Presentation
on

STUDY OF COMPETITION IN FOODGRAINS MARKETING

in

Eastern India

Presented By

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THE THRUST AREA AND THE MAIN THEME OF THE STUDY

Competition Assessment in Foodgrains Market in the eastern region of India:- Study of the factors responsible for group of sellers lagging behind in the race of competition

The Main Objective of the Study:-

E To study the structure and channels of the foodgrains market in Eastern India.

E To study the determinants influencing bargaining capacity of the sellers and buyer viz. storage, retention capacity and transportation facilities.

E To study the volume of marketable surplus retention capacity and disposal pattern of the surplus.

E To study the marketing regulatory and other institutional reform measures, the implementation and operational part of regulated marketing system.

E To study the govt. intervention, policy perspectives, programmes and different marketing reform measures.

E To study the anti competition situation and the role of Competition Commission of India in implementing remedial measures.

METHODOLICAL AND ANALYTICAL ASPECTS

The Database :- Both Primary and Secondary data

P **Secondary Data:-** Time series macro level data presenting a broader view and overall picture only.

P **Primary Data:-** Collected through a field survey with the help of a well constructed Questionnaire and personal interviewing technique – Primary data base needed for a deeper analysis of the variables under study.

P **Sample Design:-** Technique of Multi staged purposive random sampling used to select sample districts. Sample villages and finally farmers and traders of different farm size and groups from three constituent states of the eastern region under study namely, Bihar, W. Bengal and Orrisa. A sample size of total 300 respondents 100 from each of the three states under study.

Selection of the Crop & the Region

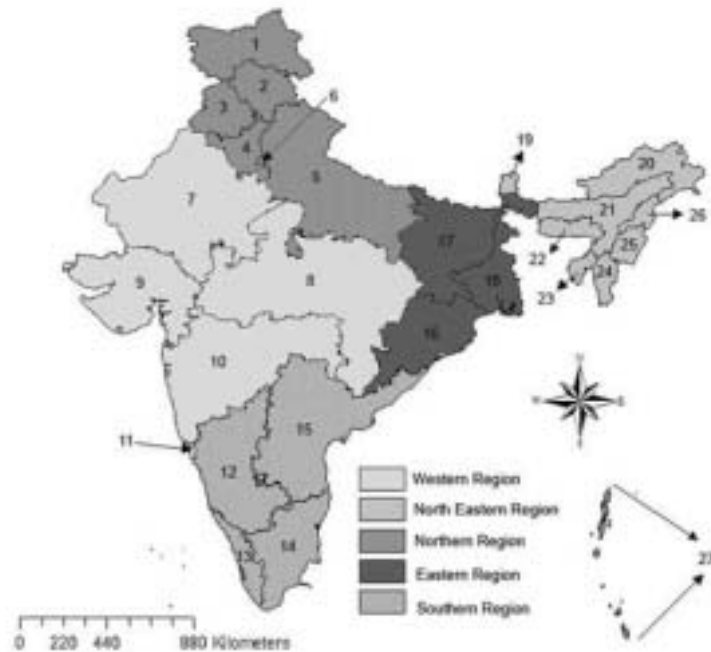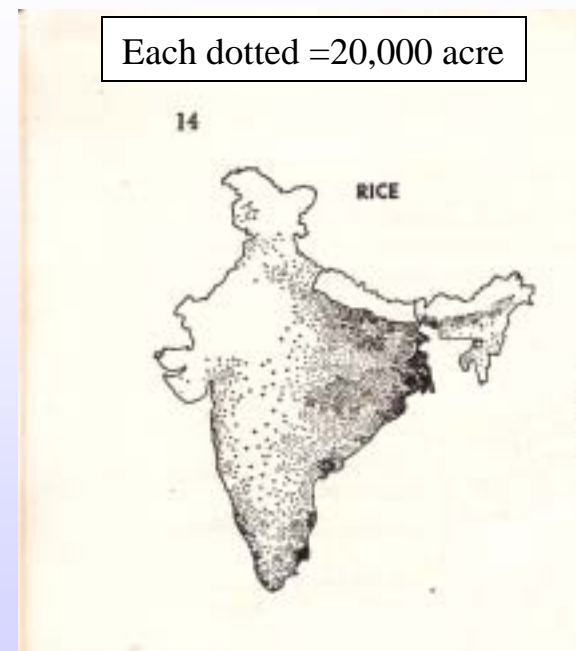Location of eastern region (Sample area) and the constituent states under study
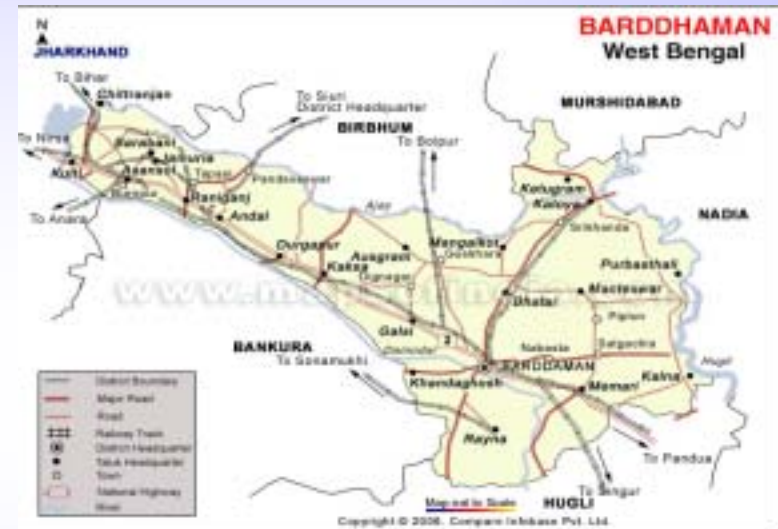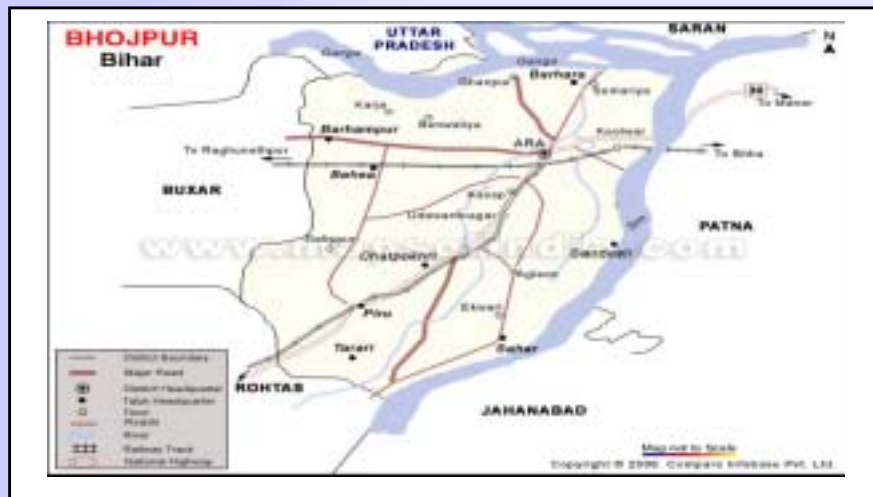
Map showing rice growing regions of India

Fig. 1. States and regions of India
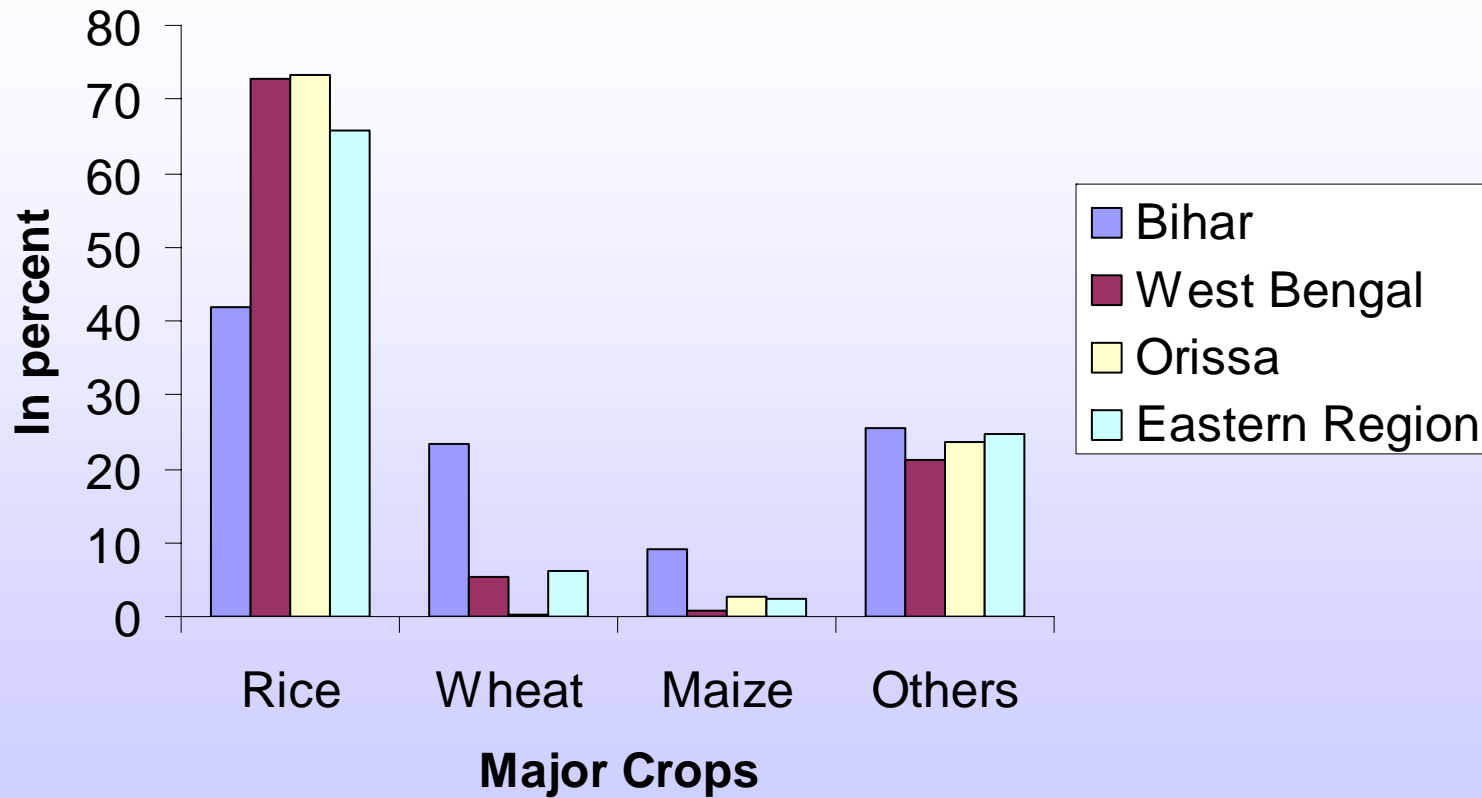

Each dotted =20,000 acre

Sample Market centres shown in the map of three sample districts of the respective states of the Eastern Region under study alongwith illustration of rail road links therein

Relative Position of the Crop

Relative Position of the Crop
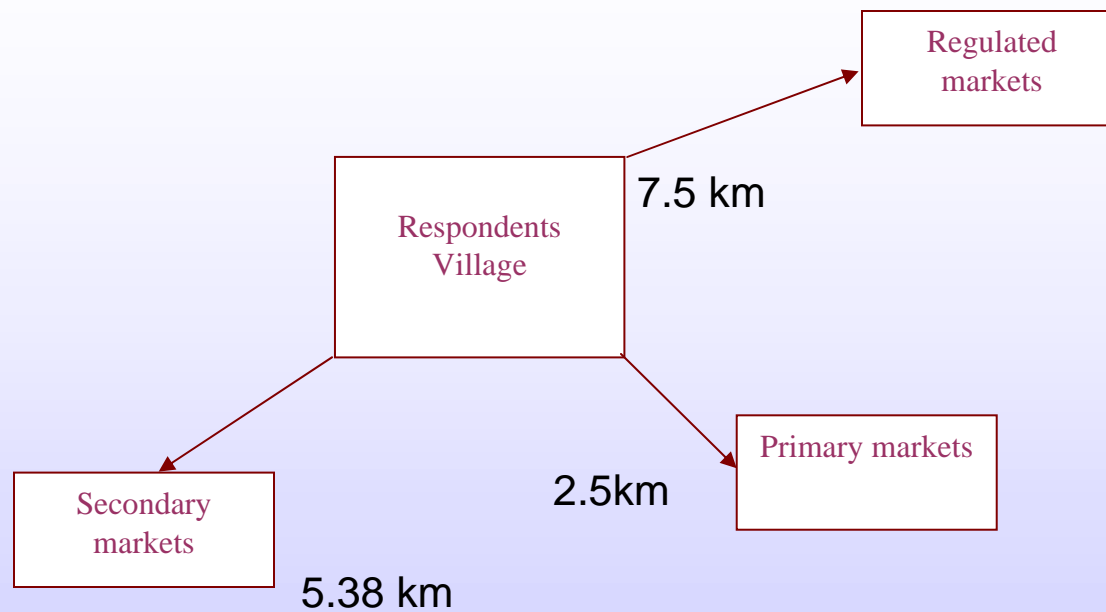
Relative Position of the Region

Eastern region is a typical example of colonial legacy reflected in its institutional constraints limiting its growth process particularly compared to northern region having Punjab, Haryana & Western U.P. commonly called as island of agricultural growth.

Growth Indicators- Comparison between Eastern & Northern Region

Particulars	Eastern Region		Northern Region	
	1981	1991	1981	1991
Pop. Density	381	488	327	414
Ag. Worker/100 Hac of NAS	160	204	108	113
Per Capita foodgrains output (in kg.)	151	180	326	583
Cropping Intensity	137	144	145	157
Value of output in Rs. (per ha of NAS)	-	1738	-	2624

Marketing Structure

Location of sample marketing centres forming network

Regulated markets

7.5 km

Respondents Village

Secondary markets

2.5km

Primary markets

5.38 km
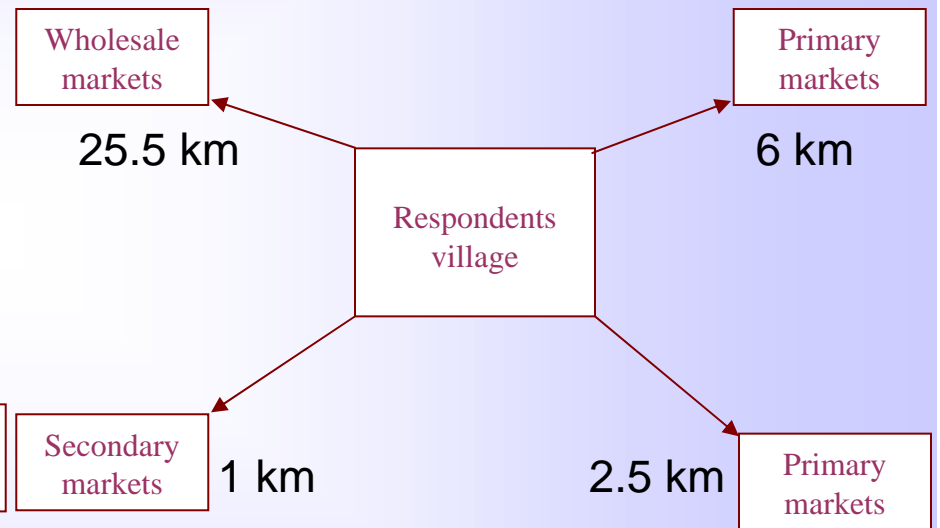
Distance of different markets from respondents village (Bihar)

Distance of different markets from respondents village (West Bengal)

Wholesale markets

10km

Respondents Village

Secondary markets

6 km

2 km
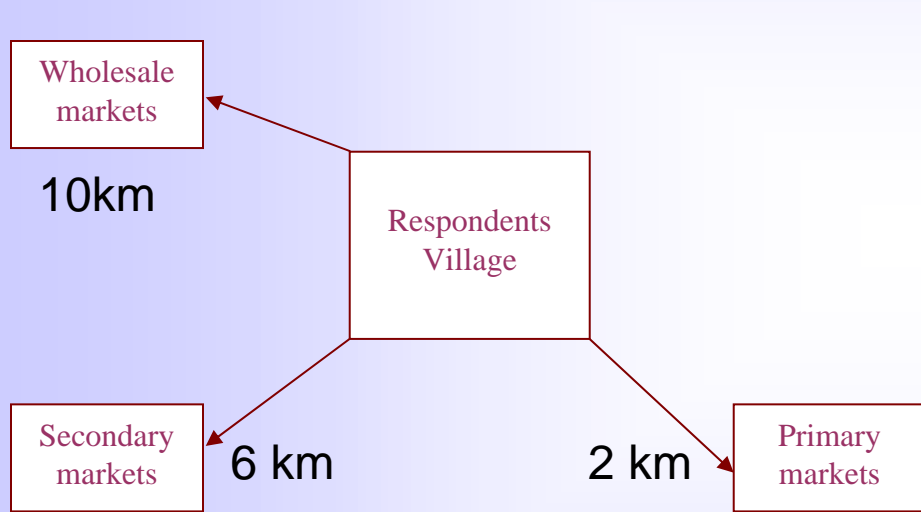
Primary markets

Distance of different markets from respondents village (Orrisa)

Wholesale markets

25.5 km

Primary markets

6 km

Respondents village

Secondary markets

1 km

2.5 km

Primary markets

Marketing Channel: Flow Chart

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                              Producer
                    ┌─────────────┴──────────────────────────┐
                 Retention                               Marketing
          ┌────────┼────────┐              ┌──────────┬──────────┐────────┐
      Domestic   Seeds   Payment in    Village   Itinerant   Kutcha      Mill Agent
    Consumption          Kind          Shopkeeper  Trade     Arhatiya
                                          │          │          │            │
                                          │     Commission  Wholesaler in  Rice Miller
                                          │       Agent    Primary Market
                                          │          │          │            │
                                          │      Secondary  Terminal        │
                                          │       Market    Market          │
                                          │          │          │            │
                                          │          │      Wholesaler       │
                                          │          │          │            │
                                          │          │       Retailer     Retailer
                                          │          │          │            │
                                    Rural       Commission   Consumer    Consumer
                                    Consumer     Agent/
                                                 Wholesaler
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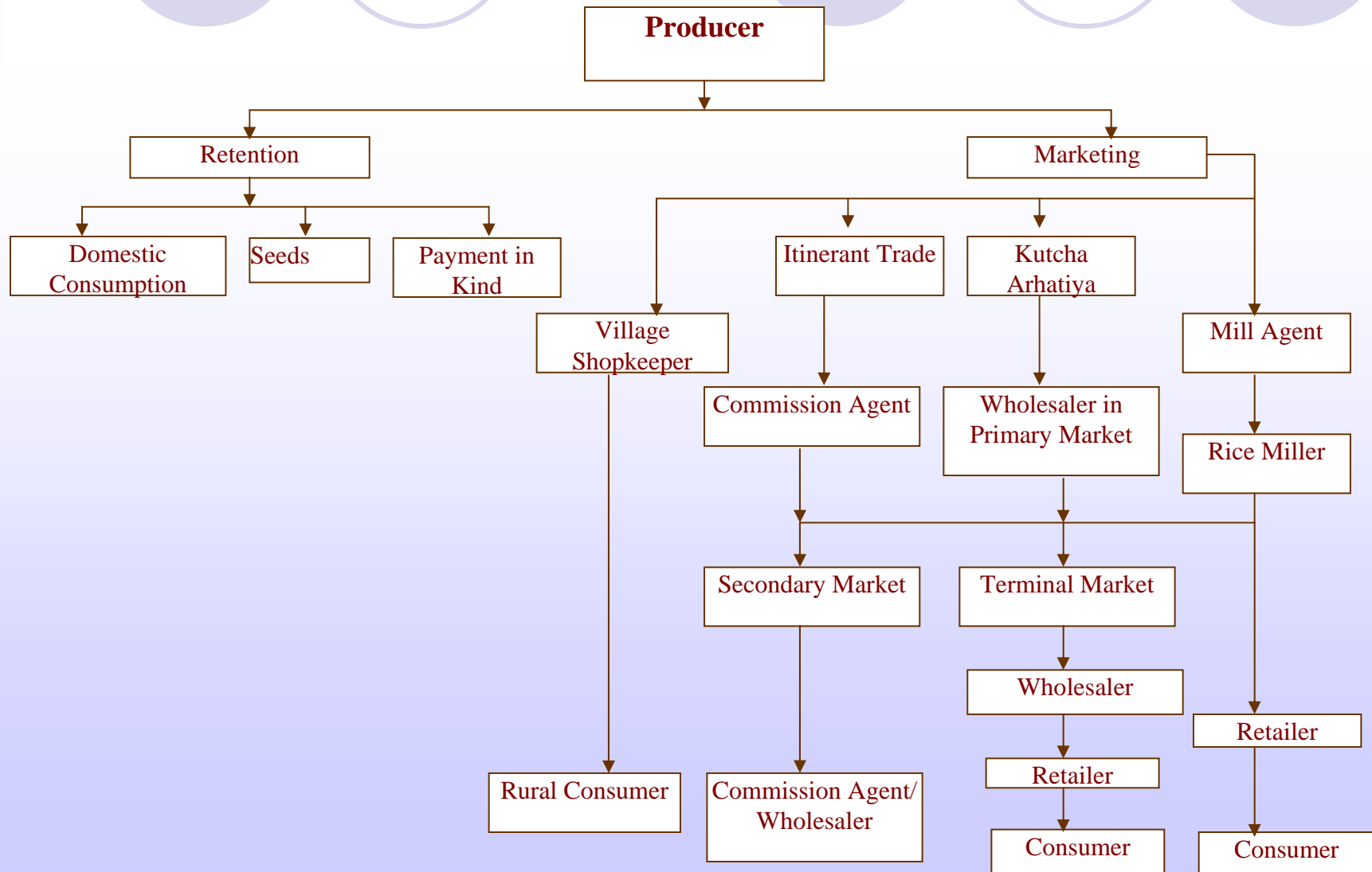
Market Integration- Correlation Matrix

Correlation Matrix (Bihar)

Market Type	Primary Market	Secondary Market	Wholesale Market	Regulated Market
Primary Market	1.000	0.981	0.972	0.931
Secondary Market		1.000	0.961	0.953
Wholesale Market			1.000	0.912
Regulated Market				1.000

Correlation Matrix (West Bengal)

Market Type	Primary Market	Secondary Market	Wholesale Market	Regulated Market
Primary Market	1.000	0.961	0.931	0.951
Secondary Market		1.000	0.932	0.953
Wholesale Market			1.000	0.952
Regulated Market				1.000

Correlation Matrix (Orissa)

Market Type	Primary Market	Secondary Market	Wholesale Market	Regulated Market
Primary Market	1.000	0.921	0.961	0.935
Secondary Market		1.000	0.912	0.941
Wholesale Market			1.000	0.921
Regulated Market				1.000

Degree of concentration in foodgrain Market of the constituent states under study with the help of Lorenz curves
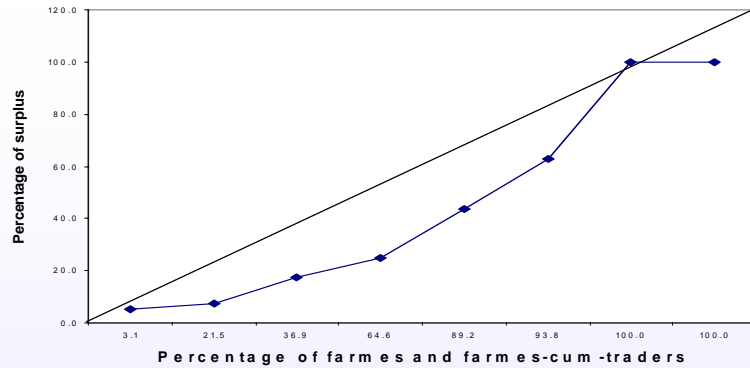

Lorenz curve (Bihar)
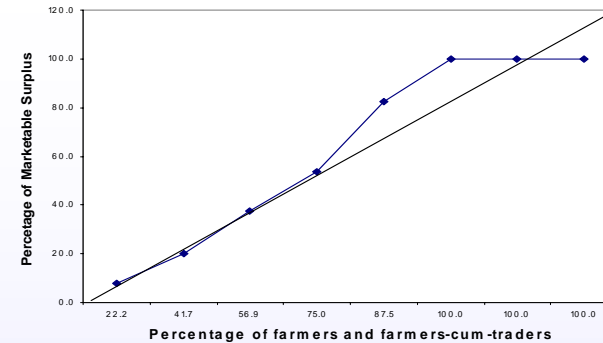
Lorenz Curve of (West Bengal)
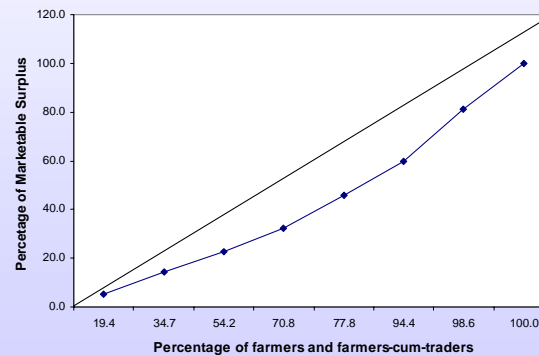
Lorenz Curve (Orissa)

Lorenz curves showing the degree of concentration of sellers in sample foodgrain markets in the three states understudy

- J Correlation matrices show correlation co-efficient calculated between set of wholesale prices prevailing in the sample market centres for each state under study.

- J Competition is denoted by the no. of sellers but in the present study scattered in an organised way and holding very small size of total produce and exerting less influence on competitive prices.

- J Lorenz curves nearer the line of equal distribution showing least degree of concentration competition in the concerned market.

Determinants of Bargaining Capacity

As per Methodological Template of Michel Porter provided determinants of bargaining capacity and to some extent entry threat from sellers side comparatively more important in the present study.

Retention

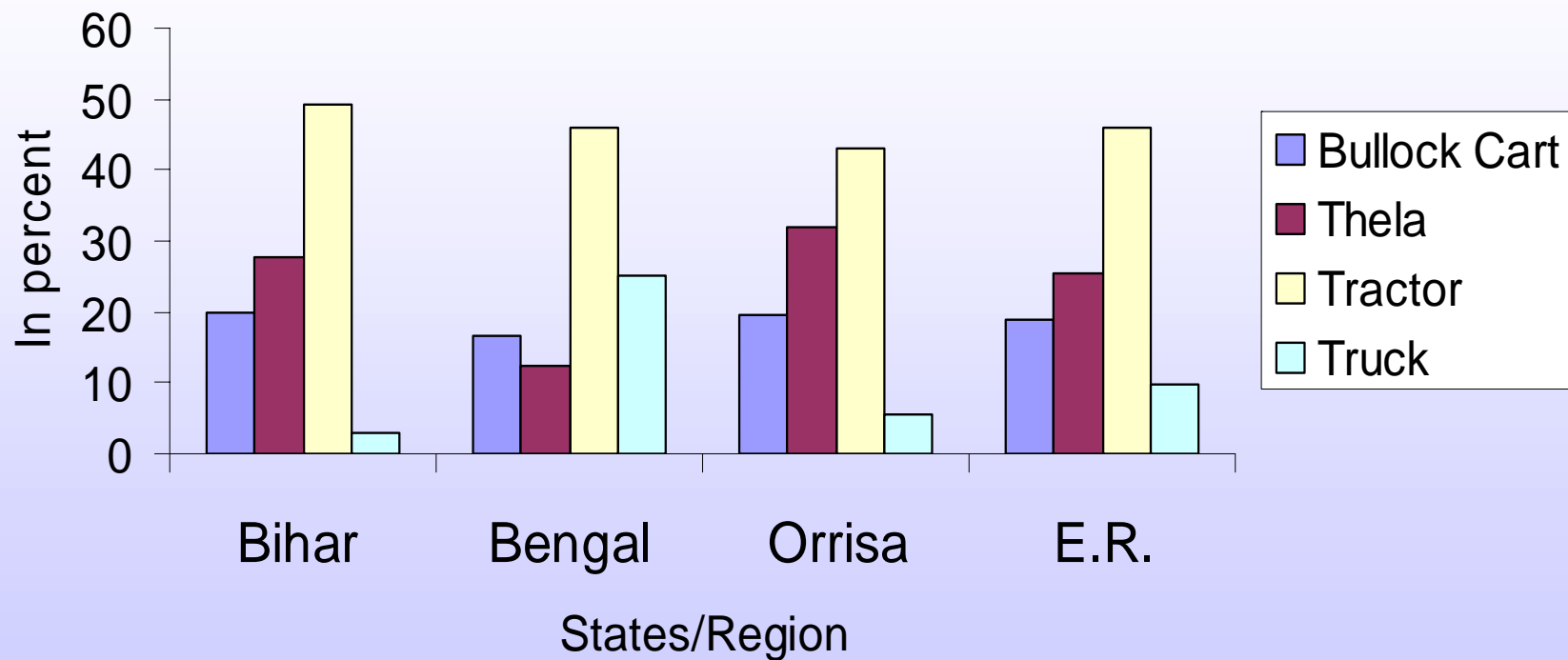Respondents by period (in month) of retention of their surplus
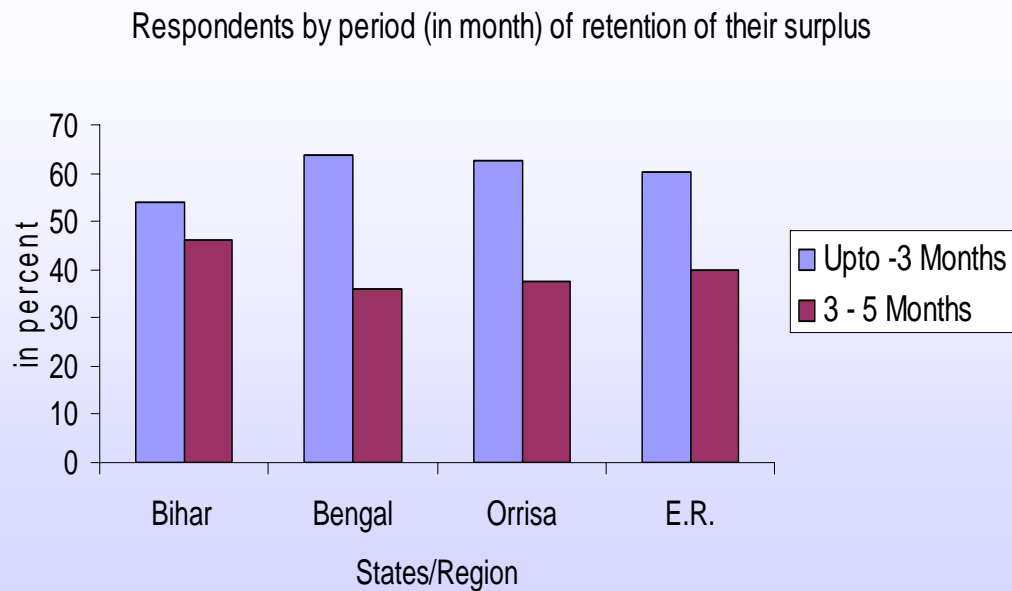
Storage

Almost cent percent of the farmers of all groups in Bihar & West Bengal were keeping their surpluses (small quantity i.e. 5-15 qnt.) in their own premises however in Orrisa few farmers (less than 10%) also using public storage facility
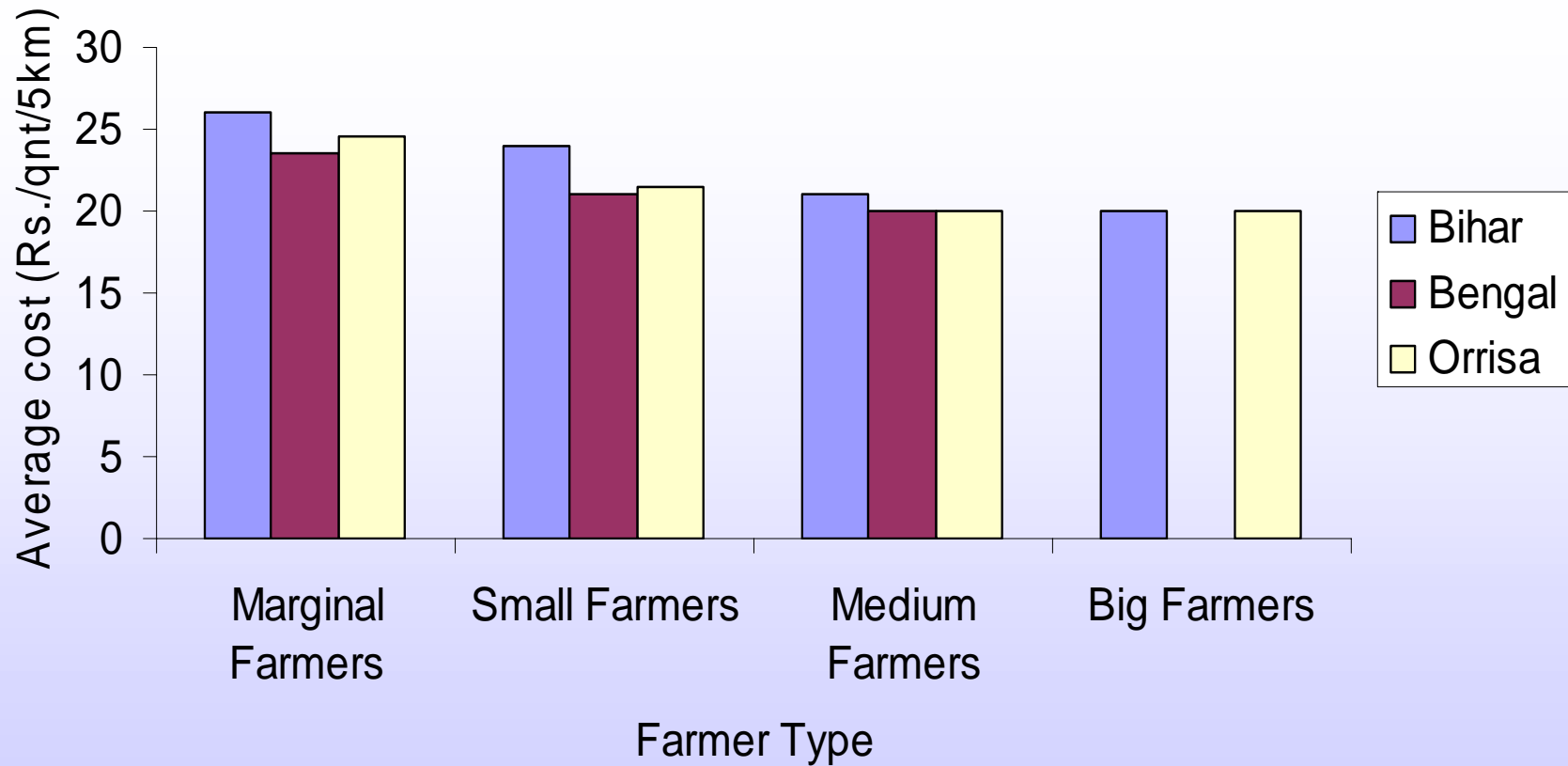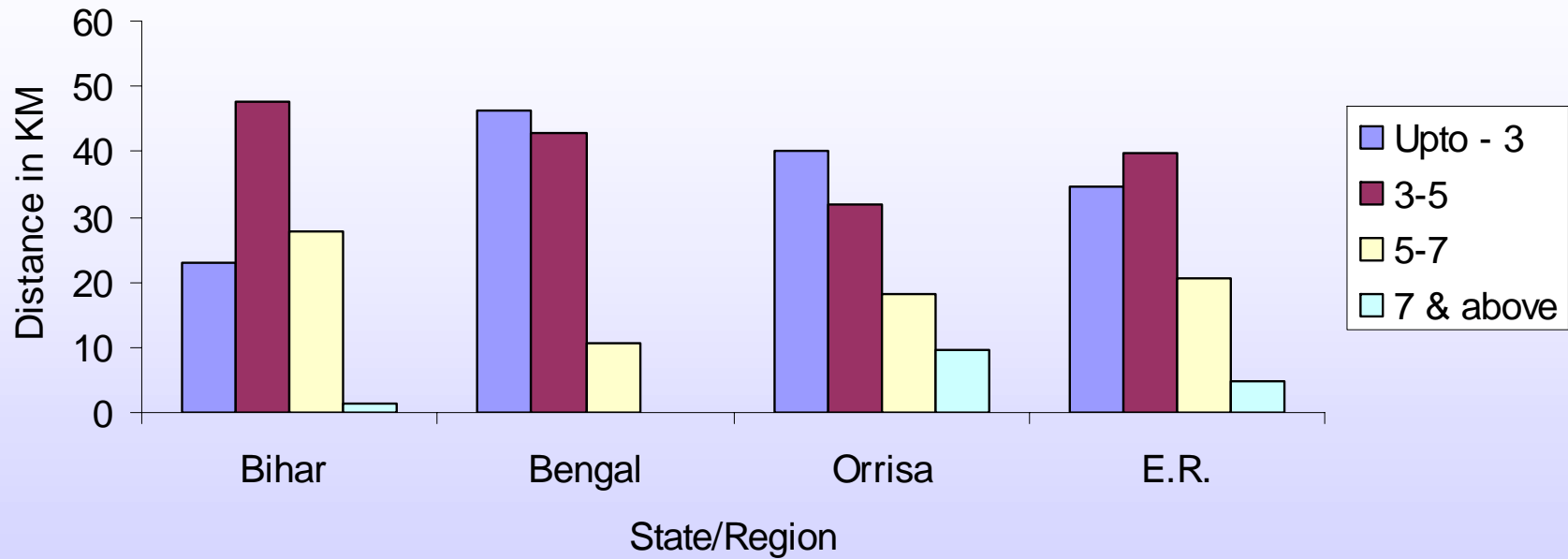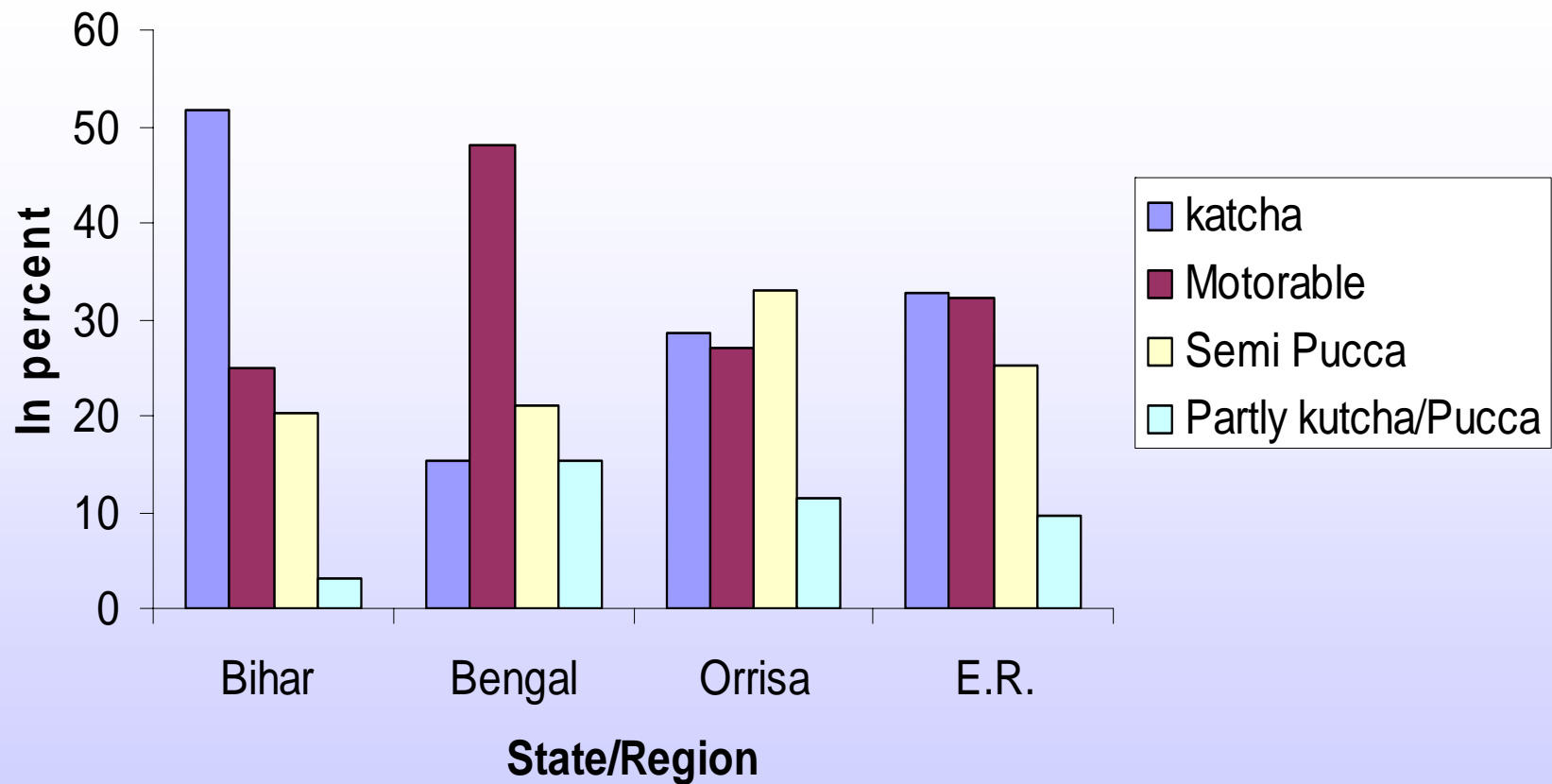
Average Cost of Transportation in different States by the farmers group

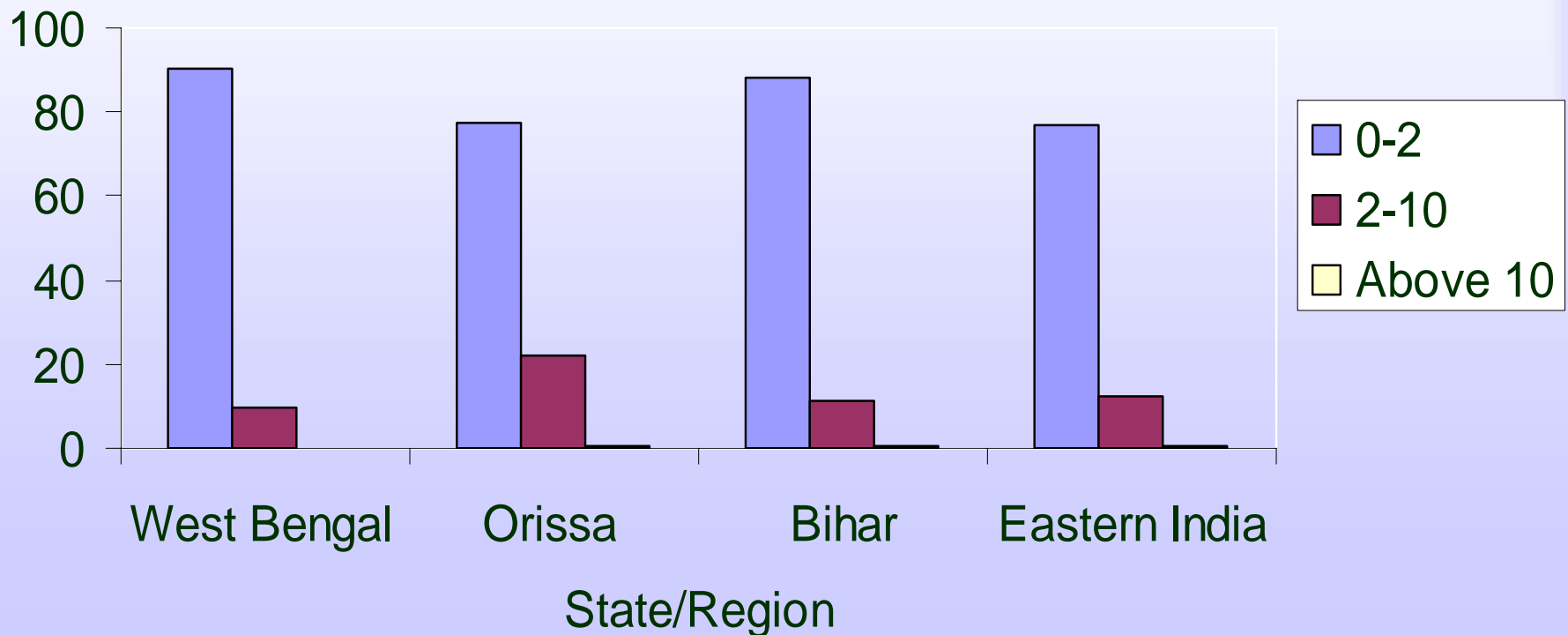# Respondents by the distance covered to dispose their Surpluses

Respondents by their response about road Condition of their Market Area

Causal Perspective of Competition Problems

Root Cause inherent in Agrarian Structure

Agrarian structure (size of holding) and percentage of total number of farmers in farm size group in Eastern India

Regulation based Impediments

: Regulated marketing system

: Storage Facilities of Public & Semi Public agencies

: Petty Surpluses (i.e. 5-15qts) are not allowed or entertained for disposal and hence sellers of this size of surplus have no access to regulated market which is confirmed by such findings of the presents study also

: The same is true to other public agencies and financial institutions dealing with other aspects of marketing of foodgrains.

Recommendations

' **Govt. village Mundies during Harvest Season with the provision of Minimum price support**

  ꝰ this will solve the problem of preponderance of village level intermediaries

  ꝰ storage problem

  ꝰ This will also save transportation cost

  ꝰ with price support provision in sufficiency of just harvest price and distress like situation will be removed.

' **Finance on the basis of CROP PLEDGE as an integral part the regulation of market**

  ꝰ this will solve the cash requirements immediate after harvest.

  ꝰ will increase retaining capacity

  ꝰ this will increase market participation

  ꝰ This will create an environment of security.

More liberal, modified and pro target sellers group to increase their access to these agencies dealing with storage, warehousing system and financial facilities.

Role of Competition Commission in India

Competition Commission of India which has been established predominantly to promote competition in different market system

- Should not keep its responsibility limited only to putting up these recommendations before the Govts. of the constituent states of the region under study for their effective implementation rather to convince the concerned in machineries of these Govts. and impress upon them as how effective implementation particularly of village level Govt. mundies during harvest period will at once solve many problems related to competition and will bring multidirectional improvement