

# Agricultural Marketing and Prices


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# Components of a Market


- 1. The existence of a good or commodity
- 2. Existence of buyers and sellers
- 3. Business relationship / interaction between buyers and sellers
- 4. Demarcation of area such as place, region, country or the whole world.


# Classification of Markets

- 1. Location or place of operation
- 2. Area or coverage
- 3. Time Span
- 4. Volume of transactions
- 5. Nature of transactions
- 6. Number of commodities
- 7. Degree of competition
- 8. Nature of commodities


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- 9. Stage of marketing
  - 10. Extent of public intervention
  - 11. Type of population served
  - 12. Accrual of marketing margins

- **Location or place of operation –**
- **A. Village Market :** located in a small village where major transactions are among the buyers and sellers of a village.
- **B. Primary Markets :** located in towns near the centres of production of agricultural commodities. Transactions usually take place between the farmers and primary traders.

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- **C. Secondary wholesale markets** : located near district headquarters or important trade centres or near railway junctions.
  - Major transactions is between village traders and wholesalers.
  - The bulk of the arrivals in these markets is from other markets. In these markets large quantities are handled.
  - Commission agents, brokers, weigh men performing different functions in these markets.


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- **(d) Terminal Markets** : where the produce is either finally disposed to the consumers or processors or assembled for export.
  - There markets are located either in metropolitan cities or at sea – ports.
  - Delhi, Mumbai, Chennai, Kolkata and Conchin are terminal markets for many commodities.

- **(e) Modern Terminal Markets** : Dept of Agriculture and Cooperation, Ministry of agriculture, GoI has taken the initiative to promote modern terminal markets for fruits, vegetables and other perishable commodities in important urban centers of the country to provide infrastructure facilities of cold chain, electronic auction etc.
- Corporate, private or cooperative entities can build.
- State / Central govt lend support.

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- **F. Seaboard Markets** : located near the seashore and are meant mainly for the import / export of goods are known as seaboard makets.

- **2. Area or coverage** : On the basis of which buyers and sellers come for transaction.
- **A. Local or village markets** : Buying and selling are confined among buyers and sellers drawn from same village or nearby villages. Village market exist mostly for perishable commodities in small lots, e.g., local milk and vegetable market.

- **B. Regional Market** : in which buyers and sellers are drawn from a larger area than the local markets. Regional markets in India usually exist for foodgrains.
- **C. National Market** : buyers and sellers are spread at national level.
- Earlier national markets existed for durable good such as jute and tea. But with improved transportation most of the agriculture products have taken the form of national markets.


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- **D. International or World Market** : buyers and sellers are drawn from more than one country. These are the biggest markets from the area point of view.
  - These markets exist in the commodities which have world wide demand such as coffee, machinery, gold, silver et.
  - Raw cotton, sugar, rice and wheat.

- **3. Time Span –**
- **A. Short period markets :** Markets which are held for a day or few hours are called short – period markets.
- These markets are dealt with highly perishable such as vegetable, fish, milk etc. Prices are governed by demand rather than supply of commodity.




**B. Periodic Markets :** These markets are held weekly, biweekly, fortnightly or monthly according to the local traditions.

Major commodities traded in these markets is the farm produce grown in the hinterlands (remote or undeveloped area).




**C. Long – period markets :** These markets are held for a longer period than the short period markets. In these markets commodities traded are less perishable and can be stored for some time like foodgrains and oilseeds.

- Prices governed by both demand and supply.

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- **D. Secular markets** : These are markets of a permanent nature. Commodities traded are durable and can be stored for many years.
  - E.g., markets for machinery and manufactured goods.

- **4. Volume of transactions –**
- A. Wholesale markets : wholesale market is one in which commodities are bought and sold in large lots or in bulk. Generally located in towns or cities.
- Wholesale markets are important link in the marketing chain. These markets balance the supply and demand and discover prices of commodity and also serve as a link between the production system and consumption system.

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- Wholesale markets for farm products in India can be classified into –
  - Primary – Farmers and Traders
  - Secondary – Primary wholesalers and traders of terminal markets
  - Terminal – Urban and metros or export centres.


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- **B. Retail Markets** : is one in which commodities are bought by and sold to the consumers as per their requirements.
  - Transaction between – Retailers and consumers
  - Retailers purchase from wholesale market and sell in small lots to the consumers in retail markets.

- **5. Nature of transactions** : Basing on the types of transactions in which people are engaged are of two types –
- **A. Spot or Cash markets** – goods are exchanged for money immediately after the sale.
- **B. Forward markets** – A market in which the purchase and sale of a commodity takes place at time  $t$  but the exchange of the commodity takes place on some specified date in future i.e., time  $t+1$ .

- **6. Number of commodities** : A market may be classified on the basis of the number of commodities in which transactions are completed.
- **A. General markets** : all types of commodities such as foodgrains, oilseeds, fibre crops, gur, etc. are bought and sold is known as GM. These markets deal in a large number of commodities.
- **B. Specialised markets** : transactions take place only in one or two commodities is known as specialized market.
- For eg., separate markets exist for every group of commodities. Foodgrain markets, Vegetable, wool and cotton markets.

## ● 7. Degree of competition

- **A. Perfect Markets** : Is one in which –
- i. there are large number of buyers and sellers
- ii. All the buyers and sellers in the market have perfect knowledge of demand, supply and prices.
- iii. Prices at any one time are uniform over a geographical area, plus or minus the cost of getting supplies from surplus to deficit areas,
- iv. Prices of different forms of a product are uniform, plus or minus the cost of converting the product from one form to another.
- V . Prices are uniform at any one place over periods of time.
- Vi. Free entry and exit

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- **12. Accrual of marketing margins :** Markets can be classified on the basis of as to who are the market functionaries and to whom the marketing margins accrue.
  - Farmers markets
  - Cooperative markets and
  - General markets.