grading of agricultural commodities at producers level could be effectively undertaken by regulated markets through their market intelligence and information means. They conclude their analysis with an optimistic statement that even in under developed country like India, ideal orderly marketing system could be rendered by regulated markets.\(^\text{91}\)


\(^{90}\) S.S. Acharya, Marketing Environment for Farm Products, Emerging Issues and Challenges", Indian Journal of Agricultural marketing vol. 8, No 2, July- December 1994 pp 152- 163

A paper on Marketing efficiency of Agricultural Marketing by D.S. Thakur (1995) where the author examines the operational as well as pricing efficiency of marketing food grains, reveals that in case of food grains the direct marketing channel under which producers sell their produce direct to their consumers is most efficient.\(^{92}\)

According to Behari (1996) has stated that Agricultural markets are now well poised to act as an effective channel for performing the dual function of assembly and distribution of agricultural commodities.\(^{93}\)

Upender and Manohara Chary (1996) examined the relationship between market arrivals and prices of paddy in terms of price elasticity in the Regulated Markets and showed that the prices of paddy could be low during the peak marketing period as compared to the prices in mid-and lean marketing periods.\(^{94}\)

Raisuddin Ahmed (1996) in his study on the Agricultural Markets of South Asian countries reported that the reforms in agricultural markets had been very slow and marginal in all the countries except Bangladesh. For a successful reform program, a capacity to monitor change and detect emerging problems early was a necessary prerequisite. The adverse effects of imperfections in any tier of a marketing channel spread rapidly throughout the entire marketing system.\(^{95}\)

Markande and Kulshrestha (1997) says that, "A good farmer has one eye on the plough and the other on the market. But in these days of commercialized agriculture it would be more correct to say that he keeps only his hands on the plough but both eyes on the market."\(^{96}\)


\(^{93}\) O.P Behari Agricultural marketing, Adviser to the Government of India, Nirman Bhawan, New Delhi 1996 PP.77-80.


Singh and Singh (1997) in their study reported that the market had earned no profit due to huge expenditure and mis-management.97

According to Ponnambalam (1997) to bring orderly marketing, government by notification should regulate un orderly marketing. Licensing is one of the statutory regulatory measures of the market committee to bring about an effective orderly marketing in the notified area. The conditions stipulated for each license are different and are prescribed according to nature of functions with a view to establish an orderly marketing. Under the licensing provisions, "No person is allowed to set up or to establish, or to continue or allow to continue any business premises in the notified area for purchase of or sale for any other marketing operation of notified agriculture produce except under and in accordance with the conditions of a license granted by the market committee". It is the duty of the market committee to enforce the provision of the market Act, rules and by- laws made under the Act in notified area.98

Srinivasan in his study has evaluated the organizational pattern and structure of the regulated markets. He has remarked that regulated market is one of the organized agricultural marketing institutions formed to bring an end to the century old defects in Agricultural Market committees and regulated markets came into being at different times in various districts of Tamil Nadu. After the green Revolution many changes have occurred in the agricultural production environment. The life style and food habits of the people particularly in urban area are undergoing perceptible changes. Under this changing scenario, Srinivasan raises a question how far this organized institutions have turned organizationally and managerially effective. After evaluating the functioning of regulated markets, he has come to the conclusion that there is a vast scope for improving the effectiveness of regulated markets in Tamil Nadu.99


Grover (1997) et al have made an attempt to study the organization and management of regulated markets in Haryana State and financial and physical performance of Hisar regulated market. In India, regulated markets have been one of the several institutional reforms and policy formulations to ensure an orderly marketing system and to mitigate the marketing problems keeping in view the overall interests of the farming community and the ultimate consumer. They have proved in their study that in the context of liberalization and opening up of the economy these markets have attained a pivotal role to play in the agricultural and rural development of India since regulated market is the basic unit of agricultural marketing in the country.\(^{100}\)

Brahm Prakash et al, (1997) have in their study investigated the efficiency in agricultural marketing system after market regulation in Uttar Pradesh. In Uttar Pradesh Krishi Utpadan Mandi Parishad Act was passed in 1964. Now there are 262 main and 381 submarkets. Increasing production of all crops clearly reveals the importance of extension of network of these markets. The authors have proved that since establishment of these markets seasonal fluctuations in prices have been reduced to a great extent. Although a large share of marketable surplus reaches the market, on the other side a considerable share of marketable surplus is sold in the unregulated markets at village or block levels due to credit facilities provided by local traders. Thus the authors conclude that even though a lot has been done in making the market system efficient much remain to be done to improve the marketing efficiency of regulated markets.\(^{101}\)

Guraha (1997) has made an attempt in his study to identify the constraints responsible for poor arrivals of agricultural produce in the regulated markets in Madhya Pradesh State. He has proved that the main constraints are delay in payment

\(^{100}\) R.K. Grover, .S. Suhag and R.S. Chaahan, "Organizational Management and performance of Agricultural commodities Markets in Haryana. – A case study of Hisar Markert committee"

and auction, lack of basic infrastructural facilities, location of mandy yard at long
distance from the production point etc. Calling to produce more without assuring
proper marketing infrastructure, and facilities to ensure fair return to the producer
carries no meaning to farmers. There should be well spread out regulated
infrastructure of markets in the field of agricultural marketing. The author feels that in
order to manage efficient agricultural trade, to give optimal benefit to the farmers as
well as to encourage increased agricultural output there should be a strong
organization of farmers particularly small and marginal farmers. This organization
will provide not only the facilities for bringing their produce to market but the
farmer's bargaining power also will be strengthened and ultimately they will get good
remunerative prices for the produce.102

In the opinion of Varghese et al, (1998) it is only through efficient marketing
that the benefit flowing out of increased agricultural production could be converted
into real benefit to farmers. They add that the physical efficiency achieved in the
production system through the introduction of better agricultural technology will be
of very little avail to farmers in the absence of an efficient marketing system, which
assures farmers of higher profit margins. What is significant about agriculture
marketing is that it cannot get itself rid of its basic structural institutional and social
problems without the effective intervention of the government. Varghese et al,
therefore maintain in the course of their trail blazing studies on the instrumental
development of regulated markets for agriculture in Rajasthan that Government
intervention in agricultural marketing is not only prelude but a necessity as well.103

A case study on marketing by Naidu and Brahmaiah (1998) revealed "the
level of marketing efficiency as manifested by producer's share in consumer's rupee
was much higher in sales effected in regulated markets and in other organized

102 A.G. Guraha, "Constraints of poor Market Arrivals of Agricultural produce in the Regulated
Market of Andhra Pradesh." Indian Journal of Agricultural Marketing, vol II (1 & 2) 1997
P. 83.

103 K.P. Varghese, P.M. Sharma & S.S. Gupta, "Infrastructural Development of Regulated Market for
Agriculture in Rajathan," Indian Journal of Agricultural Marketing (conf. Spl) 12 (3), 1998,
P. 115.
channels as compared to unorganized channels. They emphasized on strengthening the chain of regulated markets.\textsuperscript{104}

Atibudhi (1998) has very clearly pointed out that a large number of unfair practices prevalent in most of the markets take away a real share of the prices paid by purchasers and place the farmers at a disadvantageous position. This has necessitated formation of suitable farmers’ organization with a motto of protecting economic benefit to their clientele farmers by adopting different protecting instruments in a systematic way on a continuous basis. He has selected two regulated markets of Orissa purposely to compare the role of market committee in the functioning of the markets. The analysis has revealed that the efficiency in regulated markets is more than that of unregulated market due to the higher margin charged in unregulated market with higher marketing cost and multiplicity of market charges. He has concluded to increase the producer's share in consumer rupee and to increase marketing efficiency there should be strong producer's organization in the form of market committee to protect the interest of farmers as well as for streamlining better marketing system.\textsuperscript{105}

Acharya 1998 in his paper ‘Issues and challenges’ has noted that government keeps a watch and monitors the market through mandatory regulations. The regulatory frame work in India is unique and consists of two distinct sets of measures, one of those is the regulation of primary market popularly called 'Regulated Markets' and the second set is the regulation of market conduct through a series of legal instruments. Regulation of primary market was taken up as an institutional innovation and was considered as an essential requirement for the effective implementation of the regulation programme. As the programme was a development-cum–legal measure it took considerable time to extend it on a wider scale. The programme got


\textsuperscript{105} H.N Atibudhi, "Role of Market Committee in regulating malpractices and increasing producer's shares in consumer Rupee. A Comparative study in Skrigopal and Satsankh Markets Orissa", Indian journal of Agricultural Marketing, Publication of Indian society of Agricultural Marketing vol 12, No 3, September – October, 1998 PP 87 – 90.
momentum after the mid-sixties and now out of 7169 wholesale markets in the
country, as many as 7001 are covered under the market regulation programme.\textsuperscript{106}

According to Rangi and siddhu (1998) the development of farm sector depend
not only on advancement in farm technology but also improvement in market
infrastructure which is essential to ensure better returns to the farmers. The efficient
marketing can correct snags which have discouraging effect on production and help in
improving the economic lot of the farmers. The Royal commission on Agriculture
(1928) pointed out the that there was no common yard stick to measure the quality of
produce, the weight and measures were under standardized and the private market
operation exploited the farmers. It recommended the enactment of legislation to curb
rampant malpractices and to realize better returns. The authors conclude that
regulation of markets has solved many problems of agricultural marketing. The
marketing of farm produce has become orderly and efficient particularly at the
assembling point. The manifold increase in the agricultural production might not have
been achieved without the successful development of an efficient market system.\textsuperscript{107}

Yadav (1998) has assessed the performance of regulated market in general
and grain market in particular with an example of suraj pole grain Market Jaipur, and
to highlight their shortcomings so as to bring about further improvement in systems,
methods and procedure and to increase the efficiency in the marketing system. To
evaluate the functional performance of the market be has taken the parameters like (i)
operational efficiency (ii) pricing efficiency (iii) Efficiency in the market finance (iv)
Innovative efficiency and (v) Managerial efficiency. On the whole Jaipur, market was
found to be good in its operations and was rendering valuable services to the people
of the area.\textsuperscript{108}

\textsuperscript{106} S.S. Acharya, "Issues and challenges", Indian Journal of Agricultural Economics, vol 53, No 3,

\textsuperscript{107} P.S. Rangi & M.S. Siddhu "Role of Punjan Mandi Board in Marketing Development," Indian
journal of Agricultural Marketing, Indian society of Agricultural Marketing vol. 12 (1 and 2)
1998 Jaipur.

\textsuperscript{108} J.S. Yadav, "Regulated Markets and their functional performance. A case study of grain Market
Singh, et al (1998) in their study on organisation, structure, functioning and performance of the Doharighat Regulated Market, Uttar Pradesh, reported that the objectives of the Regulated Market were not practiced. Grading and standardization of produce were not done. The farmers' representation was ignored. The auction method of sale was not accepted.  

Bhag Chandra Jain (1998) in study on the structure and market functions of the Raipur Regulated Market in Madhya Pradesh concluded that most of the farmers were not aware of the functioning of the Regulated Market. Adequate storage facilities were not available. The study suggested the need for imparting training in grading and standardisation to the staff.

Selvaraj, et al (1998) observed the performance of ten Regulated Markets of the Pudukottai Market Committee in Tamil Nadu in terms of arrivals and receipts and factors determining the farmers' awareness of the existence of Regulated Markets. The study showed that the notification of commodities was not uniform among the Regulated Markets. The study also saw positive growth in terms of arrivals and receipts. Most of the farmers were not aware of the functioning of the Regulated Market.

Atibudhi (1998) critically analysed the operational and organisational structure of Regulated Markets to ascertain the farmers' attitude, to the Regulated Market Committee and regulatory measures of the markets in Orissa. The study showed that the infrastructural development was not adequate. About 76 per cent of


the farmers had no specific idea about the Regulated Market Committee and its functions.\textsuperscript{112}

Nahatkar, et al (1998) in their study on the nature and magnitude of price fluctuations of cotton in the Kukshi Regulated Market in Madhya Pradesh concluded that the variation in arrivals of cotton was found to be higher than the variation in the prices. The study also showed that farmers were more responsive to lagged cotton prices than current prices. \textsuperscript{113}

Archna Singh and Rohal (1998) in their study reported that though regulations had been effective in lowering the margins of middlemen and increasing the share of the products in the consumer's price, there was large scope to eliminate the large number of market intermediaries. \textsuperscript{114}

Shelke and Kalyankar (1998) in their study of the pattern of arrivals and price of tomato concluded that the arrivals and prices were negatively correlated, which meant that the increase in arrivals led to reduction in price and vice-versa.\textsuperscript{115}

Selvaraj et al (2004) in their studies concluded that the educational status of the farmers was found to be an important factor which influenced farmers' awareness of the Regulated Markets and also suggested that publicity and propaganda activities should be strengthened and marketing officials should visit the villages regularly to


propagate the benefits the farmers could avail from the Regulated Markets in the marketing of farm produce.\textsuperscript{116}

According to Ravi Kumar et al. (1999) efficient performance of regulated market is indicated by their ability in attracting the farmers produce. The extent of consciousness generated by the regulated market among the farmers could be measured by the quantum of market arrivals. Market arrivals form an essential part of the farmer's willingness to participate in regulated markets. The main aim is to ensure reasonably positive price to the farmers. Moreover correct weighment and cash payments are guaranteed. The existence of regulated markets can be justified only when a reasonable number of farmers utilize the markets to get the maximum benefits and the volume of agricultural produce attracted by them.\textsuperscript{117}

Mandal (1999) in his paper presentations in the seminar held at New Delhi specified the marketing policies through five year plans. To remove the disabilities of farmers in the market places, setting up of regulated market network was a widely accepted policy. The states that had legislation to regulate market were encouraged to widen their network and those who did not have were advised to enact some to protect the interests of the producers / sellers. Expanding regulation of market was a thrust area during the second plan targeting all important wholesale markets and making the number of markets double by the end of second plan. According to his opinion, during fourth five year plan the scope of regulation was enlarged to cover more commodities. The fifth plan period was an era of expansion and consolidation of earlier policies in regulation of markets. The main thrust of the sixth plan was


further expansion of market regulation. At the end of Eighth plan period over 6700 agricultural markets in the country had been regulated.\textsuperscript{118}

The marketing technology of agricultural produce has not received as much attention as the production technology in our country. The impact of new production technology cannot be sustained unless simultaneous efforts are made in the direction of effective improvements in the marketing system as a whole. According to Devaraja (2000) for the farmers, disposal of his produce has become as important as the adoption of modern practices for improving yield from agriculture. Unless the marketing efficiency improves, no incentives to increase production will attract the cultivators. Even though the Regulated Markets render better services in terms of weightement, grading, storage and transportation facilities and low marketing charges there is no room for complacency because in absolute terms, the number of producer-sellers complaining the problems are pretty high. Hence there is an urgent need for further improvement in the existing facilities in the regulated market.\textsuperscript{119}

Ravikumar, et al (2000) in their study on the price response of selected markets in the Adoni Regulated Market concluded that the price of the competing crops had a significant positive influence on the prices of selected commodities and farmers were very price-conscious.\textsuperscript{120}

Felix Mavonda (2000) investigated the marketing and performance consequences of organisations operating in regulated, deregulated and open market environments in Zimbabwe's developing economy and suggested that in regulated


environments there may be "ideal-type" strategies for effectiveness and across all environments the concept of equifinality is not supported.\textsuperscript{121}

Asok Gulati (2002) stated that Indian agriculture is gradually being integrated into world agriculture. But the volatility of world prices, especially in their downswing, worried, the Indian policymakers as it resulted in gushing imports. It undermined the production base of millions of small and marginal farmers. It was more disturbing when exporting countries subsidised their exports or were able to compensate their farmers for the fall in world prices. The response is generally to raise the tariffs, often much beyond the level that was necessary. And that showed why the globalisation of agriculture would suffer a number of hiccups.\textsuperscript{122}

Khodiar, et al (2002) assessed the management effectiveness and working of selected Regulated Markets in terms of market arrivals, revenue collections, and method of sale. They concluded that the major share of revenue was collected through market fee in all the selected markets and that a major portion of the revenue was spent on establishment.\textsuperscript{123}

Parminder Kaur and Arjinder Kaur (2002) in their study showed that there had been a significant growth in the infrastructural facilities. Over the years with an increasing trend in arrivals, the income of Market Committees had also increased significantly which was ploughed back for further expansion of infrastructure facilities, including the development of rural roads conducive to the interest of the primary producers and ultimate consumers.\textsuperscript{124}

\begin{flushleft}
\begin{enumerate}
\item Felix T. Mavonda, “Marketing as a form of adoption: Empirical Evidence from a Developing Economy, Marketing Intelligence and Planning,” Vol.18 No.5, 2000, pp.256-272.
\end{enumerate}
\end{flushleft}

Reddy and Jaya (2002) commented that a market-led extension system established its position by helping the farmers in realising high returns for the produce; minimised the production costs, improved the product value and its marketability. They also stressed the need for the information technology, electronic and print media for disseminating the production and market information.\textsuperscript{125}

Nazer and Chilar Mohamed (2003) commented that the government was rendering yeoman service to the farmers by means of providing subsidies, concessional credit, free power supply and fixation of minimum price. But all these facilities did not reach the farmers in all villages. The functions of marketing co-operatives and Regulated Markets must be revamped to protect the interests of the farmers.\textsuperscript{126}

Tarit Kumar Datta (2004) studied the problems of infrastructure in the Agri Markets and villages of Sundarban in West Bengal which showed that all the wholesale agricultural markets in the Sundarban region lacked the minimum required infrastructural support for agri-transaction process.\textsuperscript{127}

Asok (2004) focussed the need for a long-term perspective in the field of agricultural market keeping in mind the agri-production, consumption requirements and global change and gave a proper direction to all sections of the agri-marketing system, so that integration did not have negative fallout on the economy.\textsuperscript{128}

Zonuntluanga (2005) found that there was an urgent need to construct good roads in order to link rich agricultural lands and river basins which remained virtually inaccessible. There was a strongly felt need for the establishment of serviceable


godowns in villages in the vicinity of their cultivation fields so that the farmers would be able to store their products in these godowns after harvest.\textsuperscript{129}

Raghurama (2005) stated that organised marketing institutions must be set up in the rural areas to provide better price, the infrastructure for development, higher income, and higher standard of living to the farmers and to remove exploitation of the farmers by the middlemen and money lenders. Marketing was the beginning and end of all economic activities. Globalization and opening of the economy were not the immediate answer to the marketing problems of rural farmers to ensure an organised marketing system and better prices to the rural farmers.\textsuperscript{130}

Jarkko Pyysiainesn et.al. (2006) showed that the contexts of conventional farming and business diversification called for clearly different entrepreneurial skills, some of which were more amenable to teaching than others.\textsuperscript{131}

Gopinath and Nagarajan (2008) have stated that Market Regulation may ensure that the existing market functionaries function to the greater advantage of the producer rather than driving them out of trade. However, the success of Regulated markets may be dependent ultimately upon performance and patronage. The Government has to evolve new marketing strategies and appropriate extension activities to face the global competition.\textsuperscript{132}

Kareemulla Basha and Hussaina Banu (2009) in their article Agricultural Marketing in Tamil Nadu has studied the present status of Agricultural Marketing and also analysed the need for the growth of marketing infrastructure. It is stated that marketing infrastructure is important not only for the performance of various


marketing functions and expansion of market but also for transfer of appropriate price signals leading to improved marketing efficiency.133

2.2 Research Gap

There cannot be any point of saturation for the consumption of food, drinking of water and breathing of air. Though many studies have been made in the field of Regulated Markets under various topics, the researcher has attempted to study on this because there cannot be any point of graduation in the study of agricultural research.

The planning and development strategies in the field of agriculture should continue as long as the human generation exists. Looking into the contrast in the working of Regulated Market in theory and practice and the plight of the farmers in getting a good return for their hard work the researcher has attempted to study and come out with suggestions to improve the working of Regulated Markets so as to help the farming community at least one step forward.

In the present study, the researcher has made an attempt to study thoroughly the regulated markets under Tirunelveli Market Committee. The study has also attempted to make an analysis of the marketable surplus, various disposal points, marketing cost and price difference in open and regulated marketsof three notified crops namely Paddy Chilly and Cotton. In addition, the perception of not only the farmers and traders but also that of officials is studied. Moreover the functional performance of regulated markets are analysed taking into consideration both the arrivals and the financial performance of ten selected markets.

2.3 Research Design

Research Design is a plan for collecting and utilizing data to test a hypothesis. It provides an outline of how the research is carried out and the methods that are used.

Need for the study

The introduction of high yielding variety of seeds and latest development in technology has resulted in greater production and hence marketable surplus. However, the producers may not have interest to produce more, if he is not assured of an orderly and efficient marketing of his produce. A number of malpractices prevalent in the markets, place the farmers at a disadvantageous position. Under these circumstances, the regulated markets have been set up with the following objectives.

- To safeguard the interest of the producers who remain unorganized.
- To reduce the price spread between the primary producers and the ultimate consumers.
- To provide basic facilities for transportation, commodity storage and such other facilities to the producers.

Therefore, it is appropriate to examine how far the regulated markets have been successful in establishing an orderly and efficient marketing system by eliminating the malpractices.

Statement of the problem

A sound marketing system should ensure reasonable benefits to the producers and consumers. Its principal goal among others is to consolidate the gains in the field of production by minimizing the cost of distribution, reducing the seasonal price difference and by handling effectively the increased marketable surplus. With a view to achieving these objectives, the regulated markets have been established. Regulated Markets are a benevolent alternative to the unorganized decentralized trader-friendly markets of our nation. In order to attract the market arrivals, the regulated markets must ensure definite benefit to the farmers. Farmers lack market power because of their very nature of their position in the market place. Their urgency to convert the produce into cash, their weak staying power and their incapability in judging a proper
price due to inadequate market information, are some of the factors that have contributed to their pathetic plight. Regulated Markets have to meet many challenges for achieving success in the field of marketing. They have a wider role to play in coordinating the conflicting interests of the diverse groups of consumers, farmers and traders.

Regulated markets by taking into account the sufferings of farmers at the hands of moneylenders, greedy merchants and commission agents have introduced many measures beneficial to the farmers. They do not charge any commission in any form. These markets provide a place for assembling, prevent malpractices and ensure competitive bidding – all at no cost to the farmers. In addition to that, financing facility is also provided to the producers and traders on pledging the produce at a nominal rate of interest. These markets generally assure the producers an orderly and non-exploitative marketing system and fair business practices and try to equalize the bargaining power of both producers and traders.

The existence of regulated markets can be justified only when a reasonable number of farmers and traders utilize their services. Another important factor to be considered in the study of regulated market, is the arrivals of quantum of increased marketable surplus. The other dimension to be considered in the study of regulated markets is the conflicting interest of parties, which are at work. The farmer’s objective is to get the highest possible price for their produce. The traders on the other hand have their own objective in getting the largest possible net profit. Without improving the efficiency of marketing system, the conflicting interests of these parties cannot be served at best. While looking at the performance of regulated market at the national level, the various studies undertaken in this regard showed that they had limited success to the extent of achieving an orderly and transparent marketing system in assembly markets and facilities available in these markets are grossly inadequate and the rate of using such facilities by the market beneficiaries is also at the lowest ebb. At the Tamil Nadu level also the extent of utilization of the services of these markets is of mixed nature. It is reported that the degree of utilization of services provided in the markets of Cuddalore, Villupuram and Tiruvannamalai.
market committee by the market beneficiaries are higher whereas it is lower in case of Madurai, Ramanathapuram and Tirunelveli market committee.

Though regulated markets are rendering many services to the farming community they are not able to succeed in motivating the farmers to sell their entire marketable surplus through these markets. It is known that the farmers are still dependent on private traders, moneylenders and commission agents for disposing their marketable surplus. The traders on the other hand purchase most of the notified crops outside the premises of regulated markets purely for their narrow personal gains.

With this overall background, the study is made to access the performance of regulated markets in Tirunelveli district mainly from the point of view of farmers, traders and officials. In order to promote the regulated market as farmers and traders friendly and to tune their overall performance the government intervention is necessary in the form of policies and action. So the present study also attempts to help the government to formulate such policies required to improve the functioning of regulated markets.

**Period of study**

The present study is undertaken for a period of ten years from 2000 - 2010. The survey was conducted during the year 2009-2010.

**Area of study**

The Tirunelveli Market Committee established in the year 1952 is one among the 21 market committees in Tamil Nadu. There are 20 Regulated markets under its control and it includes both Tirunelveli and Tuticorin districts. Hence the area chosen for the study includes both these districts.

**Objectives of the study**

1. To trace the origin, growth and development of Regulated marketss in India.

2. To study the managerial and organizational effectiveness of Tirunelveli Market Committee.
3. To study the state of the working conditions prevailing and the availability of infra structural facilities offered in the regulated markets of the study area.

4. To analyze the financial soundness in terms of income and surplus of income over expenditure of Regulated markets.

5. To study the level of satisfaction and the opinion of farmers and traders who avail the services of regulated markets of the study area and also that of officials.

Sampling design
Tirunelveli market committee has six notified crops namely paddy, chilly, cotton, groundnut, blackgram, and coriander. Among the notified crops three crops namely **Paddy, Chilly and Cotton** were chosen as these three are frequently arrived with high quantity in the regulated markets in the study area.

Both Tirunelveli and Tuticorin districts are covered under the Tirunelveli market committee. It has established twenty regulated markets yards in the important places. Out of these, samples were taken from ten markets, which have maximum arrivals of at least two of the selected crops (i.e.) Paddy and chilly (or) Paddy and Cotton (or) Cotton and Chilly. **Tuticorin, Koilpatti and Srivaikundam from Tuticorin district and Kadayanallur, Sankarankoil, Tenkasi, Tirunelveli, Vallioor, Pavoorchatram and Thisayanvillai from Tirunelveli district are selected.** Four hundred farmers i.e. forty from each market were selected as samples on the basis of purposive sampling. Those farmers who were dealing with at least two crops were selected.

As the traders are scattered over a wide area to analyse the problems of traders, two hundred and twenty five traders were selected on the basis of convenience sampling. Thirty officials were selected at random irrespective of the study area as the number of officials were very few in the selected sample markets.

Methodology
The present study is based on both primary and secondary data. The agencies, which publish data regarding the various aspects of regulated markets, are the State
Agricultural Marketing Board, Indian Society of Agricultural Marketing, Government of India, Ministry of Agricultural Department, Ministry of Rural Development, State Planning Commission and Tirunelveli Marketing Committee. Thus, published information was collected from all possible sources. Besides monthly publications, Annual administration report of markets and market committee were studied exhaustively. The Government Orders, study reports, published articles in different journals were analyzed. Necessary details and figures were taken from the original records for the study.

Very intensive field study was carefully done and the required data was collected directly from the field. Three separately framed interview schedule (Annexure 1, Annexure 2 and Annexure 3) were used to collect the data from farmers, traders and officials. The questions contained basic information regarding market awareness, mode of selling, quantum of disposal of their produce, their perceptions regarding various aspects of regulated markets, their problems and difficulties in transacting business in regulated markets.

**Tools of analysis**

The data were suitably classified and analysed keeping in view the objective of the study. For the purpose of the analysis statistical tools like F-test, t-test, Factor analysis, Multiple Regression, Chi-square test, Garrett Ranking Technique, Simple percentage analysis were used.

To examine the socio economic condition of the sample farmers, traders and officials and also to know the annual average market surplus of Paddy, Chilly and Cotton and to know the marketing cost incurred by the farmers **simple per centage** analysis was used.

The hypothesis that whether there is a significant differences in the marketing cost and prices of paddy, chilly and cotton in the regulated market and in the open market were tested and analysed with the help of **t-test**.

To analyse the reasons for choosing the various times of harvest and to know the perception of farmers, traders and officials towards the services rendered by Regulated marketss **F-test** was used. The F-test is a procedure for comparing one
sample variance to another sample variance. The F-test determines whether there is more variability in the scores of one sample than the scores of another sample. To obtain the F-statistic, the larger sample variance is divided by the smaller sample variance.

To examine the factors motivating the farmers and traders to trade in regulated market and to know the suggestions of the farmers, traders and officials to improve the efficiency of Regulated markets Factor analysis was used. The general purpose of factor analysis is to summarise the information contained in a large number of variables into a smaller number of factors. Factor analysis refers to number of diverse techniques used to discern the underlying dimensions or regularity in phenomena. The statistical purpose of factor analysis is to determine linear combination of variables that aid in investigating the inter relationship.

To analyse the factors influencing the farmers to trade in Regulated markets, Multiple Regression was used. Multiple Regression analysis is useful when more than one independent variable is likely to be associated with a dependent variable and ascertaining the contribution of all such independent variables in accounting for variation in the dependent variable.

Chi-square test was applied to analyse the relationship between the socio economic factors of the farmers and the level of satisfaction of the farmers towards the services of Regulated markets.

Garrett Ranking Technique was applied to study the problem faced by the farmers and traders in trading with the Regulated markets. In order to analyse the problems faced by the farmers and traders, the respondents were asked to rank the factors responsible. The order of merit assigned by the respondents was converted into scores by using the Garrett Ranking Technique.

Index method was used to know the farmers perception towards the services of Regulated markets.

To analyse the variation in the market arrivals of paddy, chilly and cotton and the income expenditure and surplus over a period Time series analysis is carried out.
Operational Definition of Concepts

The important concepts related to the study are explained as follows

1. Agriculture:
   Agriculture means activities aimed at the use of natural resources for human welfare.

2. Agricultural Produce:
   Agricultural produce means any produce of agriculture whether processed or unprocessed, specified in the schedule.

3. Agricultural Marketing:
   Agricultural Marketing is the study of all the activities, agencies and policies involved in the procurement of farm inputs by the farmers and the movement of agricultural products from the farms to the consumers.

4. Notified Market:
   Every market committee shall establish in the notified area such number of markets providing such facilities as the government may from time to time direct for the purchase and sale of the notified agricultural produce.

5. Market Area:
   The area from which the produce naturally and abundantly flows to a commercial centre i.e., the market, and which assures adequate business and income to the market committee.

6. Notified Area:
   For regulating a crop, the area in which it is regulated needs to be declared under the Act. The government may, by notifications declare their intention of exercising control over the purchase and sale of such agricultural produce and in the such area as may be specified in the notification. Such notification shall state that any objections or suggestions which may be received by the government within a period to be specified in the notification will be considered by them.

7. Notified Market Area:
   Notified Market Area is approximately 16 km radius around the regulated market yard. But the market committee has the authority to extend the area. The entire district can be a notified area but the regulation is not applicable there until
market facilities (market yard) are provided. The government shall after the
establishment of the market by a market committee, declare by notification, the area
around market as may be specified in the notification to be a notified market area for
the purpose of the Act.

8. Market Yard :

This is a specified portion of the market area where the sale, purchase,
storage and processing of any of the specified agricultural commodities are carried
out.

9. Market charges :

Market charges means all charges in connection with the handling of
agricultural produce such as the commission of commission agents, brokerage,
remuneration for weighment, loading, unloading, cleaning, storage, counting and
dressing of agricultural produce.

10. Notified Agricultural Produce :

For bringing a commodity for regulation under the Act it should be notified
under certain provisions of the Act. Notified agricultural produce includes anything
produced in the course of agriculture and any other produce, whether processed or
unprocessed, declared by the government, the notifications, to be an agricultural
produce for the purpose of this Act.

11. Market Committee:

The market committees are the main instruments under the market Act. The
committees are corporate bodies comprising the representatives of all sections i.e.
farmers, traders, co-operative or commercial banks, autonomous bodies and the
government officials. All aspects relating to the organization, administration and day
to day management are vested with the committee.

12. Small farmers:

A small farmer is a person who holds land whether as owner, tenant or
mortgagee or partly in one capacity and partly in another less than two and a half
acres.
13. **Medium farmers:**

A medium farmer is a person who holds land whether as owner, tenant or mortgagee or partly in one capacity and partly in another two and a half to five acres.

14. **Large farmers:**

A large farmer is a person who holds land whether as owner, tenant or mortgagee or partly in one capacity and partly in another more than five acres.

15. **Petty traders:**

A Petty trader is a person whose annual transaction of agricultural produce is less than Rs.2, 50,000.

16. **Retailers:**

A Retailer is a person whose annual transaction of agricultural produce is Rs.2, 50,000 to Rs.5, 00,000.

17. **Wholesalers:**

A Wholesaler is a person whose annual transaction of agricultural produce is Rs.5,00,000 and above.

18. **Executives:**

Executives include Secretary, Manager and Superintendents working in either head office or regulated markets.

19. ** Supervisors:**

Supervisors include Inspectors, Supervisors, Junior assistant and Clerks working in either head office or regulated markets.