Rural Market Infrastructure and Impact on Rural Transformation: A Case Study in Northern Karnataka

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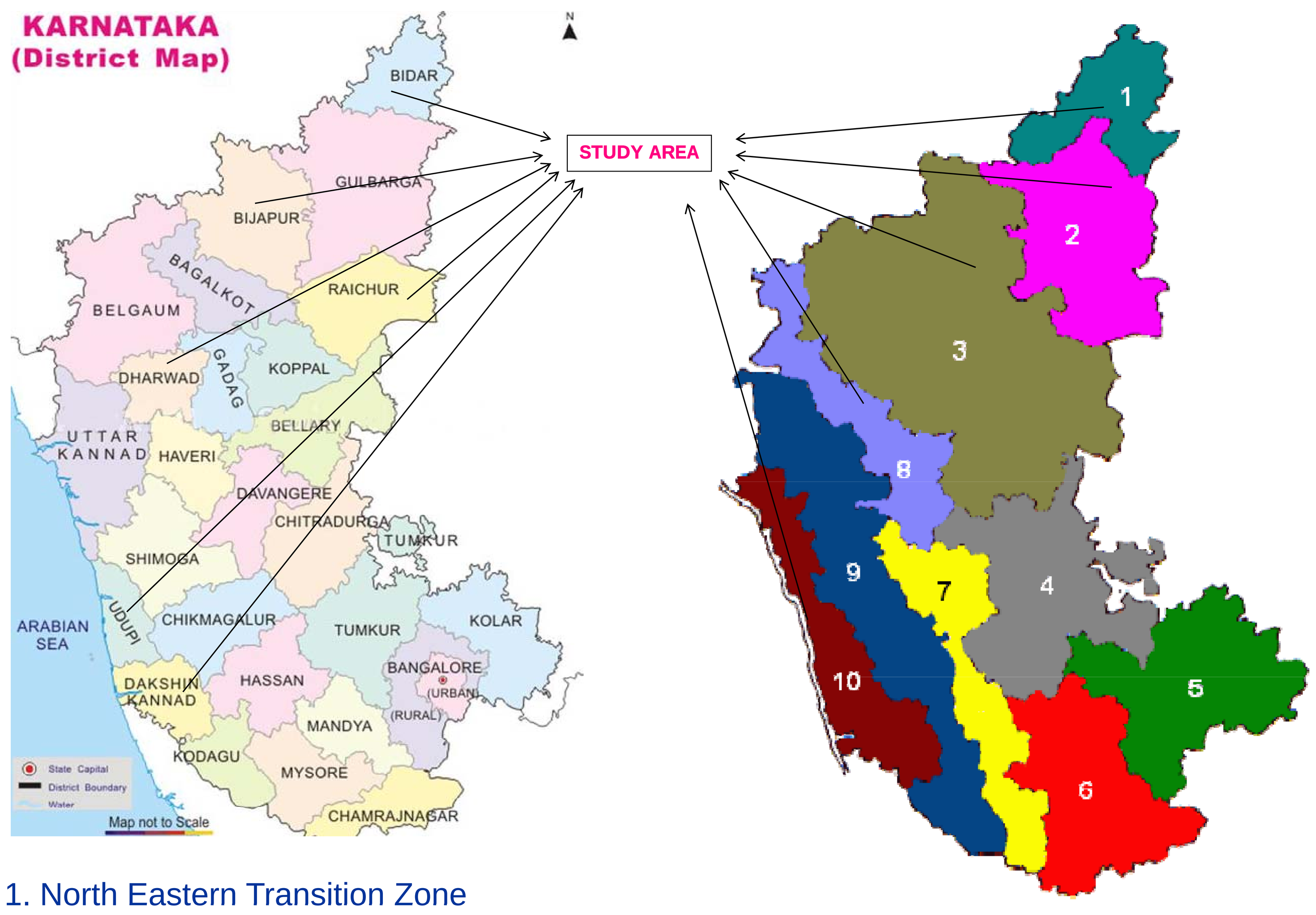
Rural Markets in India

- Rural, periodic markets are developed as a result of internal demand for exchange of goods and services among local communities.
- Held at a regular time and place, these markets link villages to small towns and their surroundings. This create grassroots level networking trade systems throughout the developing world.
- For impoverished and less industrialised economies, periodic markets are the logical and appropriate places for peasant families to obtain goods and information.
- Though the development of rural markets plays an important role in improving socio-economic status of the rural community, it received least attention in many developing countries.

Objective

- Impacts and determinants of participation of rural people in planning, prioritisation and implementation of rural market projects.
- The composition of buyers, sellers and the commodities traded in rural markets and the linkages among these markets.
- The problems and bottlenecks faced by the farmers and other stake holders in marketing of the produce.

Study Area



1. North Eastern Transition Zone
2. North Eastern Dry Zone
3. Northern Dry Zone
8. Northern Transition Zone
10. Coastal Zone

Sample Frame

- Farmers / Producers
- Sellers / Traders
- Consumers
- Total sample size **300**

Methods

- Tabular analysis
- Garrets Ranking Technique
- Logit model

Fig 1. Typical rural market in North Karnataka

Results

Table 1. Benefits from the development of rural markets

Farmers	Traders	Consumers
• Quick disposal of produce particularly perishable products • Better price realization • Save in time • Market information • Encourages adoption of new technologies • Encourages change in cropping pattern	• Quick disposal of produce particularly perishable products • Better price realization • Better market facilities • Easy availability of local produce	• Availability of variety of goods • Availability of fresh goods • Save in time and cost

Table 2. Composition of farmers, traders, consumers and commodities in rural markets

Category of farmers	**RID markets**	**Non-RID markets**	**Total**
Small farmers	49(65.33)	31(51.67)	80(59.25)
Medium farmers	24(32.14)	18(30)	42(31.11)
Large farmers	2(2.53)	11(18.33)	13(9.63)
Total	75(100)	60(100)	135(100)
Category of traders			
Local traders	10(40)	3(15)	13(28.89)
Non – local traders	15(60)	17(85)	32(71.11)
Total	25(100)	20(100)	45(100)
Category of Consumers			
Farmers	18(36)	12(40)	30(37.5)
Labour	20(40)	16(53.33)	36(45)
Others	12(24)	2(6.66)	14(17.5)
Total	50(100)	30(100)	80(100)

Note: Figures in the parentheses indicate percentage to the total; All figures indicate number in each category

Table 3. Determinants of farmer's participation in rural market

Variable	**Marginal effect**
Constant	1.315
Education	1.024
Family Size	0.317***
Total land	0.669**
Income	1.017*
Age	0.774*

Fig 2. Indian village rural markets after infrastructure development

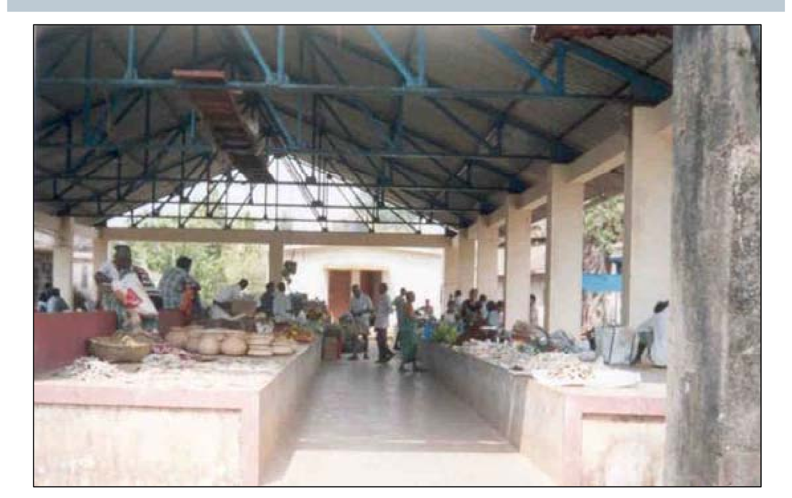


Table 4. Constraints faced by farmers/ traders in selling of agricultural produce in rural markets

	Farmers				**Traders**			
	Non - RIDF		RIDF		Non - RIDF		RIDF	
Constraints	Garrett score	Rank	Garrett score	Rank	Garrett score	Rank	Garrett score	Rank
Location	2930	V	2760	IV	1520	III	572	V
Distant from production point	3555	II	2995	III	962	IV	1300	III
High transportation cost	3940	IV	3170	V	1596	VI	1354	IV
Low demand	3735	III	3125	II	723	VII	1208	VII
Lack of facilities in markets	4400	I	2900	I	1683	I	NIL	II
Unhygienic congested markets					768	II	372	I
Too many competitors					786	V	840	VI

Conclusion

- The composition of the rural markets differs across the region and the participation of small farmers (60%) is high.
- Traders participating in rural markets were from outside (71%) and were found to move across different rural market, thus establishing strong linkage across the markets.
- Farmers who sold their produce in infrastructure developed markets were found to realize higher income compared to no infrastructure developed markets.
- The development of rural markets has also resulted in marginal change in cropping pattern in respect of fruits and vegetables.
- Age , Land holding, family size and income of the farmers was found to have significant effect on farmers participation in rural market.
- Lack of facilities in the market and unhygienic congested surroundings were the major constraint faced by farmers and traders.
- The results indicate that development of rural markets has certainly benefitted rural community in general and farming community in particular.
- The policy makers need to focus on development of rural market and should consider the importance of stake holders involvement, periodicity, timing, location and maintenance of markets.

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