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CHAPTER 6

CONCLUSIONS

6.1 Importance of Agricultural Marketing

Agriculture is the backbone of Indian economy. Despite the rapid strides of progress made on industrial front, agriculture continues to play a predominant role in accelerating the economic development. Two basic elements of agriculture are production and marketing. And marketing of agricultural produce is as important as production itself, Agricultural marketing involves the movement of food and raw material from the farmer to the consumer. For this, it requires a marketing system, which in turn depends upon the organisation of market, its structure or conduct. The market structure, conduct and performance are casual and sequential phenomena of interaction among each other in the market.

Sale of goods to the buyers completes the process of production. Otherwise the production remains incomplete. In fact it may even stop. If goods produced cannot be sold, these get piled up as stocks. These stocks involve costs, and there is a limit to which stocks can be increased. Thus, marketing provides, so to say, an outlet for production to flow out. This makes production a continuous process. Thus the very existence of production is dependent upon marketing.

Marketing also helps in decision making concerning the product. The information that a marketing system provides in respect of demand from inside and outside the country, as also about the competing products

and their prices, enables the producers to make decisions regarding production. What to produce and how much to produce are determined by the market related information that the marketing agencies make available.

Equally importantly, marketing provides incentives to the producers to produce those goods and in such quantities that fetch the highest returns to them. Marketing can be the use of its techniques of advertising, branding, packaging, delivery, etc. add to the value of products, so that the actual price charged is much more than the costs. This induces the producer to produce more in order to earn higher incomes.

Marketing is also one of the effective instruments for raising agricultural growth and through it the growth of the economy. Higher agricultural production also raised the quantity of marketed surpluses. This in turn provides resources for investment in the economy, including agriculture. A growing economy makes available larger and better quality inputs for agriculture. This in turn raises the productivity in agriculture. Thus marketing, by providing a two way link between agricultural sector and non agricultural sector, expands and strengthens the growth forces in the economy.

In the market economy with expanding exports, marketing of agricultural produce, raw or processed, benefits the economy in several ways. It expands the demand for agricultural goods, both in quantity and variety. This helps in diversifying agriculture. The products of agro industries get a boost. This in turn further raises the demand for agricultural

goods. The foreign exchange made available through exports, helps in importing the much needed foreign goods.

Marketing confers several benefits of immense importance on the people. The farmers' incomes go up through the highest prices they are able to get for their produce. An assured sale of produce also lowers the risks of farming to an extent. They are also able to get the right type of inputs at the right time through this very marketing system. This also raised their credit rating in the eyes of the various lending agencies. Moreover, marketing provides several avenues of employment to various types of people. The various marketing operations spread across the country and outside give rise to other activities like insurance, banking etc.

The population in general benefits in two important ways. The marketing tones down the fluctuations of prices of agricultural commodities. It also keeps the stability in price level of agricultural produce, thereby maintains stable price level across the regions, and generally nearer to real costs as the surpluses rise and the scale of marketing increases. Another benefit accrues specially to the poorer section through a public distribution system (PDS) which is fed by procurement of agricultural goods through markets and buying operations of the government as in India.

Indian farmer suffers due to his weak bargaining position in relation to the middlemen who have been exploiting the farmer over the decades. Governments at State level have therefore, stepped into prevent this by providing a framework of regulatory measures in relation to the

marketing of farm produce. The major steps initiated by the Government in this direction relate to (1) The establishment of marketing co-operatives, (2) Buying of farm produce and price fixation, and (3) Regulation of markets.

Establishment of regulated markets with necessary facilities can be the answer to the marketing problems of the cultivator. The main objectives of establishment of regulated markets are to ensure fair prices to producers, elimination of malpractice and providing marketing facilities, "Well regulated markets create in the mind of the cultivator a feeling of confidence and receiving fair play and his mood in which he is most ready to accept new ideas and strive to improve his agricultural practice".

An important contribution of the government to the improvement of agricultural marketing is the establishment of regulated markets in several parts of the country. Regulated market is managed by a market committee consisting of the representatives of growers, traders, local bodies and government. The market committee standardizes the various market practices and charges, keeps standard weights and ensures correct weighing. The committee issues licences to the various market functionaries and punishes those among them who are guilty of fraudulent practices. Moreover, it constructs warehouses, rest house and the other market ancillaries. Thus, with the help of regulated market the government can avoid the defects of agricultural marketing by establishing orderly conditions within the market yard.



Keeping in view the significance of regulated markets, emphasis was made to develop and expand agricultural regulated market in India during planning period. As a result, the number of regulated market has increased sharply. There were 265 agricultural regulated market in 1960-61, which rose to 7000 in 1997-98, indicating 2373% change in growth during 1950-98. As compared to India the progress of agricultural regulated markets in Maharashtra did not observe much satisfactory. There were 223 regulated markets in 1977, which raised to 244 in 1988, and further increased to 255 in 2000, which indicated 9.42% increased numbers of markets during 1977-88 and 4.51% increased during 1988-2000.

6.2 The Siddheshwar Market Yard

Before the establishment of Siddheshwar Market Yard, agricultural commodity market was in Jodhbhavi Peth and Mith Galli, Fruits and vegetable market was in Kasturba Mandai and Rani Laxmibai Mandai. Cattle market was in Kanna Chowk. Moreover Kadaba (straw) market was in Balives. Agricultural producers were exploited in these markets. Therefore, it was felt to established Agricultural Regulated market in Solapur City. Consequently Solapur Krushi Uttappanna Bazar commonly known as Siddheshwar Market Yard was established in 1967. After that market yard area had developed and all type of agricultural commodities market migrated to Siddheshwar Market Yard, Solapur. Cattle market was were migrated from Kanna Chowk in 1969. Kadaba(Straw) market was shifted from Balives in 1972 and Fruits and Vegetable market

was shifted from Kasturba and Laxmi Market in 1987. Buying and selling business of all above regulated agricultural commodities are being now conducted in the place of Siddheshwar Market Yard, Solapur.

6.2.1 Benefits of the Siddheshwar Market Yard

The objective behind the establishment of a regulated market is to establish orderly conditions in the agricultural market and thereby create environment congenial to assurance of better returns to the producer-sellers of agricultural commodities.

a) Benefits to Farmers

The market yard has provided a free and carefully supervised platform for conducting sale operations by the producers-sellers with their personal involvement in the operations. Various features have contributed to this vital change. Benefits to farmers in brief as below :

1. Open auction of the produce
2. Correct weighing of the consignment
3. Well trimmed market practices
4. Prompt payments
5. Settlement of disputes
6. Storage facilities
7. Market intelligence

b) Benefits to traders

Traders also are deriving benefits from the market yard. Though market regulation is aimed primarily at conferring benefits on the

yard. In case of gram, pigeon pea, sunflower, green gram, negative growth rates were observed during 1978-98. Moreover, groundnut and chillies too experienced negative growth rate during same year.

3. It is observed from the table No. 4.2 that the arrival of wheat increased by 5.57 percent, followed by rice (4.58%), jaggery (3.36%), black gram (1.85%) and maize (1.41%) during 1977 to 1999. On the other hand arrival of bajra reduced by 7.91 per annum followed by groundnut (7.35%), pigeon pea (5.75%), green gram (3.42%), chillies (2.56%) and jawar (2.54%).
4. It is further noticed from table No. 4.3 that total value transaction of all commodities was recorded to the extent of 1727.91 lakh in 1978-79, which raised to 3088.62 lakh in 1987-88 and further increased to Rs. 10968.28 lakh in 1997-98; which indicates 535% change between 1978-98. Moreover, of the total value transaction of agricultural commodities, 95.87% occupied by major commodities, particularly foodgrain being produced in the region. Moreover, over a period of time, it noticed that relative share of these crops have continuously been increasing. In 1978-79, it was 77.73 percent which increased to 85.77 percent in 1987-88 and further to 95.87 percent in 1997-98.
5. In case of rice, transaction increased from Rs. 273.73 lakh in 1978-79 to Rs. 4006.43 lakh in 1997-98, indicating substantial improvement during this period.

6. Compound Growth Rate among the cereals, performance of rice and wheat are significant. Sales of rice increased by 14.75 percent. Wheat was next to rice with 14.24 percent, also good performance of maize and jawar during 1977-99. It is observed that sale of jaggery increased by 12.63 percent during 1977-99, followed by black gram with 11.32 percent.
7. It can be observed from the table No. 4.5 that among to major crops under consideration chillie has realised maximum price i. e. Rs. 2330 per quintal during 1997-98, then followed by pigeon pea (Rs. 1601), green gram (Rs. 1482). While rice, gram, groundnut, black gram, sunflower received price ranged from Rs. 1100 to 1300. Crops like jaggery, wheat and jawar got prices Rs. 917.42, Rs. 844 and 813.16 per quintal respectively during 1997-98. Moreover over a period of time it could be observed that prices of all crops have increased during 1978-79 to 1997-98, at varying level. For example price of rice increased by 137 percent between 1978-79 and 1987-88 and 179 percent between 1987-88 and 1997-98, 562.72 percent during entire period 1978-79 to 1997-98. Prices of groundout and chillies increased by three time between 1978-79 and 1997-98. While price of jaggery increased four time during the same period.
8. Among the all major agricultural commodities, compound growth rate of green gram was higher than other with 12.78%, cereals crops received relatively higher prices during 1977-99. Growth rates in the

prices of rice, wheat, jawar, bajra, maize, gram, pigeon pea, black gram, groundnut, chillie and jaggery were in between 8.29% to 9.25%.

9. It was observed From Table No. 4.7 that coefficient of variations of black gram was 74.27% based on maximum price criteria during 1977-99. It is higher than all major agricultural commodities. It can be observed that prices of agricultural commodities were subject to fluctuate of some extent over the entire period (1977-99) realised to producers in the Siddheshwar Market Yard.
10. During the entire period (1977-99), total turnover of Siddheshwar Market Yard increased from Rs. 2155.27 lakh to Rs. 18356.63 lakh, there by indicates an increase of 751.71%. It showed financial turnover of Siddheshwar Market Yard has been increasing during said period, which is good sign of financial health of Siddheshwar Market Yard.
11. During the same period (1977-99), turnover of agricultural commodity market increases from Rs. 1729.81 lakh to Rs. 10968 lakh, this figure indicates an increase of 534.77%. It also observed that the relative share of agricultural commodity market in total turnover is higher than other.
12. It is further observed that the fruits and vegetable markets share in total turnover was lower than agricultural commodity but, higher than straw (Kadaba) and cattle market. Its turnover increases from Rs. 351.36 lakh to Rs. 5353.82 lakh, which indicates an increase

of 1423.74% during the entire period. Financial turnover of the straw (Kadaba) market in entire period (1977-99) of Siddheshwar Market Yard increases from Rs. 26.75 lakh to Rs. 137.93 lakh, which indicates an increase of 415.61%. Financial turnover of the cattle market in the entire period of Siddheshwar Market Yard has been increased from Rs. 49.25 lakh to Rs. 134.58 lakh, which indicates an increase of 173.27%. It is further observed that the share of cattle market in the total turnover of Siddheshwar Market Yard was marginal.

13. The share of agricultural commodities has continuously been declining. It was 80.17% in 1978-79, which reduced to 69.76 in 1987-88 and further declined to 59.75% in 1997-98. While share of fruits and vegetable has increased. It was 16.30% in 1978-79, which increased to 26.98% in 1987-88 and further increased to 29.17% in 1997-98. It is observed that financial turnover of fruits and vegetable increased by 16.33%, followed by agricultural commodities (9.75%) and straw (Kadaba) market (8.17%), cattle market recorded 7.55. Total turnover of Siddheshwar Market Yard achieved remarkable growth rate with 11.47% in the entire period. Thus, Siddheshwar Market Yard has shown good performance in respect of financial turnover during 1977-78 to 1998-99.
14. It can be seen from Table No. 5.4 that market's income was Rs. 10.80 lakh in 1978-79 swelled to Rs. 299.23 lakh in 1997-98, thereby recording 2671% increase. As per Table No. 5.4

Siddheshwar Market Yard spent Rs. 5.38 lakh in 1978-79 and Rs. 125.63 lakh in 1997-78 resulting into an increase of 2236%. The aggregate expenditure incurred by Siddheshwar Market Yard over time increased. Moreover, aggregate income also raised at a faster rate. As such, the Siddheshwar Market Yard could generate its own resources and in course of time accumulate huge reserves for future development programme. Perennial surpluses help the Siddheshwar Market Yard to become self-reliant financially. Siddheshwar Market Yard has been fortunate enough to be in surplus for last 25 years of its working. It could be seen from Table No. 5.4 that balance of Siddheshwar Market Yard was Rs. 5.42 lakh in 1978-79 and Rs. 173.60 lakh in 1997-98, which indicates an increase of 3102%. During the entire period, permanent fund of Siddheshwar Market Yard increased from Rs. 32.41 lakh to Rs. 1025.24 lakh resulting into an increase of 3063%.

15. Capital expenditure of Siddheshwar Market Yard was increased from Rs. 3.05 lakh to Rs. 31.90 lakh during entire period, which indicated an increase of 945% in the capital expenditure. It is observed from Table No. 5.5 that permanent fund and balance with Siddheshwar Market Yard increased by nearly 19% per annum. While total income and total expenditure increased by 18.59% and 18.66% respectively during 1977-78 to 1997-98.

Thus, overall analysis showed that Siddheshwar Market Yard has making good progress in the field of financial position over the time period under consideration.

6.4 Policy Guidelines

The findings of the study are quite useful for stimulating the growth of agricultural regulating markets which encourage ultimately, the growth of agricultural sector in India.

1. What is required is the adoption of a few market and an all-round development of both infrastructure and institutions as a model one which can exert a profound demonstration effect on the rural community and that can set in motion "revolution of rising expectations" among the farmers. Centralisation of market forces and development of regulated markets need to be the only solution. This channel is important for certain commodities and that should be strengthened.
2. Regulated markets are highly beneficial only when it helps in centralising market forces. But this is possible only when certain integrated marketing services are offered including facilitative services. This requires several market development programmes. It is difficult to achieve all these together. This necessitates the need for greater specificity and selectively in the approach. An individual farmer should have the option to avail any marketing services and it should be made available by regulated markets. This kind of state

intervention will help in developing not only agricultural sector but in transforming the rural economy.

3. The ultimate goal of regulated markets should be the creation of economic, cultural and social milies which will enable the farmer to feel satisfied. The returns many vary but what is important is the satisfaction that he derives from his participation in the marketing process. Regulated markets have a positive and exciting role to play in the next millennium, policy makers are beginning to feel the need for more information on the dynamics of regulated markets. It is hoped that the most important development in the next century will take the form of dramatic increase in time and attention and possibly some innovation in market development rather than mere regulation.
4. Market should try to attracts more and more quantities of commodities and maximum number of agricultural commodities. Moreover, farmers should too prefer to sale agricultural commodities in the market yard rather than private market.
5. Provisions may be made in bye-laws of the Market Committee.
 - a) To borrow funds from banks for infrastructure development.
 - b) To undertake transaction between bidder and producer and tie up arrangements with banks for recovery from producers. State Governments may take initiative for connecting market yards with villages through al weather roads.

6. Financing can be considered by bank for transport operators sponsored by the Market Committees to ensure faster movement of produce from the fields to the market yard. Finance can be considered for those farmers who can not dispose their produce immediately against the warehouse receipt issued by the Market Committee.
7. The Market Committee should be proactive and collect and collate information on price of commodities at different centres and fix the minimum floor price for the bidders at the market yards so that the farmers do not lose in the bargain.
8. Amenities may be provided to the sellers and bidders and other market functionaries by way of rest houses, canteen, staff quarters, etc.
9. Market Yards may consider enlarging their activities to cover marketing of agricultural inputs like seeds, fertilizers, insecticides.
10. A number of new mandi (market) in town should be raised/built up to provide an effective market outlet for agricultural produce within easy reach of all producers and to relieve the congestion in the old markets. Top priority should be given to construction of the farm-to-market roads. Market yards may be provided with godowns/ warehouses/cold storages accommodate the unsold stocks depending on area specific requirements. To fetch remunerative prices to farmers, presale value addition services may be provided like pre-cleaning, grading, sorting, standardisation, etc.

11. Functioning of the regulated produce markets should be improved, especially to guarantee proper weighing of the produce. Flow of market information through modern media should be upgraded. To eliminate chances of faulty weighing, electronic weighing machines/weigh bridges may be provided. Necessary fire fighting equipments may be provided. More attention should be given to proper grading and packing of produce particularly when it is destined for export. To keep the market yard fully apprised with latest information on prices the computer may be provided to facilitate storing and analysing the required data. This will facilitate in future to link with all the major markets.
12. Private sector should be encouraged to build and operate more storage facilities for agricultural produce, particularly for the perishables commodities.

6.5 Agricultural Marketing Policy vision for 2020 envisages

1. Ensuring food and nutritional security.
2. Increasing efficiency of existing marketing system through professional management scientific operation/handling of agricultural produce.
3. Creation of necessary infrastructure for value addition at rural level.
4. Development of cool chain/cold storage facilities for perishables.

5. Shortening of marketing channel. Promoting direct marketing, thereby restructuring costs and margins and achieving vertical integration between producers and final consumers.
6. Development of rural periodic markets in the country numbering nearby 28,000 for increased market access to producers.
7. Upgradation/improvement of wholesale markets, handling foodgrains, fruits and vegetables, floriculture, livestock, fisheries etc.
8. Modernisation of mega markets/developing specialised physical markets, for promotion of exports, facilitating bulk buying of required standards.
9. Strengthening/improvement in retail market chain to safeguard consumers interests.
10. Expanding domestic quality assurance viz. Grading network to ensure purity and quality of edible products consumed by common man in daily life, from local markets.
11. Strengthening marketing extension with special emphasis on production planning, standardization, healthy hygienic and environment friendly package of practices right from farmer to the consumer.

12. Promotion of rural storage with pledge finance facilities for ensuring minimum support price benefits to the small and marginal farmers.
13. Easy accessibility to institutional credit to meet marketing needs.
14. Promotion of group marketing to secure price benefits based on market intelligence information.
15. Development of facilities for quick transport and communication system for inter-market linkages, pesticide, etc. to augment their income.