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## An assessment on performance of regulated markets in Tamil Nadu

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### Abstract

The proper marketing strategies for agricultural commodities can stimulate production and also reduce fluctuation in the output prices. Marketing infrastructure like scientific storage should be accessible to farmers not only to reduce post-harvest losses but also to even out price fluctuations. In this context a study was conducted with the objective to assess the Performance of Regulated Markets in Tamil Nadu. It was found that there was no adequate man power to manage and execute the RM functions. Many of the traders were reluctant in participating in the Regulated Markets as immediate payment to farmers is insisted by the administration. More storage warehouse is needed for specific crops like Turmeric. In case of pledge loan, it is felt by the farmer that, as the interest rate is high it needs to be reduced. Strengthening of infrastructural facilities like extending warehouse size, repairing the existing warehouses, drying yard, provision of adequate donnages and platform and Employing adequate staff to execute and to look after the requirements of the farmers and traders in specific Regulated Markets will enhance the performance of the Regulated Markets.

**Keywords:** Commodity arrivals, Constraints, Marketing, Pledge loan, Regulated Markets

### 1. Introduction

Marketing of agricultural produce is one of the critical components of the agriculture as it not only determines the income at farm level but also at the national level. Proper marketing of agricultural commodities could stimulate production and also reduce fluctuation in the output prices. Marketing infrastructure like scientific storage should be accessible to farmers not only to reduce post harvest losses but also to even out price fluctuations. In total, 40 agricultural commodities have been notified in the Tamil Nadu state. To carry out the agricultural marketing activities in Tamil Nadu the provisions of the Tamil Nadu Agricultural Produce Marketing (Regulation) Act 1987, Rules 1991, guarantee fair prices to farmers, to reduce marketing costs, to protect farmers from the actions of traders, and to provide better marketing facilities, basic infrastructure, etc., In total 21 Market Committees oversee 277 Regulated Markets in Tamil Nadu. The price for agricultural commodities does not show as much improvement as that of the price of agricultural inputs and other manufactured goods. The producer's share in consumer's retail price is only 40 to 60 per cent. Hence this study was conducted to assess the Performance of Regulated Markets for in Tamil Nadu

### 2. Methodology

The study has been undertaken in the Regulated Markets functioning under marketing committees of Tamil Nadu to know the first hand information from the stakeholders viz., officials of RM, farmers and traders. The study brings the existing status, constraints and problems of the stakeholders and necessary suggestions for reforming agricultural marketing in Tamil Nadu. The markets were selected randomly and the sample stakeholders viz farmers, traders, processors, market officials etc., were interviewed to collect the required data.

### 3. Result and Discussion

The commodity arrivals for the Regulated Markets in total for the period 2006-07 to 2014-15 were assessed. The commodity arrivals have been increased from 16.44 lakh tones to 23.13 lakh tonnes and thus there was an increase of 6.69 lakh tonnes accounting for 40.69 per cent

over a period of nine years. Accordingly, the market fee collected is also increased from Rs.42.90 crores to Rs.104.82 crores during the same period.

The Regulated Markets were classified based on the total volume of commodities handled during 2010-11 and 2014-15. During 2010-11, of the 279 (277 + 2 Sub RMs) Regulated Markets, only six markets were handling commodities with the volume of more than fifty lakh tonnes. Maximum number of the Regulated Markets i.e., 143 Regulated Markets were

handling only 1000 to 5000 tonnes of commodities per annum. During 2014-15, there was a substantial increase in the number of Regulated Markets which handled commodities between 10,000 and 50,000 MT i.e., from 26 during 2010-11 to 62 numbers during 2014-15. Similarly, in 5000-10000 lakh tonnes category also, the number of Regulated Markets has increased from 41 to 72. During 2014-15, all Regulated Markets handled commodities, while in 2010-11, there were 13 non performing markets.

**Table 1:** Performance of Regulated Market based on Arrivals (2010-11 and 2014-15)

Classification	No. of Regulated Market 2010 -11	No. of Regulated Market 2014 -15
More than 50,000 MT	6	4
10,000 – 50,000 MT	26	62
5,000 – 10,000 MT	41	72
1,000 – 5,000 MT	143	115
Less than 1,000 MT	50	27
No arrivals	13	0
Total	279	300

The major constraints faced by the market officials, farmers and traders are infrastructural inadequacy, Less awareness and more exploitation of the farmers by middlemen, The pledge loan limit is very less, storage period is not adequate, The pledge loan interest is more for both traders and farmers, Immediate payment to farmers is a problem for traders, Risk

of damage due to deterioration in quality and quantity, inadequate storage godowns, lack of adequate man power, security problems, lack of awareness etc. It was felt that these are the major reasons for inefficient functioning of the Regulated Markets in Tamil Nadu.

**Table 2:** Suggestions by Farmers for Improving the Functioning of Regulated Market

S. No.	Particulars	Percent
1.	Strengthening of infrastructural facilities like extending godown size, repairing the existing godown, drying yard, and platform requirements.	28.30
2.	Fixing price for all agricultural commodities	7.95
3.	Need pledge loan with 2-3 per cent interest	7.50
4.	Create awareness so as to make sales only in RM	7.25
5.	Free transport of agricultural commodities to RM	5.38
6.	Employ adequate staff to facilitate tender without much delay	5.03
7.	Pledge loan period and amount should be increased	5.73
8.	Need amenities like rest room, water tank, canteen and TV in RM	3.86
9.	Procurement through RM from farmers to stabilize price	2.46
10.	Immediate payment	2.34
11.	Need gunny bags at free of cost	1.40
12.	Free weighing charges and electronic measurement	0.82
13.	Other suggestions Need Minimum Support Price for all commodities, Value addition, Security facility, Compound wall, CCTV Camera, SMS on price details, Supply of quality seeds, Need Banking facilities with ATM, RM should be computerized, Need tarpaulin, Need donnage, Need integrated market for minor millets, Need special guidelines for rubber trade, Need advanced agricultural implements on rent basis, (solar drier, groundnut decorticator, paddy drier, paddy thrashing machine, copra maker)	7.60
14.	No comments	14.38
	Total	100.00

#### 4. Conclusions and Policy Implications

Without adequate man power to manage and execute the RM functions, it is impossible to improve the efficient functioning of Regulated Markets. Many of the traders were reluctant in participating in the Regulated Markets as immediate payment to farmers is insisted by the administration, especially in situations where they do not know the actual quantity of procurement and funds needed well in advance. Therefore, there is a need for creating contingent fund in Regulated Markets for making immediate payment to farmers as the traders require adequate time to mobilize huge fund and arrange for settling payment to farmers. Enhance the pledge loan limit to farmers and traders and the duration of storage in Regulated Markets. Godowns are also needed to be extended for selected crops like Turmeric. In case of pledge loan, the

interest rate may be reduced to 2 to 3 per cent to farmers. The interest rate for traders can also be reduced to 5 per cent from the existing level of 9 per cent. Employing adequate staff and strengthening of infrastructural facilities like extending godown size, repairing the existing godown, drying yard, provision of adequate donnages and platform in specific Regulated Markets will enhance the performance of the Regulated Markets.

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