AN EMPHERICAL STUDY ON INOVATIVE PRACTICES OF REGULATED MARKETS – A CASE STUDY OF SHIVAMOGGA APMC

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ABSTRACT:

The state government of Karnataka has created APMCs in many towns to enable farmers to sell their produce at lowest prices. Most of the APMCs have market with traders and other marketing agents and shops to purchase agriculture produce from farmers. Farmers can sell their produce to agents under the supervision of the APMC.

KEYWORDS: Malpractice, infrastructure, produce, purchase, Producer-seller and Produce—buyer, income –expenditure.

INTRODUCTION

Integrating Markets:

Incorporating different markets transacting a similar commodity bolstered by warehouses situated in close proximity to the farm could eventually result in a better price for the farmers with least cost of transaction. Individual markets find the price of the product on a given day, in view of the interaction of free market activity inside their regions. In an ideal market, extra supplies should surge when the price is high because of unreasonable interest and in the event of lower prices, supply ought to either stay curbed or the ware may move to all the more consoling markets, this brings the phenomenon of Law of One Price. For unification or integration of markets and permitting investment by market members in a remote area, institutionalization of value and amount parameters, and dispersal of these parameters to the buyers, clearing and settlement systems and dispute resolution are key essentials. This would improve the quantity of commodity buyers and the cost discovered would mirror the interchange of free market activity in the area where the commodity is transacted, with the transportation cost properly figured.

Commodity Funding:

Scientifically managed warehouses attract funding from banks and other financial institutions as banks are impressed by the science behind the storage of goods in warehouses. The lending bank that is about to lend

generally marks a lien on the stored goods as security for the loan. Prevention of offering lien marked goods for sale should be executed by the commodity accounting system until the borrower pays off the loan amount from then borrowed institution. Carrying out this process for commodity funding of goods in the warehouse protects farmers by enabling them to not take excess risk by opting to go for distress sale.

OBJECTIVES OF THE STUDY:

The objectives of the study are as follows:

- To study the performance of regulated market in Shimoga district.
- To examine the significance of AMPC in Shimoga district
- To analyse the causal relationship between the study variables namely Innovative practices, Financial Process, Technology, Marketing Strategies and Effective Performance

REVIEW OF LITERATURE

Kerur et al. (2010) led a study on physical and financial performance of regulated markets in Karnataka. The averages and compound growth rates were registered to discover the growth performance of the regulated markets of Ranebennur, Bagalkot, Raichur and Gulbarga regarding physical and financial indicators, for example, market functionaries, salary, expenditure, market arrivals and commodities turnover utilized for the period from (1990-2005). Results uncovered that the general growth of market functionaries in Ranebennur market demonstrated a diminishing pattern, a quick drop in processors was seen in Bagalkot market and Raichur and Gulbarga markets had appeared expanding pattern. Average pay and expenditure had appeared financial performance in Raichur and Bagalkot markets and positive financial performance in Ranebennur and Gulbarga markets.

Hegde and Madhuri (2013) directed a study on marketing foundation for fruits and vegetables utilizing ex-post facto examine configuration in chose Ratnagiri and Ramanagara locale from Maharashtra and Karnataka States, individually. Results of the study uncovered that Indian arrangement of agricultural marketing experienced various imperfections. As a result, Indian farmer was denied of a fair price for his produce. The principle deformities of the agricultural marketing framework were inappropriate warehouses, absence of grading and standardization, insufficient transport offices, nearness of an expansive number of middlemen, malpractices in unregulated markets, lacking market information and deficient credit offices.

RESEARCH METHODOLOGY

Details regarding the research design, data collection questionnaire, sampling plan, area of the study and statistical tools used are mentioned in this chapter.

Research Design

Research design is purely and simply the framework or plan for a study that guides the collection and analysis of the data. The research design indicates the methods of research i.e. the method of gathering information and the method of sampling study is descriptive in nature.

Sampling Design

Sampling design comprises four major areas: Population, Frame, Sampling method and Sample size estimation.

Research Tools Used for the Present Study

➢ STRUCTURAL EQUATION MODEL

NULL HYPOTHESIS

➢ H_{01}: Marketing Strategies has no impact on Effective Performance.

STRUCTURAL EQUATION MODELLING

The Observed, endogenous variables

i)   Marketing Strategies
ii) Effective Performance

The Observed, exogenous variables

i)   Innovative Practices
ii) Technology
iii) Financial Process

The Unobserved, exogenous variables

iii) e1 (Marketing Strategies)
iv) e2 (Effective Performance)
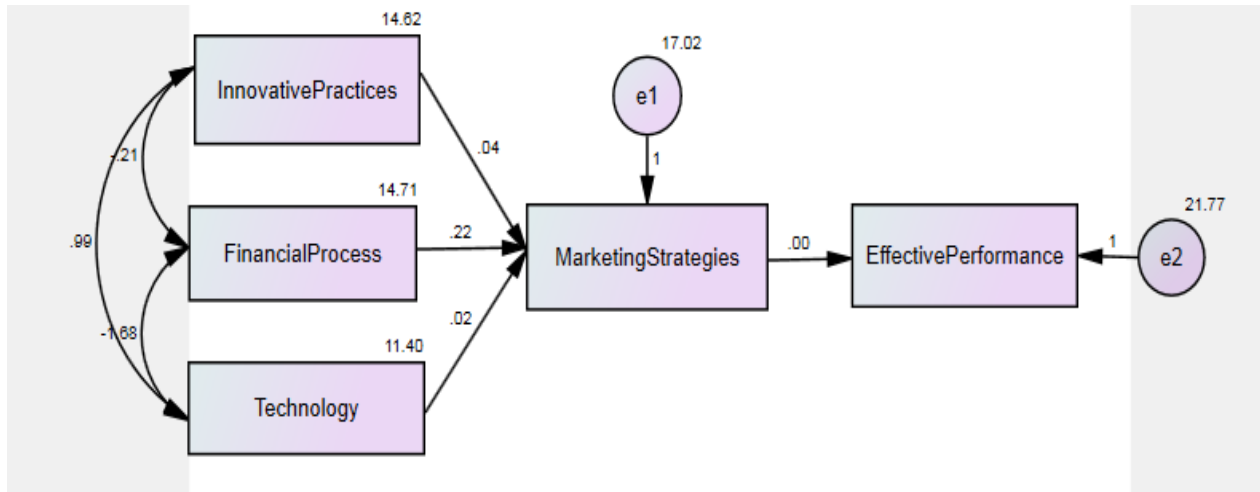
Variable counts (Group number 1)

Number of variables in your model: 7

Number of observed variables: 5

Number of unobserved variables: 2

Number of exogenous variables: 5

Number of endogenous variables: 2

Source: Primary Data

Major Model Fit Indices Summary

Parameters	Acceptable values for Good Fit	Research Model values
GFI	>0.9	0.998
AGFI	>0.9	0.992
CFI	>0.9	0.999
RMSEA	<0.06	0.000
RMR	<0.10	0.020

The Goodness of Fit index (GFI) value was 0.998, Adjusted Goodness of Fit Index (AGFI) value was 0.992 and Comparative Fit index (CFI) value was 0.999. All these values were greater than 0.9 indicating a very good fit. It was found that Root Mean Score Error of Approximation (RMSEA) value was 0.000 (lesser than 0.06) and Root Mean Square Residual (RMR) value was 0.020 (lesser than 0.1).

Discussion: Good fit exists for research model.

CONCLUSION

Farmers cannot sell produce outside the APMC mechanism. However, the government is now encouraging direct selling through 'Rautu Bazar' or to supermarkets directly. The present APMC system makes farmers vulnerable to traders' and marketing agents' price manipulations. The Government of India is considering improving the APMC Act to benefit all parties involved.

References

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