

"A man is  
great by  
deeds, not by  
birth"

-Chanakya

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INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Case Study

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**Thingalnagar Periodic Market**

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## **Thingalnagar Periodic Market**

Thingalnagar Town Panchayat Executive Officer was reviewing the proposed notification for auction of lease holding rights for the Thingalnagar periodic market in early 2017. The local administration offered the periodic market on annual lease. The bid for the leasehold of the periodic market generally went at a low price as the rates charged from the sellers participating in the periodic markets was fixed by the town panchayat and these were fixed at low rates. The town panchayat officer had the option to recommend increasing the low rates but this would have affected the income of the small traders who participated in the market. Such a decision was also likely to influence the seller participation in the market. The revenue for the lease holder would be influenced by the rates and also the number of participants and volume of trade in the market. The sellers were usually small traders and possibly some producer farmers. The interest of small traders and small producer farmers were tied to the effective functioning of the periodic market. The increasing competition from other retailing institutions affected the footfalls in the market and this threatened the very existence of this traditional retailing institution. The Executive Officer considered exploring ways to strengthen the market. In the absence of any such efforts the Thingalnagar periodic market would cede business to the other retailing institutions and this was not in the interest of the small traders, small producer farmers and also the consumers seeking lower prices.

### **Thingalnagar periodic market**

Thingalnagar periodic market was like many of the other traditional periodic markets in India. Like the other periodic markets this market had also evolved over time and faced competition from the newer retailing institutions like the small grocery stores, convenience stores, cooperative stores, public distribution outlets etc. all of which operated on all days of the week and from permanent shops. The newer retailing institutions were ubiquitous today in India and it was no different in Thingalnagar.

Periodic markets were characterized by periodicity, vendor mobility and vendor agglomeration. The rural periodic markets in India were places where traders bought and sold agricultural produce and retailed consumer goods. Periodic market was a traditional retailing institution and for some rural consumers the only market that was accessible to them. In India about one-half of the approximately 600,000 villages had a population of 500 or less and of these almost one-fourth had no retail shop in the village. The periodic markets were markets held on fixed days of the week. In India most of these markets operated once a week and was therefore called weekly market. The market served not only the village where the market was held but also the surrounding villages. The number of adjacent villages it served were between 20 and 50 villages. The producer farmers from the surrounding villages brought their produce to be sold in the market. In addition to the producer farmers there were traders who participated in the market. The products traded included vegetable, fruits, grocery items, handicrafts, fish, poultry, cattle, pottery, non-durable items like soaps etc and also utensils, and other utility items. In addition to these there were also service providers and this included those who offered tea and snacks, local medicines, fortune teller etc. The periodic markets were administered by the local government and they usually gave these markets on lease to contractors who then collected the notified charges from the selling participants and maintained the market during the lease period.

The Thingalnagar periodic market was started more than 50 years ago. This periodic market functioned every Monday and was known in nearby locations as the Monday Market. The panchayat town that grew around the market also derived its name from the periodic market. In Tamil language the word 'Thingal' meant Monday and therefore the panchayat town was known as Thingalnagar. The products sold by the traders included vegetables, raw banana, other fruits, gur, cattle, mud pots and pans, few utility items like knives, novelty items like cheap jewellery, mirrors, cosmetics and ready-made garments. In addition to these there were vendors who sold pulses and grocery items, tobacco products, betel leaves and betel nuts. Cattle and poultry were also traded in the market. Tea vendors and snack sellers and sweetmeat vendors were also present. The Town Panchayat administered the periodic market. The market operated in the space allotted by the Town Panchayat. The Town Panchayat fixed the rates that the traders needed to pay for participating in the periodic market. The rates fixed were low (Exhibit 1). The charges levied were collected by a contractor who held the lease for the periodic market. The identification of the contractor for administering and collecting revenue from the market was done through a process of bidding. The highest bidder was offered leasehold for a specific period. The contractor not only collected the charges from the traders but also maintained and administered the periodic market during the period of the lease.

The participants in the market came not only from Thingalnagar but also from nearby villages. The market had about 100 vendors and about 5000 visitors came to the market to make purchases. Traders were the major sellers of products but in addition to this there were a few farmers also who sold their produce in the market. The small vegetable farmers sold in these markets but the traders not only sold but also purchased products. Some small traders purchased in this market to sell in the smaller markets in nearby villages. The traders who participated in the periodic market were both local traders and also from farther locations. The small traders were largely locals who bought from wholesalers and sold in the market. A small vendor who sold gur indicated that the product was procured from a large trader who supplied these products. Producer farmers brought their produce to the market and sold to either traders or household buyers in the market. Cattle traders bought cattle from larger markets and sold in this periodic market at a higher price. Some traders served other periodic markets in addition to the Thingalnagar market. Not all traders were based at Thingalnagar panchayat town. The buyers in the periodic markets were those who bought for household use and also some small vendors who resold in nearby small villages. In addition to local households there were buyers from nearby villages (like Neyoor) which were within three to four kilometres distance from the periodic market. Traders visited from certain larger locations near Thingalnagar and these included places like Earniel, Thuckalay and Nagercoil. In addition to the market functioning on Mondays the Thingalnagar periodic market had a market functioning on Saturdays for raw banana.

### **Thingalnagar panchayat town**

Thingalnagar was a panchayat town in Kalkulam tehsil (taluk) of Kanyakumari district in Tamil Nadu. Thingalnagar Panchayat was formed in 1970 from Thalakulam Panchayat. Town Panchayat (Local bodies in Tamil Nadu state included Panchayats for villages, Town Panchayat for locations bigger than villages but not an urban location and Municipalities for urban) was a local body in Tamil Nadu that administered an area that was bigger than a village but not big enough to be an urban centre and so a transitional area i.e. an area that was in transition from rural area to an urban area. The panchayat towns were governed by Tamil Nadu District Municipalities Act 1920. The Thingalnagar panchayat town was divided into 15 wards for which elections were held every 5 years. The Thingalnagar panchayat town had under it 20

revenue villages. A revenue village covered a number of small hamlets. Town Panchayat council included elected ward councillors and their presiding officer, Town Panchayat chairperson. Executive Officer of the Town Panchayat was the executive authority of the Town Panchayat. The Town Panchayat was responsible for providing basic amenities of roads, street lights, water supply, public health etc. They also levied taxes and this was a source of revenue. Thingalnagar panchayat town had population of 13,567 of which 6,729 were males while 6,838 were females as per report released by Census India 2011. The population in 2001 was 12, 554. As per 2011 census Thingalnagar panchayat town had an average literacy rate of 78%, higher than the national average of 59.5%. The major crops in the area included coconut, banana and vegetables like amaranth.

### **Competing retail institutions**

The Thingalnagar periodic market faced competition from permanent shops that operated on all days of the week. The daily market started as a small fish market and then slowly vegetable shops were also started. In 1999 the Town Panchayat built a market with permanent shops for the traders and the daily market got strengthened. Thingalnagar Town Panchayat constructed permanent shops in a land adjacent to the periodic market and these permanent shops operated on all days of the week. This complex had about 120 vendors. The Town Panchayat auctioned these to the potential shop keepers. The bid rates for different shops varied according to the business potential. In addition to the shops in the complex the panchayat town had about 350 permanent shops that operated on all days of the week. The small farm producer of coconuts and banana preferred to sell in periodic markets to realize better price. They preferred to sell in these markets than to sell to the local traders operating from permanent shops who would be willing to buy but at a lower price.

In addition to the Thingalnagar periodic market there were other periodic markets in adjacent locations. The other periodic markets that were near to Thingalnagar periodic market included Karungal periodic market that was situated at a distance of about 9 kms from Thingalnagar and functioned on Saturdays, Thuckalay periodic market about 8 kms away functioned on Friday and Nagercoil periodic market about 16 kms away had a Thursday market. Nagercoil was the district headquarters of Kanyakumari district (Exhibit 2). A few vendors sold across these different periodic markets. Some of the buyers visited more than one periodic market. Some of the buyers who participated in the Thingalnagar periodic market possibly visited the nearby larger periodic markets too for higher value products like cattle or for those products for which they sought variety.

A regulated market yard for agricultural commodities functioned in Thingalnagar. Regulated market yard was set-up by the agricultural department of Tamil Nadu in Thingalnagar. The Thingalnagar market yard was not functioning properly. One main reason for its ineffectiveness was that there was not much paddy cultivation in Thingalnagar.

In addition to these retailing institutions the trading volume in the periodic market was adversely affected by procurement traders purchasing directly from the farmers at the farm gate. The procurement for the agricultural products was done by buyers acting on behalf of large traders. They purchased and did bulking and transportation on behalf of large traders located in bigger trading centres. The buyers in Thingalnagar did not use the periodic market for procurement and bulking. Instead they procured directly from the farm gate. They announced the date of purchase for an area and visited the locations and procured the products. The products procured included coconut and banana.

## **Issues**

The executive officer reviewed the charges for traders who participated in the periodic market and wondered whether the market was a viable proposition. The permanent shops dominated the retailing of all products and even for vegetables the daily market that functioned from permanent shops did substantial business. The executive officer was not sure whether the periodic market was in a position to effectively compete with the newer forms of retailing. The officer was well aware that the small traders and also the buyers benefited from the periodic market. The executive officer was therefore keen to examine the possible steps to be taken to strengthen the periodic market?

**Exhibit 1**

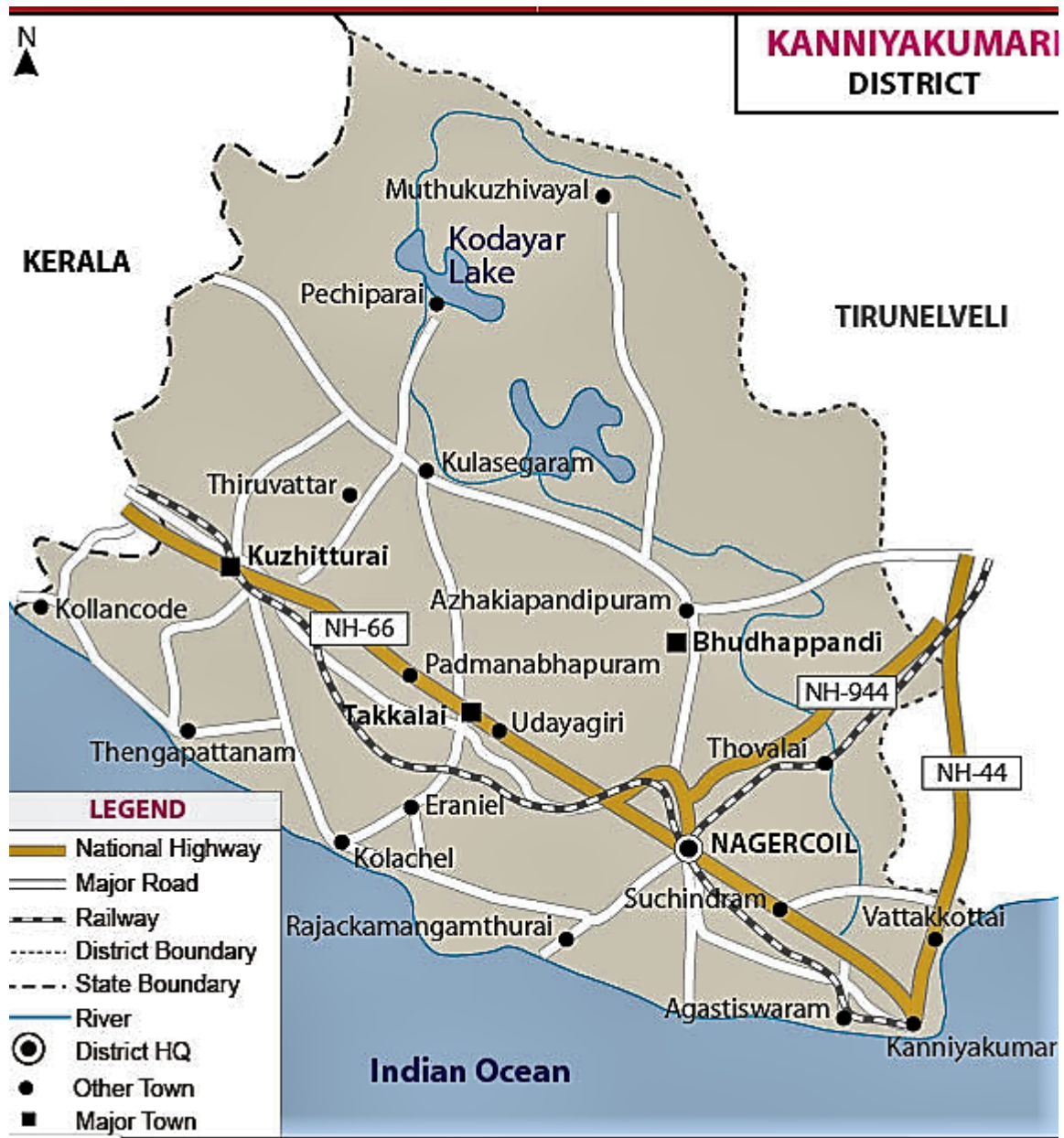
## Charges for selling in the Thingalnagar Periodic Market

Sl. No.	Description	Rate (INR)
1	Headload of less than 30 kgs	5
2	Headload of > 30 kgs	10
3	Cycle load	5
4	Three wheeler (Auto)	25
5	Truck load	250
6	Per head of cattle	25

Source: Rates displayed outside the market.

**Exhibit 2**

Map of Kanyakumari District



Source: <http://dcmsme.gov.in/dips/2016-17/dip.kanyakumari.2015.16.pdf> Nov 30 2018.

Note: Thingalnagar market is about 2 kms. from Eraniel

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