CHAPTER III

HIERARCHY OF THE MARKETS AND THEIR INTER-RELATIONSHIP

MARKET HIERARCHY AND ITS SIGNIFICANCE:

The classification of the periodical markets according to size and function is essential for an understanding of the relationship between individual markets and the organisation of these markets into a system. The classification can be approached through the analysis of specific information for each market concerning the selection of goods and services available in the market, the number of firms involved and their scale of operation and the size and nature of the area covered by the market. G.W. Skinner primarily using the interview technique, identified five hierarchical levels of the market—minor or incipient, standard markets, central markets, intermediate markets and regional markets. This typology is suitable to the periodical markets functioning in the peasant oriented countries¹.

The market centres in the hierarchical function may be classified into three categories—primary market centres or 'Heats' or weekly markets, secondary market centres or Mandies or town markets and wholesale markets or Gans.

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by the villagers are fixed according to the volume and size of the concerned commodity. The price of kitchen garden products are also determined by the villagers in this traditional way.

Generally the buying traders sit on the cut skirts of the 'haats' or just outside the check posts of the village or footpaths connecting the market. The incoming visitors rarely escape without encountering the buying traders. It was observed during the study that bargaining between the buyer and seller prevailed in the weekly markets. The private traders, purchasing farm and non-farm products increased 15.82% price after bargaining with the villagers. The price was kept higher in order to compete with each trader and to attract the visitor. Due to the 'open-market' setting and keen competition, the traders themselves tried to make the prices known to the sellers. If there were many buying traders sitting at the same place, the prices did not vary too much, though they tried to use all possible methods to attract the visitor.

The visitor's choice about the trader is limited by a number of factors. After carrying the head load over a couple of miles the visitor is anxious to dispose off the burden of commodities as soon as he reaches the market. 'Time' is another factor which determines the decision of the visitor. A visitor who has to return home before the sun set and finish many works before leaving the 'haat', would not find it feasible to walk from one place to
another to get the better price. At the same time the visitor is not sure whether another trader would deal honestly with him. And finally the basic attitude of 'mutual-trust' and fatalistic approach towards life does not allow the visitor to be an adventurer.

The villagers are not aware of the prevailing prices but they assess the price of the commodity on the basis of the price paid for the same commodity in the previous market day. The buying traders begin their bargaining along with very set lines. The buying trader would first bid a random price. The buyer and seller would bargain over the price for a while. Generally on the first bid, the seller would not agree with the buyer. The buyer then offers little higher price. The buyers also try to squeeze the products of the villagers by force. It was found during the study that the buying traders sometimes engaged a tribal as weighman. He had also tried to convince the price to the seller.

SECONDARY MARKET CENTRE OR MANDI:

The secondary markets, commonly known as 'Mandies' are akin to the primary market centres, but they are held in the big centrally located villages. The establishment of mandies are made upon a representation of the local authority or of growers of any agricultural produce within the area for which a market is proposed to be established or otherwise the state government may, by notification,
declare its intention to establish a market for regulating the sale and purchase of agriculture produce. The government will consider the objections and suggestions, received within one month in this connection. After completing the above procedure, the state government may establish a market for the proposed area by another notification and the market so established shall be known by the name specified in that notification.

The market committees are formed in every mandi. The market committee forms the bye-laws and enforce the same in the jurisdiction of mandi. There are only eight mandies in the district. Of these seven mandies are situated in north Bastar and one is situated in south Bastar.

The position of mandies in the district is shown in the Table 3.1. Every market committee has a body, corporate by the name specified for the market in the notification under section 4 of the M.P. Mandi Regulation Act 1979 (Amended). All market committees for all purposes are being deemed to be a local authority.

The mandi committee has a secretary, who is appointed by the state government to execute the laws and proposals passed by the market committee. All the mandies in this district are controlled by the agriculture department.

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2. Madhya Pradesh Krishi Upaj Mandi Adhiniyam, 1972, Sec 3 (1-2).
3. Madhya Pradesh Krishi Upaj Mandi Adhiniyam (Second amendment) 1979, Sec. 4.
4. Madhya Pradesh Krishi Upaj Mandi Adhiniyam (Amended) 1979, Section 7(4).
Table - 3.1

Position of Mendies in the District

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name of the Kandi place</th>
<th>Tahsil</th>
<th>Grade*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jagdalpur</td>
<td>Jagdalpur</td>
<td>C</td>
</tr>
<tr>
<td>2</td>
<td>Kondagaon</td>
<td>Kondagaon</td>
<td>D₁</td>
</tr>
<tr>
<td>3</td>
<td>Geedam</td>
<td>Dantewada</td>
<td>D₁</td>
</tr>
<tr>
<td>4</td>
<td>Narayanpur</td>
<td>Narayanpur</td>
<td>D₂</td>
</tr>
<tr>
<td>5</td>
<td>Sambalpur</td>
<td>Shanupratappur</td>
<td>D₂</td>
</tr>
<tr>
<td>6</td>
<td>Keshkal</td>
<td>Keshkal (Sub-tehsil)</td>
<td>D₂</td>
</tr>
<tr>
<td>7</td>
<td>Charara</td>
<td>Kanker</td>
<td>D₂</td>
</tr>
<tr>
<td>8</td>
<td>Kanker</td>
<td>Kanker</td>
<td>D₂</td>
</tr>
</tbody>
</table>

* The mendies situated in the state have been classified into four major grades according to their annual income by the State Government. The gradation is as below:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Grades of Mendies</th>
<th>Annual income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>A</td>
<td>Above 7 lakhs</td>
</tr>
<tr>
<td>2.</td>
<td>B</td>
<td>3 - 7 lakhs</td>
</tr>
<tr>
<td>3.</td>
<td>C</td>
<td>1 - 3 lakhs</td>
</tr>
<tr>
<td>4.</td>
<td>D</td>
<td>Below 1 lakh</td>
</tr>
<tr>
<td>(i)</td>
<td>D₁</td>
<td>1 - 50 thousand</td>
</tr>
<tr>
<td>(ii)</td>
<td>D₂</td>
<td>25 - 50 thousand</td>
</tr>
<tr>
<td>(iii)</td>
<td>D₃</td>
<td>0 - 25 thousand</td>
</tr>
</tbody>
</table>
of the state. There are market yards for each mandi in the district. The mandies situated in Jagdalpur, Konda-gaon and Kanker have more than one yard.

The mandi committee issues licence to private traders to purchase the notified agriculture produce like paddy, maize, oil seeds and pulses. The licence is also given to purchase the non-farm produce like mahua seed, mahua flower, tamarind etc. to the private traders. The price of the notified agricultural products brought into the market yard for sale is settled either by tender bid or by open auction system.

In Bastar district all mandies mainly exercise their powers of taxation on the notified forest products stated in the mandi act. The marketable surplus of agriculture products is very limited in this district so the mandi earns maximum income from the taxation on forest products, purchased and sold by the private traders in markets, within the jurisdiction of the mandi. The commodities which are purchased in the village markets are brought by the petty traders to the secondary market where it is sold to the wholesellers. In the secondary markets the price varies according to the price in the wholesale market. The prices of the commodities are fixed on the basis of standards and grades.

The mandies are regulated markets. The wholesellers mostly deal with the forest produce compared to the farm products. The markets provide a permanent place
The basic function of these markets is to serve as assembling and storage centres of the farm and non-farm produce which is collected in the primary economic centres or 'haats'.

Mandies are not authorised to purchase the produce, direct from cultivators. According to mandi act 1979, they can auction the produce which arrives at the mandi yards. No person in respect of any notified agriculture produce, can operate in the market area as commission agent, trade-broker, weighman, hammal, owner or such other market functionary except in accordance with the provision of mandi act, rules and by laws made thereunder.

CONDITIONS OF BUYING AND SELLING:

Any person who buys the notified agricultural or non-agriculture produce in the mandi has to execute an agreement in triplicate in the prescribed forms. One copy of the agreement is kept with the buyer, one copy is supplied to the seller and the third one is kept in the record of the market committee. The price of the produce purchased in the market yard is to be paid within 24 hours to the seller. According to mandi act only licensed traders can purchase agriculture produce in the markets.

W H O L S A L E M A R K E T  O R G A N : 

"Widely a terminal market may be defined as a market where the produce is either finally disposed off to the consumer or to the processor or assembled for export". But in the district level the terminal markets are wholesale market centres usually situated in towns, where all types of marketing facilities are available. They are locally called as "ganjs". They are controlled by the municipality or the notified area marketing committee. The market regulations are formed by the governing bodies, with the approval of the state government.

In the ganjs terminal taxes, market cess, broker charges, weighing charges, labour etc. are collected from the sellers. In these markets, merchants are well organised and use all modern marketing methods.

The wholesale markets involve more or less all the functions of regulated markets. The buying and selling are the fundamental functions, while the other functions are storage, financing and risk bearing, which are called as universal functions. The following functions are important in wholesale markets:


There are three main functions of the wholesale markets. They are exchange function, physical function and facilitative function. The wholesale market also provides transportation, warehousing, and storage facilities to the traders. Apart from these, the wholesale markets provide market information, standardisation, financing, and risk-bearing facilities to the traders.

In this way the wholesale market stands at the top of the pyramidal structure of hierarchy of the markets and the primary economic centre or weekly market stands at the bottom.
REGULATED MARKETS:

Regulated markets are the only alternative of the present lawless markets held in the villages where the exploitation is rampant. The regulated markets governed by the market committees are very few in the district. There are only eight regulated markets in the district. In these regulated markets the market charges are clearly specified. These markets are controlled by the market committees. A separate marketing advisory committee watches the change in demand, helps in regulating supply and suggests the fixation of grades and standards of the commodities. In these markets the market rates are specified and excessive charges on weighing, labour etc. are reduced.

In the regulated markets correct weightment is ensured. There are also provisions for the settlement of disputes regarding quality, weightment and deductions against tax etc. The disputes are settled by the marketing committee. In the regulated markets the payments are made by the purchasers without delay. In these markets, sellers and buyers are well aware of the market information.

INTER-RELATIONSHIP BETWEEN THE MARKETS:

The primary, secondary and wholesale markets are inter-related. It is important to examine the inter-relationship between the markets to ascertain the marketing system.
The wholesale markets, secondary markets and weekly markets are inter-related in many market operations. The weekly markets supply raw farm and non-farm products to the secondary market centres. The private traders and co-operatives purchase the farm and forest products in the weekly markets and bring their produce to the mandi. The wholesalers purchase the farm and non-farm products from the mandi either by tender or on auction. The wholesalers sell farm products like paddy, pulses and oil seeds to local processing units and export the rest to other districts of the state.

On the other hand the traders purchase cloth, ornaments, vessels, cosmetics, etc. from the wholesale markets and sell in the weekly markets. In this way the wholesale markets serve as distribution centres for the weekly markets for the supply of finished goods.

The assembled goods in the secondary markets or mandi's is further sold to the wholesalers. The produce is exported or sold to processing units after proper grading. The primary and secondary market centres act as supply channels of farm and non-farm produce to the wholesale market. The secondary markets provide assembled raw produce to the wholesale market such as paddy, oil seeds, pulses, mahua seed etc. Some of the farm products are processed in the local industries and the finished products like mustard and mahua seed oil, tuar pulse, rice, etc. are brought to the weekly market for sale. The wholesale
market also supplies the finished products to the traders who sell them in the weekly markets. The following diagram shows the flow of commodities in the present market hierarchy (Diagram 1).

The above diagram shows that the farm and non-farm products purchased in the weekly markets are brought to the mandies where it is sold to the wholesellers. The produce is exported from the wholesale market to the other states like Andhra Pradesh and Orissa and districts viz. Raipur and Durg of Madhya Pradesh. In the weekly markets the farm and non-farm products are collected and classified by the private traders and cooperative marketing societies. The collected produce is brought to the mandi or secondary market centres where it is assembled and graded according to the quality. The secondary markets also provide license to the private traders for the purchase of notified farm and non-farm produce and inform the prevailing market rates.

The wholesalers purchase the farm and non-farm produce from the mandi and export the same. A little proportion is also sold to local processing industries. The wholesale markets provide infrastructural facilities like warehousing, transportation, electricity, insurance, etc. The wholesale market also act as a distribution centre for the processed products like rice, pulses, edible oil, etc. The wholesalers also finance petty traders and their agents for the collection of produce in the weekly markets.
In this way the weekly markets, mandies and wholesale markets are interlinked. The demand and supply factors link the markets of all levels with each other.