Agriculture Marketing and Price Policy
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Chapter – 2

Classification of Market , Market Functions and Functionaries

CLASSIFICATION OF MARKET

1. On the basis of location/ place of operation

- **Village Market –** Market that are situated in a small village where the buying and selling of goods for their daily use takes place among the buyers and sellers of the villagers are called village market.
- **Primary Market** – Market that are located in towns or near the centre of production of agriculture commodities.
- **Secondary wholesale market** – Market generally located near district headquarters or important trade centres where transaction place between village traders and wholesalers.
- **Terminal market** – Market where the produce is either finally disposed of to the consumers or assembled for export.
- **Seaboard market** – Market that are located near the sea shore and are based mainly on the import or export of goods.

2. On the basis of area or coverage

- **Local or village market** – Market in which the buying and selling of usually perishable goods and services are confined among buyers and sellers.
- **Regional market** – a market in which buyers and sellers for commodity are from a larger than the local markets.
- **National market** – market in which buyers and sellers are at the national level.
- **International market** – market and veg the buyers and sellers are from more than one country or whole world.

3. On the basis of time span

- **Short period market** – market which are held only for a day or a few hours are called short period market.
- **Periodic market** – the periodic market are congregation of buyers and sellers at specified places either in villages, semi-urban areas or some parts of urban areas on specific days and time.

- **Long period market** – these markets are held for a longer period than the short period market the commodities traded in these markets are less perishable and can be stored for some time like food grains and oil seeds.
- **Secular market** – these are markets of a permanent nature, the commodities trade in these markets are durable in nature and can be stored for many years. e.g.- markets for machinery and manufactured goods.

4. On the basis of volume of transaction

- **Wholesale market** – market in which communities are bought and sold in bulk quantities. These markets are generally located in either towns or cities.
- **Retail market** – retail market is one in which commodities are bought by and sold to the consumers as per their requirement. Transaction in these markets takes place between retailers and consumers.

5. On the basis of Nature of transactions

- **Spot or cash market** – a market in which goods are exchanged for money immediately after the sale.
- **Forward Market** – market in which the purchase and sale of a commodity takes place at time t but the exchange of the commodity takes place on some specified date in future i.e. time t+1

6. On the basis of number of commodities in which transaction takes place

- **General market** – a market in which all types of commodities such as food grains, oilseeds, fibre crops etc. are bought and sold is known as general market.
- **Specialized market** – market in which transaction takes place only in one or two commodities is known as a specialised market. Eg. Food grain markets, vegetable markets, cotton market and wool market.

7. On the basis of degree of competition

- ***Perfect market*** – a perfect market is one in which of the following conditions hold good: I) There is a large number of buyers and sellers.

II) All the buyers and sailors in the market have perfect knowledge of demand, supply and prices.

III) Prices at anyone time are uniform over geographical area plus or minus the cost of getting supplies from surplus to deficit areas.

IV) The prices of different form of a product are uniform plus or minus the cost of converting the product from one form to another.

- ***Imperfect market*** – the market in which the condition of perfect competition are lacking are characterized as imperfect market. The following situations each based on the degree of imperfection maybe identified:

I) **Monopoly market** – it is a situation in which there is only one seller of a commodity. In this market, the price of a commodity is generally higher than in other market. The market situation in which there are only one buyer of a commodity is known as Monopsony market.

II) **Duopoly market** – a market which has only two sellers of a commodity. They may mutually agree to a charge a common price which is higher than the hypothetical price in a common market. The market situation in which there are only two buyer of a commodity is known as the Duopsony market.

III) Oligopoly market – market in which there are more than two but still a few sellers of a commodity is known as oligopoly market. A market having a few (more than two) buyers is known as Oligopsony market. IV) **Monopolistic competition** – when a large number of sailors deal in heterogeneous and differentiated form of commodity the situation is called monopolistic competition. The difference is made conspicuous by different trade marks on the product. Different prices prevail for the same basic product.

8. On the basis of Nature of commodities

- **Commodity market** – a market which deals with goods and raw materials such as wheat, Barley, cotton, fertilizers, seed etc. are termed as commodity market.
- **Capital market** – the market in which bonds shares and security are bought and sold are called capital market. Eg. Money market and share market

9. On the basis of stage of marketing

- **Producing market** – those market which mainly assemble the commodity for further distribution to other markets are termed as producing market. These are located in producing areas.

- **Consuming market** – market which collect the produce for final disposal to the consuming population are called consumer market. Such markets are generally located in areas where production is inadequate or in thickly populated urban centres.

10. On the basis of extent of public intervention

- **Regulated market** – these are those markets in which business is done in accordance with the rules and regulations framed by the statutory market organization representing different section involved in markets. The marketing cost in such markets are standardized and marketing practices are regulated.
- **Unregulated market** – these are those market in which business is conducted without any set of rules and regulations. Traders frame the rules for the conduct of the business and run the market. These markets suffer from many ills, ranging from unstandardized charges for marketing functions to imperfection in the determination of prices.

11. On the basis of type of population served

- **Urban market** – market which serve mainly the population residing in an urban areas is called urban market.
- **Rural market** – rural market usually refers to the demand originating from the rural population.

12. On the basis of market functionaries and accrual of marketing margins

Markets can also be classified on the basis of as to who are the market functionaries and to whom the marketing margins accrue. Over the years, there has been a considerable increase in the producers or consumers cooperatives or other organization handling marketing of various products. On this basis the market can be classified into three types:

- Farmers market
- Cooperatives market
- General market

MARKET FUNCTIONS

1. **According to Thomson,** market functions can be classified into:

- Primary function – assembling/procurement, processing and dispersion/distribution
- Secondary function – packaging, transportation, grading, standardization and quality control, storage and warehousing, price determination, risk taking, financing, buying and selling, demand creation
- Tertiary function – banking, insurance, communication (Post and telegraph), supply of energy

2. **According to Kohls and Uhl,** market functions can be classified into

- Physical functions – storage and warehousing, grading, processing, transportation
- Exchange function – buying and selling
- Facilitative function – standardization, financing, risk taking, dimension of market

3. According to Hugey, market functions can be classified into

- Physical movement function – storage, packaging, transportation, grading, distribution
- Ownership movement function – need, demand creation, buyers and sellers
- Market management function – formulating policy, financing providing organization, supervision, accounting, securing information

MARKET FUNCTIONARIES

Market functionaries are the individuals and agencies who participate in the distribution channel to move goods and services from the producer to the final consumer. There are different market functionaries which are as follows—

1. Producer – production as per consumer needs.
2. Middleman – middleman are those in the visual concerns with specialized in performing various marketing functions.

- Wholesaler – these are those merchant middle man who buy and sell food grains in large quantities.
- Retailers - those who buy goods from wholesaler and sale them to the consumers in small quantities.
- Village merchant - they purchase the produce of the farmers who are not able to go to the market or who have either taken finance from them.

- Kaccha arhatiya – they provide advance money to farmers and itinerate traders on the condition that produce will be disposed on through them.
- Pakka arhatiya – the processor and big wholesaler in the consuming markets employed pakka arhat as their agents for the purchase of a specified quantity of goods within a given price range.
- Broker – brokers render personal services to their clients in the market but unlike commission agents do not have physical control of a product.
- Weighman/Tulai – they facilitate the correct weight of the produce. They use a pan balance  when quantity is small.
- Graders – these middleman sort out the product into different grades.
- Transport agency – this agency assist in the movement of the produce from one market to another.
- Advertising agency – it enables perspective buyers to know the quality of the product and decide about the purchase of the commodities.

3. Consumers – they collect market information, inspect the product available, compare the prices, make proper selection of the produce and buy the product.