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Research Paper

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# THE ROLE OF GOVERNMENT OF INCOME AND EXPENDITURE IN KRISHI UPAJ MANDIES IN RAJASTHAN

**Pushpa Choudhary[1]**

[1]*Research Scholar, Department of Economics, University of Rajasthan, Jaipur, Rajasthan India*

## ABSTRACT

*India is an agricultural country and one third population depends on the agricultural sector directly or indirectly. Agriculture remains as the main stray of the Indian economy since times immemorial. Indian agriculture contribution to the national (GDP) is about 13.9 percent. With food being the crowning need of mankind, much emphasis has been on commercializing agricultural production. For this reason, adequate production and even distribution of food has to become a high priority global concern.*

*The Rajasthan State Agricultural Marketing Board has devoted itself whole heartly to the development of Agricultural Marketing since its inception in 1974. The activities of the Marketing Board are now not limited to construction of mandi yards-go-downs, but cover the entire gamut of Post harvest management and Agricultural Marketing developmental activities in the wake of the liberalization of the economic policy of the country.*

*The Rajasthan state agricultural marketing board has taken up task to export main commodities of the State to other countries with an object to not only boost up production and Productivity but also the quality of Agro produce in the State. The role of Agriculture Marketing is crucial in post harvest technology of agriculture production. In the absence of remunerative prices of the producers, agriculture production gets a setback. In view of this, the State Government acknowledged the importance of regulated markets so as to ensure fair return to the farmers, with this purpose in mind the Government formulated Rajasthan Agriculture Produce Market Act in the year 1961 which came into force in the year 1964. To start with there were only nine market committees in the State. The number of such committees has gone up to 130 by now. There are 310 sub yards under the principal market yards at present. A wide network of market regulation has been provided all over the state. Efforts are being made to ensure further strengthening of the network so as to provide market facilities to the farmers at short distances preferably within a radius of 15-20 Km.*

*In this study analysis is double log model is done between total production, Mandi income and mandi expenditure. This analysis is based on data from 2007-08 to 2011-12.*

**KEYWORDS:** *Gross Domestic Product( GDP), Krishi Upaj Mandies Samitee ( KUMS),Mandies yard (MY),Market Arrivals (MA)*

## INTRODUCTION

Agricultural marketing system, though defined in various ways, but selling the purpose of this report, is defined in broadest terms, as physical and institutional set up to perform all activities involved in the flow of products and services from the point of initial agricultural production until they are in the hands of ultimate consumers.This includes assembling, handling, storage, transport, processing, whole-selling, retailing and export of agricultural commodities as well as accompanying supporting services such as market information, establishment of grades and standards, commodity trade, financing and price risk management and the institutions involved in performing the above functions.

The mandi samiti are responsible for enforcement of fair grading practies, licensing of market functionaries deduction of unauthorized market charges, introduction of open auction system of sale and enforcement of standard weights and to secure impartial arbitration in cases of disputes between the seller and the buyer. They also maintain market yards, provide facilities for parking carts, rest houses for farmers, canteen, go-downs and sheds for auctioning the proceeds.

To start with there were only nine mandi samitee in the state. The number of such committees has gone up to 130 by now. There are 307 sub yard under the principle markets yards at present. A wide network of market regulation has been provided all over the state. Efforts are being made to

ensure further strengthening of the network so as to provide market facilities to the farmers at short distances preferable within a radius of 15-20 km.

The market committees are known as Krishi Upaj Mandi Samities (KUMS). The secretary of the market committees is on deputation from the agricultural marketing department. The krishi upaj mandi samities manage the market and regulate the trade.

They are also responsible for the general development of market yards by way of providing necessary amenities and facility. They are also empowered to issue incenses to the traders for providing all these services. The collected mandi fee from the buyers Rs. 1.60 on every hundred rupees worth of produce sold. The market fee is collected at a single point in the state.

Out of the 130 regulated markets, 15 markets viz. Kota ,Jaipur (grain), Jaipur (food and vegetables), Jodhpur (grain), Sriganganagar (grain), Baran, Hanumangarh, Alwar, Bikaner (grain), Bundi, Chomu, Khairthal, Ramganjmandi, Mertacity are under supper class category and 28 mandi are under "A" class category, 17 mandi are in "B" class. 44 are in "C" class and remaining has been classified as "D" class.

## DIRECTORATE OF AGRICULTURAL MARKETING, RAJASTHAN GOVERNMENT

There is an important role of agricultural marketing in this system in providing the farmers of the state right price for their agricultural produce. If the farmer get right price for their produce then they get motivated to increase the production. In regular agricultural marketing system the farmers can be liberated from many malpractices and protected from exploitation. Before the establishment of regular krishi upaj mandies many kind of cuts were made to farmers in the name of slicker, endowment and cowshed (Gau-shaala) etc. and there was no control over carriage. Agricultural produce were not sold through open auction (bidding) but on the basis of secret deal and rates of genes were being determined like this. For ensuring the regular process of marketing of agricultural genes being brought to market like this rules were framed under Rajasthan Agricultural Produce Marketing Act, 1961 and 1963.

On the recommendation of National Agricultural Commission same as in other states Directorate of Agricultural Marketing was established in this state in the year 1980. The Directorate of Agricultural Marketing accomplishes work of market regularisation, Agmark and occupational gradation, preparing budget for market campus and market committees and administrative work. Presently there are 130 krishi upaj mandi samitee and 3010 subsidiary mandi in the state.

Rajasthan government provided some scheme for krishi upaj mandies like. Rajiv Gandhi Krishak Saathi Yojana–2009, Apni Rasoi Yojana–2009, Installment of Computers, Establishment of "Kisan Kalyan Kosh, Kisan Bhawan.

## OBJECTIVE OF THE STUDY

- To analysis the existing system of agricultural marketing in Rrajasthan
- To investigate the role of infrastructure on the performance of krishi upaj mandies for agricultural marketing
- To analysis the role of government policies in krashi upaj mandi
- To analysis the role of government of income and expenditure in krishi upaj mandies

## METHODOLOGY OF STUDY

The scope of the study is the state of Rajasthan. The whole study will be based basically on secondary data. The trend would be analysed by using the statistical techniques as ratio, percentage, averages, coefficient of variation, coefficient of correlation and regression techniques will be used in relevant section .Further growth rate will be measured by semi log and double log regression model

The study would cover Rajasthan state as a whole and the period covered is for 5 years and double log model is done between total production ,Mandi income and mandi expenditure. This analysis is based on data from 2007-08 to 2011-12.

## EMPIRICAL ANALYSIS

## Three models have been taken in this:-

(i) First model shows the relation between mandi income & mandi expenditure of market from 2007-08 to 2011-12.

(ii) Second model shows the relation between total production and mandi arrival during 2007-08 to 2011-12.

(iii) Third model shows the relation between total production and mandi income during 2007-08 to 2011-12.

## Model (i):- Mandi income elasticity of Mandi expenditure

$$\log y_i = \square + \beta \log x_i + \square_i$$

Where $y_i$ = Expenditure
$x_i$ = Income
$\beta$ = elasticity
$\mu_i$ = error

This model shows that how much percentage of change has come in mandi expenditure due to one percentage change in mandi income. This analysis shows that the percentage change in expenditure is less than the percentage change in mandi income. The mandi expenditure against income in Jaipur, Alwar and Sikar has increased by less percentage as compared to other divisions. The main reason behind this may be that the government has given the work of road construction to PWD instead of mandi and the work of water conservation structure has been decreased. The other reason is that for a long period of time none of the new mandi yard and sub-yard has been developed. The mandi structure of Jaipur, Alwar, Sikar, Jhunjhunu, Bharatpur districts is good and number of mandies is also more. This model is statistically non-significant because P value of all the market divisions are higher than significant level i.e.(10%) which shows that if the mandi income is increased by 1% then increase in mandi expenditure is less than 1 percentages.

## Model (ii) Total production elasticity of mandi arrival

$$\log y_i = \square + \beta \log x_i + \square_i$$

Where $y_i$ = Market arrival
$x_i$ = Total Production
$\beta$ = elasticity
$\mu_i$ = error

This model indicates that how much percentage of change has come in market arrival due to 1% increase in total production.

This model indicates that the percentage change in total arrival is less than the percentage change in total production. Hence all the mandi divisions arrivals are less elastic. This model is statistically non-significant because P value of all the mandi arrival are higher than significant level (10%) . This means there may be many reasons behind less increase in market arrival even then the total production has increased. First of them is that the mandies of Rajasthan state are not big enough therefore the big producer/farmers take away their yield to other states where productivity is high and direct procurement of production is done by private companies. This also may be one of the main reasons those small farmers' sales their yield at local level to local moneylender or landowner because of higher cost of transportation.

### Model 3 :- Total production elasticity of mandi income

$$\text{Log } y_i = \square + \beta \log x_i + \mu_i$$

Where $y_i$ = Income
β = Elasticity
□ = Intercept
$x_i$ = Total Production
$\mu_i$ = Error

This model shows that how much changes comes in market income if the total production is changed by 1percentages

The analysis shows that there is no direct relation between total production and mandi income. The market income is not increasing according to the percentage change in total production. This model is statistically not significant. This means if the total income does not increase even after increase in total production, the main reason behind this may be that very small part of production arrives to mandi which results in less income of mandi because the income of mandi depends upon arrivals. We have analyzed in model no. 2 that arrival to the market is less as compared to total production.

Bikaner is exception because Bikaner is a highly elastic division its value is 5% which is less than significant value of 10%. This means that in Bikaner due to increase in total production the income has also increased.The role of government seems poor. The government will have to increase arrival to increase the income of mandi and the mandi should be managed effectively.

Hence we analyzed that all three models are statistically not significant. Income and expenditure, total production and income and total production and arrival have no direct relation but are indirectly interred related.

## CONCLUSION AND SUGGESTION

In this study the model is double log model. In double log model three sub-models has been used. In first model, I calculated the elasticity between mandi income and mandi expenditure and by analysis I found that elasticity was less. It means that on increase of income by 1 percentage the expenditure will increase by less than 1 percentage. This model is statistically not significant. The main reason behind this is decrease in market construction work. The government should made available the measures of innovation in markets and necessary steps should be taken by the government for its modernization. The government should develop Markets, Market Yards and Sub Yard. The operations of the markets should be expanded. In the second model, I calculated the elasticity between total production and market arrival and found that elasticity is less between total production and market arrival. This means on increase of production by 1 percent the increase in market arrival is less than 1percent. This model is statistically not significant. In Rajasthan market arrival does not increase in proportion to total production. The reason behind this is week agricultural marketing system in Rajasthan. Due to more facilities available in the other markets as compared to Rajasthan, the farmers take their yield in the other markets like Gujrat, Madhya Pradesh (MP), Uttar Pradesh (UP) and Punjab, where they get higher prices of their yield. This is the point of consideration for the government that even after increase of total production, the mandi arrival has not increased in Rajasthan. The government should re-consider the Storage houses, improvement in quality of categorization, weighing, market fees, auction etc.

In model third elasticity between total production and mandi income has been studied, which is less elastic, it means on increase in total production by 1 percent the mandi income has increased by less than 1percent. This model is also statistically not significant. It means on increase of total production, mandi income has not increased because mandi arrival has not increased on increase in total production. The mandi income in based on mandi arrival.

Hence, we can say that all the three models are statistically not significant. The government should take necessary steps and play active role for development of mandies. Some good schemes should be made by the government for market development.

## TABLES

**Table 1. Expenditure Elasticity of Mandies Income**

| Division | Intercept | Elasticity | $R^2$ |
|---|---|---|---|
| Ajmer | 1.25(0.6176) | 0.82(0.0583) | 0.74 |
| Alwar | 2.26(0.5447) | 0.70(0.1857) | 0.49 |
| Bikaner | 3.76(0.0032) | 0.48(0.0028) | 0.96 |
| Hanumangarh | 1.61(0.4784) | 0.77(0.0532) | 0.76 |
| Jaipur | 0.42(0.9376) | 0.93(0.1961) | 0.47 |
| Jodhpur | 2.35(0.3989) | 0.70(0.0872) | 0.67 |
| Kota | 2.78(0.2413) | 0.68(0.0474) | 0.77 |
| Sikar | 3.83(0.2477) | 0.48(0.2500) | 0.40 |
| Ganganagar | 3.09(0.0524) | 0.60(0.0144) | 0.89 |
| Udaipur | 0.80(0.5391) | 0.87(0.0093) | 0.92 |

p-values are is parenthesis

**Table 2. Mandi Arrivals Elasticity of Total Production**

| Division | Intercept | Elasticity | $R^2$ |
|---|---|---|---|
| Ajmer | -2.26(0.9172) | 2.27(0.4527) | 0.74 |
| Alwar | -7.18(0.9146) | 2.81(0.7344) | 0.04 |
| Bikaner | 22.27(0.2955) | -0.82(0.7507) | 0.03 |
| Hanumangarh | -34.40(0.2625) | 6.75(0.1332) | 0.58 |
| Jaipur | 31.70(0.3981) | -1.86(0.6885) | 0.06 |
| Jodhpur | 2.79(0.8484) | 1.91(0.3355) | 0.30 |
| Kota | -46.51(0.5325) | 7.73(0.3960) | 0.24 |
| Sikar | 25.28(0.4312) | -0.71(0.8487) | 0.01 |
| Ganganagar | -20.72(0.4189) | 5.27(0.1673) | 0.52 |
| Udaipur | -36.71(0.2791) | 7.20(0.1307) | 0.58 |

**Table 3. Mandies Income Elasticity of Total Production**

| Division | Intercept | Elasticity | $R^2$ |
|---|---|---|---|
| Ajmer | 1.29(0.7005) | 0.91(0.1101) | 0.62 |
| Alwar | -5.86(0.4032) | 1.71(0.1039) | 0.64 |
| Bikaner | -2.63(0.4971) | 1.46(0.0505) | 0.77 |
| Hanumangarh | 2.62(0.7204) | 0.71(0.4782) | 0.18 |
| Jaipur | 4.64(0.0901) | 0.55(0.1094) | 0.63 |
| Jodhpur | 4.91(0.2486) | 0.46(0.3640) | 0.27 |
| Kota | -9.63(0.4722) | 2.22(0.2078) | 0.46 |
| Sikar | 1.32(0.7624) | 0.79(0.2038) | 0.46 |
| Ganganagar | -3.71(0.6746) | 1.58(0.2283) | 0.43 |
| Udaipur | -13.04(0.3397) | 2.62(0.1658) | 0.52 |