

## AN ANALYSIS OF RURAL MARKETS IN EASTERN SRI LANKA

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### ABSTRACT

A study was conducted in rural markets in the eastern province (Ampara and Batticaloa districts) to understand the operation of rural markets and the behavioral pattern of rural consumers visiting these markets. A few rural markets were purposively selected and a survey was done by randomly selecting 190 consumer buyers visiting the rural markets on a market day, using a structured questionnaire.

Two types of rural markets (Polas) were identified; periodic and non-periodic operate in the districts, with the later being more in numbers. Most of the markets were located close to the main road and were accessible easily. Consumers travelled between 0.5 to 1.8km to reach a market, either by bicycle or on foot. The "consumer basket" on a market day contained vegetables, dry fish, fish, rice and other essentials. On average a consumer in the Ampara district spends Rs.354 on a market day, while this figure was Rs.465 in Batticaloa district. About 20 % of the expenses were to buy vegetables and dry provisions, and close to 15 % on rice.

Market buyers were mainly consumers, due to an absence of trader and wholesale buyers. Consumers visited the markets once a week or twice a week (90%). They visited other rural markets too, due to non-availability of goods needed, higher prices and bargaining not possible. Most of the consumers were unaware of prices prevailing at nearby markets, while others got price information by visiting other markets or from friends/relatives. The quantity of goods purchased by consumers did not differ between the two districts.

**Key words:** rural market, periodic and non-periodic, consumers, expenditure, price information.

### INTRODUCTION

The debate on the role of markets can, or do, in economic development has been summarized by Harriss (1979), as agents of development on one side, and as agents of underdevelopment when monopolized by a few traders. Markets can potentially contribute to the development process in two ways. Firstly, they can provide a way to allocate resources ensuring highest value production and maximum consumer satisfaction. Secondly, and more controversially, they may stimulate growth, by promoting technological innovation and increased supply and demand. Markets, through their influences on incomes, prices and commodity flows play a crucial role in determining national levels of production, and consumer access to food (Scarborough and Kydd, 1992). Rural markets in Sri Lanka have been playing a major role in the disposal of farm production, which is scattered throughout the island. Rural markets are commonly known as fairs (Polas) in Sri Lanka. The rural

market derives its importance from its influence on agricultural production and marketing of peasant crops (Jackson, 1977). Abbott (1993) summarizes various participants (smallholders, landless, labourers, herders, fishermen) in low income marketing systems, for whom rural markets have certain impact, such as buying inputs, credit transfers, contract arrangements, source to buy livestock, employment opportunities.

This study was carried out to understand the operation of rural markets in relation to area covered, number of villages served by a market, the pattern of consumer expenditure and consumer price awareness at rural markets, with a view that it could help marketing agencies to improve their activities, and in market policy formulation.

### RESEARCH METHODOLOGY

A market survey was done in the Ampara and Batticaloa districts. As the sampling frame, a list of rural markets provided by the Local Government Authorities was used. There were 25 markets in the Ampara district and 29 in Batticaloa district respectively. Out of these rural markets, 18 in Ampara and 20 in Batticaloa were purposively selected for the study, due to accessibility problems. Further information about the rural markets was collected by use of a questionnaire on market buyers at each rural market. Market Buyers, mainly consumer buyers, were interviewed. Five consumer buyers were selected randomly at each market for study on a market day. This resulted in 90 respondents in Ampara and 100 respondents in Batticaloa being interviewed.

### RESULTS AND DISCUSSION

#### Operations of rural markets

Rural markets in Ampara and Batticaloa districts could be grouped into 2 categories, based on the frequency of operations as 'Periodic' - (not held daily) 10 in Ampara and 4 in Batticaloa and 'Non-Periodic' - (held daily) 14 in Ampara and 21 in Batticaloa. Observations indicate that non-periodic markets were more in numbers in both the districts, more than 75%, whereas the periodic markets are fewer (only 25-30%). De Silva (1978) identified 7 markets in Ampara and 13 markets in Batticaloa. The lower numbers indirectly indicate that the daily functioning of the rural markets is vital to serve the needs of the rural population covered by them. But, De Silva (1978) reported that only 7 rural markets existed in Ampara, and this figure was 13 for Batticaloa district. This study revealed that a typical rural market in the Ampara district serves to the needs of 6 surrounding villages within an average radius of 6 miles, whereas for Batticaloa the figures were 5 villages and 4 miles respectively (see Annexure A). Rural market studies in other agrarian societies by Mintz (1960) in Haiti, Plattner (1975) and Skinner (1964) in China, Smith (1972) in Guatamala, and Senanayake (1980) in the Kurunegala district in Sri Lanka observed a similar type of market coverage of 3 to 4 mile radius.

### Rural market accessibility and transport facilities

Most of the rural markets in both Amparai and Batticaloa districts are located close to either the main roads or by-roads, hence making it easy to access by market users. But due to the lack of better transport facilities in Batticaloa district only 50% of the rural markets could be reached by bus/mini vans (Table 1).

Table 1: Rural market accessibility (Nos.) and distance traveled by Consumers

District	Avg. distance travelled (km)	Market access by consumers (%)				Modes of transport used by consumers			
		Main road.	By road	Lane	Gravel path	Bus(Pub & pvt)	Bicycle	Bullock	On foot
Ampara	1.8	12	05	01	-	15	54	04	24
Batticaloa	0.6	13	01	-	01	27	47	24	26

### Market buyers - consumer buyers behaviour

The market buyers identified at the rural markets in both districts were mainly consumer buyers and only a few cases of trader buyers at Akkaraipattu market. It was disconcerting to report that, there was a total absence of trader buyers and wholesale buyers at these rural markets. Hence, further discussion on market buyers is limited only to consumer buyers at rural markets in both the districts. It is a universal fact that most rural areas are not served with a good network of roads and transport facilities too, are weakly organized, which was also evident in both Amparai and Batticaloa districts, especially with access to rural markets.

It was found that the average distance travelled by consumer buyers, in both districts to reach the nearest market ranges from 0.5 to 1.8kms. (Table 1), and the common mode of transport used is the bicycle, followed by walking (on foot) and by bus. It is evident that in both districts, majority of rural market seems to serve a population residing within a small radius of about 2kms., and that lack of good public transport has compelled most consumers to visit the markets on foot or on bicycles. A similar observation, was made by Senanayake (1980) in Kurunegala district where more than 58% consumers travelled about 2mile to visit a rural market, and the mode of transport used was by foot or bicycle (>75% consumers). The frequency of visits and the reasons for visiting the market by consumers was studied. It was found that 55% in Ampara and 48% in Batticaloa districts visited the rural market twice a week, and 37.5% and 44% respectively once a month. Senanayake (1980) had observed that in Kurunegala district a majority of consumer buyers (>85%) visited the rural markets daily, and about 7% of them occasionally or twice a month.

Although the major reason for visiting the market was to buy their daily essentials/ consumables-Ampara 77.5% and Batticaloa 81% responding, other reasons too, like

meeting the Grama Sevaka (G.S.) going to the post office. D.D.C. office, to meet a friend or a relative were stated by the respondents, which is shown in Table 2 below.

Table 2: Frequency of visits and reasons for visiting rural markets

District	Frequency of visiting			Reasons for visiting rural markets				
	Once a week	Twice a week	Not regular	No other reasons	To meet G.S.	To visit post office	To visit D.D.C. office	To meet village headman
Ampara	37.5% (30)	55% (55)	7.5 (6)	77.5% (62)	13.75% (11)	10% (8)	8.75% (7)	6.25% (5)
Batticaloa	44% (44)	48% (48)	5% (5)	81% (81)	8% (8)	9% (9)	7% (7)	10% (10)

(Note: Total adds up to exceed 100 due to multiple responses from individuals. Within brackets are numbers responding.)

### Expenditure patterns of consumer buyers at rural markets

Normally rural markets serve as a very important source of supply outlet of consumer necessities to a rural population. In this survey an attempt was made to find the average amounts spent on such items by rural consumers. The main items in the "consumer basket" of expenditure are vegetables, dry provisions, rice and "others" (category includes soap, salt, sweets, pottery, textiles etc.). It was observed that the amounts spent by a consumer responding at the rural markets on a market day ranged from Rs. 120 to Rs. 606 in Ampara district and from Rs. 156 to Rs. 615 in Batticaloa district.

Senanayake (1980) observed that at the rural markets in Kurunegala district, consumers spent about 20 per cent of total expenditure on the purchase of dry provisions, dry fish and vegetables; 18 per cent on fresh fish and 31 per cent on rice. In Ampara

Table 3: Average Expenditure (Rs.) by consumer buyers on a market day

District	Vegetables	Dry provisions	Dry fish	Fish	Rice	Others	Avg. total expenditure (Rs./person)
Ampara	62.65 (18)	79.04 (22.3)	27.78 (7.8)	72.78 (20.6)	54.6 (15.4)	57 (16.1)	354 (100)
Batticaloa	93.91 (20.2)	91.35 (19.6)	55.94 (12.1)	71.4 (15.3)	67.9 (14.6)	85.36 (18.3)	465 (100)

(Note: within brackets are percentage of total expenditure on each category.)

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Table 5: Average quantity of goods purchased on a market day  
(by consumer buyers)

Items/ District	Rice kg	Vege- tables kg	Fish kg	Coconut nos.	Lime Nos.	Plantain/ Banana kg	Dry fish kg	Dry prov- ision kg
Ampara	3.0	4.81	0.75	2	1	0.5	0.47	2.02
Battical- oa	2.61	5.2	0.77	3	3	0.75	0.55	2.24

(Note: Vegetables:- weight of 3-4 commonly purchased items )

In Ampara district where more number of (07) periodic markets are present, it was observed that consumers had the tendency of purchasing their clothing requirements here. It was observed that the local fabrics (printed chints) were the most commonly sold textile items. Ready-made adults and children's garments were also sold at these markets. On the average the quantity of goods purchased under each category did and vary significantly between the two districts.

### CONCLUSIONS

In the districts of Ampara and Batticaloa two types of rural markets function; periodic and non- periodic. The markets serve around 5 to 6 villages within a radius of 4 to 6 miles. Most of the markets were located in areas easily accessible by public or private transport and bicycle.

Market buyers seen at rural markets were mainly consumer buyers and trader or wholesale buyers were absent. Majority of market buyers visited the market twice in a week. Consumer buyers at rural markets spend about 20% on buying vegetables, dry provision and fresh fish, while another 15% is spent on purchasing dry fish and rice.

More than 50% of consumer buyers visited other rural markets too. The main reasons were that all required goods unavailable, poor quality of goods, higher price and bargaining impossible. About 40-70% of consumer buyers were unaware of price of goods prevailing at other markets. Some consumer buyers (25-49 %) were aware of prices at other markets by visiting them or through friends and relatives. The amount of goods purchased on a market day by a consumer were 2.5-3kgs. of rice, 5kg of vegetables, 0.75kg of fish, 2 coconuts, 0.5kg of bananas, 0.5kg of dry fish, and 2kg of dry provisions (sugar, flour etc.).

### POLICY IMPLICATIONS

Rural markets serve a large number of villages spreading around 6 miles. Thus good road networks and transport are essential for better consumer accessibility. Price information on goods sold at rural markets should be made available to buyers either by display at rural markets or through the media. The tendency for rural consumers to

visit other rural markets implies that consumer demand is not being met at a single market. Hence public and private marketing agencies should sell more varieties of goods needed by rural consumers. This would help to widen consumer choice and create a more competitive environment.

Further research into factors influencing the area covered and numbers of villages served could be investigated to identify demand and supply scenarios at the rural markets. Also, trader buyers aversion of rural markets for their supply needs could be critically studied.

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## Annexure A

## Area and number of villages covered by rural markets

## In Ampara district

Location of markets	Area covered (in radial miles)	Number of villages served
1. Padiyatalawa	10	20
2. Maha Oya	09	15
3. Gonagolla	08	10
4. Uhana	06	08
5. Thambiluvil	05	03
6. Central Camp	05	12
7. Maruthamunai	01	03
8. Pandiruppu	01	01
9. Natpiddimunai	03	04
10. Sainthamaruthu	02	01
11. Karaitivu	02	01
12. Sammanthurai	06	05
13. Ninthavur	03	02
14. Annamalay	04	02
15. Pottuvil	15	04
16. Akkaraipattu	20	15
17. Addalaichchenai	05	01
18. Malwatte	1.5	01

## In Batticaloa district

Location of market	Area covered (in radial miles)	Number of villages served
1. Chenkalady	07	09
2. Vantharumoolai	2.5	03
3. Thumpankerni	03	06
4. Palugamam	03	07
5. Periyaporathivu	04	08
6. Koddai Kallar	01	01
7. Onthachimadam	01	01
8. Kaluwanchikudy	06	10
9. Kaluthawalai	01	01
10. Thettathivu	01	01
11. Mandur	05	07
12. Palayadiveddai	10	13
13. Arumugathan Kudiyiruppu	01	01
14. Arayampathy (Div No 01)	10	05
15. Periya Kallar	02	04
16. Thuraineelavanai	02	03
17. Valaichchenai	08	06
18. Oddamavadai	01	01
19. Kiran	07	09
20. Morakottan Chenai	02	02