Chapter IX “SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION” presents the major findings of the study and offers suitable suggestions to improve the operational efficiency of regulated markets in the study area. It culminates with an indication of research gap and the scope for further research.

CHAPTER - II

REVIEW OF RELATED LITERATURE

2.1. Introduction

2.2. Review of literature on Production of agricultural produce

2.3. Review of literature on Marketing of agricultural produce

2.4. Review of literature on Regulated Markets
CHAPTER - II

REVIEW OF RELATED LITERATURE

2.1 INTRODUCTION

This chapter attempts to review the past studies related to production and marketing of agricultural produce and the impact of Regulated Markets.

The review of literature plays a vital role providing insight into the research problem. It helps a researcher to identify the research gap and develop a meaningful hypothesis. It gives the idea of how the subject of the study could be analyzed. The researcher reviewed the available literature on production and marketing efficiency of various agricultural produce.

Various studies have been made on the necessity and the nature of functioning of regulated markets in different regions, by expert commissions, research bodies and individual researchers.

2.2 LITERATURE ON PRODUCTION

Venkataraman, J.V. (1964) studied about the cultivation of rose flowers in Bangalore South taluk. He classified the cost into establishment cost and maintenance
cost. The study indicated very high investments on fixed capital and comparatively small investments on variable capital.\textsuperscript{20}

Hexem, R.W. and Heady, E.O., (1978) have pointed out that a production function represents a schedule or mathematical formulation expressing the relationship between inputs and output. The study has also indicated that the maximum quantity of produce obtainable from a specified quantity of inputs is influenced by the technology governing the inputs-output relationships.\textsuperscript{21}

Jeyaprakash, R. (1981) examined the production efficiency of chilies. He fitted a Cobb-Douglas type of production function taking the total yield in kilogram as dependent variable. The independent variables like land value, manures, irrigation charges etc., were valued in rupees. Human and bullock labour were valued in mandays and pair-days respectively.\textsuperscript{22}

Ramasubramanian, V. (1994) in his study on banana cultivation in Uthamapalayam taluk has divided the cost as fixed cost and variable cost. The fixed costs comprises of land rent, farm buildings, and implements. Variable costs consist of labour charges, manures, fertilizers, bullock charges and interest on working capital.\textsuperscript{23}

\textsuperscript{22} Jeyaprakash, R., A study on the production and marketing of chilies in Ottanchatram Block, Madurai District Tamilnadu, Unpublished Thesis Submitted to Tamilnadu Agriculture University, Coimbatore, 1981, P.60.
Deka, N. and Sharma, A.K. (2004) have pointed out that paddy continues to be a potential crop in the State of Assam. They have noted that physical environment determines the yield. Expansion of area under cultivation is subject to constraints since land is a limiting factor of production. Hence it is very much essential to raise the productivity level to meet the growing demand for pulses, grains and cereals.\footnote{Deka, N. and Sharma, A.K.: Growth trends in area, production and productivity of paddy in Assam. Agricultural Situation in India, 2004, Pp. 131-132.}

Singh, A. K. and Singh, S. S. (2005) have suggested in their study that controlling of pests and diseases of crops are very important to ensure maximum production at a minimum costs. Timing of applications of pesticides and timely follow up were necessary to achieve the control of plant diseases.\footnote{Singh, A.K. and Singh, S.S.: Harnessing the Horticultural potential of India in Post-WTO Era. Progressive Horticulture, 2005, Pp. 5-8.}

Alagumani, T. (2005) has conducted a study on paddy field in Theni District of TamilNadu State. The cost of production per kilogram of quality paddy was Rs.15. The study showed that the cultivation of high quality paddy was more profitable than the ordinary variety.\footnote{Alagumani, T: Economic analysis of tissue cultured paddy, 2005, Pp. 81-89.}


Rana (2007) has conducted a study on apple production in Kumarsain block in Simla District. The variables considered in this study were the quality of labour,
fertilizers, pesticides, the age of the apple grove in years and a disturbance term \( U \) independently distributed with zero mean and constant variance.\textsuperscript{28}

Purushottam, G. et al. (2008) have listed out ten issues in the adoption of Hill Agriculture Technologies in their descending order of importance. Majority of the respondents agreed that they failed to adopt latest technologies in the hills.\textsuperscript{29}

Ramanan, G. (2009) has fitted a multiple linear regression model to study the factors determining the yield per acre of cotton cultivation. Human-labour, cost of fertilizers, cost of pesticides, cost of weeding, cost of manuring and watch and ward were included as independent variables in the model. The gross return in rupees per acre was the dependent variable.\textsuperscript{30}

2.3 LITERATURE ON MARKETING

Sen, N.J. (1971) has observed that markets were not created by God, nature or economic forces but by businessmen and consumers. A marketing man would convert a desire into an effective demand. Thus, marketing would indicate the whole set of business processes from customer’s point of view.\textsuperscript{31}

Madanagopal, V. (1998) has pointed out that agricultural marketing includes all business activities that help in the flow of agricultural commodities from the point of

\textsuperscript{29} Purushottam, Shailesh Kumar and Ajay Kumar: “Issues in Adoption of Hill Agriculture Technologies”, Agricultural Situation in India, 2008, P.9.
initial production until they reach the consumers in the desired form, desired place and desired time.\footnote{Madanagopal, V: Production and Marketing of chillies in Dindigul District of Tamilnadu, Unpublished Ph.D. Thesis submitted to Madurai Kamaraj University, 1998, P. 77.}

Gandhi, V. P. and Namboodiri, N.V. (2002) have stated that there was concern in recent years regarding the efficiency of marketing of cashew; high and fluctuating consumer prices and only a small share of consumer rupee reaching the farmers.\footnote{Gandhi, V.P. and Namboodiri, N.V: “Marketing of Cashew in India. A study covering the Ahmedabad, Chennai and Thanjavur markets”, 2002, P. 7.}

Senam Raju, M.S. (2002) has examined the problems and prospects of cotton marketing in Andhra Pradesh. He gave a detailed account of the different aspects of marketing like demand, supply, storage, transportation and ultimate sales.\footnote{Senam Raju, M.S: “Cotton marketing in India”, Daya Publication, New Delhi, Vol.XVII, 2002, P. 212.}

Alagu Marimuthu, S. (2006) has defined marketing cost as the actual expenses incurred by the farmers and other agencies such as pre-harvest contractors, whole-sale traders and retailers in the movement of chilies from the farmers to the end users.\footnote{Alagu Marimuthu, S: A study on production and marketing of chili in Theni District, Unpublished Ph.D. Thesis submitted to Madurai Kamaraj University, 2006, P. 56.}

Suresh Kumar et al. (2007) have pointed out that the price of produce was mainly dependent on the market situation. If the growers do not get adequate and timely market information, they cannot get remunerative prices for their produce. The study reveals that the major problem faced by the farmers is low support price for wheat followed by delay in payment and further delay in the announcement of support price.\footnote{Suresh Kumar, Anshuman Karol, Ranveer Singh and Vaidya, C.S: “Cost and Return from wheat cultivation: A study in Punjab”, Agricultural Situation in India, 2007, P. 307-313.}
Hegde, R.N. and Suryawanshi, S.D. (2007) have pointed out that the wide fluctuation in the prices of black gram is the greatest barrier in the way of development. Therefore, it was felt necessary that growers should sell their produce keeping in view the arrivals and prices of the commodity in the market.  

Sharma, K. Amod, S and Kalita, M. (2008) have highlighted the fact that the growth of area, production and productivity for all the major crops in the State of Uttar Pradesh were positive and statistically significant. The Co-efficient of variation for almost all the major crops was less than 50 per cent and thereby indicating the minimal risk for cultivation in the State.  

Ahire, A.M. and Bhonde, S.R. (2008) have indicated that an efficient marketing system is one which maximizes producers’ total returns from the given transaction. Dhal marketing has a direct bearing on the prosperity of cultivator. The dhur growers in the absence of market intelligence and information many times face problems in the marketing.  

Randev, A.K. (2008) has pointed out that production and marketing are interlinked. He argues that it is essential to develop both in harmony with each other. This is due to the fact that immediately after bearing stage, picking/harvesting is the 

---

first stage of marketing. So starting from picking till the product reaches the ultimate consumers, it is all termed as marketing process.40

Hari, P. (2008) has reported that India tops in the list of countries wasting the agricultural produces. It was estimated that India wasted Rs.58 crores worth of agricultural produce in 2008. If Indian farmers and firms adopt a proper post-harvest management, India could become one of the power houses of the global food processing industry.41

2.4 LITERATURE ON REGULATED MARKETS

The first systematic study on the state of agricultural marketing was made by the Royal commission on agriculture in 1929. The Commission gave a clear account of the status of agricultural marketing at the primary level, under unregulated conditions. It highlighted the defects found in the unregulated markets and recommended that the establishment of regulated markets under separate State legislation was the only way to solve many of the defects and handicaps in the marketing system then. The Commission expected that the establishment of Regulated Markets would confer an immense boon on the cultivating class of India.

As the Royal Commission on Agriculture in India said “The prosperity of the agriculturalists and the success of any policy on agricultural improvement depend on the infrastructural facilities available for the farmers”.42


The observation of the Marketing Committee of United Nations Organization (U.N.O. 1960) deserves note. It said “It would be useless to increase the output of food, it would be equally futile to set up optimum standards of nutrition, unless means could be found to move food from the producer to consumer at a price which represents a fair remuneration to the producer and it is within the consumers’ ability to pay. Similar considerations also apply to other agricultural and forest products”.43

Bansil, P.C. (1961) in his study entitled “Problems of Marketable Surplus in Indian Agriculture” has mentioned that marketable surplus represented the theoretical surplus available for disposal with the producer after his genuine requirements of family consumption, wage payments in kind, feed, seed and wastages.44

The study conducted by Mirchandani, R.T. and Hiranandani, G.J. (1965) on the impact of Regulated Markets on the market structure and efficiency, revealed that, on the whole, the Regulated Markets exercised influence on the market structure and generally improved the marketing efficiency at the primary level.45

In the work entitled “Marketing Efficiency in Indian Agriculture”, Zaibun Y. Jasdanwalia (1966) has analyzed most of the attributes of an imperfect market organization and went beyond them to unearth the hidden realities. The study related to two crops – cotton and groundnut in a district in Saurashtra – the present Gujarat. It

was a complete study of behaviour of prices from the farmer’s end upward to the
terminal markets in big urban centers. It also examined the inter-relationship of
movements of prices of crops prevailing in different markets.

The study found that the prices received by the producers varied depending upon
the distance from the market; farther away the seller, the lower the price he received.
The author has pointed out that the farmers in distant villages due to lack of storage
facilities and for other reasons sold the produce largely during the immediate post-
harvest period, to the local agents and sold only small quantities in the regulated markets
or directly to the processors. In the findings, she stated that as there were only two
regulated markets in the study area, the cultivators with larger surpluses sold their
produce outside these two markets and felt much satisfied with the sale of crops, outside
the regulated markets.46

In the study entitled “Regulated Markets in Mysore”, Irani, J.K. (1968) has
inferred that in India sale in the village was the most convenient and least troublesome
method of sale to the farmer, and nearly 65 per cent of the marketable surplus of all
agricultural commodities was disposed of in the village itself.47

To emphasise all these aspects of marketing, Clark, F.E. and Clark, C.P. have
said that marketing consisted of those efforts which effect transfer in ownership of
goods and care for their physical distribution.48

---

46 Zaibun Y. Jasdanwalla, Marketing Efficiency Indian Agriculture, Allied Publishers (Pvt.) Ltd.
48 Clark, F.E., and Clark, C.P.: “Principles and Practices of Marketing in India”, Kitab Mahal,
Joshi, V.R. (1971) in his published thesis “Regulated Markets in Gujarat” has made an attempt to study the workings of Regulated Markets in the whole State. The concern of the study was with the establishment and growth of regulated markets in the State along with their legal framework, function and financial status. The study has brought to light the extent of sales outside the regulated markets, the *ultra vires* transactions taking place within the limits of the market proper, the wide disparities in the bases and rates of market fees and the like.\(^49\)

Utkal University undertook the project “Regulated Markets in Orissa: A Case Study” in 1973 to examine the performance of regulated markets in the State of Orissa. The objective of the study was to assess whether the existing agricultural marketing system in the State was a success. For this purpose, two regulated markets were studied. The study concluded that the regulated markets were not performing the functions they were intended to. The farmers’ produce was found still subjected to the monopoly business of the traders even within the market premises. The prices were set, not discovered, placing the farmers in a disadvantageous position.\(^50\)

Zailun, J.V. (1977) in her study, “Marketing Efficiency in Indian Agriculture” has made a qualitative assessment of the factors causing the deviation of actual conditions from those of a hypothetical perfect market. Further, she traces the manner of exploitation suffered by contracting parties. She also suggests the ways and means of providing external economies which can make markets more perfect and orderly.


According to her, the following advantages could be enjoyed with the introduction of an efficient marketing system - (i) a rise in the income of the farmers, (ii) a fall in the prices of consumer items and (iii) a rise in the profits to the middlemen. So, she recommended the establishment of regulated market in every district.\(^5^1\)

Subbarao, B. (1978) has examined the organisational characteristics of the paddy marketing system in the state of Andhra Pradesh. The study has revealed the importance of regulated markets in augmenting the pecuniary prospects of rice producers.\(^5^2\)

In their study entitled “The Measurement of Operational Efficiency of Regulated Markets – A Conceptual Model”, Krishnaswamy, O.R. and Chand, N.T. (1978) have pointed out that the fundamental mistake made in India was that production and marketing were considered two separate and independent functions. Also the efforts to develop agriculture were directed more towards production than towards marketing. A mere call to ‘produce more’ without providing for efficient marketing machinery which could assure a fair return to the producer – seller carried no conviction with the farmer.\(^5^3\)

In the study entitled, “An Analysis of Wheat Price Differentials in Regulated Markets”, Deole, C.D (1979) measured the pricing efficiency of the regulated markets in terms of market integration- i.e., by examining the price variations over space and time. The objective was to explore the possibilities of increasing the producers’ share in the consumer’s rupee and to study and identify the stable markets. The study revealed


the existence of wide price fluctuations in different markets. The study identified the relatively efficient regulated markets that would be profitable for the producers.\textsuperscript{54}

In their study entitled “Competitive Efficiency of Alternative Marketing Agencies of Groundnut in Tamil Nadu in respect of Small, Marginal and Large Farmers”, Arora and Jeyaprakash (1979) endeavoured to examine the relative efficiency of Regulated Markets in terms of marketing charges paid by different categories of farmers under different marketing systems. The objective was to estimate the marketing cost of groundnut incurred by farmers in the private marketing in North Arcot and South Arcot, one in each, were sampled and the results revealed that the marketing cost of farmers in the private mandis was 77 per cent higher than that incurred in the Regulated Markets.\textsuperscript{55}

In their report “Impact and Performance of Regulated Markets in Tamil Nadu” organised by the Directorate of Agricultural Marketing, Tiruchirappalli, Subramanian et al analysed, (1980) with specific objectives: to assess the response of farmers to regulated marketing; to study the response of traders and their attitude towards regulated markets; to understand the physical, organizational, technical and financial problems of the regulated markets and to suggest, on the basis of the findings of their study, suitable remedial measures to the problems. In their project, they surveyed the four market committees of South Arcot, Tiruchirapalli, Tirunelveli and Dharmapuri. The


performance of Regulated Markets was assessed using three criteria viz., i) price advantage to farmers, ii) reduction in the cost of marketing and iii) amenities made available to the buyers (traders) and sellers (farmers) in the markets.\textsuperscript{56}

A study conducted by Gopalan, M. (1980) on Production and Marketing of Cotton in Tamil Nadu revealed that small farmers sold their produce mostly to commission agents and village merchants. Small marketable surplus, transportation bottle necks, non-provision of pledge finance and personal inconveniences were said to be the main reasons for the limited use of regulated markets. Hence the study observed that the institutional marketing agencies in the study area were trailing behind the commission agents.\textsuperscript{57}

Barbara Harris (1980) examined the efficiency of regulated markets in Andhra Pradesh and Karnataka. Their efficiency was tested in terms of abilities to ensure competitiveness in the market. The competitive efficiency of the regulated markets was measured by the coefficients of price variation of different food crops. Barbara Harris found that regulated markets in these two States failed to put an end to the level of market imperfections in respect of rice and sorghum. She concluded that the implementation of market regulation was weak. In her opinion, the regulated markets were not working satisfactorily because the Regulated Market Act could not control the


money market or the money lending or credit activities of the traders. Another factor ascribed to it was non-regulation in transport system and storage costs.58

Regulated markets, according to Barbara Harris (1980) have certain strikingly evident weaknesses. The Market Committees, in her opinion, do not endeavour for the well-being of the producers and consumers of agricultural commodities. She could find enough proof in her study relating to the regulated markets in Coimbatore district, Tamil Nadu to uphold this contention. She criticised the market committees, because they are chiefly interested in fund raising which, according to her, would run counter to the interests of farmers depending on the regulated market, for the sale of their commodities.59

Barbara Harris examined the effects of market regulation in reducing the degree of imperfections with which different markets function through time and space. The study concluded that regulated marketing has apparently failed to halt the rise in the level of market imperfections.60

Ravindran (1981) in his study related to “Marketing of Turmeric in Tamil Nadu – An Analysis of Farmers’ Marketing Cost” shows how 76.9 per cent of the producers of agricultural commodities depend on commission agents for the sale of a wide variety of their agricultural produce. The commission agents give loans, at a rate of interest of 18 to 24 per cent to the needy farmers. In addition to loans, the commission agents supply gunny bags to the agriculturists. Besides these, the commission agents come

59 Ibid.,
60 Ibid.,
forward to meet the transportation charges of the farmers from the farm to the godown. The commission agents are preferred to the regulated markets for all these facilities. Commission agents have a strong hold over the agricultural markets in India. They have been able to lure the farmers through their schemes of loans and advances. Thus, in the opinion of Ravindran, the regulated markets have fallen much below the expectation of their architects by not being able to relieve the farmers from their structural and conventional problems.61

The study of Somu, T (1982) analyzed the factors governing the level of adoption, barriers to adoption with reference to ten Regulated Market areas of Thiruchirappalli District and came out with the result that fair price, immediate payment and price premium for quality are the important factors that could induce the farmers to adopt market regulation. It has also pointed out that non-arrangement of sales for all commodities, non-availability of traders, low marketable surplus, too much of time consumption etc., as the important reasons for partial adoption by farmers. Further it observed that delayed payment, traders ring, non-availability of storage and pledge loan, etc., were the important problems perceived by the farmers.62

Ojha Ghanshyam Das, Ananda Kumar and Samba Murthy (1982) in their study observed that the farmers and consumers were exploited by the middlemen, in spite of

comprehensive agricultural marketing legislations in various States. They stressed the need for the elimination of the functionless middlemen.\(^{63}\)

In a study entitled, “Cotton Trading in secondary market” by Ganesan, M. (1982) it is observed that though Regulated Market is meant for genuine farmers only, in recent years, the village traders use the market yards to a large extent and growers’ participation is not encouraging. He pointed out that the main reason for this is the voluntary nature of Regulated Markets. Further, a regulated market has a limited scope to have personal contact with the growers, since it is neither a credit institution nor an input supplying agency.\(^{64}\)

In their study entitled, “Groundnut Marketing: A Study of Co-operative and Private Trade Channels” Ranade et al (1982) analysed the problems of groundnut marketing through co-operative channels. The study provided useful suggestions for enlarging the income of the groundnut growers. The study explored and evaluated the possibility of increasing the income of groundnut growers with the help of vertically integrated groundnut co-operatives. The analysis at the macro level reveals that, inspite of wide fluctuations in groundnut production, the private traders and middlemen had managed to maintain their levels of profit. He found that the farmer’s net share was not

---


high when he sold the produce in the regulated market through the co-operative commission agent when compared to the private channel.65

P.N. Kaliyaperumal (1982) in his thesis “The Organisation, Working and Performance of Regulated Markets in South Arcot District” evaluated the performance of Regulated Markets, with specific objectives, namely (i) to estimate the monetary benefits that farmers and traders enjoy in their transactions through Regulated Markets, (ii) to investigate whether the market arrivals of the notified crops are up to the attainable levels, and if so, to examine the reasons thereof, (iii) to study the economic aspects of market diversions, that is, the flows of agricultural commodities between regulated markets, (iv) to decide how far the regulated markets can be expected to enforce regulations in trade and (v) to suggest, on the basis of the findings of the study, suitable remedial measures to make the regulated markets more efficient.

He has taken the ten year period from 1970-71 to 1979-80 for the study. Different regulated markets were selected for different purposes. For the study of overall performance of the regulated markets, four regulated markets were selected, which included Tindivanam, Villupuram, Virudhachalam and Kallakuruchi. For studying the performance of weaker markets, three markets were chosen, which included Ulundurpettai, Tittagudi and Sethiathope. For pricing analysis, two crops —

---

groundnut and gingelly were selected. The working of the regulated markets in the
district was chiefly studied through the market conduct and performance approach”.

N. Rajan Nair (1983) in his thesis “A Study of the Evolution and Working of
Regulated Markets in Tamil Nadu” had narrated the evaluation of Regulated Markets
from the British period and motives behind the regulation primarily being fair price for
the farmers. He mentioned that the poor organisational design was the major cause for
the poor growth of the Regulated Markets. Further, frequent changes made from time
to time and the inability to develop the organisation based on a total plan had made the
structure complex and the organisation weak.

He found that the absence or paucity of arrivals in certain markets was due to a
total lack of faith in the system and this was often due to the failure to rectify minor
defects and to adopt the system in an acceptable form to suit the requirements of the
cultivation. He even went to the extent of suggesting a total ban of private trade
altogether outside the Regulated Markets to achieve the objectives of the Regulated
Markets. But he also accepted that it did not appear to be feasible under the present set
up. He recommended various procedures for correcting the defects of Regulated
Markets.  

Utilization of Regulated Markets by farmers in South Arcot District, Tamilnadu
was studied by Muthusamy, P. (1983). The study reviewed the working of Regulated

---

66 Kaliyaperumal, P.N.: The Organisation, Working and Performance of Regulated Markets in South

Market in general and that of South Arcot District in particular, the extent of variation in utilization of regulated markets by farmers and traders and the benefits enjoyed and the problems faced by the users.

The study revealed that farmers’ perception of Regulated Markets, exposure to mass media and satisfaction with the services of Regulated Markets. Further, the study revealed that production of food crops, large size of marketable surplus, lack of packing gunnies and personal prestige of farmers were the causes for their non-utilization in certain regions of the study. On the whole, the performance of Regulated Market in the study region was efficient.  

Narasimhamoorthy, Krishna Rao and Sharma (1984) have classified the functionaries in regulated markets into two categories, namely “Trading Market Functionaries and Non-trading Market Functionaries”. Trading functionaries include buyers, commission agents and the non-trading functionaries include weighmen, load men and female labourers. The authors add that while the former category influences competitive condition in the market, the latter category renders certain important services like weighing, loading and unloading and clearing and servicing which are important for the quick disposal and efficient handling of arrivals in the market. Further, it is pointed out that though the trading functionaries played a vital role, the position of non-trading market functionaries should not be undermined as most of the

malpractices in the regulated markets could be removed only if the non-trading market functionaries are well-trained, sincere and honest.\textsuperscript{69}

Satya Priya (1984) while dealing with the structure and functioning of regulated markets found that the establishment of regulated or centralised market is mainly for facilitating the growth of free and informal competition in the existing system without its attendant malpractices. According to her, by an auction an opportunity could be given to the producers to sell their produce by a method which ensures the presence of several buyers, a competitive bidding for each lot sold and a more vigorous competition among buyers which would result in higher prices. Thus, it is the opinion of Satya Priya that the regulated markets can get the peasants fair marketing conditions, which are undoubtedly a major pre-requisite for the steady growth of agriculture.\textsuperscript{70}

According to Dilip Kumar Mund, (1985) the problem of agricultural marketing stunted the growth of agricultural production for a long time. The farmers were faced with problems such as short weights, excessive brokerage, inadequate storage facilities, outmoded and wasteful processing facilities, exploitative trading forces and discouraging and unfavourable price levels. These problems put the country into a very great difficulty in bringing about an equilibrium between production and consumption. Hence the evolution of a suitable marketing system for the agricultural products became quite incumbent on the part of the Government. The outcome was the birth of regulated


markets in various parts of the country to protect the interests of the producers and consumers and thereby prove itself to be the backbone of agricultural development.\textsuperscript{71}

A. Siva Rama Prasad (1985) studied the working of regulated markets in Andhra Pradesh by selecting six markets on sample basis. The study made an attempt to measure the operational efficiency in quantitative terms.\textsuperscript{72}

The study made by Sharma and Sharma (1986) revealed that the “marketable surplus in case of small group of farms was very low of the total production”.\textsuperscript{73}

According to S.S. Acharya \textit{et al.}, (1987) the study of “Agricultural marketing comprises all the operations, the agencies conducting them, involves in the movement of farm produced goods, raw materials and their derivatives such as textiles, from the farms to the final consumers and the effect of such operations on farmers, middlemen and consumers. This definition does not include the input side of agriculture”.\textsuperscript{74}

A study of agricultural marketing system is necessary to an understanding of the complexities involved and the identification of bottlenecks with a view to providing efficient services in the transfer of farm products and inputs from producers to consumers. An efficient marketing system minimises costs thus benefiting all sections of the society. Specially, the subject of agricultural marketing includes marketing functions, agencies, channels, efficiency of cost, price spread and market integration.\textsuperscript{75}

\textsuperscript{75} Ibid.,
This view has been accepted by Thakur et al., (1988) when they attempted to study the efficiency of regulated markets in India. They held that in many places the regulated markets existed only on papers. The rate of commission which in some places was fixed at 7 per cent did not allow the regulated markets translate into practice the fair pledges enshrined in the aims and objectives of the regulated markets. These weaknesses could not be got over unless rigorous measures were resorted to for streamlining the structure and functioning of the regulated markets throughout India.76

M.L. Raman, (1988) while dealing with regulated markets in Bangladesh has pointed out emphatically that the failure of the local markets, the malpractices in them and the excessive involvement of dealers without licence in the marketing operations were chiefly responsible for the emergence of the regulated markets.77

Banakar B. and Shankara Moorthy H.G (1994) studied the performance of the Regulated Markets in Karnataka and they found that the amount spent on scientific grading showed a negative factor loading. This indicated that the grading activity was very much neglected in the regulated markets which required to be strengthened in the market yard by licensing the graders to grade the commodities on the lines of AGMARK. The financial assistance for establishing grading laboratories for agricultural commodities has to be extended in order to facilitate uniform price for uniform grades.78

---

Baba V.S and Lohar N.S (1994) observed the trends in arrivals and prices of jaggery in Sangli Regulated Market and found that the market committee, Sangli showed an increasing trend over the period of years. The seasonal indices of arrivals of jaggery were higher during the months of August to January.79

Basavaraja Banakar and Shankara Moorthy H.G.(1994) analysed the investments in Regulated Markets and their impact on market arrivals and intermediaries and concluded that there seemed to be oligopolistic activities operating even after the developments of the markets (Post – investment period) hence, there is a need to keep a constant watch on such activities through legislation and thus giving the way for the emergence of competitive conditions in markets of Karnataka.80

Hanumantha Rao T (1995) studied the Regulated Market and its limitations (A case study of Anakappalle regulated market with reference to jaggery trade.) An attempt was made in playing its role effectively in reducing the price spree, regulating the market changes and eliminating the middle men. The data presented in this paper were collected from Nagulapalli village. The particulars of cost and income show that there is a large difference between initial price received by the producer and ultimate price paid by the consumers.81

Marothia D.K. et al (1995) made an attempt to study the vegetable marketing titled “A case of two markets in Chattisgarh region”. Results reveal that improvement of transport and communication facilities; strict enforcement of market regulation Act; introduction of scientific methods of storage and establishment of processing units for vegetables are some of the measures to improve the marketing system.  

A paper on Marketing Efficiency of Agricultural produce by D.S. Thakur (1995), examined the operational as well as pricing efficiency of marketing foodgrains and revealed that in case of foodgrains the direct marketing channel under which producers sell their produce direct to the consumers is most efficient.

The National Commission on Agriculture (1996) reports that, agriculture marketing is a process which starts with a decision to produce a saleable farm commodity and it involves all the aspects of market structure or system, both functional and institutional, based on technical and economic considerations and includes pre and post-harvest operations, assembling, grading, storage, transportation and distribution.

According to O.P. Behari, (1996) “Agricultural markets are now well poised to act as an effective channel for performing the dual function of assembly and distribution of agricultural commodities”.

---


P.K. Jha’s paper on Globalisation and Agricultural Marketing (1997) Scenario in India, outlined the pivotal role of agricultural marketing in a predominantly agrarian economy like India and deals at length with various issues connected with agricultural marketing such as agriculture price policy, terms of trade, role of Government in the field of agricultural marketing and so on. The author is in favour of a perspective planning for agricultural marketing sector which may form an integral part of the overall development planning in general, and that of the agricultural growth planning in particular.\(^{86}\)

R.K. Markande et al., (1997) in their study viewed that “A good farmer has one eye on the plough and the other on the market. But in these days of commercialized agriculture it would be more correct to say that he keeps his hands only on the plough and both eyes on the market”.\(^{87}\)

Atibudhi, H.N. (1998) in his study entitled “An Operational and Organizational Structure of Regulated Markets in Orissa” analysed the impact of market regulations on the farmers. He found that the Orissa State has not yet achieved substantial results in the development of agricultural marketing system, it is moving slowly in the right direction and more attention needs to be paid to the improvement of infrastructure and successful enforcement of market regulations throughout the State.\(^{88}\)


Chhikara O.P. et al (1998) have made a study on “the agricultural regulated markets in Hariyana: Problems and Prospects” and they suggested that the marketing facilities should be made available to the farmers within a radius of 5 Km although some steps have already been taken in this direction, progress is not very encouraging.89

Bhag Chandra Jain (1998) studied the market structure and performance of regulated market. The study suggests the need for imparting training in grading standardization to staff of the regulated market for efficiently integrating the market functions and functionaries.90

Pant D.C. and Bajrolia M.L. (1998) evaluated the structure of a Regulated Market in Rajasthan. The degree of concentration of market power was found to be relatively low in the new mandi compared to the old mandi, which indicates that the business in the new (mandi) market yard is concentrated among more firms as compared to the old mandi.91

A case study on marketing by L.P. Singh (1998) revealed that “the level of marketing efficiency as manifested by producer’s share in consumer’s rupee was much higher in sales effected in regulated markets and in other organised channels as compared to unorganised channels. He has emphasised on strengthening the chain of regulated markets”.92

---

Ravikumar K.N. et al (2000) studied the price response analysis of agricultural commodities in the selected Regulated Markets of Andhra Pradesh. It can be concluded from the study that the prices of competing crops in the previous year had significant positive influences on the prices of selected commodities in the current year. This implies that the farmers are very much price conscious and thus, they increased the average yield of the competing crops in the current year and hence in the market arrivals.93

K.N. Ravi Kumar, et. al., (2000) identified the determinants of prices of agricultural commodities in the Regulated Market of Andhra Pradesh. It can be concluded from the study that the market arrivals of the selected commodity and its competing crop are the major factors influencing the price of the commodity in the markets. They exerted significant negative and positive influences respectively on the price of the commodity in the selected markets. The positive relationship between the market arrivals of the competing crop and price of the selected commodity implies the fact that as the arrivals of the competing crop into the market increases, the prices will fall.94

K.N. Ravi Kumar, K. Sreelakshmi (2001) observed the trends in arrivals and prices of selected commodities in Anakapalle Regulated Market of Andhra Pradesh. It can be concluded from the study that, in general, arrivals showed a mixed trend,


whereas, prices showed an increasing trend for the selected commodities in the market. There exists an inverse relationship between seasonal indices of arrivals and prices of selected commodities. Therefore the policy implication lies in encouraging the farmers to dispose their produce at the opportune time to get remunerative prices. It requires providing finance to farmers and better storage facilities either at village level or at market level so as to spread the arrivals reasonably in the lean months of the year. These findings were in line with the studies conducted by Patel and Agarwal (1993) on price behaviour of groundnut in Gujarat and by Teggl et al (1996) in the marketing of jaggery in Karnataka.  

D.S. Navadkar, et al., (2002) studied econometric analysis of arrivals and prices of vegetables in Gultekadi Regulated Market, Pune. The findings of the study revealed that the annual compound growth rates of arrivals and mean prices of the selected vegetables were highly significant during the period which indicated that both the arrivals and prices have been increasing rapidly. Interestingly, there existed direct relationship between arrivals and prices of vegetables as the correlation coefficients were worked out to be positive and highly significant. It was also found out that the current year’s annuals of the selected vegetables did remain dependent upon the current years and lagged years prices. The regression coefficients of current year’s prices were found to be statistically significant at various levels of probability.

---


The above studies, apart from their general nature of stressing the need for establishment of Regulated Markets, also highlighted the shortcomings in their functioning. Further, in most of these studies, the performance of Regulated Markets has been assessed viz. utilization of Regulated Markets by farmers and traders.

However, these studies have been made with reference to different regions, different periods, with varying socio-economic and environmental conditions.

CHAPTER - III

PROFILE OF THE STUDY AREA

3.1 Introduction
3.2 Description of the study area
3.2.1 Location
3.2.2 Population of Virudhunagar district
3.2.3 Division of territories
3.2.4 Physical features
3.2.5 Road and transport
3.2.6 Post and telecommunication
3.2.7 Health
3.2.8 Research organisation and research schemes
3.2.9 Important industries in the district
3.2.10 Exports and imports
3.2.11 Rainfall
3.2.12 Agricultural resources and irrigation
3.2.13 Agriculture and allied activities
3.2.14 Fisheries
3.2.15 Forest resources
3.2.16 Animal husbandry