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Farmers' Attitude towards Unfair Trade Practices in the Marketing of Grain Crops at Aurangabad District of Bihar

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Abstract

The concerned research is on studying the unfair trade practices that occur in the district of Aurangabad, Bihar with the objective to study the awareness level of grain farmers towards prevalent unfair trade practices in the marketing of grain crops, farmers attitude towards unfair trade practices and cartelization in the marketing of grain crops in reference to demographic and economic status of the farmers, to analyse the effectiveness of initiatives undertaken by government marketing authorities to control unfair marketing activities and to seek the farmer's suggestive opinion on improving the marketing practices for grain. The primary data was obtained from the traders in the Aurangabad district of Bihar to fulfil these objectives. Traders are frequently subjected by the *Arhatiyas* to unfair trade practices and become a prey to their business competition that is cutting their throats. Throughout today's modernized environment, trader's consciousness gives way to fight against it and to evaluate the protection they are given against unfair trade activity. In our country, the prospect of the trader's justice system seems bright in view of the provisions available in Indian statutes and legislation and various proactive policies, schemes being adopted by the Government. The illiterate group of traders should be made aware of their rights which monopolists can use to protect themselves from such unfair practices. In order to curb unfair trading practices, government should play an active role in it, trade openness, bringing high rate of APMC operating performance, increasing knowledge among farmers, providing correct information, developing better marketing network for Agricultural commodities export operations.

Keywords: Cartelization, export, grain crops, marketing, trade practices

1. Introduction

The price policy of the country aims at evolving a balanced and integrated price structure taking into account the overall needs of the economy and with due regard to the interests of both the groups of the economy. The Commission for Agricultural Costs and Prices (CACP), which was instrumental in evolving a balanced and integrated price structure in the country, has been manned by an eminent and experienced agricultural economist (Acharya, 2004). The Retailers' misuse of bargaining power is embodied in unfair trade practices (UTPs), and EU MSs have been increasingly interested in addressing them through regulatory strategies and self-regulatory efforts by market participants (Popovic et al., 2018). The UTPs (Unfair Trade Practices) are not only imposed on farmers and cooperatives, but also on other supply chain players, especially intermediate processors (Shepherd, 2007). In agri-food chains, the reaction to unfair trade practices (UTPs) has become a key feature of state, regional and global

agricultural policies (Falkowski et al., 2018). In some situations, however, where one of the contracting parties has a stronger negotiating position, it may arbitrarily enforce restrictions on the weaker partner, thereby defining the business relationship unfairly for terms of its own economic interests alone (Schwenzer and Whiteboard, 2015). Research revealed that corrective ads culminated in unequal impressions of the actual promotional product; thereby indicating that the corrective advertising examined seemed to produce optimal outcomes from the FTC's viewpoint. By comparison, previous work has also demonstrated that restricted access to a business source or FTC source corrective message could not be successful by achieving its intended intent (Adkinson and Mazis, 1976). "Unfair Trade Practice" describe thoroughly to any dishonest, misleading or fraudulent trading practice; or market manipulation of products or agencies that are continuously being sold (Sandara, 2010). The certain forms of promotional messaging may damage the advertiser's image: corrective ads decreased favorable attitudes toward

the advertiser (Dyer and Kuehl, 1974). The Monopolies and Restrictive Trade Practices Act, 1969 (MRTP Act), which for the first time incorporated detailed provisions on unfair trade practices (UTPs) in India, has now been repealed and succeeded by the Consumer Protection Act, 1986, which included the same definition of UTPs in substance (Mittal et al., 2015). Consumer means a person purchasing goods for a consideration that has been paid or promised, or partially paid or promised. Unfair trade practice means a trade practice which adopts unfair method or deceptive practice for the purpose of promoting any sale, use or supply of any goods or services (Monga, 2015). The current capitalist period, without a legislative statute, consumers cannot be assured price and reasonable pricing. Market's unseen hand has been controlled by fair-trade laws (Mehla, 2015). The Consumers consume a wide variety of products and services. User, expect some value for money, that is to say good quality, correct Quantity, right prices, product information etc. (Kalidoss and Gridharan, 2014). The unfair trade practices in India by contrasting the Competition and Consumer Law provisions that have been made for the concern highlights the role of UTPs in India and explore the interface between competition law and consumer law in the theoretical context and in a non-uniform interpretation of 'consumer protection' with regard to unfair trade practices that are perceived in the legislation (Aggarwal, 2020). To provide protection in cases where unfair competition is focused on misrepresentation, relief is often given has been made available where unfair competition is based on misuse (Pari, 1992). Predatory pricing is exclusionary irrespective of whether the re-coups are monopolistic. When courts insist on demanding evidence of recovery, then judges in a mini mum ought to better understand the many ways in which a monopoly list can recover his under-cost selling investment (Leslie, 2016). The existing evidence on UTPs 'impacts on farmers is largely anecdotal and is focused on some instances where farmers were exposed to UTPs. Two issues are largely driven by the lack of systematic evidence in this regard (Falkowski et al., 2017). A behavioural definition of deception illustrates its operationalization in the context of a longitudinal experiment in which the effects of an explicit, deceptive product claim on a variety of cognitive variables were measured both before and after product trial. Issues related to the measurement of deception seriousness are emphasized (Olson and Dover, 1978). Fraud focuses on the advertiser, and suggests a conscious intention to establish false advertising expectations. Fraud is neither a legitimate method nor a realistic one. It is invalid since the intent of the advertiser may be irrelevant to the harm done to consumers (Russo et al., 1981). The rising economic performance and being equally vulnerable to uncertainty and collusive behaviour, competition attracts as a magnet force for economic rivalry between businesses resulted in to demonstrate the need for anti-competitive conduct regulation through competition law (Nomani et al., 2013).

2. Materials and Methods

The descriptive research design was adopted for the concerned research study. The key objectives of the study were mainly focussed on to study the awareness level of grain farmers towards prevalent unfair trade practices in the marketing of grain crops, to study the farmer's attitude towards unfair trade practices and cartelization in the marketing of grain crops in reference to demographic and economic status of the farmers, to analyse the effectiveness of initiatives undertaken by government marketing authorities to control unfair marketing activities and to seek the farmers' suggestive opinion on improving the marketing practices for grain produce.

The research was conducted at Aurangabad District of Bihar in 2020. After the district selection, two blocks were selected from the district and from there 3 *gram panchayat* s from each block were selected randomly. At the final stage, 20 farmers was selected from each *gram panchayat* randomly to constitute a sample size of 120 farmers. Both primary and secondary data were used in the study.

Primary data were collected through personnel surveys of selected households by using pretested schedules. Primary data were supplemented through secondary information collected from *mandis* and from the APMC. Aurangabad district was visited to collect information regarding the specific objectives that is being covered in the study. Surveyed traders were categorized into different four groups via, marginal, small, medium, large traders. The questionnaire was divided into two parts. Part 'A' was designed to seek information on the demographic variables such as name, gender, age, income etc. Part 'B' consisted of general views and statements based on Likert scale are used. Secondary data was taken from journals, magazines, research articles, newspaper, and books. Simple mathematical and statistical tools including Arithmetic Mean, Standard Deviation, Percentage and Total Weightage Score method were used for satisfying the objectives with a view of keeping the analysis simple and easy to understand. The concerned study was initiated with the key objective, to study the awareness level of grain farmers towards prevalent unfair trade practices in the marketing of grain crop, study the farmer's attitude towards unfair trade practices and cartelization in the marketing of grain crops in reference to demographic and economic status of the farmers and to analyse the effectiveness of initiatives undertaken by government marketing authorities to control unfair marketing activities. At last to seek the farmers' suggestive opinion on improving the marketing practices for grain produce.

3. Results and Discussion

3.1. Employment status of respondents

It can be seen from the Table 1 that the majority sections of the respondents belong to farming sector. This graph shows that at Aurangabad, Bihar, majority of the trading practices are done by the farmers, as it was observed during the study that



Table 1: Employment status of respondents

Employment status	No. of respondents	Frequency (%)
Service	22	18.33
Farmer	67	55.83
Both	31	25.33
Total	120	100.00

Source: Field survey, 2019

farmers dealing with the grain crop mainly tend to take trading decisions at their own and show case an active involvement.

3.2. Education Status of the Respondent

It has been seen from the Table 2 that the most of the respondents at Aurangabad districts were educated. This figure shows that majority of the respondent have done upto higher secondary. It can also be observed that most of the respondent were of matric level.

Table 2 : Educational status of the respondents

Educational qualification	No. of respondents	Frequency (%)
Matriculation	70	58.33
Higher secondary	30	25.00
Graduation	15	12.50
Post-graduation	4	03.33
Others	1	00.83
Total	120	100.00

Source: Field survey, 2019

3.3. Income of the respondents

It can be seen from the Table 3 that there is variations in the income of the respondent in the Aurangabad districts. This figure shows that majority of the respondents income ranges between 35000 to 55000. It can also be observed that only 18.34% of the respondent earns more than INR 55000 month.

Table 3: Income status of the Respondents

Income (Rupees per Month)	No. of respondents	Frequency (%)
Less than 20,000	32	26.66
20000-35000	27	22.50
35000-55000	39	32.50
Above 55000	22	18.34
Total	120	100.00

Source: Field survey, 2019

3.4. Sources of Trade information while transacting agricultural produce

Table 4 represents the trader's sources of information for

Table 4: Sources of Trade information while transacting agricultural produce

Mode of trade information/ Frequency of usage	Respondent responses (Weightage)				*TWS	Rank
	Often (4)	Seldom (3)	Rarely (2)	Never (1)		
Online	20	18	24	58	#240	5
Print media	34	25	24	37	296	4
TV media/ Radio	46	17	19	38	311	3
Peer group	69	27	21	3	402	##1
Government sources	42	29	27	22	331	2

*: TWS: Total Weightage Score Method; #: 517= 20×4+18×3+24×2+58×1; ##: 1(resulted on account of the TWS score); Source: Field Survey, 2019

selling their produce in the *mandis* depending upon certain statements in the form of Total Weighted Score (TWS) and their respective ranks. It can be observed that 57.5 percent of respondents placed at first rank with the highest TWS i.e. 402 regarding getting the sources of information for selling their produce in the respective *mandis* from their peer group. It can also be observed that the lowest TWS i.e. 240 given that 5th rank, which shows that the traders rarely gets the information for selling their produce in the *mandis* with the maximum 48.33 percent agreeing to it. The 1st and 2nd rank obtained through Total Weighted Score are intensively discussed below for having better understanding.

3.5. Awareness of the respondent on the distinctive features of unfair trade practices:

Table 5 reflects the respondent's awareness of the following characteristics of unfair trade practices, based on certain claims in the context of the Total Weighted Score (TWS) and their rankings respectively. It can be observed that 49.16 percent of respondents placed at first rank with the highest TWS, i.e. 294 over territorial supply restrictions. It can also be noted that the lowest TWS i.e. 201 is provided the 10th number, which indicates that the traders consent on low usage of improper utilization of business knowledge which is 59.16 percent agreeing to it. For deeper comprehension the first two rankings achieved by Total Weighted Ranking are explored intensively below.

3.6. Respondent attitudes towards the initiation taken by the government institutions to contain Unfair Trade Practices

Table 6 reflects respondent perceptions towards the efficacy of government-initiated policies and services to include unequal market activities in the context of the Total Weighted Score (TWS) and their respective grades. It can be noted that 43.33

Table 5: Awareness of the respondent on the distinctive features of unfair trade practices

Features of unfair Trade Practices	Level of awareness (Weightage)				
	High (3)	Moderate (2)	Low (1)	*TWS	Rank
Imposition of territorial supply constraints	59	56	5	#294	##1
Unfair use of market information	32	17	71	201	10
Frequent and unilateral changes in prices	37	76	7	270	6
Unexpected costs and deductions	49	62	9	280	3
Unfair shifting of distributional risk on Farmers	46	61	13	273	4
Imposing disproportionate fees	47	57	16	271	5
Faulty payment (on variable prices)	36	65	19	257	9
Returning unsold or wasted products	26	56	38	228	11
Farm produce lot cancellations	38	64	18	260	8
Delayed or no payment	55	53	12	283	2
Weighing variations of produce market-ed	45	52	22	261	7

*TWS (Total Weightage Score Method); #: 294 (59×3+56×2+5×1); ##: 1(resulted on account of the TWS score); Source: Field Survey, 2019

percent of respondents put at first rank with the maximum TWS i.e. 281 about the correct criteria should be developed for the implementation of government-initiated policies and services to prevent discriminatory market practices. It can also be noted that the lowest TWS, i.e. 220, despite the 9th level, indicating that the traders disagree with the cancellation of default licenses, which is 51.66 percent, agreeing to the minimum. For deeper comprehension the first two rankings achieved by Total Weighted Score rankings are explored intensively below.

3.7. Respondents responses to suggestive opinion to contain and minimize the unfair trade activities

Table 7 represents respondent attitudes towards opinion to contain and minimize the unfair trade activities in the form of Total Weighted Score (TWS) and their respective ranks. It

Table 6: Respondent attitudes towards government institutions to contain unfair trade practices

Schemes and programmes initiated by Government to contain Unfair trade practices	Level of effectiveness (Weightage)				
	High (3)	Moderate (2)	Low (1)	TWS*	Rank##
Inspection	52	36	32	260#	3
Setting accountability	24	71	25	239	7
Live surveillance	25	60	35	230	8
Proper guidelines	52	57	11	281	1
Legal Prohibition	26	82	12	254	5
Govt. Market Intervention Schemes	41	55	24	257	4
Farmers grievance redressal canter	45	65	9	274	2
Cancellation of defaulters Licenses	29	29	62	207	9
Market Information	27	73	20	247	6

TWS*: (Total weightage score method); 260#: (52×3+36×2+32×1); ##1: (resulted on account of the TWS score); Source: Field Survey, 2019

Table 7: Suggestive opinion of Respondents to contain and minimize the unfair Trade Activities

Statements pertaining to minimize unfair trade practices	Levels of recommendation				
	High (3)	Moderate (2)	Low (1)	*TWS	Rank
Active government role	83	23	14	#309	##1
Trade transparency	54	17	49	245	7
Bringing high rate of operational efficiency of APMC	57	51	12	285	4
Farmers Self vigilance and awareness	57	54	9	288	3
Better equipped with the right-ful information	57	49	14	283	5
Effective operations of trade transactions	58	44	18	280	6
Setting of better marketing in-frastructure for trade Operations in Agricultural commodities	72	40	8	304	2

TWS*: (Total Weightage Score Method); 309#: (83×3+23×2+14×1); ##1: (resulted on account of the TWS score); Source: Field Survey, 2019

can be observed that 69.19 percent of respondent placed at first rank with the highest TWS i.e. 320 regarding that active government role should be played. It can also be observed that the lowest TWS i.e. 277 given that 7th rank, which shows that the respondent feels that it should be least role to curb trade transparency among the given parameters with 14.16, agrees to the least. The first two rank obtained through Total Weighted Score are intensively discussed below for having better understanding.

4. Conclusion

Farmers are frequently being subjected to unfair trade practices by the *Arhatiyas* and becoming a prey to their cut throat business competition. The awareness among farmers minimum against the unfair trade practice. Farming community has been rigorously seeking an immediate and stern initiatives by government to educate farming groups and bring an optimum redressal structure to contain unfair trade practices and must bring a conducive and farmer friendly environment to conduct fair marketing practices in the trade of grain crops.

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