

ROLE OF REGULATED MARKETS IN ECONOMIC GROWTH

Dr.N.Rajeshkumar

Assistant professor in economics ,TK govt arts college Vridhachalam Tamilnadu

ABSTRACT

The economic development of most of the developing countries begins with the re-organization of their agricultural sector. India lives in its villages and the economy of villages depends on the prosperity of agriculture. In a developing country like India, Agricultural marketing infrastructure plays an important role in fostering and sustaining the tempo of rural, and economic development. In India, agriculture is very backward on account of vagaries of monsoon, heavy pressure of population on land, smallholdings, lack of good quality seeds, fertilizers and pesticides, inadequate irrigation facilities, scarcity of tenure and research, soil erosion and traditional outlook of farmers and the like. Production and marketing of agricultural produce have been and continues to be the burning problem of farmers in Indian villages. The farmers in Tamil Nadu also found it difficult in marketing their products and they have also felt the exploitation of middlemen at the time of marketing their products. As such, they felt the need for the establishment of a system of a regulated market in Tamil Nadu. The regulated market is not only a place where certain legal conditions are enforced but it is also a center that provides a package of facilities to agricultural marketing and an economic center where adequate demand is built up for the sale of agricultural commodities which can bring a satisfactory return to the cultivator. The Regulated Market aims at improving the welfare of the farmers by reducing the number of intermediaries in the marketing of agricultural produce. The functioning of Regulated Markets has to be designed according to the expectations of the farmers. Regulated Markets provides facilities such as correct weight by using electronic weighbridges and weighing balances, godown facilities, bank facility, immediate payment, daily price information, rest sheds, drinking water facility, cattle sheds, free medical aid to farmers, input shops, phone and fax facilities, etc.

KEY WORDS

Economic - development - organization - infrastructure - agriculture - farmers - exploitation - commodities - Regulated Market - satisfactory - demand - middlemen - Production

Introduction:

India lives in its villages and the economy of villages depends on the prosperity of agriculture. A state like Tamil Nadu also has 70 percent of its population in the rural area which depends on agriculture and other allied activities of either livelihood. Above 40 percent of the national income is derived from the agricultural sector. Agriculture occupies an important place in the country's export trade also. It supplied raw materials to a large number of agro-based industries. Thus agriculture holds the key to the process of development of the whole economy. In India, agriculture is very backward on account of vagaries of monsoon, heavy pressure of population on land, smallholdings, lack of good quality seeds, fertilizers and pesticides, inadequate irrigation facilities, scarcity of tenure and research, soil erosion and traditional outlook of farmers and the like. Production and marketing of agricultural produce have been and continues to be the burning problem of farmers in Indian villages.

While the problem concerning production is the lack of timely and adequate provision of inputs and credit, the facilities for marketing such as transport storage, market yards and the like. Without these facilities, the farmers will be exposed to the exploitations of the traders and communication agents, who serve as middlemen between the farmers and the consumers. Farming is one of the main occupations of the people of Tamil Nadu. The farmers in Tamil Nadu also found it difficult in marketing their products and they have also felt the exploitation of middlemen at the time of marketing their products. As such, they felt the need for the establishment of a system of a regulated market in Tamil Nadu. To safeguard the interest of farmers and as well as business people in the field of agricultural marketing and also to regulate the activities and function of a regulated market in Tamil Nadu, Tamil Nadu Market Committee was established in the year 1967 in the headquarters of the districts.

Economic Development:

The economic development of most of the developing countries begins with the re-organization of their agricultural sector. The development of agriculture during the last four decades has registered a significant increase, resulting in a larger marketable surplus and consequential pressure on the marketing

system. A vital change in the marketing system has been brought about with the intervention of State Machinery in agricultural marketing. Regulation of agricultural markets has contributed substantially towards increasing the returns to the farmers for his products and also in the systematic development of the market and other marketing activities. The regulated market is not only a place where certain legal conditions are enforced but it is also a center that provides a package of facilities to agricultural marketing and an economic center where adequate demand is built up for the sale of agricultural commodities which can bring a satisfactory return to the cultivator. The need for a comprehensive market regulation was felt by the Royal Commission on Agriculture in India as early as 1928. The commission recommended the establishment of regulated markets which would confer an immense boon on the cultivating class in India.

Origin of Regulated Markets:

The regulated market established by the British in 1886, in Hyderabad, has achieved a tremendous growth in terms of the number of markets, coverage of crops and volume of transactions. The goal of establishing a regulated market has not yet been achieved fully. It is mainly due to the behaviour of traders who do not want to come to the regulated market for procuring the produce. Consequently, only a few traders go over to the regulated market to participate in the purchase. The need for an efficient marketing system has been realized even in the pre-independence period. The Royal Commission which was set up in 1928 recommended protection of farmers from the hands of traders and middlemen and also for the provision of better marketing facilities and basic infrastructure. In pursuance of the Royal Commission recommendations, the Government of Madras enacted the “Madras Commercial Crops Market Act 1933”. According to the act, a regulated market for cotton was formed at Tiruppur in Coimbatore District and the second regulated market for groundnut was also formed at Villupuram of South Arcot District. Later in the year 1959, the act was modified as “Tamil Nadu Agriculture Produce Market Act 1959” This modified Act envisaged the formation of market committees at District Head Quarters with the functions of identifying agricultural produce, notifying them under the Act, establishing regulated markets in the important assembling center to regulated and control the market transactions. Subsequently, the 1959 Act was modified as the “Tamil Nadu Agricultural produce marketing (Regulation) Act 1987 and Rules 1991” and brought into force with effect from 01-02-1991. Today there is no taluk in India without a regulated market.

Aim and Objectives of the Regulated Market:

The Regulated Market aims at improving the welfare of the farmers by reducing the number of intermediaries in the marketing of agricultural produce. The functioning of Regulated Markets has to be designed according to the expectations of the farmers. But their expectations frequently change. Unless their expectations are correctly predicted, the officials are unable to fulfill their requirements. Since the profile of the farmers provides the background information and also determines their attitude. It confines itself to a few profile variables like sex, age, community, level of education, marital status, family size, number of dependent population per family, land ownership and the entrepreneurial behaviour index among the farmers.

Agricultural Marketing:

In a developing country like India, Agricultural marketing infrastructure plays an important role in fostering and sustaining the tempo of rural, and economic development. Agricultural marketing in a broader sense, is concerned with the marketing of farm products produced by farmers. According to National Commission on Agriculture (XII Report), Agricultural marketing is a process that starts with the decision to produce a saleable farm commodity and it involves all the aspects of market structure or system and includes pre and post-harvest operations like raising and harvesting the crop, assembling, grading, storage, transportation and distribution. An efficient marketing system is needed to achieve the objectives of price stability and rapid and equitable “distribution of the farm commodities. Even the small farmers have to be made much more market-oriented to break the syndrome of subsistence farming.

Agricultural Marketing Board

As per these Acts Regulations, a Directorate of Agricultural Marketing and Tamil Nadu State Agricultural Marketing Board was formed in Chennai with the following functions and objectives.

- ❖ To regulate assembling and sales of marketable agricultural produce.
- ❖ To establish District Market Committees and to control their functions.
- ❖ Grading the agricultural produce to get the justifiable price to farmers.
- ❖ To educate and propagate among farmers the importance and role of market committees and regulated markets towards their welfare.
- ❖ Helping to eradicate the function of middlemen and pave congenial atmosphere among the farmers’ traders and consumers.

District Market Committees:

To regulate and supervise the activities of regulated markets in the districts, “District Market Committees” were formed. At present, there are 23 market committees in Tamil Nadu. These market committees are governed by a committee comprising of members (nominated by the government) and headed by Chairman. The secretary of the market committee is the executive head to control overall establishment in the office of the Market Committee. Under the control of “District Market Committees” regulated markets, sub-regulated markets and check posts are formed to regulate and to have effective control over the activities of farmers and traders.

Regulated Markets

At present in Tamil Nadu, there are about 278 regulated markets, 15 sub-regulated markets and 44 check posts 108 rural godowns and 108 grading centers covering the entire State except for Chennai and Nilgiris District. Competitive and remunerative prices are ensured for the products sold by the farmers through the closed tender system in the Regulated Markets. Free grading facilities for agricultural commodities and issuing pledge loans during distress sales are also available in the Regulated Markets. The farmers of states of Maharashtra, Karnataka and Andhra Pradesh, sell their produce only through regulated markets as compulsory marketing is in force. One to two percent of the value of the produce is collected as market fees from the traders who procure the produce from the farmers. The procurement method is simplified in Tamil Nadu to benefit the farmer. 1% of the value of the produce is collected as a market fee from traders.

Services Rendered in the Regulated Markets:

Regulated Markets provides facilities such as correct weight by using electronic weighbridges and weighing balances, godown facilities, bank facility, immediate payment, daily price information, rest sheds, drinking water facility, cattle sheds, free medical aid to farmers, input shops, phone and fax facilities, etc. Under the "AGMARKNET" centrally sponsored scheme 93 regulated markets have been provided with computer and Internet connectivity for effective price dissemination among farmers through the AGMARKNET website. The information on commodity prices prevailing in various markets is made available, the farmers would be able to get a better price of their produce by moving their produce to the market which pays higher.

Commodities in the Regulated Markets

All the important commodities, in all totally 42 commodities like cereals, millets, pulses, oilseeds, cotton, turmeric, etc. have been notified in the State of Tamil Nadu so far under the Act. Though there is the provision in the Act for notifying fruits, vegetables, cattle, poultry, sheep and apiculture products, these commodities are yet to be notified in Tamil Nadu. But in some of the regulated markets non-notified commodities also do come for sale. Action has been initiated to notify fruits, vegetables and flowers. Necessary action is being taken for Uniform notification of agricultural commodities throughout the state during this financial year.

Functions of Regulated Markets:

As for transaction practices, the regulated markets of Tamil Nadu stand unique and distinct from the rest of the country. In the regulated markets of Tamil Nadu, no shops are let out to the traders to run their business and the regulated markets function as the direct meeting ground for the farmers and traders to sell and buy respectively under the efficient and effective supervision and guidance of the market committee staff. The agricultural produce brought by the farmers is graded by qualified graders, weighted by licensed weigh men and with lot numbers allotted, the products are exhibited to the traders to see themselves are quoted their prices through closed bids. The closed bid system followed in Tamil Nadu regulated markets ensures a competitive price. Only if the prices offered by the traders are acceptable to the farmers, the traders all allowed to take the stock on payment. Otherwise, the farmers are free either to take back their product or store it in the godowns of the regulated markets. The services rendered to the farmers in the regulated markets are free of charge and the farmers need not pay any amount towards commission or any other charges. Market fees of Re. 1/- Rs. 100/- worth of products sold and license fees are collected from the traders only.

Awareness of Regulated Market

The important level of awareness on the regulated market among the farmers is knowing better and knowing. The level of awareness on the regulated market among the big farmers is higher than that among the marginal and small farmers. The important source of awareness on regulated market among the marginal, small and big farmers is Non Gazetted officers, co-farmers and agricultural officials respectively. The important distance of the regulated market from the farm among the farmers is less than five Kilometers. The level of distance is seen higher among the big farmers than that among the marginal and

small farmers. The important level of experience of transaction in the regulated market among the farmers is above ten years.

The important source of awareness on prices offered by different agencies at the regulated market among the marginal, small and big farmers are fellow farmers, market committee and market committee respectively. The important methods of sale among the farmers at the regulated market are open auction. The important reason for preferring the open auction among the marginal, small and big farmers is the minimum number of salesmen, transparency in sales and assurance of minimum price respectively. The important reason for preferring the closed tender among the marginal and small and big farmers is no chance for secret collaboration. The highly viewed motivating variable to trade in the regulated market among the marginal, small and big farmers are Non Gazetted officers, marketing facilities and long-term practice respectively. The narrated motivating factors by the factor analysis are service, facilities, officials and personal factors. The viewed factors by the marginal, small and big farmers are service, personal and personal factors respectively. The significantly associating important profile variables regarding their view on factors are level of education, number of sources of income, and entrepreneurial behaviour index among the farmers.

Services in Regulated Market

The highly expected service from the regulated market among the marginal, small and big farmers is market extension services, officials' cooperation and lesser storage cost respectively. Regarding the level of expectation on services, the significant differences among the three groups of farmers are noticed in the case of eight out of twenty-five variables in it. The important expected services narrated by the factor analysis are facilities, system, service, price and marketing factors. The highly expected factors by the management, small and big farmers are price, facilities and facilities respectively. The significantly associating important markets are entrepreneurial behaviour index, annual income in farming, level of education and age of the farmers.

The highly perceived important factors in regulated market by the marginal, small and big farmers are service, price, and marketing respectively. The significant difference among the three groups of farmers has been noticed in their perception of service alone. The significantly associating important profile variables regarding their perception on factors are entrepreneurial behaviour index, annual income in farming, and level of education. The gap between the level of expectation and perception on the factors

indicates that the level of perception on factors is lesser than the level of expectation on factors in the regulated market. This negative gap is higher among the big farmers compared to the small and marginal farmers. The important overall attitude towards the regulated market among the farmers is dissatisfied and highly dissatisfied. The most important overall attitude towards the regulated market among the marginal, small and big farmers are dissatisfied, highly dissatisfied and dissatisfied respectively. The significantly influencing factors on the overall attitude towards regulated market among the marginal farmers are facilities are price whereas, among the small farmers, these are facilities, system and price. Among the big farmers, these are system, service, price and marketing. The rate of impact of factors on the overall attitude towards the regulated market is higher among the big farmers compared to small and marginal farmers. The important discriminating factors among the satisfied and dissatisfied farmers are facilities, and services which are highly perceived by the satisfiers than the dissatisfies.

Tamil Nadu Farmers Development and Welfare Scheme

The farmers who sell one metric ton of paddy (or) equivalent value of their agricultural produce through Regulated Markets every year will be enrolled under this scheme and are eligible for a grant of a lump sum amount up to Rs.1,00,000, in case of death/ permanent disability occurring due to accident/death due to snake bite. In case the eligible farmer loses both the hands or both the legs and both the eyes due to an accident, is eligible for a grant of Rs.75, 000/-. In case of losing one hand or one leg or one eye or hip disability due to an accident, the farmer/tenant is eligible for a grant of Rs.50,000/-. The farmers need not pay any premium for this fund. The Market Committee concerned and the Tamil Nadu State Agricultural Marketing Board will bear the premium amount of Rs.10 per individual per year equally.

Importance of Regulated Markets:

The importance of Regulated Markets in ensuring the welfare of farmers and traders cannot be underestimated but there has been a wide gap between the net income of the Regulated Market and the increasing growth in market arrivals. This discrepancy is serious, leading to the financial crisis, behavioural consequences and also adverse impact on both the traders and the farmers. In the present scenario due to hectic changes and severe competition, any system has to re-orient itself to the growing needs and expectations of the beneficiaries, but for which the very survival of the system itself will be at stake.

Therefore it is essential that the Regulated Market system has to be critically evaluated keeping in view the agrarian economy of India and the dominating role of agriculture in the Indian economic system.

Conclusion:

The regulated markets are providing storage facilities to their farmers, it is not up to their level of expectation. In order to face the huge fluctuations in the price of agricultural produce, the farmers and traders are willing to store the agricultural produce at a seasonal change. For that the Government should provide adequate and updated cold storage facilities to preserve the agricultural commodities in order to enrich their services. The accessibility of the regulated market is one of the important problems to the farmers and traders. Hence, the accessibility of the regulated market may be promoted by the provision of adequate transport facilities to the farmers and traders. The sub-regulated markets may be opened to avoid the problems of accessibility. The organisational set up and structure of the regulated market is not properly modernized according to the need of the era. The organisational set up may be changes and improved or restructured with the co-participation of private and public partnership in regulated markets. There is a higher need for counseling programmes for the farmers, traders and employees working at the regulated market. The counseling programmes may be designed according to the need of the farmers, traders and employees at the regulated market. These counseling programmes may provide some psychological boost to the all stakeholders in the regulated market.

REFERENCE

- Ashok. A., *Liberalisation and Globalisation : Issues in Agricultural Marketing*, New Delhi, 2004, pp.5-6.
- Sivarma Prasad. A., *Role of Warehousing in Promotion of Regulated Markets in India*, New Delhi, 2001, pp.9-12.
- Raghurama. A., *Agricultural Marketing in Rural Areas of Dakshina Kannada District – Problems and Policy Measures*, Indian Journal of Marketing, 35(1), New Delhi,2005, pp.11-14.
- Shankariah. A., *Performance of an Agricultural Market Committee - An Empirical Assessment*, New Delhi, 1982, pp.11-19.

- Balakrishnan, V., *An Analysis of Prices and Arrivals of Potato in Nilgiri's District of Tamil Nadu*, Madras, 2001, pp. 1-4.
- Bhag Chandra Jain, *Market Structure and Performance of Regulated Market*, Indian Journal of Agricultural Economics, 53(3), 2008, pp.400-401.
- Marimuthu, M., *Direct Marketing Models of Agricultural Products in India*, Madras, 2010, pp.57-58.
- Sathya Sundaram, I., *Revamping Agricultural Marketing*, New Delhi, 2011, pp.17-19.
- Gursharan Singh Kainth, *Impact of Future Trading on Indian Agriculture*, Kisan World, Vol-35, No.88, New Delhi, 2008, p.44.
- Govindarajan, K., *Measurement of Market Efficiency for Effective Performance of Rural Regulated Markets in Tamil Nadu*”, Indian Journal of Agricultural Marketing, 20(3), Madras, 2006,p.58.
- Gopalan. K., *Marketing Efficiency of Co- operatives in a Potato Region in Tamil Nadu – An Empirical Study*, New Delhi, 2001,pp.203–208.
- Selvaraj. K.N., K.R. Sundaravaradarajan, and N.Raveendran, *Farmers Perception and Functioning of Regulated Markets – An Assessment*, Indian Journal of Agricultural Economics, 53(3), Madras, 2008, p.405.
- Krishnaswamy, O.R., and Chand, N.T., *The Measurement of Operational Efficiency of Regulated Markets – A Conceptual Model*, Madras, 2008, p.1.
- Mahendra Dev, S., *Market Reforms in Indian Agriculture*, Indian Journal of Agricultural Marketing, 21, (2), New Delhi, 2007, p.26.
- Ajjan. N., *Regulated Markets in Tamil Nadu: A Malady – Remedy Aanlysis*, Agricultural Situation in India, 41(9), 2006, pp.455-458.
- Muthuswamy. P., *A Study of Utilisation of Regulated Markets by Farmers and Paders in South Arcot District, Tamil Nadu* Unpublished in Ph.D., Thesis, Submitted to University of Madras, 2013, p.124.