CHAPTER ONE

INTRODUCTION
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1.1 Agricultural Marketing-History, Development and Regulation

The evolution of the marketing system of agricultural produce in India is influenced by the socio-economic environment that prevailed during different phases of the 19th and 20th centuries. There has been a rapid change in the pattern of agricultural production from subsistence level to commercial farming. This transformation has led to the emergence of many market centers—mandies and Ganjs. Each market center developed its own trade practices and mode of business ignoring completely the interest of farmers. Different functionaries and intermediaries involved in the transactions exploited the ignorance and the weak bargaining capacity of the agricultural producers while selling their produce.

The emergence of a well planned marketing system with a network of agricultural produce markets in the country was the direct result of a great surge in the marketable surplus in the agricultural sector during the post independence period. An efficient agricultural marketing system facilitates and encourages greater production. The Indian agricultural sector comprises of a multicrop production system. The vast geographical area in the country naturally involves the marketing of agricultural produce through a large network of intermediaries. These intermediaries provide the services in the process of marketing of agricultural commodities which are seasonal, bulky and perishable in nature. Agricultural marketing has assumed new dimensions in the wake of the adoption of new agricultural production
programmes. The agricultural marketing, therefore, has become more important and complex too.

History of agriculture marketing is as old as development of agriculture. Marketing processes have passed through various stages of development. Historical evidence points out the shift from mobile trade by "Peddlers" and then to establishment of periodic markets, "Hatts" or "Shandies". These Hatts or Shandies were a kind of multi-purpose institutions which served both social and economic needs of the people of the area. In other sense, these types of markets were highly representative features of the Indian social structure in which social needs have been traditionally linked with economic needs, besides playing a vital role in the life of the people.

Agricultural produce market in the earlier days was considered as the place run by individual trader or merchants association. But during the last few years the concept of the agricultural produce markets have been totally changed. Now, the Government has also taken upon itself, the functions of regulating the marketing practices and providing new "Mandies" which are called "Market yards ".

1.1.A. Origin of Regulated Markets:

The anxiety of the British rulers to make available supplies of pure cotton at reasonable prices to the textile mills at Manchester, originally, motivated the desire for improving and regulating the marketing functionaries at the level of mandies.

In India, first regulated market was introduced in "Karenja" of Hyderabad state (now called as Andhra Pradesh) during the year 1886 under the Hyderabad Residency Order. Subsequently, a special law known as "The
Cotton and Grain Markets Law was enacted in Barer, then known as "The Hyderabad Assigned District" in 1897. The institution of regulated market thus came into existence. Having due regards to the socio-economic conditions prevailing in the country, this type of reform at the primary level of marketing was first recognized for general adoption in the country by the Central Cotton Committee, appointed by Government of India in 1918. Later it received wider reorganization after the establishment of Royal Commission on Agriculture in 1928 and the report of Planning Commission on "First Five Year Plan" which pointed attention to its importance. Hyderabad was the first state in India to pass Agricultural Produce Market Act in 1930.

Karnataka State lagged behind in implementing "Marketing Regulation Act" as compared to other states of in India. In the year 1934, the first regulated market for cotton was started in "Raichur" under Hyderabad Provence Agricultural Produce Marketing Act, 1933. Subsequently, the regulated markets at Bailhongal, Tiptur, Bellary and Mangalore were established in each of the then existing provinces during 1936, 1948, 1949 and 1951, respectively.

1.1.B. Role and Scope of Regulated Markets:

The main objective of regulated markets, as defined in the preambles to various State Acts, has been to provide for better regulation of sale and purchase of agricultural produce. With a view to protect the interests of the producer-seller, the regulated markets aim at improving the efficiency of marketing at the assembling points which form the basis of the marketing machinery. This is achieved by creating healthy competition and such other conditions, as would ensure a fair deal to producer-sellers.
In providing the machinery for regulation and in choosing the method of regulation, certain essential features will have to be taken into account.

Firstly, marketing is a complicated business which can only be handled by experts and until the agriculturists are able, (by their own individual efforts or through combination) to handle this delicate business. The effort must be directed towards making the existing market functionaries operate to the greater advantage of the producer rather than driving them out of trade. Even in perfect market controlled by the producers, it may be necessary to retain many of the existing functionaries, unless and until the social order itself changes radically.

Secondly, agricultural marketing covers a variety of stages from the time the commodity leaves the field to the stage when it reaches the final consumer. If the markets were to function smoothly and efficiently, it must have a firm grip over the wide range of the activities covering all these stages. A logical corollary of this is that, the markets must provide facilities for trading, regulate them on the equitable basis, facilitate the settlement of disputes arising from the trading activity without driving the parties to protracted litigation in the courts and place at the disposal of the buyer and the seller a mechanism with which bargains can be made and completed without causing any loss to one or the other.

Thirdly, the market should be in a position to provide ancillary facilities such as storage, communication, transport and credit. Where it has not the means or power to make them available, it must try to secure them from or with the help of other agencies.
The Market Acts accordingly provide for fair trading practices, prohibition of unwarranted and excessive deductions on account of market charges and legitimate service rendered by various functionaries. For enforcing discipline among the trading community and other functionaries, the licensing system has been introduced. Further, the management of market is entrusted to market committees which are corporate bodies represented by all the interests of traders, producers who have thus a voice in the management of the markets. The Acts also provide for necessary facilities such as dissemination of market information, temporary storage facilities and various other amenities such as rest-house, drinking water arrangements, lighting etc.

In the markets located in the terminal points and major distributing centers, the traders have organized themselves into associations with a view to safeguard their interests. The associations have adopted agreed sets of rules and bye-laws codifying them under various trade practices and business to be followed. Even in secondary markets, traders and other functionaries such as “arthias” or “adthias” have formed associations. These trade associations, however, generally tend to concern themselves with the interests primarily of the buyers and not as much with those of the sellers, i.e., farmers. There is, thus, a need for a machinery to regulate the market practices in the trading centers with a view to safeguard the interests of the sellers. This need is all the more great in primary assembling markets where the majority of the sellers are producers who, on account of their vulnerable position, are more prone to be exploited. To be able to function effectively, the market regulating agency should not only have statutory backing, but also
be properly supervised and controlled by the Government for holding the scales even between the sellers and buyers.

It will thus be observed that regulation of markets alone in isolated way cannot be expected to achieve the desired efficiency in marketing.

1.1.C. Need for Regulated Market:

There are so many different reasons for regulating the marketing activities of agricultural commodities. The producers of agriculture products were suffering a lot before the implementation of marketing regulation. Some important needs are mentioned below:

i) To avoid heavy village sale of agricultural commodities.

ii) To avoid immediate post-harvest sale by farmers.

iii) To provide institutional marketing infrastructure.

iv) To avoid the existence of large number of middlemen.

v) To avoid malpractices in marketing.

vi) To provide reliable and up to date market information.

These needs have been explained in the following paragraphs.

i) To Avoid Heavy Village Sale of Agricultural Commodities:

A majority of farmers in India sell a large portion of their produce in villages, which results in low returns for their produce. There is a difference in the prices prevailing at different levels of marketing i.e., the village, the primary wholesale market, the secondary wholesale market and at retail levels. The factors responsible for village sale are as follows:

a) Farmers are indebted to village moneylenders, traders or landlords. They are often forced either to enter into advanced sale contracts or sell the produce to them at low prices.
b) Many villages are facing transportation problem. It is a major problem for small farmers to carry their produce to the markets, which are situated at far off places.

c) Farmers are having immediate need for money. This need enforces them to sell their produce at villages only to get money immediately.

d) Most of the produce are perishable and they need to be marketed immediately because of their low keeping quality. Hence, the farmers will be resorted to sell in the village itself.

ii) To Avoid Immediate Post-Harvest Sale by Farmers:

Usually, at immediate post harvest period, the prices of agricultural products are low because of substantial supplies of goods. The reasons for the existence of immediate post harvest sale of the produce by farmers are as follows:

a) Poor retention power of the farmers because of want of immediate money.

b) Perishable nature of the agricultural commodities and inadequate storage facilities available in the villages.

c) Fear of loss of produce by fire, theft and other natural calamities.

d) Lack of entrepreneurship and the low risk bearing ability of the farmers.

So to avoid immediate post-harvest sale by farmers a regulated market was very much needed.

iii) To Provide Institutional Marketing Infrastructure:

Farmers were unorganized and marketed their produce individually. Because of their low bargaining power, they had to deal with traders having a strong organization. The reasons for the lack of organization among farmers, which in turn, was responsible for their poor bargaining power were:
a) Locational disadvantage and difficulty in bringing them under one organization.
b) Difference in the size of holdings and the surplus available with the farmers.
c) The marketing aspect was not given due consideration by the farmers because of their ignorance.

By providing an institutional marketing infrastructure, it was very much essential to bring into force a Regulated Market.

iv. To Avoid the Existence of Large Number of Middlemen:

The marketing of agricultural produce is a business which does not attract any restriction, either social or Government, for entry as market middlemen. There are, therefore, a number of middlemen between the producer and the consumer. As a result, the length of the marketing channel increases, and the cost of marketing and market margin goes up. In no other sector is the length of the marketing channel so long as in the agricultural sector.

In order to reduce the number of middlemen involved in the agricultural marketing it was very much essential to have a regulated market.

v. To Avoid Malpractices in Marketing:

Malpractices in the market include deduction of unauthorized market charges, spurious deductions, unfair weighment of the produce, unhealthy sale method, taking of 'karda' even for clean produce, taking away a part of the produce as a sample by bidders, arbitrary deductions for religious and charitable purposes, etc. In order to avoid such malpractices in the market, it was very essential to have a regulated market.
vi. **To Provide Reliable and Up-to-Date Market Information:**

There was no reliable channel for the communication of price information to farmer producers who are living in remote villages. In the absence of this information, farmers depended on the hearsay reports which they received from village merchants. Village merchants did not reveal the correct price information prevailing in primary and secondary wholesale markets because of their personal interest in buying the produce from the farmers at low prices. In such an uncertain situation farmers sold the produce right in the villages at low price. In order to provide proper information about prices of various commodities to farmers, implementing marketing regulations was very much essential.

1.1.D **Need for the Study and Statement of the Problem:**

The present study confines itself to the “Working of APMCs in Karnataka—A study of APMCs in Dharwad, Gadag and Haveri Districts”, which consists of 5,5,6 (16) APMCs and 11,13,12 (36) sub market yards, respectively.

Majority of agricultural produce is being sold in the village itself by farmers immediately after harvesting, due to urgent financial needs, inadequate storage facility, ignorance and illiteracy and lack of transport facility. Besides, a large number of farmers are small holders of agricultural land. Hence, the quantity of produce is too small for bringing it to urban marketing centers for selling at a better price.

The regulated markets have been set up in various urban centers for facilitating marketing of surplus agricultural produce at fair and reasonable prices. However, the centers of regulated markets are inadequate in relation
to the number of villages and vast farm sector. Hence, there is scope for increasing the number of regulated markets in addition to improving the functioning of existing APMCs to ensure better services and adequate infrastructural facilities at the premises of these markets. A majority of these regulated markets suffer from certain deficiencies in their functioning. It is found from various studies that the regulated markets do not have adequate and scientific grading facilities, resulting in substantial loss to the farmers. It is also found that excess charging of deductions in the form of weighment, commission, Dharmadav etc., are still prevailing in the regulated markets by the commission agents while making the payments to farmers.

The researcher came across numerous problems encountered by the farmers and functionaries at the APMCs covered by the study. The researcher evinced interest in undertaking the present study as it was felt that the research in the area of agricultural marketing is inadequate. It is also found that research in agricultural marketing in India is description oriented rather than analysis oriented, which results in keeping the intellectuals, administrators and policy-makers in dark about the structural relationship among various variables of the marketing system. Thus, there is a need to undertake a study of the working of regulated markets in relation to the reactions of producer-sellers and market functionaries regarding different aspects of management of regulated markets. The present study is an attempt to examine the working of regulated markets and assess their role in facilitating an orderly marketing of agricultural produce in the selected areas.

The researcher’s preference for the choice of this problem was also due to his deep and personal knowledge of various problems of farm
producers since he happens to belong to a traditional agricultural and business family. His intimate and personal knowledge of agricultural operations and marketing of agricultural produce led to a keen interest in the present research study.

(i) Objectives of the Study:

This is primarily a regional study of the overall performance appraisal, where there are adequate opportunities for exploitation by the middlemen. Therefore, the study is undertaken from the point of view of the primary producer and how best he can secure a better price for his produce. The objectives of the study are therefore confined to,

1. Analysing the existing laws relating to the regulation of markets in Karnataka State.

2. Examining the working of regulated markets on their administration and the implementation of the Act and to point out the deficiencies, if any.

3. Analysing the infrastructure created by the regulated market for better marketing facilities and to assess their effects on the marketing management of primary produce.

4. To study the amenities and facilities at the APMCs covered by the study and to identify inadequacies prevalent in these APMCs i.e., APMCs of Dharwad, Gadag and Haveri districts.

5. To study trade practices in the study area regarding the sale and purchase of agricultural commodities.

6. To study the extent of benefits to sellers through regulated markets.
7. Analysing existing malpractices prevailing in merchandising the produce and to examine the role of regulated markets in eradicating them.

8. To study the farmers opinions regarding the role of commission agents and the benefits of using the services of commission agents in selling their produce.

9. To trace the prevailing problems in the existing marketing practices.

10. To identify the areas of improvement in the efficiency of agricultural marketing and to offer suggestions regarding the future role of regulated markets so as to develop an effective marketing system in the region.

The objectives stated above are to be examined with the micro-analytical study of the APMCs in Dharwad, Gadag and Haveri districts of the Karnataka State. Our observations have led to the conviction that, mere implementation of the Act of regulation of the markets in the State, can do more damage to the cause than the benefits accruing from it. The researcher has, therefore, examined the Agricultural Produce Marketing Act, 1966 of Karnataka from the point of view of the producer.

(ii) Hypotheses: The hypotheses of the present study are as below

1) Malpractices have not been curbed by implementation of KAPM (R) Act, 1966.

2) There is no difference in the growth rate of sales values of agricultural produce among different markets during the study period.

3) Infrastructure of APMCs have no influence on arrival of Agricultural Produce to APMCs
4) Farmers are not satisfied by services provided by Commission agents.

5) Farmers are not satisfied by services provided by commission agents.

6) Farmers' educational level will not have any influence to bring their agricultural produce to APMCs.

7) Land holdings of farmers will not have any influence to bring their produce to APMCs.

8) Reasons for sales in local market will not have any impact on arrival of produce to APMCs.

(iii) **Scope of the Study** :

The study is restricted to six APMCs of Dharwad, Gadag and Haveri districts of Karnataka State. Various aspects of the functioning of the regulated markets, right from arrivals till sale and final payment for the agriculture produce have been covered by the study. The data collected and the results of the investigation could help the future researchers, the policy-makers and administrators.

(iv) **Period of the Study** :

The study is undertaken for a period of five years, beginning from 1997–98 to 2001–02. It is needless to point out here that how difficult it is to undertake a study of this nature beyond five years as much of the data looses its significance with the passage of time.

(v) **Limitations of the Study** :

The study involves various limitations in the collection of data due to the ignorance of the producers and the short memory possessed by them in respect of the prices and other relevant data for the earlier years.
1. The study is confined to a time span of five years only i.e., from 1997–98 to 2001–2002.

2. The respondents have been selected from the areas covered by only six APMCs viz Hubli and Kundagol of Dharwad district, Gadag and Mundargi of Gadag district and Ranebennur and Hirekerur of Haveri district.

3. All the farmers frequenting these APMCs were not available at the market yards. As a result selected farmers were interviewed for the purpose of the study.

4. It was not possible to meet all the market functionaries of APMCs. Hence selected few have been interviewed from each market.

5. In arriving at the marketable surplus, in respect of the food crops, the accuracy of the statement has to be taken with 20% error on either side.

6. The bye-laws, marketable commodities and marketing practices differ from one APMC to another and hence this research work cannot be completely comparable to other market.

7. While gathering the information from the respondents, the researcher observed personal bias.

8. The researcher came across considerable resistance in getting the full information from the traders and commission agents on such issues as payment immediately after sales, charges such as godown rent, interest on the advance and any other 'cuts' from the bills to the producers, fearing the involvement under the Karnataka Agriculture Produce Marketing (Regulation) Act, 1966.

In spite of the above limitations, the researcher induced coaxed and used his personal influence as a person belonging to the family of a farmer/
businessman and his past experience in conducting research for his M. Phil. Degree to gather authentic and reliable data for the thesis.

(vi) **Definitions of the Concepts:**

1. **The Regulation Act:** Refers to Karnataka Agricultural Produce Marketing Act, 1966 (KAPM) implemented throughout Karnataka State in 1968, with all the updated Amendments to it.

2. **Agricultural produce:** includes anything produced in the course of agricultural operations i.e.,
   
   i) Live stock or poultry.
   ii) All produce whether processed or not of agriculture, animal husbandry, horticulture, pisciculture, forest produce and
   iii) Any other produce declared by the State Government by notification to be agricultural produce for the purpose of the KAPM (R) Act.

3. **Producer:** means any person who grows or produces by himself or by hired labour or otherwise any agricultural produce.

4. **Market Functionaries:** A market functionary or functionary include a broker, a commission agent, an exporter, a ginner or any processor of agricultural produce, a stockist, a trader and /or any such person as may be declared under section 6 (1) of KAPM (R) Act.

5. **Notified Market Area:** means any area notified under section 4 of the KAPM (R) Act.

6. **Sub-market:** means a specified place declared to be a sub-market of a main market under the Act.

7. **Sub-market yard:** means a specified place declared to be a sub market yard under sec 6 (2) of the KAPM (R) Act, 1966.
8. **Market Committee or Committee:** Means a market committee constituted for a market area under this Act.

9. **Sub Committee:** Means a sub-committee of a market committee.

10. **Market Charges:** Means all charges in connection with the handling of agricultural produce such as the commission, brokerage, charges for weighment, loading, unloading, cleaning, sorting, counting, sieving and dressing of agricultural produce.

11. **Notification:** Means a notification published in the official Gazette.

12. **Notified Agricultural Produce:** Means any agricultural produce which the State Government has by notification issued under sections 4 and 5 declared as an agricultural produce, the marketing of which shall be regulated in the market area.

13. **Process:** means any one of the series of treatments to which raw agricultural produce is subjected to make it fit for ultimate consumption.

14. **Agriculturist:** Means a person cultivating any agricultural land, who is an occupant of such land, or a tenant of an occupant.

15. **Seller:** Means a person who sells or agrees to sell goods.

16. **Buyer or Purchaser:** Means a person who buys or agrees to buy goods.

17. **Bye–Laws:** Means bye–laws made under the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966.

18. **Commodity:** Means any kind of agricultural produce meant for sale.

19. **Goods:** Means any kind of notified agricultural produce.
1.2 Review of Literature:

Agricultural marketing has attracted the attention of many researchers these days due to its recognized importance to the farm producers in developing countries. This has created all the more interest after the Green Revolution in the country. The regulations of agricultural marketing by the central Government and the State in the country have formed the subject matter of many research projects.

Following are the reviews of important thesis, books and literature.

- **Ramaswamy (1965)** identified the problems of ginger marketing in Assam. They are, high fibre content of the produce, lack of communication facilities, lack of adequate and organized marketing facilities and absence of processing of green ginger in Assam. These problems and the suggestions helped researchers and the policy makers in formulating suitable policies for implementation.

- **Gill (1966)** highlighted the importance of transportation costs in his study conducted in Punjab. Transportation charges form a major item of marketing cost and efficient modes of transportation and better roads play an important role in lifting the farm produce to market efficiently in keeping a regular flow to the market, even in bad weather. The study has practical policy implications.

- **Singh and George (1968)** described the weakness of terminal markets in their study conducted in Punjab. In spite of greater returns from the terminal markets, the sales in these markets were comparatively lower as compared to the sales in local markets. These problems listed by
the authors have been noticed in the areas covered by the present study. The findings have good analytical value.

- Singh and Kahlon (1969)\(^4\) suggested cutting down the number of intermediaries, reduction in commission charges, introduction of scientific grading and packaging and co-operative marketing of grapes to fetch the producer a better price compared to what he had been getting. The study highlighted the benefits of selling through commission agents as against pre harvest contract sale and sale to wholesaler. This is of much practical value to farmers.

- Gill and Johl (1969)\(^5\) suggested producers to establish gram processing units, so that increased margins from processed products could be reaped by the producers. Sales of processed products can be affected directly to consuming centers and to the consumers' co-operatives. This will further improve the returns for the producers and eliminate some intermediaries. The study has practical value in emphasising the importance of processing of primary goods rather than selling the raw produce.

- Gopal Rao (1974)\(^6\) has undertaken the study on APMCs and has analysed there working in detail. The author has confined his study to the four districts of Bombay Karnataka region through a survey of the markets in the region.

- Ravi's (1975)\(^7\) work analyses the marketing problems of coconut and copra in Tipatur and Arasikere regulated markets of Karnataka. In this area, coconut marketing is dominated by village sales (66 %) followed
by sale through commission agents (16 %) and through wholesalers (about 11 %) and the rest directly by the farmers (about 7 %)

- Subbarao (1978) \(^8\) conducted a study in West Godawari district (Andhra Pradesh) and assessed the economic efficiency of the paddy / rice marketing system. The study revealed that the large as farmers realized higher prices than small farmers, although considerable variation existed between prices received by the small farmers. Further, the losses suffered by the small farmer due to imperfection in the marketing system do not appear as large as it is generally believed. The findings provide an empirical evidence for economies of largescale operations.

- Gupta and Arora (1980) \(^9\) in their study on marketing of soybean in Uttar Pradesh presented the details of cost incurred by soybean producers involving different marketing functions. The maximum cost was incurred by the producers was on transportation, followed by storage. From the study it is observed that, the storage cost increases with the size of farm, i.e., Rs.0.58, Rs.0.65, and Rs.0.92 per quintal on marginal, small and large farmers, respectively. The cost of transportation varied according to the distance from farm gate to selling place, the mode of transportation and quantity transported. It was found to be Rs3.00, Rs.3.41 and Rs.2.16 per quintal for marginal small and large farmers respectively. Octroi, cleaning and loading and unloading charges were the other items of marketing cost. Cost and size relationship is established by this study. Hence, uneconomic holdings should be done away with.
Toyade and Patil (1981)\textsuperscript{10} worked out the cost of marketing of selected vegetables in Mahatma Phule market, Pune. Per quintal cost of marketing was maximum for garlic (Rs. 22.10), followed by green chillies (Rs. 22.67), potato (Rs. 13.62), tomato (Rs. 12.70), brinjal (Rs. 10.88) and onion (Rs. 8.95). The proportion of these marketing costs to price received by the grower worked out to 87.00, 15.41, 13.04, 17.17, 13.82, 12.05 per cent for garlic, green chillies, potato, tomato, brinjal and onion, respectively. The analysis has practical significance for farmers in regulating their operations.

Bhogappa (1982)\textsuperscript{11} has undertaken the study on “Marketing of agricultural produce in Gulburga division of Karnataka”, which covers only the APMCs of Gulburga Revenue Division. He has made a special study of the effects of draught and draught prone areas. He has analysed the special problems of the markets in “Ayacut” areas.

Ramaswamy (1984)\textsuperscript{12} has submitted the thesis on “A Critical Study of the Working of Regulated Markets in Tamilnadu with special reference to Coimbatore and Periyar districts”. This was the first attempt to assess the applicability of the Act in Tamilnadu, which has thrown a light on cropping pattern.

According George (1984)\textsuperscript{13} an efficient market system can be important means for raising the income level of the producer seller. If the market facilities are good and marketing channels are operating efficiently, producers get better prices for their produce. The conclusions are relevant for evolving measures to improve marketing of farm products.
Rayudu (1985) highlighted the five aspects of cardamom marketing designed by Cardomon Board. The Board collects data on global requirements, position of supply, conducting market survey for planning, implementing and evaluation. The findings in this study could be useful in suitable applications for the finer aspects in the marketing of similar products.

Satish et al. (1985), in their study on marketing of cotton in Karnataka, found that a majority of farmers disposed off their produce at regulatory orbit. However, a majority of small farmers marketed their produce through traditional channels owing to small quantities produced by them and lack of organization and holding capacity, which resulted in lower producers' share. This is a typical marketing weakness on the part of small farmers.

Mukerjee et al. (1987), in a study of raw jute in Nadia district (West Bengal), highlighted the importance of co-operatives in marketing process. The producer seller would have received 5 to 8 percent of marketing margin had he sold his produce directly to co-operatives. The loss was significant and hence the policy makers and marketing administrators need to change the mode of selling in favour of co-operatives.

Murthy and Naidu (1987) in their study observed that the marketing efficiency was found to be highest in channel II (producer–milk vendor–private milk booth–consumer) compared to channel I (producer–village co-operative society–district dairy–dairy milk booth–consumer). The study revealed that the producers' share in
consumer's rupee was highest in channel II (70.09 %), indicating that the private milk booth being profit oriented organization, would produce milk at higher price to face stiff competition with co-operative milk dairy and its network of village milk co-operatives.

- Ghosh (1988)\textsuperscript{18} has estimated the price spread in Naugachia market of Bihar for rice, wheat and maize, before and after market regulation programme. He concluded that after the introduction of market regulation programme, farmer's share in the consumer's rupee had increased (from 81.92 to 88.95 per cent, 77.52 to 83.55 per cent, 81.14 to 83.14 per cent for rice, wheat and maize respectively and cost of marketing has decreased (from 6.31 to 3.67 per cent, 6.76 to 5.21 per cent, 5.85 to 4.95 percent for rice, wheat and maize respectively. The wholesaler margin has decreased (from 5-7 per cent to 3-5 percent) and retailers margin has decreased (from 7-9 per cent to 4-8 percent). The conclusion rightly highlights the importance of market regulation programmes.

- Brahmaiah et. al., (1989)\textsuperscript{19} have discussed the limitations of Cotton Corporation of India (CCI) in their article. Commission agents from cotton marketing could not be eliminated. The price offered by CCI was also not different and there was lack of infrastructural facilities and amenities in the markets. This calls for streamlining the functioning of CCI suitably.

- Biradar (1989)\textsuperscript{20} observed that there was no incentive scheme for farmers. It is therefore, necessary to start the incentive programmes like providing higher prices for their commodities, agricultural inputs at
concessional rates and charging lower market cess, etc., in order to make regulated markets more attractive to the farmers. These suggestions have a good deal of subsidy components on the part of the Government.

- Jain (1989)\textsuperscript{21} discussed the problems faced by the producers in dal marketing. In the study area, there was insufficient approach road for transportation. Due to this problem, some producers were forced to sell their produce in the village. Another problem the producers were facing was regarding facilities in markets like water, platform, guest house, space for bullock carts, security while returning home, etc. These problems have been identified in many of the marketing centers, affecting producers of primary goods.

- Patre (1989)\textsuperscript{22} identified three important marketing channels for dry chillies in Byadagi market (Karnataka).

\begin{itemize}
  \item[i)] Producer $\rightarrow$ Village merchant $\rightarrow$ Commission Agent $\rightarrow$ Wholesaler in Byadagi market $\rightarrow$ Wholesaler in distribution market $\rightarrow$ Retailer $\rightarrow$ Consumer.
  \item[ii)] Producer $\rightarrow$ Co-operative marketing society $\rightarrow$ Wholesaler in Byadagi market $\rightarrow$ Wholesaler in distribution market $\rightarrow$ Retailer $\rightarrow$ Consumer.
  \item[iii)] Producer $\rightarrow$ Commission Agent $\rightarrow$ Wholesaler in Byadagi market $\rightarrow$ Wholesaler in distribution market $\rightarrow$ Retailer $\rightarrow$ Consumer.
\end{itemize}

- Dalawai (1989)\textsuperscript{23} identified four marketing channels for jowar in Dharwad district (Karnataka).
i) Producer-seller —► Consumer.
ii) Producer-seller —► Village merchant —► Consumer.
iii) Producer-seller —► Wholesaler —► retailer —► Consumer.

The channels were clearly identified on the basis of a field investigation and the results were more reliable.

- Jain (1989), in his study on marketing and processing of Arhar dal in Narasingapur district (Madhya Pradesh), concluded that producers obtained 80.33 percent, in consumers rupee. The processing cost was 9.31 percent, retailer's margin was 3.26 percent, mill owner and wholesaler margins were 2.54 and 1.76 per cent, respectively.

- Nandalal and Tomer (1989) opined that the market structure is not a crucial bottleneck. There is scope for improving the marketing efficiency by providing more and more amenities and facilities in and outside the regulated markets. The generalization here needs statistical support in the absence of which it is difficult to evolve policy guidelines by the Government.

- Pande et al., (1989) conducted a study on marketing of lac in Chotanagpur plateau of Bihar. The authors concluded that the marketing was largely affected by the absence of direct contact with the consumer, little holding capacity of grower, malpractices in the market, absence of grading facilities and lack of transport facilities.

- Selvamurugan and Mohan Sundaram (1990) in their study on the economics of production and marketing of rose and crossandra in
Coimbatore district, concluded that the crossandra farmers share had been reduced from 32.56 percent to 24.23 percent during the lean season. Though the street vendors margin had also been reduced from 23.28 to 14.60 percent, the share of commission agents and wholesalers had increased to large extent i.e. from 44.16 to 61.07 percent.

- Tripathi et al. (1991) conducted a study on marketing costs and margins in apple fruit. The major marketing channels prevalent in the study area were as follows.

i) Producer —> Consumer.


iii) Producer —> Contractor / forwarding agent —> Commission agent / wholesaler —> Consumer.

iv) Producer —> Pre - harvest contractor —> Commission agent / wholesaler —> Retailer —> Consumer.

This is another highly analytical study on the topic.

- Reddy (1991) conducted a study on marketing channels and marketing margins of maize in Andhra Pradesh. The study revealed that the producers share was significantly high (86.64 to 86.87 %) in the case of Producer —> Retailer —> Consumer channel as compared to corresponding share of producer (63.14 to 70.67 %) in case of second channel i.e. Producer —> Wholesaler —> Retailer —> Consumer.
• Nagraj and Chandrakant (1992)\textsuperscript{30} conducted a study on market performance of perishables. In the study, the major marketing channel for vegetables was as below.

Producer $\rightarrow$ Commission agent $\rightarrow$ Retailer $\rightarrow$ Consumer.

The study could be of much relevance for researches in similar areas of agricultural marketing.

• Bhanja (1994)\textsuperscript{31}, in his article, discussed the situation of livestock product marketing in India. Since there was no organized marketing system in case of livestock product, both the seller and the buyer were exploited to the maximum by a chain of middlemen. Besides, there was high incidence of adulteration and malpractice in marketing of milk and meat, which is hazardous to human health. Analytical aspect of the study is impressive.

• Biswas and Karpate (1994)\textsuperscript{32} observed the importance of Maharashtra State Tribal Development Corporation (MSTDC) in marketing of minor forest produce. The tribals of the area were assured of basic minimum price for their produce notified by the collector of the district. The payments in normal course were made immediately and saved them from exploitation by the middlemen.

• Parshram Samal (1994)\textsuperscript{33} observed that enforcement of market regulations was not effective in the study area. Market officials rarely inspected during weighment and payment. Though as per bye – laws, the rates to be charged to the farmer were Rs.11.97 per quintal, in practice the minimum charge was Rs.13.30 per quintal. Some times the market charges were as high as Rs.16.60 per quintal wherever the
farmers were ignorant about the market charges. The results of the study revealed that there was an urgent need for enforcement of bye-laws strictly and sincerely.

- Mundinamani and Naik (1994) concluded that the per quintal marketing cost of potato was Rs.20.74 as compared to Rs.22.61 for brinjal, Rs.23.25 for onion, Rs.21.47 for tomato, Rs.56.92 for dry chilly, Rs.29.75 for cotton and Rs.19.36 for groundnut. The factors for differences in marketing cost of such agricultural produce need to be probed by further studies.

- Teggi (1995) identified three main marketing channels for jaggery in Ghataprabha command area (Karnataka).
  
  i) Producer ---► Commission agent----► Wholesaler ----► 
  
  Retailer ----► Consumer. 
  
  ii) Producer ---► Wholesaler-----► Retailer----► Consumer 
  
  iii) Producer ------► Retailer--------► Consumer. 

  This study fills a gap in the marketing of agricultural based products as there is little literature on the topic.

- Atibudhi and Prusty (1995) have studied the marketing margins of Niger in Rayagada district of Orissa. The study concluded that the presence of co-operative societies in marketing channel reduces the marketing margins and increases the producers' share in consumers' rupee. Marketing costs were the lowest in the co-operative channel. But, marketing costs for storage, procurement and transport were higher for the same.
• Pawar (1996)\textsuperscript{37} has conducted a study on marketing surplus and price spread of groundnut in Marathwada region of Maharashtra which is the most important groundnut growing zone, where 49 percent of the land is used to grow groundnut. The study concluded that distress sale of ground nut was found in small farmers, but medium and large farmers kept their surplus for future sale to get maximum price.

• Venkataramana, and Srinivas gowda (1996)\textsuperscript{38} have undertaken a study on "Channel and price spread in tomato marketing – A study in Kolar district", in which they have highlighted the following 4 channels of distribution.

(Near by market)

i) Producer $\rightarrow$ Commission Agent $\rightarrow$ Retailer $\rightarrow$ Consumer.

ii) Producer $\rightarrow$ Commission Agent $\rightarrow$ Cart vendor $\rightarrow$ Consumer.

(Distant Market)

iii) Producer $\rightarrow$ Commission Agent $\rightarrow$ Retailer $\rightarrow$ Consumer

iv) Producer $\rightarrow$ Commission Agent $\rightarrow$ Street hawker $\rightarrow$ Consumer

• Harabans Lal \textit{et. al.}, (1997)\textsuperscript{39} have under taken a study on determinants of market supply of vegetables from Himachal Pradesh. They have pointed out that, vegetable growers were selling 83.97 percent of the total vegetable produced. The share of the large farmers was significantly higher to the total marketed surplus of the principal vegetables in the study area. The marketed surplus can be increased further to a large extent by minimising the post harvest losses.
Verma et al. (1998) have conducted a study on "Economic analysis of vegetable marketing in Rajasthan", in which they have selected 40 vegetable growers spread over six villages of Jaipur district of Rajasthan and have identified four important channels in marketing of vegetables which are as follows.

I Channel: Producer -> Retailer -> Consumer.

II Channel: Producer -> Commission Agent -> Retailer -> Consumer.

III Channel: Producer -> Masakhare/wholesaler -> Retailer -> Consumer.

IV Channel: Producer -> Commission Agent -> Masakhare/wholesaler -> Retailer -> Consumer.

The study emphasises the need for an effective market intervention scheme with processing units right at village level which would surely help in getting a remunerative share to the producer in the consumers rupee as well as agribusiness development in the study area.

Krishnaih (1998) has conducted a study to identify the marketing channels of cotton and to analyse the price spread in these channels, where he has suggested 7 different channels on distribution of cotton. His effort is quite appreciable and it offers for further research work on the topic. However, he found that, while marketing of cotton (kapas), majority of the farmers chose the channel in which the role of commission agent was prominent.
• Ravikumar et.al., (1999) studied the performance of market intermediaries in Adhoni regulated market of Kurnool district (A.P). They have pointed out that regulated market was showing a good performance in providing competitive trade to the farmers for cotton (kapas) and groundnut, indicated by low values of gini ratio and less market concentration. It also revealed that farmers visiting the market were satisfied with the method of sale and the payments. There was a positive attitude among the farmers towards this market and hence for the competitive trade.

• Paty (2000) applied the techniques of marketing information system to the agricultural marketing. He has explained the concept with flow diagram of the “Integrated Agricultural Marketing Information System” which is quite useful for its practical applications.

• Dixit et. al., (2000) conducted the study in Panipat district of Haryana about production and marketing risks of tomato in Haryana, where the nature of production and marketing risks have been discussed and remedies for such problems and policy implications were also suggested.

• Basavaraj. et. al., (2001) have made it very clear in their article that, Karnataka ranks fifth among the oil seed producing states in the country with an area of 12,00,135 hectares and a production of 9,45,501 tones during 1994 – 95. Groundnut, sunflower, safflower, sesamum and castor were the major oil seeds produced in the state. They have made good policy implications in their study.
• Jayalakshmi Srikumar (2002) has conducted a study on "Marketable surplus, marketing and income inequalities in rural Tamilnadu". She conducted her study in 3 villages of different districts of Tamilnadu. She has given certain suggestions to get profitable prices for the agricultural produce of the farmers.

• Jeyarathnam (2002) in her study on farmers market (Uzhavar Sandhai) in Tamilnadu, pointed out the problems in cultivation, transportation, marketing and pricing of vegetables. Even she has given strengths, weaknesses, opportunities and threats of vegetable marketing in Uzhavar Sandais of Tamilnadu.

• Adhikari (2002), in his article, has examined the existing status of rural haats and identified all the rural products, traditional and otherwise, entering in to the rural haats and nearby urban markets in the periphery. He identified the network of distribution and existing infrastructure for traditional and new rural industry and also identified upswing and downswing products and reasons there of.

• Von Oppen and Gabadambi (2002), in their research paper, have observed market access impact on agricultural productivity lessons from thirteen chapters, in which they have concluded by stating market access and infrastructure are powerful tools to commercialize agriculture in developing countries. They increase aggregate productivity initially via specialization and at a later stage via intensification.
1.3 **Research Methodology:**

1.3.A. **Selection of Markets and Respondents:**

Since the present study is intended to probe into the working of the APMC in northern Karnataka, three districts of north Karnataka, namely Dharwad, Gadag and Haveri districts were selected in the first stage.

In the second stage, two markets from each of the selected districts one big market and one small market in each district were selected, totally six markets were selected. The markets so selected are given below.

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>District</th>
<th>Markets selected</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Dharwad</td>
<td>Hubli</td>
<td>Big</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kundagol</td>
<td>Small</td>
</tr>
<tr>
<td>2.</td>
<td>Gadag</td>
<td>Gadag</td>
<td>Big</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mundargi</td>
<td>Small</td>
</tr>
<tr>
<td>3.</td>
<td>Haveri</td>
<td>Ranebennur</td>
<td>Big</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hirekerur</td>
<td>Small</td>
</tr>
</tbody>
</table>

For collecting primary data, the farmer respondents as well as market functionaries were selected at random. In all, 200 farmers and 100 market functionaries were selected from different markets.

The number of farmers and market functionaries so selected from each of the markets is given below.

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Market</th>
<th>No. of farmers</th>
<th>No. of Market Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Hubli</td>
<td>43</td>
<td>22</td>
</tr>
<tr>
<td>2.</td>
<td>Kundagol</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td>3.</td>
<td>Gadag</td>
<td>42</td>
<td>22</td>
</tr>
<tr>
<td>4.</td>
<td>Mundargi</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td>5.</td>
<td>Ranebennur</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>6.</td>
<td>Hirekerur</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
<td></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
1.3.B. **Collection of Data:**

For the present study, both primary as well as secondary data were collected.

a) **Primary data:**

Primary data were collected from the selected farmers as well as market functionaries, using well structured and pre-tested interview schedules. The interview schedules through which data were collected are given in Annexures.

b) **Secondary data:**

Secondary data were collected from officials of APMCs, State Department of Agricultural Marketing, Karnataka State Agricultural Marketing Board, Agricultural Marketing Training College Hubli, Bureau of Economics and Statistics and University of Agricultural Sciences Dharwad.

1.3.C. **Analysis of the Data:**

Tabular presentation of the compiled data was extensively used. Wherever necessary, ratio and percentages were computed for clear understanding of the situation.

Analysis of variance (ANOVA) technique was employed to test whether there is any statistical significance in sales in different markets.

Multiple linear regression analysis was employed to know the contributing or causal factors, which determine the proportion of sales of agricultural commodities through APMCs by the farmer respondents.

The regression model employed was of the following form.

\[ Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + e \]
Where,

\[ Y = \text{Percentage of sales through APMC} \]
\[ X_1 = \text{Education level of the farmer respondents} \]
\[ X_2 = \text{Land holding of the farmer respondents in acres.} \]
\[ X_3 = \text{Satisfaction derived from the services rendered by the commission agents by the farmer respondents.} \]
\[ X_4 = \text{Number of reasons for selling the produce in the local market by the farmer respondents.} \]
\[ e = \text{error term} \]

'\(a\)' and '\(b\)'s are the intercept and slopes, respectively.

1.4. **Chapter Scheme:**

The present research study has been presented in eight chapters.

(i) The first chapter, as is the widely accepted convention is an introduction chapter. In this chapter history of agricultural marketing, origin of regulated markets, scope and need for regulated markets have been envisaged. It also contains the statement of the problem, study area chosen, specific objectives and hypothesis of the study and methodology employed, apart from reviewing earlier studies conducted by various researchers.

(ii) The second chapter deals with the commercial dimensions of the study area. It contains description about the selected districts as well as markets.
(iii) Regulation of Agricultural marketing origin, historical developments, KAPM (R) Act, 1966; its formulation and implementation are presented in chapter three.

(iv) Fourth chapter deals with the facilities and amenities provided and available in the selected markets.

(v) Fifth chapter is devoted to probe in depth the functionaries of market and their activities.

(vi) Chapter six highlights the trade practices followed in the selected markets.

(vii) The secondary data collected from the selected APMCs were subjected to financial analysis. The findings are presented in chapter seven.

(viii) The major findings of the study, the conclusions based on the analysis of primary and secondary data and observations of the researcher are reported in chapter eight.

REFERENCES:


