Chapter 1
Introduction

Indian market centres mostly exhibit a picture of rural life as they provide primarily a base for collection and subsequent distribution of various agricultural products of the surrounding area. It is actually this characteristic of market centre that links it with the countryside and as such the bulk of the market centres of India have a strong rural bias. Market centres are the significant dynamic elements which are inherent in the expressions of the cultural and economic structure of the region (Saxena, 1974). Market centres are not only the centres of marketing activity but they are also the nucleus of development. They have economic, social, cultural importance and help in increasing social contacts, serve as centres of diffusion and become focus of political and other activities. They are the controlling centres of marketing system and have an important role in stimulating production and consumption and also helpful to accelerate the art of economic development. Thus, development of market centres implies the economic development and their growth always follows the development of agriculture, transportation, industries etc., which ultimately lead to overall regional development (Powar and Lokhande, 2004).

Markets are very significant phenomena in the economy of a region as it is a focal point of various human activities. In the developing economy, market centres act as media in the social and economic life of the people. Markets are the most important elements of the social and economic landscape. The study of markets is essential for the real understanding of life of the communities (Hodder, 1965). India is a land of villages. That is why the economic organization of the society depends fundamentally on the pattern of market centres and periodic fairs (Kulkarni, 1962).

Several diverse services are available at each market, including the buying and selling of local perishable and fragile commodities such as vegetables, earthenware pots, and employment opportunities are also available in trading and other related activities. Through these market centers, farmers can easily obtain fertilizers, seeds, implements and pesticides as well as the raw material for household-level industries, which brings development to rural areas. In addition to the buying and selling of farm improvements such as pesticides and fertilizers, marketable crop surpluses are bought and sold in these markets. This provide producers with the cash they need to pay for the annual round of festivals and marriages as well as for next season’s crop seeds.
The flow of goods from urban to rural areas and vice-versa has led to stronger linkages between cities and villages. Urban culture has introduced the cash-based economy to rural areas. Employment for cash income has meant more money available among farm families for investment in improved housing, farm storage, and transportation. The rising demand for industrially made goods has percolated down to each and every rural resident through the periodic markets. This has led to profound socio-economic change in rural areas (Khan and Ali, 1998).

Besides the commercial activities, some social, cultural as well as political activities are also found in such markets (Amani and Khan, 1993). These rural market centers attract the politicians, mainly during elections periods. By visiting the markets, they have come to know the problems of social, economic as well as the regional backwardness (Ali, 2008). Thus, such rural market centers act as a platform for socio-economic transformation in rural areas.

1.1 Conceptual Framework

1.1.1 Marketing Geography

Marketing geography has now emerged as a subject of its own right and, in many ways should be the foremost and integrative topic for the study of economic geography. The root of marketing geography is the “market-place”. The word ‘market’ is derived from the Latin word ‘mercatus’ which refers to a place where buyers and sellers meet. Markets are spatial units; thus their location, site, situation, physical extent, morphology and areal combination, etc. are of spatial significance to geographers. In brief, marketing geography is concerned with the location and distribution of markets, their infrastructural pattern, measure and extent of marketing activity, movement of communities, consumer behaviour, perception and the determination of hierarchy in order to prepare a systematic plan for regional development, and their role and rationale in socio-economic development. Marketing geography, a branch of economic geography, is a specialized study of market-places and marketing. It deals with the application of the geographical principles, methods and techniques to the practical problems related to the marketing phenomena. It is also a study of market-places as unit of space and various kinds of activities associated with the distribution of goods required by consumers. There exists a wide range of spatial variations in the phenomena, which is a result of geographical environment, the regional economy as well as socio-historico-cultural aspects of the
region (Saxena, 2004). A need in economic geography for marketing was evident, not only to strengthen other aspects of economic geography, but also to help the geographer in the marketing field significantly to solutions of problems in the actual business of marketing. Marketing geography is considered with the channels of distribution through which goods move from producer to consumer (Applebaum, 1954).

1.1.2 Rural Marketing

The Indian rural market with its vast size and demand base offers great opportunities to marketers. Two third of country’s consumers live in rural areas and almost half of the national income is generated here. It is natural that rural markets form an important part of the total market of India.

In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of the green revolution in India, the rural areas are consuming a large quantity of industrial and urban manufactured products. In this context, a special marketing strategy, namely, rural marketing has taken shape. Sometimes, rural marketing is confused with agricultural marketing - the later denotes marketing of produce of the rural areas to the urban consumers or industrial consumers, whereas rural marketing involves delivering manufactured or processed inputs or services to rural producers or consumers (Priya and Bajpai, 2013).

The definition of the word ‘rural’ in a market like India is a very amorphous. There are multiple versions of the same idea, which are followed by different entities. Even in the rural marketing space, there is not one concrete definition. Different brands define ‘rural’ according to their product and service offerings (Ahmad and Awais, 2011). According to National Commission on Agriculture “Rural marketing is a process which starts with a decision to produce a saleable farm commodity and it involves all the aspects of market structure or system, both functional and institutional, based on technical and economic considerations and includes pre and post harvest operations, assembling, grading, storage, transportation, and distribution”.

Considering the undergoing changes in the definition of rural marketing, Gopalaswami (1997) observed that rural marketing is a two way marketing process.
Its content now encompasses inflow of products into rural areas for production and consumption purposes and also outflow of products to urban areas. Rural Marketing is a function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into an effective demand for specific products and services and moving these products and services to the people in rural areas to create satisfaction and a better standard of living and thereby achieving organizational goals (Iyer, 2010). Therefore, rural marketing can be defined as “rural marketing is an entrepreneurial process of developing rural people by partnering with development agencies and a business function that involves assessing, stimulating and satisfying demand for products and services through innovative approaches with a concern for customer satisfaction and corporate profitability (Krishnamacharyulu and Ramakrishnan, 2011). The process should be able to straddle the attitudinal and socio-economic disparity between the urban and rural customers.

Rural India, which accounts for more than 70 percent of the country’s more than one billion population, is not just witnessing an increase in its income but also in consumption and production. Rural and small town economy, which accounts for 60 percent of India’s income, has remained insulated from the economic slowdown. Moreover, rural incomes are on the rise driven largely due to continuous growth in agriculture for the last few consecutive years. Although the rural market does offer a vast untapped potential, it should also be recognized that it is not easy to operate in rural market because of several problems.

1.1.3 Rural Transformation

Rural areas are in the midst of a continuing, rapid and inevitable process of transition, which generally have negative consequences for rural people. However, they need not be passive objects at the receiving end of these forces of change; these have to be turned into a positive and pro-active process of transformation of rural communities, enhancing people’s well-being and fulfilling people’s potential (CIRDAP, 1999).

As the concept of rural transformation entails, the key strategic areas for rural transformation include rapid infrastructure and energy sector development, sustainable natural resources development, sustainable information and communications technology to achieve regional integration and economic development, education/human resources development to facilitate the growth of the
culture of education for job-creation and self-employment through increased availability of opportunities for vocational and training, agriculture and rural development since agriculture has played a key role in enhancing economic growth and reducing poverty and hunger in many developing countries. For sustainable rural transformation, reforms are critically needed to achieve sustainable rural development and agriculture transformation with special attention to the value addition which could trigger agricultural reform (Amani and Mkumbo, 2012).

The concept of rural transformation has multi-dimensional connotations and it has been interpreted from different angles in social sciences. From the economics perspective issues were by and large, equated with development questions primarily concerned with market and price approach of mainstream economic theory (Patil and Dhere, 2012). Transformation, in rural context, denotes the successive changing patterns conceived in rural set: in its structure, function, form and character both in positive and negative directions. The term rural transformation does not mean urbanization of village or ruralization of cities. The realm covers a wider perspective. It highlights all major shifts in rural ecology and its canvas encompasses agricultural as well as non-agricultural sectors.

Tiwary (1994) defines it as a process of transition which signifies a major shift in the entire rural formation. Singh (1990) says the pace of social restructuration, the emergence of new classes, and decline of traditional cultural institutions exemplify the phenomenon of contemporary transformations in rural India.

The solutions to the problems of poverty and deprivation in rural areas and their spill-over into urban areas do not lie in preventing urbanization and keeping the rural people confined to rural areas-which would be impossible in any event. Nor is it a realistic option to promote the mythical autarky or self-sufficiency of rural communities. Change in both urban and rural areas is inevitable, marked by movement of people, demographic transition, and new economic pressures and opportunities. The inexorable forces of change, which have many known and unforeseen adverse consequences for people, especially in rural areas, have to be turned into positive developments and enhancement people’s capacities to cope with change. A major development challenge is to manage and guide a progressive transformation of rural areas - keeping in view the blurred boundaries and the dynamic linkages between rural and urban areas (INRULED, 2001).
1.2 Significance of the Study

Markets are sites with social, economic, cultural and other reference marks, where there are a number of buyers and sellers, where the price offered and paid by each is affected by the decisions of the others (Belshaw, 1965). The market-place is the main focal point for the commercial activities of most peasant societies. They may be compared as organisms with fixed functions, behavioural patterns, growth processes etc. Market centres, as organisms, are not passive mechanical phenomena contributing to a geometric pattern spread out upon the earth’s surface, but rather active. Their activity may be seen in the form of commerce and marketing (Saxena, 2004). Smailes (1964) has emphasized that markets in the towns of the developing countries play the role, rather than shops and shopping centres, as media in the social and economic life of the people.

Rural market has been considered the most important trading institution, which is, “an authorized public gathering of buyers and sellers of commodities meeting at an appointed place at regular interval (Hodder, 1965). The rural periodic market is a public place where the exchange system between sellers and buyers is established. The periodic markets avoid the direct competition with neighboring markets and provide better opportunities for sellers and consumers who visit all markets in a market week. They function in circuit or ring system. Periodic markets are mainly collection points for agricultural surplus and products of cottage industries. These markets provide a basis for diversification of both agricultural and cottage industry. It is because; the people through these markets are able to know the demand and supply of products. Some periodic markets encourage the hinterland for an all-round development in socio-economic and cultural field.

In Indian society where bulk of population is peasant, rural markets have significant role, as “they link exchange systems in such a way as to stimulate economic dependence on inter- and intra-regional trading. Thus, in turn, shift the socio-economic basis of the community towards constantly expanding production and growth” (Scott, 1972). These markets are the foci of multi-functional activities such as social, religious, economic and political, and hence, explicit a complete clear picture of rural life of surrounding area. They link exchange system in such a way as to reduce the economic dependence on the urban centres but in turn shift the socio-economic bases of community towards expansion of production and growth.
The perception of the importance of a rural market varies from one class of participation to another. This is because of the difference of involvement in the act of periodic marketing by different kinds of participants.

The geographical location involves site and situation of rural periodic markets which set them to attract relatively more traders for markets transaction, consequently attracting more consumers. It is a common practice that periodic markets are held along roadside-crossing, ponds, temples, schools or other public places and also at central places where permanent shopping structures of different nature are found. All such mentioned places are used for public meeting and practically they have attracting capacity for common people gathering. The permanent central places also observe periodic marketing and the situation of such central places becomes source of attraction for multi-purpose trips. Such places discharge services of both trade and non-trade spheres and as the size of central places happens to be larger, the craze for the attractiveness widens. These places play the role of not only commercial transactions but also of social spheres and, therefore, their size determines the magnitude of importance. A limited number of people attend the periodic markets for social congregation also and, hence, these centres has attached with social relevance besides their commercial importance (Thakur, 1997).

There are different kinds of rural markets, weekly, bi-weekly, tri-weekly periodic markets, daily permanent and wholesale and so on. The rural periodic markets meet at specified locations on specified days. The periodicity of the market can range from several times a week, to once a month, or meet at even longer intervals. Periodicity allows small producers, who can devote only a portion of their time to selling, to sell directly to consumers, without an intermediary. Periodic markets are mostly attended by peasants, who live within their hinterlands (Eff and Jensen, 2007). The arrangement of these markets are such that they may be well integrated or knitted in time and space, taking into consideration of convenience of consumers and sellers/traders who attend the respective market from the surrounding area. Such arrangement of periodic markets is described as spatio-temporal synchronization of the markets (Wanmali, 1981).

The rural markets are held in rural areas under the management of either landlords, ‘Gramsabha or District Board’. Sometimes such markets are also held in urban areas. In these markets traders have to pay some charges for putting their stalls or shops in the market. The charge is known as ‘tahabazari’ or ‘bathaki’. It is paid
both in kind and cash which varies from community to community and traders to traders (Khan and Ali, 1998). In urban periodic markets the traders pay two kinds of charges. The first charge is related to Mandi Samiti. It is paid by the traders at the time of entrance in the town. The second charge is taken by the market management.

Rural markets by serving the socio-economic purposes into the rural areas have a very significant role. These markets are attended by peoples of different religions and castes. These market participants, at the same time also belong to the different social as well as economic classes and strata. These markets are used chiefly by the lower classes. Because these markets transact local produce and cheap consumer goods, the villagers with low purchasing capacity avail the consumer goods locally (Thakur, 1997). Income has been found as very influential factor in deciding the participation of market participants in these markets. The people from deprived and backward castes and small and medium size income groups are found in higher proportion owing to the fact that the commodities of low-income range and local production are usually exchanged in these markets (Amani and Khan, 1993).

In view of the importance of rural markets in socio-economic life of the rural people, the study of such markets is very essential. A large section of population in Ambedkarnagar district of Uttar Pradesh lives in villages whose main occupation is agriculture. The rural population is more or less depends on rural markets and visit for buying and selling commodities and to discuss various socio-economic matters prevailing in the society.

The study of rural markets and its role in rural transformation is an important aspect of marketing geography. A number of useful studies have been made to analyse and evaluate the different aspects of market centres but little attention has been paid to examine the relationship between rural markets and transformation of rural areas. So, the present study tries to explore the rural transformation through rural markets.

1.3 Statement of the Problem

Rural transformation in a region is an outcome of various socio-economic and political factors acting combined to enhance the economic growth and development of the region. Rural markets, though, a very small spatial unit, are one of the important factors of rural transformation. The transformation in the context of rural markets
occurs first in the socio-economic status of market participants and then subsequently to its rural hinterland.

So, the present study is an attempt to assess the role of rural markets in rural transformation in terms of level of socio-economic transformation of market participants who are directly or indirectly engaged in these centres of marketing for their livelihood.

1.4 Objectives of the Study

Keeping in view the significance of the rural markets in the socio-economic life of the rural participants in Ambedkarnagar district, the present work has been undertaken with the following objectives:

i. To examine the spatial and temporal distribution of rural markets.
ii. To study the types, hierarchy and sphere of influence of rural market centres.
iii. To study the demographic and socio-economic structure of the rural market participants.
iv. To assess the role of rural markets in rural transformation.

1.5 Hypotheses

The following hypotheses have been put forward with a view to infer result regarding the discussed objectives:

i. The rural markets have developed considerably over the last two decades.
ii. The rural markets are a common place for exchange of social, cultural, political and economic activities between people of different socio-economic classes and strata.
iii. The socio-economic and cultural transformation in rural areas is influenced by the markets of that area.

1.6 Research Strategy

To analyse the role of rural markets in rural transformation, the district of Ambedkarnagar in eastern Uttar Pradesh, has been selected as study area, taking into consideration its economic backwardness, agricultural base as well as presence of large number of rural market centres. The entire study is based on the intensive fieldwork supplemented by secondary source of data. For conducting the study, a systematic research plan has been followed to obtaining quality output.
Phase I

1. **Review of Literature**: All the national and international literature which are easily available and accessible were consulted to understand the concepts, definition and various aspects of rural markets. The literatures were collected from the following sources:
   a. Seminar library of Department of Geography, Aligarh Muslim University
   b. Maulana Azad Library - Aligarh Muslim University, Aligarh
   c. Central Library - Jawaharlal Nehru University, New Delhi
   d. Central Library - Jamia Millia Islamia, New Delhi
   e. Literature available on the internet

   Furthermore, the secondary data were collected to understand the spatio-temporal arrangement of rural markets in the study area. Village wise maps were arranged to plan the field survey.

2. **Secondary Data Collection**: Secondary data were collected from concerned offices, agencies, departments and libraries and from statistical magazines, reports, bulletins, books, etc. These data sets have helped to make a detailed plan for field survey.

   These data were collected from the following sources -
   a. District Statistical Office, Ambedkarnagar District
   b. District Panchayat Office, Ambedkarnagar District
   c. Directorate of Census, Lucknow
   d. National Atlas and Thematic Mapping Organisation (NATMO), New Delhi
   e. Block Development Offices of various blocks of Ambedkarnagar district.

3. **Selection of markets and villages for field survey**: The primary data have been collected through field survey by direct questionnaire, using random sampling technique. Out of the total rural markets (205) of the district, 15 percent markets (31 rural markets) which are spread all over the study area (fig. 1) have been undertaken for the detailed field work, on the following basis:

   (a) Accessibility [Along the road/away from the road (within 10-15 km)]
   (b) Nature of the market (Daily/Periodic)

4. **Preparation of Questionnaire**: A detailed questionnaire was prepared to collect the primary data. It has includes questions on various aspects of rural markets like their spatio-temporal arrangement, hierarchy, periodicity, influence area demographic and socio-economic structure of rural market participants, their income, nature of
Location of Selected Rural Markets
Ambedkarnagar District
2010-11

Legend
- Selected Rural Markets
- Block Headquarter

Fig. 1.1
work, frequency of market visit, trading commodities, price, profits, and so on. Traders were stratified on the socio-economic criteria as landless, marginal, small and big farmers. The merchandise of sampled markets was divided into 22 different commodities.

**Phase II**

1. **Field survey:** A comprehensive field survey in 2010-11 was conducted in the selected rural markets and their surrounding villages. A well framed questionnaire was used to collect first hand data on rural markets and their rural market participants. All the traders were estimated at the first glance of the survey in every selected market. Fifty percent sellers (total 2,931 sellers) from each market were interviewed on various aspects like income, trading commodities, value of weight merchandise, price, profits, and frequency of market visit and so on. The economic evaluation of exchanged items in these selected markets were estimated and assessed on the basis of sampled survey.

2. **Data tabulation and analysis:** The data which were collected through the field survey has been tabulated and analyzed for further analysis.

**Phase III**

1. **Application of suitable statistical techniques:** The interpretation of the analysed data has been done with empirical and theoretical perspectives. The hierarchical orders of selected rural markets have been computed based upon Composite Functional Index (CFI) value, following a 5 point weighting scale. To assess the role of rural markets in socio-economic transformation of respondents in the selected market centres, an assessment of 26 selected variables pertaining to change in market infrastructure and facilities, employment and income status and socio-economic status of respondents over a time period of 20 years during 1991 to 2011 has been made. The inter-relationship among 26 variables was established with the help of Karl Pearson’s correlation coefficient technique using SPSS 20.0 software. Finally, interrelationship between Composite Functional Score (CFS) and Composite Transformation Score (CTS) has been analyzed to derive specific conclusion. Different statistical methods and techniques like Composite Functional Index (CFI), Z-score, Composite Z-score, Correlation Coefficient and simple percentage have been
used in the analyses and interpretation of data. The SPSS 20.0 software was used for generating the correlation matrix of the 26 selected variables.

2. Preparation of maps and diagrams: For preparing maps and diagrams, suitable research methods and cartographic techniques are used. Maps were prepared with the help of GIS software packages like: Arc GIS 3.1 and Geo Media Professional 3.1.

1.7 Organization of the Study

The present study is a modest effort to bring to light the manifold perspectives of spatial analysis of rural markets and their role in rural transformation in Ambedkarnagar district of Uttar Pradesh. The study has organized into six chapters. The first chapter serves as an introduction. Second chapter deals with the review of literature on different aspects of rural markets at national and international perspectives. The third chapter gives a detail account of the geographical outlook of the study area. Forth chapter deals with the genesis and development, spatio-temporal distribution, classification as well as hierarchy and sphere of influence of different rural market centres. The demographic and socio-economic characteristics of rural market participants have been carried out in the fifth chapter. The sixth chapter analyses the role of rural markets in rural transformation in Ambedkarnagar district. In the last, the conclusion summarizes the main findings of the study and implies policy suggestions.
References


