CHAPTER VII

CONCLUSIONS AND POLICY IMPLICATIONS

From the analysis in the preceding chapters, the following conclusions can be drawn regarding the working of regulated markets in Kheda district:

(1) It is found from the present study that the regulated markets are competitive in terms of buyers, sellers, buyer concentration, freedom of entry and exit and mobility of the produce.

Thus, the hypothesis:

"Regulated markets have the features and characteristics of a competitive market"

is proved valid in the study of Kheda district.

(2) Using the analysis of variance and correlation of prices in different market, it is found that the selected markets viz. Borsad, Khambhat, Kapadvanj and Mehmedabad are spatially integrated.

Hence, the hypothesis:
"Market regulation creates integration of market"
is found valid in the study of Kheda district.

(3) Market stability has been examined with the help of coefficient of variation of prices in different selected markets taking a period of ten years. The findings of the study are that Borsad is the most unstable market and Mehmedabad is the most stable market. If they are ranked in the descending order, they are Mehmedabad, Kapadvanj, Khambhat, and Borsad.

Thus, the hypothesis is:

"Market regulation provides stability of market in terms of prices"
does not hold good here in the study of Kheda district.

(4) Cyclical variation in prices are studied by fitting a linear trend of prices and examining the cyclical fluctuations of prices around the trend. Cropwise cycles around the trend in different crops of different markets are discussed in Chapter V. In general, it can be said that the severity and length of the cycles differ as discussed in the above mentioned section.
(5) Absence of parity of prices of groundnut kernel in Kapadvanj implies lack of market integration. But Ahmedabad is not a part of Kheda district, and therefore, it does not affect the integrability of regulated markets in Kheda district. Moreover, the problem of agro processing industry are involved in it. It is not purely a problem of the marketing of agricultural crops.

(6) Market efficiency measured through producer's share in consumer's rupee shows that the markets are efficient and competitive because the producer's share is very high in each market and there are not very high inter-market differences in them.

(7) In the analysis of marketing cost of traders, it is found from the primary survey of traders that on the whole it is more economical on the part of the trader to procure his requirements from a regulated market because the procurement cost is higher in unregulated market than what it is in a regulated market.

(8) As far as farmer's marketing cost is concerned, transport cost is the only cost of marketing for the farmers. This study shows (on the basis of the survey of farmers) that the

1.Absence of Parity may be interpreted as lack of spatial integration, if "Market" is interpreted in a wider sense.
cost of transport of selling in unregulated market is less than the cost of transport of selling in a regulated market. This perhaps may be due to the fact that the distance of an unregulated market might be less, i.e. the farmer might be selling either in his own village or a very nearby town.

Thus, the hypothesis:

"The users of the regulated markets enjoy cost economies in the market than those transacting outside the regulated markets"

is partially found valid i.e. it is found valid only from the trader’s point of view and not found valid from the farmer’s side.

(9) Analysis of producer’s price and sale in alternative systems of marketing show that normally the farmer gets a lower price in an unregulated market. Of course, there are some exceptions to it as discussed earlier.

(10) Market efficiency measured through market arrivals show that the market arrivals of some markets are above the average arrival of all the regulated markets of the district and the market arrivals of some other markets are below the district
average. The first group includes Khambhat, Nadiad, Borsad, Mehmedabad and Matar. The second group includes Anand, Kapadvanj, Thasra, Petlad, Balasinor and Umreth. The same problem has been examined from another angle with the help of primary field survey. The finding of the study are as under:

In case of market arrival of paddy, the performance of Mehmedabad market is better than that of Borsad.

On the basis of

So far as wheat is concerned, the performance in terms of market arrival as a percentage of marketable surplus, the markets can be arranged in the descending order like this (1) Khambhat, (2) Mehmedabad, (3) Kapadvanj, and (4) Borsad.

With regard to Bajra, if the markets are arranged in descending order of their arrival performance, the ranking can be like this, (1) Khambhat, (2) Kapadvanj, (3) Borsad, and (4) Mehmedabad.

Distance as a barrier to market arrival has also been examined in the present study. In general, it shows that distance affects farmers of all size groups in all markets except Khambhat. In other words, the market arrival as a percentage of marketable surplus is more from a nearby village than what it is from a distant village. This is true for marginal, small and large farmers.
(12) Analysis of non-economic variables show that there are no problems with regard to disposal quickness, delay in payment, physical amenities, helpfulness of the market staff, corruption and crime, pilferages and wastes. The only problems attracting the attention are pertaining to grading and market information and consciousness.

(13) In the income of the regulated markets, market fee and licence fee are important components. Of the two, market fee is more important than licence fee. Taking market fee as a dependent variable and arrival and price as independent variables, the linear regressions were run at the district level. It shows that of the two, viz. arrival and price, the second one plays an important part in determining the income of the market.

From the above findings of the study, the picture that emerges is like this: Though the markets are competitive and integrated, they are not stable. It is obvious also that competitiveness and integrability do not necessarily ensure stability. Among the markets studied here, some are more unstable and some are less unstable. Instability of markets is reflected through price variations in the short-run (i.e. seasonal) and in the long-run. Long-run instability in prices might be emerging from, besides other reasons, variations in agricultural production resulting from good years and bad years, i.e. from draughts and bumper crops. This type of problems are
beyond the perview of marketing studies. They belong to the development of agriculture and to the overall development of the area. However, short-run fluctuations in prices result from uneven supply of the foodgrains in the market during the year i.e. excess supply at the time of harvest and reduced supply in the remaining part of the year. These type of problems emerge from the lack of storage facilities, lack of information and need for finance on the part of farmers. Thus price fluctuations resulting into cycles of different length and intensity should be reduced by devising appropriate measures. As found in the present study, among the farmers, it is the marginal and small farmers who suffer most because they bring their produce for the sale at the time of harvest for two reasons: (a) lack of storage facility and (b) need for finance. Thus, to reduce market instability resulting from excess supply at the time of harvest it is necessary to provide warehousing facility to preserve their produce and to provide finance to make them free from distressed sales. Subbarao has rightly pointed out that the present marketing reforms have over-emphasized on changing the forms of marketing and market regulation has remained restricted to elimination of predatory middlemen, excessive marketing margins and unfair trade practices. He feels that market regulation should be further extended to (a) credit, (b) transport and freight, (c) processing and (d) storage because market regulation

2. Subbarao, K. "Presidential Address", op. cit.

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has yielded better results where these constraints are not serious. Where these constraints do not exist, markets have operated with reasonable efficiency even in the absence of market regulation. Alternatively speaking, where these constraints are overriding market regulation is not able to solve the problems created by these constraints and they have a powerful neutralizing effect on the improvements brought about by the regulation of commodity markets.

Thus credit, transport, and storage facilities should be provided to the farmers in general and marginal and small farmers in particular so that on one hand, market stability can be restored and on the other hand, their economic interests can be protected.

Further, it is observed from the present study that when the farmers sell outside the regulated market, they sell at a less remunerative price. In this situation, efforts should be made to attract them to the regulated market through economic and non-economic incentives. Among the economic incentives, actual price received by them is relatively more and they receive timely payment without any difficulty in the form of bribe, corruption, false weighment etc.

Grading is another important aspect of marketing. It has not been introduced so far in the selected and other markets of Kheda district. It provides incentive to farmers to produce and
bring better quality produce to the market. It discriminates in favour of good quality produce against the poor quality produce. From the point of view of buyers also, it rather makes it easy for those who want to buy a better quality produce at a higher price. Thus, all efforts should be made to introduce grading in the marketing of agricultural crops. For this purpose, improved training on the part of marketing staff has been rightly emphasised by Sain, K.

Further from the primary survey, it is found that All India Radio broadcast is not heard by most of the farmers. Here in the present analysis, this problem has been examined from the point of view of size groups of farmers and not from the point of view of the distance of the village from the main market centre. This is because radio waves can move to any corner of the world and therefore distance is not a problem as it is in case of telegrams, telephones and postal services. Further, price of a radio might be a deterrent factor in purchasing it and there his economic conditions based upon his size group might be relevant. What is important to understand is that radio is an audio-instrument which is less attractive in these days of television which is a video-instrument. So what can be suggested here is

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that within the programmes on agriculture, this information on prices should be telecast on television so as to make them reach to the farmers.

Distance from the market is another factor which deters the farmer from bringing his produce to the regulated market. This problem can be solved with the help of the development of cooperative marketing societies. The major weaknesses of these marketing societies that they are saddled with bureaucratization and are of non-viable size. Further, they are established at the initiative of the State to reach the plan targets.

The problem of marketing has been looked at from another angle also i.e. producer's share under different channels of marketing. Mishra, G.P., Uddin, F., Bajpai, B.K. examine the wheat marketing channels for different categories of farmers in the region of U.P. and identifies efficient wheat marketing channels for medium and large farmers. Four marketing channels examined were: (1) village traders, (2) wholesalers purchasing in the village, (3) mandi samiti (regulated markets) and (4) government agencies. Mandi Samiti was found to be most efficient channel for small and marginal farmers and government agencies for medium and large farmers.

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Ranade, C.G. and Rao, Hanumantha have studied the problem in case of Kapas growers of two districts, viz. Surendranagar and Sabarkantha of Gujarat State. They find in their study that in a sale through regulated market benefits are fetched by traders and not by farmers. Under private trade, the small farmer gets less price than the medium and large farmers. Whereas in cooperative channel, large and small farmers receive equal share. Thus, this problem of sale through different channels needs to be examined in much detail.

In the light of above studies, the problem can be examined in Gujarat also from this angle so that more light is thrown on the benefit accruing to the farmers of different size group from various channels of marketing.

Rao, H.S.G., Maheshwari, A., bring out another point. They say that there is a gap between the policy objectives and the legislative provisions in the relevant fields. Besides this gap, there is a complaint from Sinha, S.P., Kumar, A., Prasad, J., Pandey, P.C., that there is no strict enforcement of Agricultural Produce Market Act. A stricter enforcement might

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bring better results. If there is a gap in policy objectives and legislation in Gujarat, and if Agricultural Produce Market Act is not strictly enforced all efforts should be made to improve the conditions in this direction also.

Arora, V.P.S., and Jayapragash, S.P., have made a novel suggestion that discriminatory market charges should be taken from the marginal, small, medium and large farmers. The possibility of introducing discriminatory charges in the regulated markets of Gujarat should be explored.

Marketing reforms in India have improved the conditions since independence.

Singh, Bhupender; Singh, Amarjeet; Dhawan, K.C. in their study found that the major change that has occurred so far is the intervention of governmental agencies in the process of


marketing. These changes have brought about noticeable changes in the costs and margins of different agencies involved in marketing. On the whole, marketing of foodgrains has become more efficient due to state intervention. This is because of the fact that the participation of government agencies has curbed speculative propensities of the traders. But despite the increase in marketing efficiency operating cost of the governmental agencies is relatively higher as compared to that of the private trader. Therefore, there is an urgent need to conduct indepth analysis of different elements of their cost structure with a view to streamlining the procedures and thus economise on costs. In Gujarat, all such improvements are visible. However, the scope for bringing down the operating cost of governmental agencies can be explored here also.

There are improvements and short-falls in the field of agricultural marketing as seen above. Some researchers and scholars feel that the reforms have fallen short of the expectations. Here one is reminded of K. Subbarao's remark that the task of the overall assessment of the improvement in marketing system is not easy because the studies on marketing are either crop specific or region specific. In other words, the

1. Subbarao, K., "Presidential Address", op. cit.
generalisation is difficult and the overall view remain inconclusive.

RECOMMENDATIONS OF MASTER PLAN

The farm production has increased over years in Gujarat State and the trend is likely to continue after Narmada Valley Project. Gujarat State Agriculture Marketing Board has got prepared a Master Plan which will develop regulated markets such that increased arrivals over a period of 15 years can be taken care of by them. The Master Plan has been submitted to Gujarat Government for its approval and to the Central Government for getting World Bank loan. It is a first major attempt to prepare a Master Plan at the state level to take care of future requirements.

The Plan recommendations include the following:

(1) To establish "Agricultural extension and agricultural marketing extension service centre". In this centre, farmers will be given extension education on improved marketing techniques and practices. This will help them to fetch higher price of their produce.

(2) To provide an expanded package of facilities like land, roads, water, power, fencing, auction platforms, primary cleaning and processing platforms, equipments for grading laboratories, scientific instruments for moisture testing, and testing of oil content in oil seeds, sampling instruments, sieves etc.

(3) To construct godowns to store the produce on days when prices are not remunerative.

(4) To disseminate information of prices on television network.

(5) To integrate rural roads development with the development of market yards.

(6) To reduce wastes and marketing costs.

(7) To undertake research on agricultural marketing.

(8) To create special bank facilities right in the market yards so that farmers can obtain advances against the goods stored in the godown.

(9) To start a course on agricultural marketing in Agriculture University.
Thus, the development plan proposes to develop 161 Agriculture Produce Market Committees and 352 market yards at a total estimated investment of Rs. 163.29 crores. The objective behind the plan is (1) to increase farmers' incomes by bringing 90-95 per cent of the sale through market yard (2) to make the markets as "Instruments of Growth" and (3) to raise the status of some markets to National and International level. The plan is proposed to be implemented during the period of five years from 1988-89 to 1992-93.

Most of the policy recommendations of the present study are included in the recommendations of Master Plan. Therefore, the present study is hopefully concluded that the recommendations of the Master Plan will be effectively implemented and the conditions of agriculture marketing in Gujarat will improve substantially and make the markets most efficient ones.