CHAPTER-I

CASE STUDY

This chapter deals with the review of literature on the work done by the past research workers in respect of agricultural marketing. As regards research work on regulated markets, very few studies have so far been conducted. However, an attempt has been made to present the past research works done so far in relation to subject as given below:

Royal Commission on Agriculture (1928) reported that the poor standard of primary and secondary commodity markets where producers convert their produce into cash the relevance of various malpractices such as short weights, excessive market charges, unauthorized deductions and allowances made by commission agents, adulteration of produce and absence of machinery, disputes between the sellers and buyers, can only be removed by the establishment of regulated markets.

Iyenager, D.Krishna (1942) in the study on agricultural marketing, concluded that agricultural marketing is a complex phenomena and it cannot be solved satisfactorily unless substantial improvements are made. The aim of such facilities should be to get a fair profit to grower to reduce unnecessary cost
such as conveyance, measurements, grading, packing, stocking etc. and to intensify the benefits to general public.

Munshi, M.C. (1949) in a study reported that the wholesaler’s margin for various commodities at different places varied to a considerable extent e.g. in rice it varied from 0.5 to 3.8 percent and wheat 0.8 to 1.0 percent. Similarly, retailer’s margin varied from 3.7 to 6.4 percent in case of rice, 3.8 to 4.8 percent in case of wheat and 10.4 percent in case of Potato. He further reported that in marketing of produce, the cultivator’s share varied from 42.3 to 73.7 percent of the consumer’s price and from 26.3 to 57.7 percent went to middlemen’s pockets.

The Rural credit survey Committee Report (1964) revealed that about 35 percent of the total production was sold by the cultivator’s of which large part of it (about 24 percent of the total) was sold to traders and commission agents, 15 percent disposed off in kind as wages or rent and nearly 8 percent was utilized as seed. In the substance areas, in one out of every three districts, less than 15 percent of the total produce was sold to professional traders and commission agents. In cash crop areas in one out of every eight districts more than 45 percent was sold to professional traders and commission agents.
Chatterjee, N.P. (1964) explained the benefits of regulated market in India. He concluded that as a result of the regulation of the market, the producer is benefited to the extent of 3 to 5 rupees for every 100 rupees worth of produce marketed by him in regulated market. The reduction in marketing charges varied from 28 to 57 percent in various markets.

Miranandani, G. J. and Balkrishna, S. (1965) on the basis of three Regulated Markets (in marketing of paddy) reported that the marketing charges were reduced to about 80 percent of the original charges. Before regulation, market charges paid by the farmers in three markets, averaged 8.65 percent of the total value of produce while after regulation, it averaged to 2.14 percent.

Shukla, B.D. (1968) in his study reported that the absence of properly regulated markets in a large scale in the country lead to the disposal of produce in private markets where the market functionaries indulge in malpractices with the result that the farmers is deprived of his legitimate share of the price paid for his products by the consumers.

Krishnaswami, L. (1968) in his study on "price spread in gram trade in Punjab" found that the farmer’s share in retail price in gram varied from 79 to 95 percent through five marketing
channels. Primary wholesaler's and retailer's margin came to 3.6 percent and 3.4 percent, respectively.

Mamoria, C. B. (1969) estimated the percentage of share's acquiring to various agencies for important crops in India. The producer's share in consumer's price for wheat and rice was worked out to 68.50 percent and 66.80 percent, respectively. The wholesaler's margin was calculated at 1.7 and 3.19 percent while retailer's margin came to 3.3 and 6.26 percent on the respective crops.

Rao and Subbarao (1976) in their study on rice, reported that the losses to the small farmers on account of various imperfection in the marketing system are not as is generally believed specially when the losses are related to their total income. Lack of infrastructural facilities, the main common cause to all classes of farmers is probably the most important source of such losses. The disabilities that are common to both the small and large farmers are more significant than those specific to the small farmers. Institutional reforms for raising investment and out put on the small farms should be intervened with measures to improve the returns in the process of marketing the produce.
Rao (1979) in the marketing of paddy by small farmers attempted to examine the bargaining power, holding capacity and opportunities and ability to avail governmental marketing facilities. He reported that the small and marginal farmers are at a disadvantages in disposing of their little marketable surplus, and thus, receive a lower price when compared with the price and minimum support fixed by Government and the extent of seasonal variation in the market price during harvest and post harvest period. He further reported that the farmers failed to take advantages of the support price offered late by the Government due to organizational and personal factors. These hurdles should be removed.

Deole, C. D. (1979) in his study on “Analysis of wheat (Bansi) price difference in some regulated markets”, revealed that variations were explained in terms of marketing cost in the case of perfect markets. But the variation in the price of different lots of the same commodity traded in different regulated markets in the same districts at the same points of time had not received much attention. A stable market determine the possibility of increasing the producer’s share in the marketing of wheat (Bansi) in same selected Regulated market in Prabhani district of Maharashtra state.
By studying the inter market differences in price of wheat of the 12 regulated markets in the district, three markets namely, Prabhani, Gangakhed and Marwath were selected for the analysis and it was found that the prabhani market was more stable. since the price of wheat in the post harvest period in this market fluctuated moderately (31 to 33 percent) as compared to other markets (32 to 38 percent and 33 to 42 percent). It was beneficial for the producers to sell their wheat (Bansi) in Prabhani market which have an efficient infrastructure for the transportation of the produce.

Acharya, S. S. and Antoni, K. L. (1979) in the study on, “Changes in price spread of food grains” reported that the coefficient of variation increased from 8.46 in 1961-63 to 18.46 in 1970-75 for wheat and from 11.29 to 17.81 for gram in corresponding years. But the large, seasonal pattern of price movement remained the same for wheat and gram. The emergence of food grains surplus specially in wheat following the green revolution has not dampened the seasonal variation in food grain price atleast up to 1975.

Aulakh, H. S. and Singh, Bakhashish (1979) studied, regional price spread of wheat in Punjab. The average price differential between Baranala and Delhi market and Maga and
Ludhiyana were found more variable than those between Maga and Baranala and Delhi markets. Price differential were consistent between Baranala and Delhi integration. Wheat market functioning in the Punjab states were by and large well integrated.

Kumar, A. and Singh, B. B. (1979) in their study on “Market integration and efficiency of paddy crop” concluded that there is close relationship between the primary and wholesale markets of paddy in Varanasi district. The seasonal variation in price of paddy was not consistent with transportation cost. The wide and significant differences in the village and primary wholesale market of paddy would indicate that undue profit were being made by some of the market intermediaries. Marketing channels need to be thoroughly streamlined if the benefits of new farm technologies are to be reached to producers and consumers.

Singh, Bhupendar (1979) in his study on, a cost and margins for wheat and paddy in Punjab state found that the significant changes in structure of food grains marketing over the last one decade or so and the major change that has occurred so far is the invention of Governmental agencies in the process of marketing. These changes have brought about noticeable changes in the cost and margins of different agencies involved in the
marketing, on the whole the marketing of food grains has became more efficient due to state intervention, increase in marketing efficiency, unfortunately resulted higher operating cost of Governmental agencies as compared to private trade. There is an urgent need to conduct a detailed analysis of different elements of their cost structure with a view to streamline the producers and thus, economics the costs.

Sinha, S. P. (1979) in his study on, "price spread of important food grains in two agricultural markets of Bihar" found that the producer's share in consumer's price in different food grains at Musaffarpur market varied between 76.13 to 81.68 percent. In a similar study made in 1974, the producer's share in price at Muzaffarpur and Darbhanga market was estimated at 74.80 percent and 79.20 percent, respectively. Thus, the study indicated that the producer's share has increased as a result regulatory measures introduced in the market and the improvement of market conditions. They also concluded that cost of marketing varied with in a narrow range in both the markets, indicating that the wide variation of wholesalers and retailer's margin are due to imperfections in the marketing conditions, which needed strengthening of regulatory measures.
Surya Prakash, S. (1979) in their study on, price spread of selected agricultural commodities varied from channel to channel and between commodities. The price spread was minimum (4.99 percent) for groundnut when it was sold to the processors through the wholesalers and maximum (25.43 percent) for cotton where it was sold through the village merchant. It was also observed that the profit margin as well as the profit as a percentage of the purchase price of the intermediaries was maximum in the case of village merchant.

Joshi, P. K. and Sharma, K.V. (1979) in their study on “retail farm price spread of rice in selected states of India”. Concluded that there existed wide seasonal as well as special variations in the price spread. These disparities should be reduced to improve the marketing efficiency through Governmental intervention by providing remunerative price to the farmers during high production periods and effective selling and distribution on the retail side during shortage.

Elango, R. and Baskara doss, K (1979) in their study on, “price spread and small farmers in Thanjanvur district” found that the price spread was more for small farmers than the other categories of farmers. Small farmers were already exposed to a number of other difficulties. They suggested that the wholesale
trade in paddy immediately be taken over by the civil supplies corporation of every state and paddy must be purchased directly and distributed through fair price shops. It will certainly help the farmers to get higher remunerative prices.

Prasad and Singh (1980) reported that the cooperative marketing societies help the producers farmers in having a large share of profit in price paid by the consumer by eliminating middlemen, reducing marketing costs, providing fair price and saving than forced sale.

Acharya, S. S. (1985) in a study on, “price structure for pulse crops” revealed that the trend of farm harvest prices of gram has shown an increase over time. The difference in prices received by the farmers of different groups those who sold in the village received a lower price than the price received by those selling in the regulated market. Nearness to the market and availability of link road also revealed positive effect on farmers price.

Mishra, P. K., Nahatkar, S. B. and Mishra, B. L. (1985) in a study, “An analysis to the behavior of marketing cost, marketing margin and the producer’s share for wheat and gram in Madhya Pradesh at different periods of time (1978-79) and (1984-85) at Krishi Upaj Mandi Jabalpur”, found that the producer's
share declined from 86.46 percent to 83.77 percent in case of wheat and from 86.46 percent to 84.84 percent in case of gram during the two periods considered for analysis. A proportionate decline in producer's share along with a decrease in marketing cost was obviously claimed by trader or the middlemen in terms of their margins by way of market transactions.

Mishra, J. P. and Singh, B. B. (1985) in study on "price spread of wheat in district Faizabad of Eastern Utter Pradesh", worked out the middlemen's margin through two main channels, viz., (I) Producer-village trader-wholesaler/commission agent-retailer-consumer and (II) Producer-commission agent/wholesaler-retailer-consumer. It was observed that the cost of marketing was higher than middlemen's profit in both the marketing channels. It was about 53 percent of the total price spread in channel (I) and 66 percent in channel (II). The middlemen's margin was 46.93 percent in channel (I) and 34.00 percent in channel (II). The marketing cost incurred by different functionaries was also studied and it was found that the wholesalers/commission agents spent more than others while the retailers were able to earn more profit due to less marketing cost in both the situations. The producer's share in the consumer's rupee was 76.34 percent in channel (II) as against only 69.43
percent in channel (I). Due to presence of a large number of middlemen in the present marketing system, the producers get a lower share in the consumer's rupee.

Mishra, G.P., et al., (1987) in their study on, "wheat marketing in Eastern Uttar Pradesh. Evidence and implications" found that marginal and small farmers generate some marketable surplus of wheat, which constitutes on length of the total surplus. The rest is generated by the medium and large farmers the study shows that the marginal farmers are not free from the fold of traditional marketing structure, despite the state intervention in the field of agriculture marketing. The study indicate that the poor peasant could be benefited from the state regulation. But the fact is that the state regulation has been ineffective in serving the marketing interest of the marginal and small farmers.

Hedgire, D. N., et al., (1987) in their study on, "performance of Tur (pigeon pea) in Prabhani market", reported that nearly 70-80 percent arrivals clustered in the month of December to March. Peak arrivals were observed in the month of January and least arrivals were in the month of November. The most common channel was producer-commission agent-wholesaler-producer-retailer-consumer. Producer's share in
consumer’s rupee was observed to be 79.61 percent followed by processor (10.14 percent) and retailer (7.66 percent). The share of producer’s could have been increased if they sell their produce directly to the processors.

Narasimhan, M. K. and Rampur, N. B. (1988) in their study on “Elimination of commission agent in agricultural marketing. A case of Hubali market (Karnataka)”, concluded that until a competent alternative agency come-forth to shoulder the responsibilities, the continuane of private commission agent is inevitable. The policy suggested is that preferential provisions in the Agricultural Marketing Act can be thought of the cooperative marketing agencies to discourage the private commission agents.

Raju, V. T. (1988) in a study on, “marketing of selected agricultural commodities in selected regulated markets of Karnataka,” revealed that among the selected crops sorghum and perlmut were produced mainly for name consumption, kind payments and for seed purpose. In case of pigeon pea and chick pea, farmers retained 55 to 65 percent of their production on their farms and marketed the remaining production whereas in the case of groundnut farmers marketed most of their production (80 percent). On the basis of correlation analysis, study further
showed that the selected market were integrated well for the selected crops, hence, they were operating efficiently.

Data, T. K. (1988) in a study on, "Regulated markets in West Bangol: A study of impact of market regulation on farmers." revealed that Regulated market committee has so far, not succeeded in building a substantial not work for dissemination of information to the farmers. As regards growers attitudes towards Regulated market committee, it has found that as much as 98.89 percent growers on an average have no specific idea the RMC and its functions, although all the growers are aware of the existence of the regulated market at Samsi. On the other hand, an average 1.11 percent growers think that neither the regulated market nor the RMC is helpful to growers.

Thakur, D.S., et al., (1988) in his study on, "Efficiency and weakness as of regulated markets", revealed that farmers are at the money of traders who purchase, more than 85 percent of total market supply of crops. The traders are indulge in exploitation of farmers through various underhand dealings, tactic and malpractices which result in high marketing cost and very low prices paid to the farmers. There are various other marketing problems faced by the farmers regarding infrastructure facilities
and functions. Marketing problem show the weaknesses and inefficiency of the marketing system.

Ghosh, M. M. (1988) in a study on, “Impact of regulation of markets on price spread of important food grains: A case study in Bihar”, estimated that the producer’s share in consumer’s rupee in different food grains during market yard period varied between 77.52 percent and 81.92 percent, whereas during post market yard the variation was between 83.14 percent and 88.95 percent. The variation in wholesaler’s margin during premarket yard period was reported between 4.87 (rice) and 6.54 (wheat) percent and during post market yard period between 2.96 (rice) and 4.83 (wheat) percent. The retailers margin varied between 6.90 (rice) and 9.18 (wheat) during pre-market yard period and between 4.42 (rice) and 6.44 (wheat) percent during post-market yard period. Study further revealed that the margins of intermediaries accounted for about two-thirds of the total price spread in the case of important food grains. Thus, producer sellers are receiving relatively higher proportions of consumer’s price during the post-market yard period.

Bharthwal, V.V. (1988) in a study on, “A critical evaluation of working and management of Krishi Upaj Mandi Samiti Jaipur (Rajasthan)”, reported that Mandi has made good
progress during a short period of its establishment and has created a very good infrastructural base necessary for the successful marketing. Data pertaining to arrival of good grains in this mandi has also shown increasing trend particularly in Jaipur Mandi and rest of mandies of state, in general. But owing to certain hurdles, this committee has experienced a set back in its efficient working. Large number of marketing charges, lack of scientific grading and standardization, market intelligence and information system may be mentioned the other shortcomings of this market committee. Elimination of these problem is must for ensuring responsible and also to protect consumer interest.

Singh, P. V. et al., (1988) in their study, “An economic study of marketing and processing of gram in Agra district of Uttar Pradesh” (in which 6 channels were identified) found that the channel, producer-processor-wholesaler-retailer-consumer was the most efficient. Where producer’s share was maximum being 72.22 percent. Cost of processing was found to be Rs. 31.21 and Breakeven value for processing units was estimated to be 5842.45 quintals.

Pradesh, reported that all the three markets were nearly perfectly competitive and were functioning efficiently and smoothly. All infrastructural facilities were present in Sharanpur market yard, whereas only few infrastructural facilities were available in Roorkee and Mangloor market.

Rajgopal (1988) in a study on, “Marketing pattern and price spread of paddy in Madhya Pradesh”, estimated that the market annuals of paddy in the region depends on the price trend and the producer’s share in the final product. However, the trade bears on indirect impact on cost of marketing, middlemen’s margin and the availability of infrastructural facilities in the market place.

Madalia, V. K. (1988) in his study on, “functioning of regulated market at Surat and its impact,” reported that as a result of regulations, the total benefits accrued to the farmers during 1985-86 came to the order of Rs. 1.90 crores and the cumulative benefits since 1951 was of the order of Rs 14.51 crores. In addition to this, substantial benefits accrued to the farmer’s as the market fees were paid by the commission agents and the weighing charges were born by the buyers. Besides the monetary benefits, there were intangible benefits. The farmers became conscious
about the importance of regulations and realising their rights and responsibilities.

Sahay, S. N. (1988) in his study on, “Regulated market and producer’s share,” reported that regulated markets have increased producer’s share in consumer’s rupee to the extent of 80.75 percent in Pithoria market and 70.05 percent in Pandra market. This could be possible mainly due to implementation of the market regulation resulting into reduction in marketing costs and increasing producer’s share.

Prasad, Jagdish (1988) in a study on, “Farmer’s share in consumer’s rupee: An analysis of operational and distributive efficiency in a regulated market of Bihar”, reported that operational efficiency was about 25 percent in rice and 26 percent in wheat, indicating disabilities that were common to all categories of farmers. They further reported that the disabilities were more significant in case of marginal and small farmers than those of medium and large farmers. Thus, the differences in the price received by the different categories of farmers clearly reflected the imperfections prevailing in the marketing system.

Ready, G. Chenna, et al., (1988) in their study on, “Role of storage in regulated markets,” reported that the storage
helped the farmers only when they followed the price fluctuations carefully. Therefore, it is recommended that the market yard should regularly display the price trends of important committees for the use of uneducated farmers, enabling them to utilise the storage facilities and timely disposal of goods. On the whole increased godown facilities would help farmers to get better prices.

Sidhu, D. S. (1992) marketing of agricultural produce is as important as the production itself. Concerted efforts have been made to increase agricultural production in the past. The current five year plan lays the emphasis an agriculture even more vividity; The strategy for agricultural development in the Eight plan must aim not only at achieving self-sufficiency in food but also generating surpluses of specific agricultural commodities export.

“Agricultural and allied activities on which two-thirds of the work force are still dependent must continue to receive the major emphases in our planning effort”.

Singh, A. J. and Inder Singh (1992) Agricultural sectors contribute the back bone of the Indian economy as it provides livelihood to more than 70 percent of the population and contributes about two-fifths of the national income, with the
evaluation of high yielding varieties since 1965-66. Indian agricultural has undergone a sea change both in terms of production and productivity. This is particularly true in case of Punjab agriculture, which recorded spectacular rates of growth under the impact of technological advance in present years. The state has earned the title of ‘Granary of India’ due to its substantial contribution to the central pool of food reserves.

Kr. Kandarpa Barman(1995) the traditional system of marketing in Assam can be divided into two categories the primary markets and the wholesale markets. There are in all 650 primary rural markets and 172 wholesale markets (including terminal markets) in the state as against the 26, 808 rural primary markets and 6,934 wholesale assembling and terminal markets in India.

Thus, Assam accounts for only 2.4 percent of agricultural markets in the country. The total number of regulated markets in Assam is 35, against the All India figure of 6640 in India.

R. Ponnambala (1995) in recent years there have been attempts in the urban development departments to enact the specified commodities markets (Regulation of location) act of late some of the state Governments have proposed to introduce a bill
called "The specified commodities markets (Regulation of location) Bill" on scrutiny it is found that the model (bill) Act is nothing but a replica of the agricultural produce marketing (Regulation) Act in every respect.

The markets are established under the Act after the proper notification. The area of the market and crop is also notified under the Act for effective regulation. The method of regulation is prescribed either in the rule framed under the Act or in the bylaws made.

Agricultural produce marketing (Regulation) Act, Rules and bylaws made there under. The committee is designated as Agricultural produce market committee. As per the Act, Agricultural produce market committee is a body corporate administrated by representatives of farmers.

Sharma L. R. and Tewari, S. C. (1995) price spread in relation to the agricultural commodities refer to the difference between the price paid by the ultimate consumer and price received by the grower for an equivalent amount of farm produce. The spread consists of marketing cost and margins of intermediaries. It is a device which indicates as to how much is actually received by the producer out of every rupee that is spent
by consumer and wheat portion goes into coffers of intermediaries for the performance of their functions.

Karwasra, J. C. and Arora, V. P. S. (1995) the farm retail price spread refers to the differences between the price paid by the consumer and the price received by the farmer for an equivalent quantity of farm product. This spread consists of various marketing costs and margins of the intermediaries, which ultimately determine the overall effectiveness of the marketing system. The implementation of any agricultural policy much depends upon an efficient system of marketing.

In case of paddy crops, the average price spread varies between 16.26 percent in Andhra Pradesh to 34.40 percent in Madhya Pradesh. The main reason for higher price spread of rice in all the states than wheat is that rice is produced by farmers in the farm of paddy and it passes through the consumer in the form of rice after processing.

Prasad, Raj Kumar (1996) observed that, there appears to be divergent views on the impact of regulated markets but it cannot be denied that the market development programs are commendable efforts of the Government. The need is to enforce the regulatory measures for the benefit of farming community. The role of the state in regulating agricultural
markets need to be more effective particularly in developing the markets (heats where majority of the farmers bring their produce for sale purpose).

Ghosh, M. M. (1997) Analysed that the impact of new market yard on marketing pattern that those has been significant gain in improving the marketing system of agricultural produce. It has been noted that the market yards constructed under the scheme of Market Construction Project have adequate market infrastructure facilities which could have significant impact on improving agricultural marketing system in Bihar. However the benefits realized from the development of agricultural market yards may not be the established phenomenon. It has been observed that farmers of different categories have been effected differently in the present network of new regulated market centres.

Ravi Kumar, K. N., V. T. Raju and K. Shree Lakshmi (1998) Revealed that the regression model used for identifying the determinants of market arrivals is statistically significant for all the selected crops/commodities. The average price and production of commodity are exerting negative and positive influence on the market arrivals respectively in all the models. Hence, they were considered as
the major influential factors for determining the market arrivals of selected commodities. It is important note that area under groundnut in Vishakhapatnam district and warangal district is exerting significant negative influence on market arrivals. This might be due to low productivity of groundnut in these two district due to uneven and erratic distribution of rain fall.

Selvaraj, K. N. and K. R. Sundarvardharajan (1998) observed that the number of commodities notified for Pudukoffai market committee was 14. The notification was not uniform among the regulated markets. The growth analysis indicated that all the regulated markets witness positive growth rate in terms of arrivals and receipts. The highest growth rate of arrivals was 44.94 percent and the highest growth rate of receipts was 30.69 percent in Keeramangalom regulated market. The lowest growth rate of arrival was witnessed in Pudukoffi regulated market with 1.25 percent while the receipts was 4.65 percent in Avanthang regulated market.

Bhaskar, K. (2000) concluded that arrivals are significant in those regulated markets where the commission agents are operating. Contrary to this, wherever they are not
operating, the functioning of regulated markets was on trady lines. This means that there is a possibility of law transactions if the commission agents are withdrawn from the regulated markets. On the other hand wherever the commission agents are permitted, the arrivals in the market will be more. Under these circumstances, introduction of direct sales without getting rid of commission agents may not yield the desire success.

Singh, B. and et. al. (2000) concluded that the small and marginal farmers who from the bulk of forming community did not respond to regulated markets mainly due to small marketable surplus, higher transportation cost and prompt cash needs. For efficient and economic marketing operations, these is an imperative need for suitably located and well planned market place. More number of village markets needed to be covered under regulation for providing benefits to the small and marginal farmers.

Khodiar, M. B. and et. al. (2002) observed that the Bhuj market recorded heavy arrivals but it does not indicated to have more profit by this market. Net revenue was highest in Anjar market among all the three selected markets. Major portion of revenue was spent on establishment, i.e. on an
average about 61 percent in all the selected markets. The expenditure on establishment was also found highest in Anjar market as also having the highest profit in this market. In concern with the revenue collected, the major share of revenue was collected through market fee in all the selected markets on an average about 26 percent revenue was collected as market fee.