

EXECUTIVE BRIEF

1. The study was conducted in Tumkur district, Karnataka with a view to develop a Design for Market Data Analysis. The weekly market arrivals and prices data on paddy and ragi were supplied by RRSSC, ISRO for seven markets in Tumkur district for 12 calendar years. In addition data on area and productivity of paddy and ragi were also provided.
2. The specific objectives of the study was to examine :
 - i. The relationship between production and arrivals
 - ii. The relationship between arrivals and prices
 - iii. The seasonal behaviour pattern of arrivals and prices
 - iv. To ascertain the spatial relationship among different markets in terms of arrivals and price movements.
3. In the case of paddy it is observed that a very low proportion of production arrived in the regulated markets for sale. The proportion ranged from a maximum of 39 per cent in Madhugiri market to a minimum of 5 per cent in Kunigal market. Paddy not being the staple diet of the region, such low arrivals raise a doubt about the efficient functioning of the regulated markets. In addition it was seen that there was a rush to market paddy during post kharif and post summer seasons.
4. Regarding ragi, the proportion of production arriving in regulated market was much lower than that of paddy. The proportion ranged from a maximum of 10 per cent of production in Sira market to a minimum of 1 per cent in Kunigal market. Even though ragi is the staple diet of the people in the region, it is difficult to accept such low arrivals. It is obvious that there is alternate market which fetches the farmers better prices than the regulated markets. It is worth noting that even though ragi cultivation is confined to kharif season, the marketing of ragi took place through out the year.
5. Examination of the relationship between arrivals and prices in the case of paddy revealed that the prices declined with increase in arrivals and the prices increased with decrease in arrivals. Most of the correlation coefficients worked out were negative and significant for most of the years for most of the markets. Lagged models also revealed that the effect of increased arrivals or decreased arrivals lasted for ensuing three to four weeks. As observed earlier there is rush to market paddy in post kharif and post summer seasons, probably due to requirement of immediate cash and anxiety to liquidate the old stocks before kharif arrivals respectively. These aspects require attention.
6. On the contrary, the relationship between the prices and arrivals of ragi revealed a different picture. The prices of ragi increased with increase in arrivals and prices of ragi declined with decline in arrivals. This is explained by the fact that ragi is the staple diet of the people of this region and so the demand always outstripped the supply. In this case the correlation coefficients were positive and significant for most of the years for most of the markets. Further ragi cultivation is confined to kharif season only. This appeared to be a healthy sign.

7. In the case of paddy, seasonal indices of prices and arrivals developed using Time Series Analysis confirmed the earlier observation that the prices declined with increased arrivals and vice versa. The secular trend indicated that the prices increased over the 11-year period for which the data were analysed. But the secular trend of arrivals revealed a declining trend. In other words if this trend continued there may not be any need for regulated markets at all. No cyclical trend could be observed.
8. In the case of ragi the seasonal indices of prices and arrivals developed revealed a positive relationship. The observation made earlier got confirmed. The prices of ragi increased with increased arrivals and vice versa. The secular trend revealed that the prices of ragi were on the upswing over the 11-year period studied. But the secular trend of arrivals was found to be increasing for some markets and decreasing for some markets. This probably indicated the relative efficiency of different regulated markets. In this case also no cyclical trend could be observed. It is possible that no cyclical trend could be observed might be due to the reason that the commodities under consideration are food articles with inelastic demand.
9. It was observed that the seven markets in Tumkur district are perfectly integrated and spatially well related. The correlation coefficients worked out among the monthly weighted average prices were near one and significant. The implication of this observation is that the farmers can afford to be indifferent to any market or it is better for them to market their produce in the nearest market. This statement holds good with in the district only.
10. There are several measures that can be adopted by the developmental agencies to mitigate the problems of the paddy and ragi growing farmers of Tumkur district. First of all adequate storage facilities have to be created either at the village level in the cooperative sector or at the regulated market level by Central and State warehousing corporations. The receipt given by the storage facilities has to be treated as negotiable instruments for purposes of obtaining loans till the crop is sold. There is also need to develop subsidiary enterprises like, dairy or poultry, which would earn additional incomes at the time of need thus avoiding distress sale of crops. Above all there is need for educating the farmers about proper ways of marketing their production.
11. Further studies are required in understanding the crops marketing habits of farmers in this region. Since very low proportion of production is attracted by regulated markets, both in the case of paddy and ragi, it is necessary to conduct a farmer level survey to assess the marketing habits of farmers. Given the low proportion of production arriving in the regulated markets, it appears to be necessary to conduct studies on the functioning of regulated markets. It is essential to find out the factors inhibiting the farmers approaching the regulated markets for selling their produce. This study will help in identifying the shortcomings in the functioning so that remedial steps can be taken to make the regulated markets more efficient and effective.