

**Agribusiness and Marketing**

**Plant Protection Dept.**

**4<sup>th</sup> stage student**

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# Classification of Markets:

- Markets may be classified on the basis of each of the twelve dimensions mentioned below.
- **1. On the basis of Location:**  
On the basis of the place of location or operation, markets are of the following types:

# 1. On the basis of Location:

- **A. Village Markets:** A market which is located in a small village, where major transactions take place among the buyers and sellers of a village is called a village market.
- **B. Primary wholesale Markets:** These markets are located in big towns near the centers of production of agricultural commodities. In these markets, a major part of the produce is brought for sale by the producer-farmers themselves.

- **C. Secondary wholesale Markets:** These markets are located generally in district headquarters or important trade centers or near railway junctions. The major transactions in commodities take place between the village traders and wholesalers. The bulk of the arrivals in these markets is from other markets.

- **D. Terminal Markets:** A terminal market is one where the produce is either finally disposed of to the consumers or processors, or assembled for export. Merchants are well organized and use modern methods of marketing. Commodity exchanges exist in these markets, which provide facilities, for forward trading in specific commodities. Such markets are located either in metropolitan cities or in sea-ports – in Bombay, Madras, Calcutta and Delhi.

- **Seaboard Markets:** Markets which are located near the seashore and are meant mainly for the import and/or export of goods are known as seaboard markets. Examples of these markets in India are Bombay, Madras, Calcutta.

## **2. On the Basis of Area/Coverage:**

- On the basis of the area from which buyers and sellers usually come for transactions, markets may be classified into the following four classes:



## 2. On the Basis of Area/Coverage:

- **A. Local or Village Markets:** A market in which the buying and selling activities are confined among the buyers and sellers drawn from the same village or nearby villages. The village markets exist mostly for perishable commodities in small lots.
- **B. Regional Markets:** A market in which buyers and sellers for a commodity are drawn from a larger area than the local markets. Regional markets in India usually exist for food grains.

- **C. National Markets:** A market in which buyers and sellers are at the national level. National markets are found for durable goods like jute and tea.
- **D. World Market:** A market in which the buyers and sellers are drawn from the whole world. These are the biggest markets from the area point of view. These markets
- exist in the commodities which have a world-wide demand and/or supply.

### 3. On the Basis of Time Span (الفترة)

#### (الزمنية):

- On this basis, markets are of the following types:
- **A. Short-period Markets:** The markets which are held only for a few hours are called short-period markets. The products dealt within these markets are of highly perishable nature, such as fish, fresh vegetables, and liquid milk.
- **B. Long-period Markets:** These markets are held for a long period than the short-period markets. The commodities traded in these markets are less perishable and can be stored for some time; these are food grains and oilseeds. The prices are governed both by the supply and demand forces.

- **C. Secular Markets:** These are markets of permanent nature. The commodities traded in these markets are durable in nature and can be stored for many years. Examples are markets for machinery and manufactured goods.

## 4. On the Basis of Volume of Transactions (عملية تجارية) :

- There are two types of markets on the basis of volume of transactions.
- **A. Wholesale Markets اسواق الجملة:**  
A wholesale market is one in which commodities are bought and sold in large lots or in bulk. Transactions in these markets take place mainly between traders.

## 4. On the Basis of Volume of Transactions (عملية تجارية) :

- **B. Retail Markets** اسواق المفرد: A retail market is one in which commodities are bought by and sold to the consumers as per their requirements. Transactions in these markets take place between retailers and consumers. The retailers purchase in wholesale market and sell in small lots to the consumers. These markets are very near to the consumers.

# 5. On the Basis of Nature of Transactions:

- The markets which are based on the types of transactions in which people are engaged are of two types:
  - a. Spot or Cash Markets:** A market in which goods are exchanged for money immediately after the sale is called the spot or cash market.

## **b. Forward Markets:**

A 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  $t + 1$ . Sometimes even on the specified date in the future( $t+1$ ), there may not be any exchange of the commodity. Instead, the differences in the purchase and sale prices are paid or taken.



## **6. On the Basis of Number of Commodities in which Transaction Takes place:**

- A market may be general or specialized on the basis of the number of commodities in which transactions are completed:

### **a. General Markets:**

A market in which all types of commodities, such as food grains, oilseeds, fiber crops, gur, etc., are bought and sold is known as general market. These markets deal in a large number of commodities.

## **b. Specialized Markets:**

A market in which transactions take place only in one or two commodities is known as a specialized market. For every group of commodities, separate markets exist. The examples are food grain markets, vegetable markets, wool market and cotton market.

## 7. On the Basis of Degree of Competition:

- Each market can be placed on a continuous scale, starting from a perfectly competitive point to a pure monopoly or monopsony situation. Extreme forms are almost non-existent. Nevertheless, it is useful to know their characteristics. In addition to these two extremes, various midpoints of this continuum have been identified. **On the basis of competition, markets may be classified into the following categories:**

**Perfect Markets:** A perfect market is one in which the following conditions hold good:

- **A.** There is a large number of buyers and sellers;
- **B.** All the buyers and sellers in the market have perfect knowledge of demand, supply and prices;
- **C.** Prices at any one time are uniform over a geographical area, plus or minus the cost of getting supplies from surplus to deficit areas;
- **D.** The prices are uniform at any one place over periods of time, plus or minus the cost of storage from one period to another;
- **E.** The prices of different forms of a product are uniform, plus or minus the cost of converting the product from one form to another.

# Imperfect Markets:

- **Imperfect Markets:** The markets in which the conditions of perfect competition are lacking are characterized as imperfect markets.

## 8. On the Basis of Nature of Commodities:

- On the basis of the type of goods dealt in, markets may be classified into the following categories:
- **A. Commodity Markets:** A market which deals in goods and raw materials, such as wheat, barley, cotton, fertilizer, seed, etc., are termed as commodity markets.
- **B. Capital Markets:** The market in which bonds, shares and securities are bought and sold are called capital markets; for example, money markets and share markets.

## 9. On the Basis of Stage of Marketing:

- On the basis of the stage of marketing, markets may be classified into two categories:
- **Producing Markets:** Those markets which mainly assemble the commodity for further distribution to other markets are termed as producing markets. Such markets are located in producing areas.
- **Consuming Markets:** Markets which collect the produce for final disposal to the consuming population are called consumer markets. 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:

- Based on the extent of public intervention, markets may be placed in any one of the following two classes:
- **A. Regulated Markets:** Markets in which business is done in accordance with the rules and regulations framed by the statutory market organization representing different sections involved in markets. The marketing costs in such markets are standardized and practices are regulated.
- **B. Unregulated Markets:** These are the markets in which business is conducted without any set 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 unstandardised charges for marketing functions to imperfections in the determination of prices.



# 11. On the Basis of Type of Population Served:

- On the basis of population served by a market, it can be classified as either urban or rural market:
- **Urban Market:** A market which serves mainly the population residing in an urban area is called an urban market. The nature and quantum of demand for agricultural products arising from the urban population is characterized as urban market for farm products.
- **Rural Market:** The word rural market usually refers to the demand originating from the rural population. There is considerable difference in the nature of embedded services required with a farm product between urban and rural demands.

# **12. On the Basis of Accrual of Marketing Margins:**

- Markets can also be classified on the basis of as to whom the marketing margins accrue.

Agribusinesses in such chains include:

- **Input suppliers** (موردي المدخلات) (agricultural chemical and organic fertilizer companies, Pesticide companies, Flour mill, Silo, Mushroom factory)
- **Producers** (growers of grain مزارعي الحبوب, meat, dairy, cotton, fruit)
- **Retailers** (تجار التجزئة) (supermarkets such as TeamMart, Carrefour as well as smaller retail outlets)
- **Logistics** support companies (transport and storage companies).