

Impact analysis of infrastructure and incentives on trade in regulated markets of Punjab

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ABSTRACT

The present study was undertaken to examine the impact of various infrastructural facilities and incentives on trade in regulated markets of Punjab. In order to achieve the objectives of the investigation, both the secondary as well as primary data have been used. The study was conducted in three districts, namely Jalandhar, Patiala and Sangrur which were selected randomly. The secondary data on production and procurement of paddy and wheat and infrastructural facilities affecting the volume of trade have been collected for the period from 1980-81 to 2005-06. The primary data relating to various incentives such as credit facility, supply of inputs, timely payments, premium for quality, remunerative prices, free consultancy etc. were collected. The data were analyzing by using statistical tools such as averages, percentages, Karl Pearson's Correlation Coefficients, Kendall's Coefficient of Concordance Test, etc. The application of Kendall's Coefficients of Concordance Test revealed that the sample farmers were not in agreement ($P < 0.01$) as far as the ranking/rating of the incentive on which the information was collected from them. The results showed that there has been a marked change in all the parameters affecting the volume of trade in the regulated markets. The number of the regulated markets has increased from 123 in the TE 1982-83 to 143 in TE 1990-91 and 144 each during TE 2000-01 and 2005-06, respectively. The average number of villages served per regulated market was 100 in TE 1982-83 which declined to 86 in the above said periods. The average area served per regulated market decreased over time, which in turn ensured better marketing performance. The correlation between regulated markets for wheat and paddy were estimated to 0.647 and 0.645 respectively and was significant statistically. The coefficients of correlation of paddy procurement with average number of village per regulated market and area served were estimated to be -0.626 and -0.643, respectively. The respective figures for wheat were estimated to be -0.616 and -0.640. These correlations were found to be significant statistically ($P < 0.01$). It can be concluded that the development of various infrastructural facilities associated positively with the augmentation of trade in the regulated markets. As a consequence of this the market arrivals of wheat and paddy have increased through time in Punjab regulated markets. The market arrivals of paddy have increased from 4432 thousand tonnes in 1980-81 to 13794 thousand in 2005-06. To sum up it can be inferred that the various infrastructural facilities and incentives provided to the producer-sellers affect the trade in the regulated markets which is clearly evident from the increasing volume of market arrivals in the state.

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The farm produce marketing remained a neglected subject for a long time. It was viewed as an adjunct to production by most of the policy makers as well as the farmers. So, in agricultural development planning, investment was focused primarily on the production process. Thus, in order to remove defects in the agricultural marketing system in India, the Royal Commission on Agriculture (1928), among other measures for improving agriculture production in the country recommended the organized marketing institutions like regulated markets (Srinivasan, 1997). An essential requirement of the effective implementation of the regulation programme was the construction of well laid and *pucca* yards. An

adequate infrastructure is not important only for the performance of the various marketing functions and expansion of the size of market arrivals but also for the transfer of an appropriate price signals leading to much needed improvement in marketing efficiency (Acharya, 1988). It has been emphasized that increased number of regulated markets not only enhances the marketing efficiency but also augment the productivity in the hinder lands (Raju and Oppen, 1982 and Chahal *et al.* 2001). Marketing efficiency measured in terms of better prices to the producers, prescribed marketing charges and adequate availability of market facilities was found to be affecting the efficiency of marketing system (Barman and Beka, 1995 and Jain, 1998). It has been noticed that remunerative prices in regulated markets and rapport with