CHAPTER -VIII

TRADERS’ RESPONSE TOWARDS REGULATED MARKETS

8.1 INTRODUCTION

In this chapter an attempt is made to assess the extent of response of traders towards regulated markets. Markets comprise of the two important forces namely producers-sellers on the one side and the traders on the other side.

Traders are licensed dealers whose activities are regulated by the closed tender system of sale, by correct weighing, through licensed weighing, prompt payment for the farmer’s produce on the day of buying and so on. Mostly traders are agents of processing firms and assembling markets who benefit through bulk
buying in the regulated markets. Responsiveness of traders to regulated markets depend to a large extent on their attitude and expectation. For this purpose, a random sample of 25 from each market is selected.

8.1 DISTRIBUTION OF TRADERS ACCORDING TO MARKET UTILISATION

The percentage purchase made by the traders in regulated and open markets for the three notified crops namely paddy, chilli and cotton are given in Table 8.1.

TABLE 8.1

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Crop</th>
<th>Purchase from Regulated Market</th>
<th>Open Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Paddy</td>
<td>14</td>
<td>86</td>
</tr>
<tr>
<td>2.</td>
<td>Chilli</td>
<td>3</td>
<td>97</td>
</tr>
<tr>
<td>3.</td>
<td>Cotton</td>
<td>30</td>
<td>70</td>
</tr>
</tbody>
</table>

Source: Survey data.

It is found from Table 8.1 that traders have purchased paddy only 14 per cent in the regulated market as against 86 per cent in the open market. For chilli and cotton, the figures respectively are 97 per cent and 70 per cent of the total in
the open market as against 3 per cent and 30 per cent in the regulated market. Thus, it is inferred from the analysis that traders were not attracted in a large measure to the regulated market.

![Crop-Wise Purchase by Traders](image.png)
8.2. Reasons for Purchase from Regulated markets

The reasons for purchase through regulated markets were classified into nine groups. The traders were asked to rank them in the order of their preference and the score was given for each rank as follows:

- **I** Rank - 9 points
- **II** Rank - 8 points
- **III** Rank - 7 points
- **IV** Rank - 6 points
- **V** Rank - 5 points
- **VI** Rank - 4 points
- **VII** Rank - 3 points
- **VIII** Rank - 2 points
- **IX** Rank - 1 point

The total score was obtained for each factor on this basis and the results are given in Table 8.2.
It is inferred from Table 8.2 that out of the nine stated reasons, reasonable price stands first with the highest score (1276). It is inferred that reasonable price stands first in the case of traders whereas remunerative price remains the highest in the case of farmers. Thus, the regulated markets ensure reasonable price to traders which is also remunerative price to the farmers. Correct weighing, correct quality, standard weights and measures come next to the reasonable price. Traders also enjoy the bulk supply at one place. Competition is considered to be less in the regulated market than in the open market.

As far as the Virudhunagar market is concerned, correct weighing and better quality stand first and second respectively among the factors that bring traders to the regulated market. In the case of Rajapalayam market, superior quality, correct weighing and reasonable price encourage traders to buy from the regulated market.

Traders in Sattur find the benefit of reasonable price and correct weighing. In Watrap, reasonable price and correct weighing encourage the traders to purchase from the regulated market. In the case of Aruppukottai, reasonable price stands first, followed by standard weights and measures. In Srivilliputtur regulated market, traders are attracted by the factors reasonable price, correct weight and bulk supply at one place. In the case of Vembakottai regulated market, reasonable price and correct weighing are the influential factors. Thus, it may be inferred from the analysis that the traders are very keen on factors like reasonable price, correct weighing and correct quality as per grade specifications.
8.3. Method of Sale Preferred by Traders

The traders’ views on method of sale have been presented in Table 8.3.
It is understood from Table 8.3 that nearly 90 to 100 per cent of the traders preferred open auction than sealed tenders. Closed tender system was preferred only by a very small percentage of traders in the regulated markets. The main reason was observed during the survey that the traders were not sure of buying exact quantity of the produce they would like to buy as the price quoted by them may or may not be the highest and they were unlikely to get the quantity of produce they desired to buy.

8.4. Sources of Finance

The sources of finance to traders are presented in Table 8.4.
It is inferred from Table 8.4. that only 20 to 36 per cent of the traders in the sample markets use their own funds. Customer advances range from 36 to 48 per cent utilised by the traders in the sample markets. Funds borrowed from money lenders and relatives/friends are only meagre. It shows the sound financial status of the traders.

8.5. Problems in Buying through Regulated markets

Problems faced by the traders are identified and it was summarised in Table 8.5. Traders were asked to rank their identified six factors relating to their problems in the order of preference. The total score of each factor was calculated on the basis of the following norms and it is presented in Table 8.5.

<table>
<thead>
<tr>
<th>Rank</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Rank</td>
<td>6 points</td>
</tr>
<tr>
<td>II</td>
<td>Rank</td>
<td>5 points</td>
</tr>
<tr>
<td>III</td>
<td>Rank</td>
<td>4 points</td>
</tr>
<tr>
<td>IV</td>
<td>Rank</td>
<td>3 points</td>
</tr>
<tr>
<td>V</td>
<td>Rank</td>
<td>2 points</td>
</tr>
<tr>
<td>VI</td>
<td>Rank</td>
<td>1 point</td>
</tr>
</tbody>
</table>
It is found from Table 8.5 that too short period to make payment is identified as the prime limiting factor faced by the traders. Too short period to judge the quality of the produce, strict enforcement of laws and regulations, high price due to competition are the other problems faced by the traders.

The analysis of this chapter is summarised as follows:

For traders purchasing through regulated markets, reasonable price is the prime factor. It shows that the regulated markets ensure reasonable price to traders in the study area. Above 90 per cent of traders preferred open auction system of sale. The main reason as observed from the study was that the traders were not sure of buying exact quantity of produce they would like to buy under the tender system. Regarding the source of finance, 43.43 per cent of traders rely on advances from customers. 28.00 per cent of traders use their own funds.

Regarding the problems faced by the traders, the short time available for making payments and judging the quality of the produce are significant. These are followed by strict enforcement of laws and regulations. It has also been observed from the study that the regulated markets do not have enough facilities to clean, grade and change containers. Hence it may be concluded that from the traders’ point of view the regulated market practices are the best incentives and it allows traders reasonable margin.