



Working of Regulated Market in Karnataka an Economic Analysis

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Abstract

The analysis of problems of agricultural marketing is complex, confusion and complicated. It is because problems of agricultural marketing have been the issues of great concern everywhere in the country. Although its share in GDP is decreasing its share in employment cannot be disregarded. But the problem here is that there is an argument in favour of farmers leveled by politician, crossing party barriers, that it is the prime duty of the government to safe guard the interest of farming community. Therefore, something ought to be done to provide remedies to problems of agricultural marketing and enable the farmers to get remunerative prices.

Besides this, there is a tall claim from farmers that there are many deficiencies in the traditional agricultural marketing system much against the interest of farmers. They vociferously expressed it is traders and middleman who take away lion share of cake and farmers are always exploited in terms of gradation of produce, weights and measures and pricing. They demanded for resolving these issues and provide an alternative system of marketing on top priority. The outcome of this is establishment of regulated marketing system throughout that length and breadth of the country.

It is the fond hope of all concern that farmers would have found solution to their marketing problems and they would have sold farm output in regulated market. but from the analysis done in this chapter it is evident that farmers are not happy with the performance and function of primary agricultural market. The analysis done in this chapter has shown it very clearly beyond giving scope for any doubt that at present the quantum of farm output sold outside the market is substantially more than what is transacted in regulated markets. Needless to say that the matter is of serious nature with high density and it need to be sorted out on priority. On the face of it the prevailing regulated marketing system has been doing fair and ethical transaction by exercising a strong check on fraudulent practices. Farmers must reap the benefit of new marketing system and if there are any differences are deficiencies coordinated and integrated efforts must be done by all stake holders constituting the marketing system to set right the platform.

INTRODUCTION

Agriculture is the dominant sector of Indian economy as it contributes about 16% to the total GDP and provides employment to over 68% of the population. Agriculture performs an important or prominent part in the economic growth of any nation or geographical boundary within which nationals live or reside. It is perceived that development of farming can be seen in two phases like growing the output and thereby creating marketable surplus to procure remunerative price. This indicates that agriculture is a commercial activity and what is produce must be sold in market to support farmers receive good income in return. Sometimes although there is marketable surplus peasants do not find right avenue to dispose of the produce. That is why market occupies a very important position in agriculture.

Agriculture is the backbone of the India economy. Despite the rapid strides of progress made on industrial front, agriculture continues to play a vital role in accelerating the economic growth. The two basic features of agriculture are production and marketing of agriculture produce. Marketing of agriculture produce is as significant as production itself. Agricultural marketing involves the movement of food and raw materials from the peasants to the consumers. For this, it requires a marketing mechanism, which, in turn, depends upon the organization of market, its structure and conduct. The market structure, conduct and performance are causal and sequential phenomenon of interaction on the market. The market structure refers to the characteristics of a market which affects the traders' behavior and, in turn, their performance.

As we know market transaction takes place between producers cum sellers on the one hand as well as buyers cum consumers on the other hand. A decent marketing system is expected to protect and safeguard interest of both the parties. In agriculture market growers are the producers cum sellers and general public is the buyer cum consumer. Parties will be tempted to go to market only if they are assured the fact that the prevailing system is quite capable of securing or insulating or safeguarding the necessities or requirement or interest of persons who are involved in disposing of the agriculture produce as well as persons who take the products for money value considerations. Failure to do so will pull farmers away from marketing system as farmers are subject to exploitation of various kinds on account of loopholes in the agrarian marketing system.

Therefore, any development program in agriculture can become successful only if the marketing system proves as an efficient performer.

As agricultural marketing mechanism or system meant for crop grown on land has been treated or regarded as a vital element of agricultural production programme, the public authority at the national level and the public authority at the provincial level has been taking various measures in this direction. There are many factors which contribute to strong agricultural sector and prevalence of efficient agricultural marketing system is one such significant factor. Regulation of agricultural marketing system by the government or the state authority becomes inevitable when the performance of market is hampered by various defects in the system. This is because the system must provide benefit to the farmers. Government has not lagged behind in enforcing various measures to strengthen marketing system by plugging loopholes. The result of government interference in restructuring the marketing mechanism is the establishment of regulated market. It is believed that Regulated markets ensure fair price to farmer while selling the produce.

The agricultural marketing mechanism will safeguard the peasant from exploitative practices of trading. Thus regulated marketing system constitutes a significant infrastructural support for agricultural development. This enables the farmer to get the facilities such as grading, storage, financing under the RythuBandu Scheme.

Current Status

The region of Karnataka state is provided by a network of 511 selling buying locations and 776 rural agricultural selling buying location. It is projected that from among the gross bulk selling buying location or mechanism about one hundred fifty are main or basic selling buying location and the remaining three hundred and fifty three are non-gross or petty or small market. Among 4 divisions Belgaum division has highest no. of regulated market 172 followed by Bangalore Division (132), Mysore Division (105) and Gulbarga division (100) Table 1.1 which together have an annual turnover exceeding 25000 Crores during the financial year 2011-12 until now it is revealed that about ninety-two items or products are sold and bought in the transaction taking place in the selling buying location. APMC selling buying points in the state. The cumulative value and volume of agricultural commodities transacted in APMC markets of the state was RS 13879 crores in 2007-08, which improved to Rs. 25189 Crores in 2011-12.

Shivamogga district in Karnataka state is treated as belonging to Malnad belt. There are seven taluks in the district and each taluk has APMC. In spite of the presence of these APMCs farmers still are engaged in outside the market dealings to considerable extent. This implies the prevailing system of market has not created confidence among farmers. The system does not seem to be protecting farmers from being exploited. Agriculture is predominant

economic activity in this district. Irrigation is wide spread. Farmers grow both cash crops and food crops. If the marketing system fails to generate trust among farmers than they are constrained to be away from the system. Much empirical research work has not been done in the area to evaluate the performance of marketing system as well as benefits accruing to the farmers. Therefore, the proposed research on entitled “Working of Regulated marketing an economic analysis “is justified.

SIGNIFICANCE OF AGRICULTURAL MARKETING

A healthy marketing system facilitates the appropriate functioning of the economy. The number of peasants to sell the surplus agricultural products increased. Their financial necessities also have increased. The market helps the peasants for the sale of their products and earn reasonable incomes. A well-developed market system supports the farmers to know for which product is having high demand. Accordingly, the farmer changes his production process, enabling him to the optimum utilization of land. Hence the selling system facilitates to whole the process of production by providing a connectivity or liaison from the seller as well as purchaser the person who receive agricultural crop and satisfies the requirements of the person who work on land and the consumers.

Economic growth also depends on the systematic marketing system. First, in a developing country like India, most of the population depends on agricultural sector. So the marketing system gives comfortable living for the agriculturists. Secondly, the agricultural sector has to provide food to the non-agricultural sector and inputs to the agro-based industries. These two functions can be effectively done only through a systematic market system. Thirdly, as Collin and Holton say, agricultural regulated marketing system’s role in a passive form can help much whereas the expense incurred raising a single unit or pint or mass of the transacted the item or the commodity happens to be the lowest. This has suitable for the above mentioned two current products with the prevailing preference or desire to have item or commodity which is inclusive of fresh items. This encourages earnings as well as surplus in the sphere of production, which in turn act as incentive for more production. Fourthly, marketing helps to accelerate the progress or flourish or improvement in cultivation activity sphere.

A decision or final opinion as regards the application or practice of the method of preparing or a producing activity warrants. A regular or perennial receipt or movement of new techniques or thought or mechanism in the prevailing system or mechanism that prevailing or in operation at present. Each mechanism or activity or programme brings about or leads to signals or indications which are the outcome or offshoot of transition that takes place in the surrounding atmosphere. These indications or features have to be noticed, preserved as documents, studied, examined and evaluated with the view to help of support the person or agency or the body which prepares rules regulations, terms and conditions.

NEED FOR THE STUDY

The objective of this special investigative analysis work is to examine the “Working and performance Regulated

Marketing system an Economic Analysis” in Shivamogga District. This district is an agricultural belt with wide-spread rural economy. Both agricultural food crops and cash crops are grown fairly abundantly within the space covered by this research analysis. Land lords have converted their food crop growing land into commercial crop growing plantation. If we look at the fields where food crops grown on land and commercial crops grown on land, we feel that there is huge output and substantial market surplus. But when we look at the volume of trade taking place in an agricultural regulated market in Shivamogga district we are surprised to know that only a small quantity of farm production is traded in regulated market. It is essential to investigate the causes of this kind of situation. It is because of the very purpose of introducing regulating marketing system is to enable the peasants to trade in market and make good money.

The researcher proposes to examine and evaluate the operational efficiency of the performance of regulated marketing system and find out whether the marketing system is providing remunerative price to peasants in the study area. The formation of agricultural marketing system or mechanism helped in producing orderly and transparent trading market situations. This has led to the progress in the attempt or the effort of the activity to find or trace the price at basic or grass root market or selling buying location. It also enables the peasants to increase contact of farmer with the market system thereby improving their income level apart from reducing transaction costs. This is a bonanza to peasants who are in close contact with regulated market having very little marketable surplus. They have to spend a lot on transportation if they were away from the market. The regulated market is supposed to offer several kinds of profits to farmers. Consequently, upon this the volume trade or transaction in regulated market should have gone up substantially. But what we really see is contrary to this. Therefore, there is great requirement or need for conducting research study of this type which focuses attention on the nature and efficiency of performance of the market or selling buying system meant for output or item grown on land in the study area. It is expected that this kind of examination would be helpful to the administrators in planning a viable and proper or suitable strategy to resolve the issues. From this point of view, the present research study has gained great relevance.

However precise data on the proportion of profits of market or selling buying location to the small as well as marginal crop growers are not available, there is proof to show that development of such physical infrastructure in an agricultural or agrarian sector helped small and marginal crop growers more by rising their access to the market or selling buying location mechanism. In Shivamogga District there are large number of peasants or farmers who sell

their agricultural commodities to the regulated markets. The reason for the arrivals of agricultural products in regulated markets is most significant or important factor for analyzing the study. Farmers who sell their crops in the regulated markets are influenced by high price, better performance and in the other facilities of the regulated markets. Therefore, the present research study focuses on the significance and use of performance or working of regulated marketing an economic analysis in the district. At present there are virtually no studies on the economic analysis of working of regulated marketing in Shivamogga district. The present study is an attempt to fill this research gap.

Statement of the problem

India is an agricultural or agrarian economy. Prosperity our economy depends on the prosperity of agriculture sector. The advantages of benefits of economic development are said to have brought about an improvement in the standard living of people only if people dependent on agriculture are benefitted. It is because large majority of our people is dependent of agriculture. All efforts aimed at development of an agriculture must ensure all kinds of benefits directly to farming community. Only then there is value to distributive justice.

The sad story of Indian agriculture is that the peasants is being ground all through the years. All is efforts to bring about improvement output and income level or in vain. This is all because of the agricultural marketing system that we have evolved over the years. Normally people go to market for benefits and gains. Peasants or Farmers cannot be an exception to this. It is believed that justice is done to farmers only when they get remunerative price to the products that they grow and sell.

Marketing of agrarian product is much more difficult than marketing of manufactured goods. Crop growers are confronted with a lot of issues while selling buying of farm output. The agrarian issues is commonly or generally linked with unbalanced, indefinite as well as comparatively less farm product price as well as thereby causing less profit to the producer. farm commodity is generated by several minor items of land holding cultivated by owner farmers or hired farmers. The volume of agricultural output depends substantially on monsoon. At present according to farmers the prevailing conditions in regulated marketing system are no much better than the traditional agricultural marketing system that was in existence in India in the past. This has been a great demotivating factor to farmers who show indifferent attitude to grow more output although they are capable of. Consequently, there is not considerable increase in the volume of production consequent on which the volume of market arrivals is too much below the expected level. It is only to imply that even if there is increase in output transaction elsewhere and market arrivals get truncated or contracted. Long ago in the then provincial madras state government had launched

many measures to bring about qualitative improvement in the performance agricultural markets in that province. But these measures were not implemented effectively and the objective of consolidating marketing activity, providing better price to farmers and increasing market arrivals was not materialized. Only few markets there was some improvement for the time being and these measures did not have long lasting effect.

Regulated marketing was introduced with the chief objective of providing benefits to the farming community in the form of better and remunerative prices to agricultural output when product arrive to market. The goal is also higher to minimize or total avoid fraudulent and unethical practices in the market. In fact, the marketing system had created a situation in which farmer was unable to protect himself from being exploited. The situation was so grave and serious that the farmers were afraid of going to market. This was one of the major factors for farmers to indulge in direct trading of products in village itself rather than go to markets. Still majority of the farmers are keeping away from the regulated markets and sell only 15% of their crop through the regulated markets. Only small percentage of the farmers sell food crops through regulated markets as well as rest of the commodities are sold to the village traders. More over as per regulations, brokers are not permitted in the regulated markets but still they are acting on behalf of the traders. Because of the innumerable hurdles prevailing in the regulated markets the researcher has made an attempt to study the performance of agricultural primary markets in the district of Shivamogga, assess its prospects and suggest remedial measures to overcome deficiencies in the agricultural marketing system.

But unfortunately farmers are at the receiving end. It is true that govt. has interfered in marketing system and re-structured the same with a view to accomplishing greater benefits to farmers. The result is the creation of marketing committee and establishment of APMCs. But the reality is that these market have not produced expected result in the sense that the farmers have not benefitted from the creation of APMCs. There are many issues contributing to improper function of APMCs. Farmers are ignorant about the new system. They do not have adequate marketable surplus to trade in APMCs. Transport bottleneck check them from transferring the products to urban markets. Financial constraints persuade them to resort to local sales that to at a loss. Lack of gradation, inadequate storage facility, fraudulent practices in market and such other factors keep away farmer from dealing in APMCs.

All the factors have prompted researcher to examine the conditions of agricultural marketing in the study area and assess how they are performing in respect to the purpose for which they have been established. The researcher has keen interest to understand the agony of farmers and is desirous of creating a favorable atmosphere to the farming community. Therefore, the present research study will be carried out to understand and examining the nature, performance and function of APMCs in the study area. The researcher will make an attempt to trace the deficiencies in APMCs in study area on the basis of which suggestion can be offered for improvisation. Thus the

proposed research study is an attempt to study the problem confronted by farmers while dealing APMCs in the study area and find out solutions to overcome these problems.

Objectives of the study:

The objectives of the present research study are as stated below

1. To study trade practices in the study area regarding the sale and purchase of agricultural commodities.
2. To study the composition of market committee and the amenities at the APMC in the study area.
3. To examine the extent of benefits to farmers through co-operative marketing societies.
4. To analyze the views of farmers regarding the role of commission agents and the benefits of using the services of commission agents in selling their produce.
5. To identify the areas of improvement to make marketing system more efficient and offer suggestions to overcome the deficiencies

Hypothesis

Based on the objectives the researcher has laid down following hypothesis.

1. The APMCs have not been successful in extending amenities and benefits to farmers.
2. There is considerable Fluctuation in the arrivals of farm products to APMC is on account of several factors such as whether condition, transport bottleneck, lack of proper storage facility and grading.
3. There is a gap between number of commodities notified by the APMCs and the actual number of commodities traded at the regulated market.
4. . There is no gap between number of commodities notified by the APM Cs and the actual number of commodities traded at the regulated market.

Scope of the study:

Shivamogga district has seven agrarian or agricultural primary regulated market spread over in seven taluks. In order to make it an in-depth examine the keeping in view the objectives and hypothesis the researcher proposes to confine the analyze to four Agricultural primary markets in Shivamogga district. These are Shivamogga regulated market, Bhadravathi taluk regulated market, Sagara taluk regulated market, and Thirthahalli taluk regulated market. Period

of study: The present research study has been related to functioning and performance of primary agricultural markets in the study area the period from 2016-17 – 2018-19. In the process the researcher has tried to know from peasants if there has been any change now during the study period under consideration than what was it before. It is because there is an argument that problems in agricultural marketing system in India are perpetual and cannot be provided remedy.

Methodology (The mode of analysis)

The current research assessment or analysis has been worked out taking in to consideration the information and data found in published documents which are available in the form of subsidiary information or data which are secondary in nature. Structured questionnaire has been prepared to elicit responses from chosen samples in different categories operating in primary agricultural markets in four taluks selected for the study. Secondary data has been collected from annual reports of published by selected primary agricultural markets in Shivamogga district, and government reports. This research is basically a descriptive analysis in nature for which data procured from various sources has been tabulated, analyzed and interpreted. Statistical tools such as arithmetic mean, average percentage, ratio etc. are used for purpose of developing analytical part of this research. Graph, charts and Pai diagram are also use in order to make the analysis and interpretation more effective.

Since the researcher has selected four Primary agricultural markets for research study the sample size is around 30 farmers, 10 traders and 5 commission agents from each of these Primary agricultural markets. Thus the total sample size is 180. The justification for selection of sample size is famers should be the virtual beneficiaries of the regulated markets. Traders and Commission agents have to provide a favorable and congenial atmosphere to draw more and more farmers to transact in regulated market. By nature, it is obvious that in any regulated market the number of farmers will be more than that of dalalor broker or intermeeting person and traders. More over the responses of farmers is more important in assessing the efficiency of performance of regulated selling buying location. Traders and commission agents are facilitators in the market. That is why it is justified that out of 180 samples selected for this research study 120 respondents are farmers. Since the presence study covers primary agricultural market of four taluks 30 farmers from each of these markets have been chosen on the basis of convenience. Five traders and commission agents each from these four taluk primary agricultural markets have been considered as sample for this

study.

In addition, according as the necessity arose, officials from revenue and co- operative departments have been interviewed to get required information. Similarly marketing officers in the regulated market have been interviewed to consolidate the view point and cross check the responses of selected sample unit. The international held with marketing officers, officials and other persons in the provided a clear framework for data analysis and interpretation. The excerpts of the interview with the assistant marketing officer of Shivamogga taluk has been presented at the end of chapter number 5 entitled findings.

Place of sale of commodity by respondents

Place	Respondents	percentage
Village Merchants/ traders	45	37.5
Co-operative marketing society	16	13.3
Through RMS	53	44.1
Other Agencies (Specify)	06	5
Total	120	100

Source: Field Survey

The place of sale of the respondents' can be classified in to four categories are shown in the table. About 58.8 percent of the respondents (106) have been irregularly selling their crops to village merchants, 26.7 percent of them (48) have been selling their crops in co-operative marketing society, 14.5 percent of the respondents (26) have been selling their produce through Regulated market and 06 respondents have been selling their produce to unlicensed business person.

LIMITATION PARTINING TO THIS ANALYSIS

present research analysis or assessment is based on the reply and reaction given by the respondents. The study covers the performance of function of only four taluk APMCs and pertains to the period from 2016-17 to 2018-19. The respondents appeared not to be serious in responding to the question. More over their responses would be biased and subjective due to various factors like political party affiliation like and dislike of elected representatives, groupism, envious attitude and personal reasons. However due weightage has been given to their responses and generalization are conclusions drawn at the end of analysis could not be generalize and affected by some element of non-reliability as the data have been computed purely on the basis of reaction and reply of the respondents. Since

this analysis is purely subjective and descriptive in nature behavioral aspects are kept beyond assessment. Only simple statistical tools, mean and standard deviation are used to quantify results and assess variation.

CONCLUSION

The agricultural farmers suffer because of existence of middlemen. When they dispose their surplus in the market, majority of the farmers sell their agriculture produce to free them from the clutches of local moneylenders. Therefore, the urgent requirement emerges in the market it also paves the way for organized market to dispose their crop at right price. Though the Agricultural Regulated market helps the farmers by removing the middleman, it renders several facilities like storage, right weight and proper payment. The study shows that several findings with respect to differential growth rate of different markets. The locational benefit and proper water facilities also cause for the differential growth rate. Having provided all the facilities to the cultivation some of the social and economic factors like age, educational level, size of holdings, income level also determines the arrivals of agricultural produce to the market.

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