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**REVISED REPORT**

**EVALUATION OF RURAL MARKETS FINANCED UNDER RURAL  
INFRASTRUCTURE DEVELOPMENT FUND (RIDF) IN KARNATAKA**

**Submitted To**

**KARNATAKA STATE AGRICULTURAL MARKETING BOARD  
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## Chapter VI

### Summary and Policy Issues

#### 6. Background of the study

In the state, the Department of Agricultural Marketing and KSAMB is strengthening the weekly markets by creating infrastructure in order to help the small and marginal farmers to market their agricultural produce near to their farm. In this respect the NABARD has provided financial assistance for upgrading or creating facilities WMs through RIDF (Rural Infrastructure Development Fund). Totally 649 weekly markets are already developed with the financial assistance of Rs. 69.34 crores under this scheme up to 2009-10.

The study was conducted with four objectives, like, (i) To analyze the composition of buyers, sellers and the commodities traded in weekly markets covered under RIDF and the linkages among these markets, (ii) To identify and to quantify the benefits to major stake holders from the development of weekly markets., (iii) To assess the impact of participation of rural people in planning/ prioritization and implementation of weekly markets Projects and (iv) To identify the problems and bottlenecks faced by the farmers and other stake holders in marketing of the produce.

#### Important Findings of the study

1. In weekly markets the percentage of marginal and small farmers selling directly to consumers was quite modest (25% and 11% respectively). The remaining 74 per cent of the farmers were selling their produce directly to traders.
2. In weekly markets majority of the producers (68 %) accept the price offered by the traders for their produces while 13 per cent of producers negotiate their price through bargain. The remaining 19 per cent of producers reported to have fixed their selling price through agreement with the traders. This situation provides a conclusive evidence of the presence of traders lobby in the weekly markets similar to that of regulated markets.
3. The average value of agricultural produce sold by farmers at weekly markets was highest in case of RIDF market (Rs.64,096). In case of non- RIDF markets the average value of agricultural produce by farmers was slightly lower at Rs. 57,779. This, it self, is an indication that the infrastructural facilities created through RIDF scheme in weekly markets has resulted in higher volume of produce arriving in these markets thereby helping the farming community to realize more income.

4. Fruits and vegetables are the major commodities traded by traders in weekly markets (47%). The other important commodities were food grains (23%), followed by non-food items.
5. Around 24 per cent of the consumers visited only one market per week. As many as 38 per cent visit a second weekly market and 32 per cent visited a third weekly market regularly. In general the frequency of consumers visiting weekly markets reduces as with the distance increases.
6. The consumers were asked to indicate the reasons for visiting weekly markets and they have given first preference for freshness (83 %) followed by reasonable price (79 %). Market atmosphere was also an important attribute (66 %). Accessibility of the market was also an important requirement (61 %).
7. The weekly markets in the study region have differentiation; gender specialization and spatial mobility compared to men. The presence of women traders in weekly markets also attracts large number of women consumers from nearby villages to these markets. The women traders mainly focus on selling fruits and vegetables, fancy items required by women folk. It is generally observed that nearly 16 per cent of women participate in weekly markets as traders.
8. In weekly markets the area of influence varied from 3 Kms radius to 10 Kms radius. The number of villages covered by weekly markets varies from six villages to 15 villages. The population served by them also varies from 150 people to 6000 people.
9. Benefits from investment in infrastructure in the RIDF markets have been realized in two ways. The producers are getting increased value for their produce since spoilages and wastages have come down drastically due to availability of open platforms and storage space in these markets. Besides, the covered platforms encouraged the farmers as well as traders to keep the produce for long hours in weekly markets and also helped farmers in sending the produce to distant markets at the end of market day. Further, there was marked improvement in quality of the produce due to protection from rain and sun.
10. New weekly markets have sometimes proved to be failures because the concerned authorities plan them without consulting all the stakeholders participating in the weekly markets. As a result the infrastructure created in new weekly markets may remain unutilized or under-utilized.

#### 6.10. Suggestions

The following suggestions are proposed to strengthen the weekly markets in the state.

1. The design and implementation of access infrastructure projects should include targeting project beneficiaries with special bias for the farmers.
2. Operations and maintenance of market infrastructure should be integral to the project design and operations.
3. The pace and magnitude of impact of weekly markets projects depends a lot on the pro-active involvement of Gram Panchayaths/ Taluk Panchayaths. Cleaning of the markets, repair of minor damages, can be undertaken by GPs/TPs members through active support of APMCs.
4. The officials of APMCs need to take interest by providing proper guidance to members of Gram Panchayaths/ Taluk Panchayaths in the proper management of these markets.
5. The department needs to provide funds to maintain the infrastructure created under RIDF projects.

6. Appointment of watchmen, preferably the local person to protect the property in weekly markets.
7. A sort of MOU between TPs/MAs/GPs and APMCs may also be considered.
8. Orientation or training programme to members of TPs/MAs/ GPs about management and operations of weekly markets.
9. Traders do not like open platforms, hence covered platforms are better. Simple and low cost structure can be thought of to erect covered platforms for the existing weekly markets
10. Where ever the WMs are working well they need to be supported with additional facilities to strengthen them further.
11. The GP/ TP cannot be the only actor for the WM management. It means that the other stakeholders like APMCs, local leaders, farmers, traders and consumers need to be involved in the management of weekly markets.
12. After the project is completed, additional resource allocations for maintenance of the weekly market is most important. The department needs to provide funds to maintain the infrastructure created under RIDF projects.
13. Commitment on the part of officials through periodic visits to Weekly markets to understand the problems.
14. Proper publicity / awareness about the existence of weekly markets to the local population.

### 6.13. Conclusion

The state government is fostering of linkages between rural and urban areas, through the development of weekly markets. The main objective of the project is to contribute towards the economic empowerment of the rural households through an improvement of their livelihood and through creation of infrastructural facilities in weekly markets. Such a programme should contribute to the strengthening of crop marketing, agricultural input supply, and basic- goods provision in rural areas. It should also improve the provision of basic sanitation services in such markets, thus contributing to improved health in the community. These improvements should contribute to the improved material well-being of these rural communities, and improve their household food security.

Unfortunately in majority of the cases, upgrading WMs in the state have been associated with negative externalities, such as social and political conflicts or exclusion. In most cases where projects are only aimed at infrastructure upgrading and did not guarantee maintenance and management, have failed within a short period. Further where ever commercial activities have not been improved to the desired extent in these WMs the traders and farmers have already abandoned them.

One of the lessons learnt is that the GPs/TPs cannot be the main and only actor of the market management strategy. The financial and technical capacities of GPs/TPs are not adequate in implementing a market upgrading process. Added to it in most cases a negligible share of the financial resources obtained through the collection of market fees is redirected to these markets.

Hence it is strongly suggested that significant investments need to be made in soft interventions. On-the-job training and appropriate monitoring systems for market management, improving marketing activities are all essential issues for empowering farmers, traders, including women in ensuring the future sustainability of the weekly market upgrading programme. An overemphasis on collection of market fee by local authorities with no corresponding investment in market development is often discouraging local communities, and gradually causing resentment amongst them.

An efficient marketing system can provide better prices to producers and improve the availability of competitively priced quality produce to consumers. However, before considering whether to carry out improvements to weekly markets, it is important to make sure that markets, or lack of them, exemplify the problems associated with WMs. The other causes of inefficient marketing could be due to poor roads, lack of knowledge about marketing among farmers, and an inadequate quantity of products to attract sufficient traders in the weekly markets.