

# SELECTION CRITERIA FOR DEVELOPMENT OF DEFERENT TYPES OF MARKETS

*In the context of*  
State Master Plan

# INTRODUCTION

- Investment in development of individual markets, on adhoc basis, has not produced optimum results.
- Emphasis on a total look at the development requirement of markets in a state as a whole & placing them in order of priority
- Prerequisite to prepare a state master plan.
- Intl.& Natl. financial instn. look at investment need within the framework of Master Plan.

# Concept & Need

- i) Markets are cardinal link vital for devp.t.
- ii) No market functions in isolation, but collectively interlinked for a given channel & distribution of Commodity/ Group.

**Devt. Plans envisages a market, may be identified & qualified as :**

- a) Throughput points along a given or projected flow-line for a commodity /grp.
- b) Links in marketing chain & importance.

# Classification of Physical Markets

- On the basis of Commodity flow-line & market Channel Improvement
  - i) Regular Periodic Market (RPM)
  - ii) Seasonal Market
  - iii) Daily Markets

The classification is approaching the development of the physical distribution system of agril. Commodities.

# Regular Periodic Market (RPM)

- RPM in general terms defined as a market with or without permanent/ temporary market structures, where rural people gather once or twice a week to exchange - buy & sell agril. & non-agril commodities.
- Location : Rural & Tribal areas.

# Characteristics Features

- RPMs are visited by producers of surrounding areas & itinerant traders each day of the week completing a weekly cycle.
- Distribution pattern is closed circuit type limited to four to six markets.
- One RPM may function as Principal market.
- A few markets may function as in & outlet to the commercial wholesale circuit.

# Role of Principal Market (RPM)

- i) They are in operation for longer duration or more days.
- ii) They constitute the main source of supply for itinerant traders.
- iii) They may function as a first link with the commercial wholesale channel.

# Development targets for selected RPM

- i) Provision of sufficient space to display, stack & sell surplus agril. produce in w/sale.
- ii) Temporary structures for purpose (i)
- iii) Improvement of Roads leading to RPM.
- iv) Provision for petrol pump, repair shops etc.

## SOCIO-ECONOMIC IMPROVEMENT

- a) Demarcation of places in market yard & reserved
- b) Provision for public transport on market days.
- c) Total market chain arrangement – Services & Facilities & outlets for improved collection.

# Survey & Records

- 1) Identification & location of RPM on Map;
- 2) Separation of RPMs into Weekly circuits;
- 3) Identification of Principal RPM & designation of each circuit according to Principal RPM.
- 4) Classf.n. of weekly market circuit - indicators:
  - i) Estimated nos. of people visiting the RPM.
  - ii) Nos. of petty traders paying market fees.
  - iii) Type & estimated throughput of commodities.
  - iv) Total area covered by RPM.

# Criteria for Selection

- Relative importance of a given RPM in the commercial wholesale channel for one or several commodities as expressed in (4)
- Adequacy of a given RPM as a place for display & sale of agril. & minor forest produce expressed by space/commodity

# Seasonal Market

- Seasonal markets are agricultural markets where one or only a few agricultural commodities are traded. These are located at the heart of agric. regions specializing in production of one or few crops. SM function as main assembly points & visited by farmers who produce sizeable marketable surplus for commercial wholesale circuit.

# Characteristics Features of SM

- SM may feature physical structures either permanent or temporary nature.
- Majority of facilities available during season.
- Storage & Processing facilities may usually located in or near the market.
- Crops handled in SM are Fruits (Citrus) & Vegetables (Potato, Onion etc), fiber crops (Jute) and food-grains (Paddy).

# Development targets of SM

- 1) Improvement of physical distribution & marketing network for a specific crop/crops.
- 2) Improvement may be selective nature :
  - a) Improvement of physical infrastructure.
  - b) Improvement in marketing & Physical distribution capacity– Sales facility, storage capacity, Transport facility & market information.
- 3) Extension of market distribution network by creation of new market yard in expanding areas, supported by commodity flow analysis & feasibility.

# Survey & Records for SM

- Once a crop/ grp. is selected for improved marketing & distribution, data collected on:
  - 1) Geographic location of SM, where the crop/grp. is assembled & traded. (Map)
  - 2) Identifn. & qualification of rail & road links.
  - 3) Recording seasonality of market opeartion.
  - 4) Detailed survey on Infrastructure & physical facility

# Daily Market

- Permanent market places : typical structurally enclosed or simply a market point along street/ highway, with continuous daily trading activities at wholesale, semi-wholesale or mixed wholesale to retail.
- Characteristics : Continuous nature due to - demand (city/town markets), nature of supply (crop diversity) or perishable nature (fruits & vegetable, fish market etc)

Dominance of any market-user category will define it's basic function as wholesale/ semi-wholesale or retail market as a primary producers, a traders w/s , a transit market, a terminal market.

# Development Targets of DM

- i) Segregation & reallocation of w/sale trade, provide infrastr facilities designed to improve , upgrade & speed-up w/sale operations.
- ii) Upgrading & improvement of the existing facilities & services feasible at old sites.
- iii) Creation of new market with adequate facilities justified by commodity flow analysis & feasibility study.

# Survey & Records

- 1) Geographical location of the market sites.
- 2) Physical features of market places :
  - a) Total area
  - b) Nos. of trader's shops
  - c) Total trading areas with breakdown
  - d) Total parking area
  - e) Total Storage capacity available
  - f) Type & nos. of market support & service facilities available.
- 3) Total yearly throughput with details.
- 4) Trade particulars. -

# Criteria for Selection of DM

1. Importance of market in overall distribution pattern as measured:
  - i) By the (estimated) total throughput.
  - ii) By the projected throughput in 10-15yrs
2. Importance of market in the flow pattern for a commodity/grp. as measured ;
  - i) By the existing market throughput for the specified commodity/grp.
  - ii) By the projected throughput – 10-15yrs.

# Methodology

- State Master Plan once prepared, provides a technically sound framework for market development planning. It spells out :
  - 1) Where improvement are needed.
  - 2) Which are the areas, where markets are required to be developed.
  - 3) Formation of Developt. Indicators as per 1 & 2.
  - 4) Designing wts to Developt. Indicators under 3
  - 5) Prioritization of markets for devt. based on 3&4

# Planning Parameters

- Market development programmes undertaken because—
  - a) Markets needs developt. to cater to trade
    - Market Specific Parameters
  - b) To meet certain socio-economic objectives
    - Socio-Economic Parameters

# Market Specific Parameters

- 1) Commodity-wise arrival in the markets – monthly; annually
- 2) Commodity-wise despatches from market – monthly ; annually
- 3) Sources of arrival
- 4) Destination of Despatches
- 5) Area of the market – Operational & Total
- 6) Mode of transport & trade routes
- 7) Quantum of throughput serviced by market.
- 8) Rate of growth of total annual throughput.

# Socio-Economic Parameters

1. Area served by the market.
2. Population served by the market.
3. Villages served by the market.
4. Production in the notified area of market.
5. Rate of growth of population
6. Rate of Growth of Production

# Collection of Data

- STEP I : List all existing markets (R & UR) & place them on map & distinguish.
- STEP II :Collect information on,
  - a) Total annual throughput.
  - b) Throughput broken-up into each commodity
- STEP III :Regroup commodities under (b) to form a flow pattern matrix.
- STEP IV :Note total available T & O space.
- STEP V : Obtain information on source of supply
  - from within the district;
  - from outside the district,
  - from areas outside the state.

# Collection of Data

- STEP VI : Destination pt. of despatches together with distances.
- STEP VII :Note on mode of transportation used for bringing & despatches of commodities.
- STEP VIII :Draw on a map the roads over which commodities are brought to and despatched from the market & types of road.

# Development Indicators (DIs)

- To assess the importance of markets in the total flow context by evolving certain DIs :

1] **Market Importance Index (MII)** : MII is the rate of total trading & operational Space to the total annual throughput

$$\text{MII} = \frac{\text{Total trading \& operational spaces (m}^2\text{)}}{\text{Total annual throughput ( tonnes)}}$$

*{ Lower the MII, higher the inadequacy of space/ton }*

# Development Indicators

- **Seasonal Market Adequacy Index (SMAI):**

It will indicate present adequacy or inadequacy of a given market considered at an isolated point in the marketing chain.

$$\text{SMAI} = \frac{\text{Total trading \& operational spaces (m}^2\text{)}}{\text{Total peak month throughput (tonnes)}}$$

# Development Indicators

- **Upstream Service Area Index (USAI) :**  
An USAI would indicate the upstream zone of influence of the particular market measured as a percentage of arrival originating from the district, other districts or from outside the state.

# Development Indicators

## Downstream Delivery Rating Index (DDRI):

It will indicate the downstream zone of influence of a market measured as a percent of despatches sent to the district for local consumption, to other districts or to outside the state.

# Development Indicators

- Road Load Factor (RLF) :

It indicate the network used for arrival to & despatches from market of diff. agril. produce measured as a percentage share of each road in the total throughput of the market.

A market with well connected road will gain importance. If needed, RLF would also help in locating new sites for the market.

# Development Indicators

- **Quantum Throughput Serviced (QTS) :**  
It would indicate the scale of the market in the total distribution system.
- **Rate of Growth of Throughput (RGT):**  
It indicate the trend of the throughput arriving at the market.

# Development Indicators

- Average Area Served (AAS) :  
Every market serves a notified area, higher the average area, higher the importance.
- Average Number of Villages Served (AVS) :  
AVS indicate the importance from the socio-economic viewpoint.

# Development Indicators

- **Average Population Served (APS) :**  
Larger the average size of population a market serves, higher the importance.
- **Rate of Growth of Population (RGP) :**  
It indicates the role the market has to play in future.

# Prioritization of Markets for Development

Assigning weight to the indicators as per relative importance:

<u>Development Indicators</u>	<u>Weight</u>
APS	1
AAS	1
AVS	1
RGP	2
RGT	2
QTS	3
RLF	3
DDRI	4
USAI	4
SMAI	5
MII	10

# Example

Market	MII Weight - 10		SMAI Weight - 5		USAI Weight - 4		DSDR Weight - 4		Total Points
	Rank	Points	Rank	Points	Rank	Points	Rank	Points	
Uparhali	1	10	6	30	3	12	3	12	64
Silchar	2	20	1	05	3	12	3	12	49
Dhekiajuli	3	30	5	25	3	12	5	20	87
Howly	4	40	2	10	5	20	5	20	90
Jorhat	5	50	3	15	3	12	2	08	85

# Conclusion

- Gathering information & processing of data requires man-power, time & effort. It is possible to prepare a provisional master plan after implementing steps 1 to 4. A provisional list of markets can be compiled on the basis of their relative importance in the total network & adequacy rating of individual market points. Subsequently, the remaining steps could be implemented for the final selection of markets.

# THANKING YOU



Working in tandem  
to lead the farmers  
towards market  
driven agriculture