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CHAPTER 1

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CHAPTER 1

INTRODUCTION

1.1 The Significance of Agricultural Marketing

The marketing of farm products is a matter of great interest to the farmers, the consumers and the middlemen. To the farmer, it provides a channel of communication between him and the society and gives him continuous information about the demand for his product. The consumer views it as a means of supply of farm product, since marketing helps in raising the standard of living of people by satisfying a multitude of needs and desires of the consumers. The middleman depends upon it for his livelihood. These diverse interests lead the farmer to seek a high priced market for his products, the consumer a low prices market and the middleman, a margin between the farm price and consumer's price that reward him for his service. The basis of agricultural marketing is that farm products are stored, transported to a place where wanted, at the desired time and transferred to those desiring them. It is for that reason that marketing has become part and parcel of the modern production process.

It is marketing which helps making goods useful to the society by getting them where consumer are wanted, when they are wanted and by transferring them to those people who want them. Marketing in this sense, has been defined as, "all the activities involved in the creation of place, time and possession utilities." To emphasize all these aspects



of marketing, Clark and Clark¹ wrote that, "marketing consists of those efforts which effect transfer in ownership of goods and care for their physical distribution."

According to Richard Kohl's², "Marketing is the performance of all business activities involved in the flow of goods and services from the point of initial agricultural production until they are in the hands of the ultimate consumer."

A comprehensive definition of marketing has been given by committee of the American Marketing Association. According to the committee, "Marketing includes all activities having to do with effecting changes in the ownership and possession of goods and services. It is that part of economics which deals with the creation of time and place and possession utilities and that phase of business activity through which human wants are satisfied by the exchange of goods and services for some valuable consideration.

In the light of the above definitions of the marketing, we can now define agricultural marketing in a simple language. Agricultural marketing is a process by which the producers and buyers of agricultural goods are brought together. Such a definition emphasis two things

- i) the buyers of agricultural goods, and
- ii) the chain through which buyers and sellers of agricultural products are connected with each other.

¹ Clark and Clark

² Richard Kohl

Buyers of agricultural commodities can be divided into three main categories :

- i) those who purchase agricultural goods for direct consumption;
- ii) those who demand agricultural goods for use as intermediate goods;
- iii) those who buy agricultural goods for sending them abroad i. e. exports.

Marketing is of great importance for the economy in several ways. We mention the principal ones as under.

1.1.1 For Production

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 by 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.

1.1.2 For Development

Marketing is also one of the effective instruments for raising agricultural growth and through it the growth of the economy. As we have seen above, as production increases, agricultural growth rate rises. This adds to the growth rate 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 two way link between agricultural sector and non agricultural sector, expands and strengthens the growth forces in the economy.

In a 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 raised the demand for agricultural

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

1.1.3 For Economic Welfare

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 marketing system. This also raised their credit rating in the eyes of the various lending agencies.

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. Since marketing, as we have described above, raised production, productivity of agriculture, as also the economy's growth, the employment generation in this service sector is considerable and an expanding one.

The population in general benefits in two important ways. The marketing tones down the fluctuations of prices. It also keeps the price level of agricultural produce, and through it, the price level of the economy, uniform as among regions, and generally nearer to the real costs which decline 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.

Moreover marketing of agricultural good is more complicated than the marketing of other non-agricultural goods for the following reasons.

- i) The output of agriculture is largely a raw material which is used for further processing. This processing may be simple as in converting livestock into meat or it may be highly complex as in converting wheat into flour. Regardless of the complexities, it is true that in most cases, the product sold by the farmer soon loses its identity as a farm product and simply becomes "food".
- ii) Compared to most other products, agricultural products are both bulkier and more easily perishable. When things are bulky, marketing functions concerned with their physical handling are very much affected. In the case of those products which occupy a lot of space in relation to their value, the unit cost of transportation and storage is automatically raised.

Similarly, many agricultural products are exceedingly perishable. The degree of perishability, no doubt, varies from product to product but perishability remains a distinct characteristic of agricultural goods.

- iii) Much of agricultural production is highly seasonal. Most of the agricultural goods are ready for the market in certain fixed periods of the year only.
- iv) The quantity as well as the quality of agricultural products are beyond the control of the producer. During some years, the growing

conditions are such that the crop in general may be of high quality and more in quantity. In other years, unfavourable conditions may result in lower quality and lower production. Variations in quality and quantity of agricultural goods give rise to the following problems.

- a) Due to imbalance in supply and demand of agricultural goods, prices fluctuate from time to time.
- b) Variations in the quality of products make it very hard to apply uniform standards for grades from year to year.
- c) Variations in quantity of agricultural goods throw transport and storage arrangements out of gear.
- v) Agricultural output comes from many small units operating independently. Since the product is made available in relatively small amounts in the hands of many individual owners, the concentration process becomes very important in the case of agricultural marketing.
- vi) In the case of most agricultural goods, the demand is relatively inelastic, consequently, their prices rise steeply during the period of short supply and fall sharply in the period of excess supply. It is for this reason that marketing of agricultural goods has to face the problem of price instability.

The main characteristics of agricultural goods which make agricultural marketing much more elaborate and complex have been summarised as below.

Production characteristics	Product characteristics	Consumption characteristics
1. Small Scale	1. More bulky and less value	1. Continuous
2. Scattered	2. Perishable	2. Regular
3. Specialised	3. Varying, Uncertain quality, quantity	3. Small quantity
4. Seasonal	4. Elastic supply	4. Inelastic demand

These characteristics have their effect on the facilities necessary to market farm products. Bulkiness, plus varying production, necessitates large storage capacities and higher cost of transportation. Perishable products require speedy handling as well as special refrigeration. Due to these characteristics, agricultural marketing sometimes is costlier than the marketing of industrial goods.

1.2 Marketing Functions

'Marketing function' may be defined as a major specialised activity performed in accomplishing the market process. Modern marketing system has several functions. Its important function is to move the desired varieties of farm products to consumers in the desired forms and conditions at the lowest possible cost. There are three principal marketing functions. (1) assembling (procurement, concentration), (2) processing (preparation for consumption), and (3) dispersion (distribution). In carrying out each of the three major functions of marketing certain other functions are performed which are termed as 'secondary services'. The include,

(1) standardisation and grading, (2) packing, (3) transportation, (4) storage, (5) financing, (6) risk-bearing function, and (7) selling.

We will now discuss briefly the principal as well as secondary market functions.

1.2.1 Assembling

In agriculture goods are mostly produced by small farmers scattered over a wide area. Collection of small supplies from them, before further processes of marketing, is undertaken, is necessary. Assembling, therefore, means bringing together, collecting and concentrating goods of the same type from the various sources of supply at centrally located places. Agricultural goods are assembled chiefly for two purposes; first, for meeting the demand of consumers and secondly, to provide a sufficient volume of business to middlemen like wholesalers and retailers. The importance of assembling as a means of facilitating the orderly feeding of markets is fairly obvious where these markets are far away from the multitude of small producers responsible for supplying them. In a country like India, where about 70 percent of farmers are small and marginal, this function has an important role to play.

1.2.2 Processing

Processing helps to create a new demand and maintain the quality of the product for a longer period. Processing, therefore, may be defined as the act or series of acts by which a product is converted into a more usable form. The processing function would include all of those essentially

manufacturing activities that change the basic form of the product, such as converting live animals into meat, fresh peas into canned or frozen peas or wheat into flour and finally into bread. To what extent processing can be regarded as a part of marketing is a debatable question. It is often not included in the list of marketing functions since it is essentially a form changing activity.

1.2.3 Dispersion

Dispersion is a process exactly the opposite to that of assembling. After collecting the products of many farmers in scattered localities and processing the same, the process of dispersion begins. This is dispersion of these products to many thousand of consuming markets and into the hands of million of consumers. Dispersion function involves finding where potential buyers are located, how much and what products they prefer, and what price they are ready to offer. It also includes selling of the goods, their physical movement and handling and the transfer of funds back to central and assembly markets. "It means keeping a steady flow into consumption of the vast volume of goods which is flowing into the central markets through the assembly end of the marketing system."

1.2.4 Secondary Services

These services are essential to the main functions of assembly, processing and dispersion. They facilitate operations all along the route of products through the market system. The main secondary functions are as follows :

1) Standardisation and Grading

Standardisation and grading imply the setting up of the basic standards to which the produced goods must conform. A standard specified what basic qualities a product must have to be designated consistent with established characteristics. Standards are set with regard to the shape, size, colour, quality and performance etc. The standardisation of products would, therefore, mean that the goods products would ensure the same specifications as prescribed.

Standardisation, therefore, carries the ideas of uniformity of quality. In its general sense, standardisation, "includes the establishment of standards, the sorting and grading of products to conform to these standards."

Grading is also necessary to cater to the special tastes and preferences of different sections of buyers. Quality of a product and its utility are subjective. What standardisation can do it to offer uniform lots for sale in the market and to afford an opportunity to the buyers to purchase from the lot they like the best.

2) Packaging

Packaging is a process of putting the commodities into convenient containers or wrappers. Most of the products must be put into containers or packages to prevent spoilage and waste and to facilitate their movement from the farms into possession of final consumers. Packaging contributes to move efficient marketing by (1) reducing bulk, (2) facilitate handling,

(3) reducing shrinkage and spoilage, (4) facilitate quality identification and product selection by consumers, (5) assisting in advertising and better merchandising, (6) helping to reduce other marketing costs by facilitating self-service retailing and modern handling methods throughout the marketing system.

3) Transportation

Transportation is one of the most important functions of the modern marketing system. This function is primarily concerned with making goods available at the proper place resulting in the creation of place utility of agricultural commodities. In order to maximise the returns from an agricultural pursuit, it is not only the place utility but time utility as well that shall have to be kept in view. While it is always; desirable to transport an agricultural commodity as far away as possible to a more remunerative market, it is equally important to reach these products to the consumers at the proper time. In both the cases, transport plays a crucial role. An efficient transport system enables to reach the market far and wide and also without losing any precious time. Himachal Pradesh in India is an excellent example in this regard.

4) Storage

In respect of agricultural products, production is seasonal while consumption is throughout the year. Hence, storage of goods is imperative so that they can be protected from deterioration and their supply is ensured continuously. Storage, in fact, creates time utility. It implies storing of farm

products in a warehouse or in a cold storage plant, depending upon the nature of the product.

5) Financing

The financing function of marketing involves the use of capital to meet the financial requirements of the agencies engaged in various marketing activities. Farm products are not sold immediately after they are grown. It takes time for goods to reach the hands of the ultimate consumers. Thus there is a long interval between the time when the farm products are ready for sale and the time when these goods reach the hands of the user. To the extent that there is a delay between the time of the first sale of raw products and the sale of finished goods to the ultimate consumer, capital remains tied up in operation. The service of providing the credit and money needed to meet the cost of selling merchandise into the hands of the final user is commonly referred to as the finance function in market.

6) Risk Bearing Function

The risk bearing function is the accepting of the possibility of loss in the marketing of a product. These risks can be classified into two broad categories : (1) physical risks, and (2) market risks. Physical risks are those, which occur from destruction of the product itself by fire, accident, earthquakes, cold and heat etc. Risk attached to such natural hazards can often be transferred to institutions that specialize in assuming such risks. Insurance companies cover such risks in return for premium payments.

Market risks, on the other hand, are those which occur due to the changes taking place in product prices. Risks of changes in market demand are reduced through accurate sales forecasting and market research. Such risks can also be reduced through aggressive programmes of advertisement, personal selling and the like.

7) Selling

Selling includes transfer of title and collecting or receiving of payment. Selling in its broadest sense not only effects ownership transfer but also helps in identifying prospective customers, stimulating demand and providing information and services to buyers. In order to achieve these goals, the market must combine such activities as personal selling, advertisement, sales promotion, packaging and custom services.

1.3 Market Structure and Working

An understanding of the market system can be had by explaining its three aspects, namely (A) types of markets, (B) methods of sale, and (C) market functionaries.

1.3.1 Major Types

Broadly, there are three types of markets : (1)Primary markets, (2) Secondary markets, and (3) Terminal markets. Primary markets are generally located in and around villages. These rural markets are the first contact points with the marketing channels for a majority of farmers, in particular the small and marginal farmers. In some States like

Uttar Pradesh, Bihar and Orissa, these markets are owned by the Panchayats. In other States like Tamil Nadu a number of such markets are owned by private individuals such as owners of land on which the marketing operations take place.

Secondary markets, with coverage of produce from upto 15 to 30 kilometers, are located at fixed places on roads or near railway stations. Facilities like those of storage, bank etc. are available in these markets. These are permanent markets where trading takes place throughout the year.

Terminal markets, with the area of their operation extending over a State or even more, are located in big cities or at ports. These markets perform the function of carrying goods to retailers, to stockists, to places of processing, and to exporters.

Although markets, have been divided into three types, these are not water tight divisions. It is often seen that a certain market functions as a primary market for some products. Besides the wholesale markets mentioned above, there are retail markets found mostly in urban areas. Fairs also serve the purpose of markets. These are held on definite dates or days and products traded are of various kinds including cattle.

1.3.2 Methods of Sale

Sales of agricultural commodities are usually done in one of the following ways.

1) Under Cover or Hatta System

This system is even now very common all over India, particularly in the sale of grain. The actual method is that the buyer or his representative indicates the price he is ready to pay by twisting or clasping the fingers of the seller's agent, who is generally an arbatia of the seller, under cover of a cloth. One by one the buyers offer their rates. Usually one or two bids are allowed by each buyer and when all have given offers the name and offer of the highest bidder is publicly announced. This system offers ample opportunity of cheating the cultivator since he is unable to follow the course of bids nor he is taken into confidence until the final bid is declared.

2) Open Auction System

Under this system, the broker invites bids for the produce and the highest bidder is sold the produce. It is preferred to any other system of sale as it ensures fair dealing to all parties and secures a premium for superior quality.

3) By Private Agreement

Under this system, the individual buyers may come at any time convenient to them and make their individual offers. These may or may not be acceptable to the seller and the decision is conveyed by him by the close of the working day.

4) By Quoting on Samples

Under this system, the commodity is not heaped up but kept in bags on carts and the arhatiya collects from the sellers samples and takes them round and offers are made on the basis of these samples. After the price is settled and bargain struck, there is usually a wrangle over the quality on the cart and that of the sample. Allowances are claimed on that account and every effort is made by the buyer to go beyond the bargain.

5) Dara Sales

Another common system is known as the dara sale in which heaps of grain of different qualities are sold at a flat rate. The advantage claimed by this system is that within a short time a large number of sales can be effected.

6) Close Tender System

This system is generally found in regulated markets. When the produce is brought for sale to the market each individual produce is allowed a lot number. The packed goods are exhibited for sale in an arranged manner. Each buyer records the price he is prepared to pay against the lot number in the bid slip forms supplied by the committee. After recording the prices in the bid slips they are deposited in a sealed box. The buyer enters their name in priority list. The bid chits are taken out from the box at a specified time and are arranged in the serial order as per the priority list of them compared lot by lot and each lot is given to the highest bidder after getting consent of the seller.

7) **Moghum Sale**

Under this system, the sale is based on the verbal understanding between buyers and sellers without mentioning the rate as it is understood that the buyer will pay the prevailing rate. This method is followed when cultivators borrow from the traders or where his residence is far from the market.

Moreover for most of the transactions, in the private sector, there are a number of intermediaries who act as links between the sellers and buyers. There are, for example, the village trader. He is also called bania. He acts as a broker and charges for his services. He works on his own, collects produce in the village and takes it to the wholesale markets. Another functionary is the itinerant trader. He move about from village to village, collects produce and carries the same to the nearest market for sale. Quite often a weighman or Tola also functions as an intermediary. On the one hand, he performs the duties of weighing the produce and on the other, takes samples of the produce and arranges its sale to the wholesale trader for which he charges commission. Still another very important functionary is the broker or Arhatiya. There are two types of this functionary, Kaccha Arhatiya, who concentrates on the work of collecting the produce; and Pacca Arhatiya, who arranges for the sale of the produce. As for the co-operative and the government, the buying is done directly from the producer with no intermediaries. But in several cases it is done through the intermediaries.

1.3.3 Defects in Agricultural Marketing

The State of agricultural marketing in the country is highly unsatisfactory. It is marked by several problems. The following are the main problems.

1) Forced Sales

One of the major defects in agricultural marketing in India is the inability of the majority of the farmers to wait for long after harvesting their produce. The average Indian farmer is so poor and indebted that he cannot afford to wait till such time when he will be able to sell the produce at reasonable higher prices. In order to meet his commitments and pay his debt, he is forced to sell the produce just after the harvest at whatever price is offered to him. The Rural Credit Survey Report rightly remarked that producers in general, sell their produce at an unfavourable place and at an unfavourable time and usually they get very unfavourable terms.

2) Inadequate Facilities of Transport and Communication

One of the important components of the infrastructure necessary for the growth of agricultural marketing is communication and transport. Forces and distress sales by the farmers are further facilitated by the fact that the means of transport available to the farmers are inadequate and very expensive. Even at present, there are many rural areas which have not yet been well connected with main roads or with marketing centres. Most roads in the rural areas are bullock cart roads and in the rainy season, no means of transport can play over these. Besides inadequate

transport facilities, they are so costly that they are beyond the reach of many small and marginal farmers. Difficulties also arise at the terminals, where exploitation of innocent and illiterate farmers often takes place.

3) Inadequate Storage Facilities

Storage facilities in the rural areas and in the primary markets are either totally absent or grossly inadequate. Farmers mostly store their surplus grains in earthen vessels or in the Kutcha rooms or in the underground katch pits. This type of storing exposes the grains to white ants, rats, dampness etc. and results in considerable loss. Lack of storage facilities also forces the farmer to sell immediately after the harvest.

4) Superfluous Middlemen and Malpractices

In the absence of an organised marketing structure, private traders and middlemen predominate the marketing and trading of agricultural produce. In between the farmer and the ultimate consumer, there is a large army of middlemen who function at various stages in the process of assembling and distribution of farm produce. In the village, there is the bania; in the town, there are commission agents, brokers and others who get fat at the expense of the poor farmer.

5) Unauthorised Deductions and Multiplicity of Charges

The sale proceeds of the farmer are subjected to many unauthorised deductions like Zakat, Dharmada, Goshala, Shagirdi, etc. In addition to these charges, a number of other charges, legitimate or illegitimate, are also claimed by the middlemen. Such allowances are claimed

on account of moisture, dust, husk etc. The Report on the Marketing of Wheat in India observes that, "not only the arhatiya and dalal, but the munim, the chowkidar, the sweeper etc. regard themselves as entitled to share of his produce." Anyone connected with the marketing of agricultural produce directly or indirectly, nearly or remotely, legally or illegally, claims his share in the rupee that becomes due to farmers with a result that the poor fellow is back home with only a fraction of the rupee that his produce fetched him in the market.

6) Absence of Grading and Standardisation

Heterogeneity in quality of agricultural produce is a universal phenomenon. Majority of farmers in India sell their farm produce without proper grading. In such a 'dara' sales wherein heaps of all qualities of grains (good and bad) are sold in one common lot, farmers are deprived of a better price for a better produce. In fact, the whole lot gets rated at the inferior level and yields the farmer a return much lower than the one he deserved.

7) Lack of Marketing Information

Most Indian farmers do not get the necessary information regarding prices of different farm goods prevailing in different markets. Farmers' most important source of information is the village bania or the middleman whose information is more biased in favour of the market trader and hence our farmer fails to realise reasonable returns for his produce. The situation in this regard should have improved recently due to the expansion of the television network in different parts of the country. But due to lack

of associated amenities, the farmer fails to get a full advantage of this facility.

1.3.4 Measures to Improve Agricultural Marketing

In India government has adopted some measure to enhance the efficiency of agricultural marketing such as 1) Co-operative Agricultural Marketing, 2) Agricultural Regulated Marketing and 3) Other measures such as Use of Standard Weight, Market information, Transport, support price.

1) Co-operative Marketing

The principle of co-operative marketing as applied to agriculture has shown very good results in Denmark, Germany and some other European countries, as well as in Canada and the USA. It is believed that the practice of organized self-help through formation of co-operative marketing societies could remove all the ills and deficiencies inherent in marketing of agricultural produce, experienced by the average small and medium cultivating class. His poverty and ignorance are a great hindrance in bargaining settlement. The combination of a number of farmers will give strength to the poor cultivators, who will be able to procure services of men with business intelligence, and pool their resources to get better prices for their individual produce. Larger resources will also enable the society to procure storage, transport etc. for the disposal of the farm output. It advances loans to the farmers and enables them to wait for better prices. The co-operative Act of 1912 made provision for the formation

of co-operative institutions of all types and for all purposes and thus paved the way for the formation of co-operative marketing societies.

2) Regulated Markets

Of the total secondary or terminal markets existing in the country, about 70% are Regulated Markets. Each regulated market is administered by a market committee, consisting of representatives of growers, traders, commission agents and government. The main source of income to a market committee is the market fees levied on products handled. The number of commodities notified by each market committee varies to a considerable extent. Three different patterns of market areas have been in vogue limiting the boundaries of market area to :

- a) one district,
- b) one or a group of talukas,
- c) a radius of a few kilometers round the market.

The chief advantages of these Regulated Markets are :

- i) Market charges are clearly defined;
- ii) market practices are regulated;
- iii) periodical inspection and verification of scales and weights;
- iv) reliable and up-to-date market news;
- v) quality standards ensured;
- vi) facilities like sheds, space to carts, storage etc.

Moreover agricultural regulated market

- i) enables the producers to reap the best possible benefits;
- ii) to provide facilities for lifting all produce the farmers are willing to sell at an incentive price;
- iii) to reduce the price spread between the primary producers and ultimate consumer; and
- iv) to make available all farm products to consumers at reasonable price without impairing the quality of the produce.
- v) to protect the interests of both the producers and consumers.

Moreover agricultural regulated markets provides various facilities to agricultural producers such as

a) Storage and Warehousing Facilities

Scientific storage is crucial from the point of view of farmers and the consumers. At present, there are a number of agencies engaged in warehousing and storage activities. The Food Corporation of India (FCI), the Central Warehousing Corporation (CWC) and State Warehousing Corporations are among the principle agencies engaged in this task. Besides, the ARDC is also financing suitable agencies engaged in building up storage capacity.

b) Grading and Standardisation

With a view to making available unadulterated and standard quality agricultural produce including horticulture and livestock produce, to the consumer and ensuring better prices to the producers, grading and

standardisation of agricultural produce is carried out under the provision of Agricultural produce (Grading and Marketing) Act, 1937. Under this Act, grade specifications in respect of 142 commodities have so far been notified. Grading falls into the following three categories.

- i) Compulsory grading for export,
- ii) Grading at producers' level, and
- iii) Voluntary grading for internal consumption.

In order to promote export trade of agricultural produce by ensuring quality products to the exporters, compulsory grading of agricultural produce has been introduced in respect of 41 commodities under "Agmark". The important commodities covered under this scheme are spices unmanufactured tobacco, walnuts, vegetable oils, essential oils, onion, ginger, potatoes, pulses, etc.

Voluntary grading of agricultural commodities under the Agmark for internal trade and consumption is aimed at ensuring products of purity and quality to consumers. There are, at present, 15,467 holder of certificate of authorization under "Agmark" for grading of agricultural commodities in the country.

c) Use of Standard Weights

To check the evil practice of diversity of weights and short weighmen etc. every mandi must be provided with a standard set and all other sets in the market must be inspected verified and correct periodically. Although the Government of India has been making efforts in this direction from the

beginning of the present century, but no action was taken by the Government to give effect to the recommendations of the various committees on the problem. In 1956, the Marketing Regulation Act was enacted and accepted the metric system and decimal system and implemented it. By 1962 in all parts of the country the standard weights and measures have been made compulsory and binding. The use of local measures are prohibited and any person employing them may be punished through penal action.

✓d) **Facilities for Market Informations**

The common farmer does not ordinarily get information about the market conditions as well as about the ruling prices. Efforts are being made in this direction. The All India Radio (AIR) broadcasts daily the closing prices of agricultural commodities and gives information regarding prices, stocks and movement of staple items. The market news is also disseminated through the daily news papers and other magazines published by the Directorate of Marketing and Inspection (DMI). There has been a suggestion to provide a telephone and telegraph network upto the lowest level of the sub-market centre. This will facilitate the various strata of regulated markets to communicate with each other Extension education in marketing also needs to be improved. Agmark exhibitions should be held in rural areas and steps taken to distribute extension literature in marketing to farmers through regulated markets, primary co-operative marketing societies and the Farmers Service Societies.

e) Better Transport Arrangement

Another important infrastructure badly needed of agricultural marketing is rural transportation. Vegetables, foodgrains and products of animal husbandry, which are being harvested in plenty no-a-days cannot find their way to the nearby towns unless villages are connected by proper roads. Our planners have assigned higher priority to the construction of rural roads.

3) Support Prices

Agricultural production based on modern technology requires all round institutional and infrastructural support. Integrated planning for the provision of the supporting services will be essential. Since the early seventies the role of prices was recognised as an incentive for producers, thereby resulting in a shift from consumer oriented prices to producer oriented prices. The price support for certain crop has the purpose to induce the farmer towards the new technology in agriculture. In early eighties, the agricultural price support policy covered 15 crops. The Government announces each season support or procurement prices for major agricultural commodities and organises purchase operations through Central, State or Co-operative agencies such as Food Corporation of India, National Agricultural Co-operative Marketing Federation and Tobacco Board, besides, others agencies designated by the State Governments. Among these measures Agricultural Regulated Marketing is selected for intensive study.

1.4 Research Methodology

Keeping in view the significance of regulated agricultural market, the present study tries to examine the performance of Siddheshwar Market Yard, Solapur established in Solapur city on the Mumbai-Hydrabad Highway. It provides a number of services to agricultural produces such as transportation, storage, processing, grading and standardization, packaging, credit supply, market information, insurance, advertisement etc.

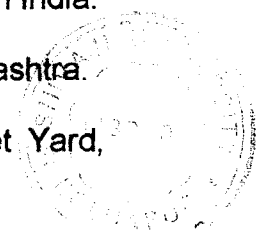
Agricultural commodities, fruits and vegetables, flowers, straw (kadaba) and cattle are mainly arrivals in the market yard from surrounding area of Solapur city, district and other States such as Karnataka and Andhra Pradesh.

Siddheshwar Market Yard is being managed by Krushi Utpanna Bazar Samitee (Agricultural Produce Market Committee, APMC). APMC fixes the market charges, prices of agricultural commodity, to solve the complaints between buyer and sellers. This market yards provides vegetables, fruits and flowers to sub-markets in the Solapur city, thereby residents get a fresh agricultural commodities at reasonable prices. It is beneficial for agricultural producer, traders and consumer also.

1.4.1 Objectives of the Study

The main objectives of the study are

1. to study the progress of agricultural regulated market in India.
2. to study the perspective of market regulation in Maharashtra.
3. to study the historical review of Siddheshwar Market Yard, Solapur.



4. to study the administrative pattern of Siddheshwar Market Yard, Solapur.
5. to examine the progress of arrival of Agricultural commodities and other commodities.
6. to study the value transactions of arrived commodities.
7. to examine trends behaviour in the price of agricultural commodities.
8. To study the financial position of Siddheshwar Market Yard, Solapur.
9. To study the different problems being faced by Siddheshwar Market Yard, Solapur.

1.4.2 Period of the study

As pointed out earlier, the present study aims at examining the progress of Siddheshwar Market Yard. For this purpose, period 1977-78 to 1998-99 has been selected. Furthermore entire time series is divided into two sub periods, Period-I covered 1977-78 to 1987-88 to 1998-99, in view to know the periodwise growth of Siddheshwar Market Yard. Moreover, the statistical data on relevant variables have been collected from annual reports published by Siddheshwar Market Yard for the said period.

1.4.3 Statistical Tools

Keeping in view the objectives of the study, some appropriate statistical techniques such as percentage change, Annual Compound Growth Rate, Three Year Average, Standard Deviation, Coefficient of Variation have been used. Besides, these, some cartographic devices are also used.