

An Empirical Analysis of Price Determination and Bargaining Mechanisms in Rural Petty Haats of Uttar Pradesh Beyond Demand and Supply

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Abstract

Despite the growth of organized retail and regulated markets in India, Petty Haats, commonly known as weekly markets, remain significant market institutions functioning in a decentralized manner. Very little empirical work however, has analyzed the price formation and negotiation in these informal market systems. In this study, the pricing mechanism and bargaining practice in Rural Petty Haats of selected districts of Uttar Pradesh has been examined and the factors affecting the pricing mechanism in the market that goes beyond the demand-supply mechanism have been explored. The study is analytical in nature and data collected through structured questionnaires and were analyzed using descriptive statistics and multiple regression techniques. The results show that the process of price determination in Rural Petty Haats is dynamic and social. Bargaining practices becomes the most crucial factor shaping price formation, while localized demand-supply interaction and price flexibility are important. The findings also indicate that the market access and institutional flexibility have a positive effect on pricing, whereas transportation costs have a negative effect on market efficiency. Economic, institutional and socio-cultural factors affect the price formation in Rural Petty Haats beyond the classical explanation of the market theories and the study concludes that no explanation can be made without considering these factors. The findings are useful for policy makers to enhance the rural markets by improving infrastructure, market information systems, and inclusive marketing approaches.

Keywords: *Rural Petty Haats; Price Determination; Bargaining Mechanism; Informal Markets; Rural Economy; Market Behaviour; Agricultural Marketing; Uttar Pradesh; Rural Development; Market Efficiency.*

Introduction

Rural markets have always been in the very core of India's agrarian economy, providing access to the exchange of agricultural produce, livestock, household commodities and locally manufactured goods. One of these market institutions has a unique position in the market, namely Rural Petty Haats which is a periodic market, decentralized and is located within a localized economic system where producers, traders, consumers and service providers are linked. These markets are not only commercial but also act as hubs for social interaction, information sharing, and earning livelihood. The existence of Rural Petty Haats is still in a significant position even though the agricultural markets are getting regulated and organized retail chains and digital marketing platforms are getting developed with rapid speed, especially in economically and geographically disadvantaged parts of the country. According to the conventional trade theory, the main factors that determine the price of the product are the meeting of the demand and supply of the product in the free market. Classical economists, especially Alfred Marshall, said that market prices are determined by the balance between buyers' demand and sellers' supply. Although this theoretical approach is of key importance for understanding market behaviour, it assumes that market conditions are relatively standardized, that there is complete information, that market participants make rational decisions, and that institutional arrangements

are formal. But these assumptions are not often met in the sphere of informal rural markets, where the transactions are socially embedded, and where custom and flexibility in institutions abound. The historical development, socio-economic significance and various livelihood roles of Rural Petty Haats have been well documented in the literature. Their role in employment generation, agricultural commercialisation and rural development has been emphasised in the studies. But there has been relatively little empirical research on the internal process by which prices are negotiated and established in these markets. Most earlier research has been limited to the developmental aspect of the Rural Petty Haats and the behavioral aspect of bargaining, local price determination and pricing determinants have been less explored. This is especially true for Uttar Pradesh, where Rural Petty Haats have remained key institutions that facilitate rural trade and local economic activities.

In view of this background, the present study attempts to explore the pricing mechanism and bargaining process prevailing in the Rural Petty Haats in the selected districts of Uttar Pradesh. The study is based on primary data gathered from the market participants and focuses on the impact of the combined effects of bargaining behaviour, market access, transportation cost, demand-supply interaction, product features and institutional conditions on price determination. The paper aims to bring together empirical analysis in the light of the theory of classical market economics and the new theory of informal markets to provide a more holistic picture of the pricing mechanism in unorganized rural markets.

The study has three major contributions to the existing literature. First, it changes the analysis from a general discussion of the developmental importance of Rural Petty Haats to the particular process of price negotiation and price determination. Second, it fills an important research gap, as it achieves a first in the sense of employing primary data for the selected districts of Uttar Pradesh in order to provide empirical evidence. Thirdly, it shows that several other factors, such as institutional arrangements, bargaining practices, transport accessibility and local socio-economic relationships, also affect the pricing behaviour of the Rural Petty Haats. The results have significant policy implications for agricultural marketing policy, rural market governance and inclusive rural economic development.

2. Review of Literature

The number of publications on Rural Petty Haats has increased significantly in the last few decades, as academic interest in rural market systems, agricultural marketing and informal economy and livelihood development has grown. Previous studies focussed on Rural Petty Haats as traditional trading centres for trading the agricultural produce and household products while current studies consider them as multi-dimensional institutions which assist rural entrepreneurship, job creation, financial inclusion and local economic development. Nevertheless, the processes by which prices are negotiated and set in these decentralized markets are less well-studied.

2.1 Studies on Rural Petty Haats and Rural Market Systems

Early research on Rural Petty Haats has focused mainly on the socio-economic importance of Petty Haats in the village economy and their evolution in history. Periodic rural markets were found to be more than just a business establishment, but a hub for social engagement, cultural interaction, and community integration. They are the markets which enable the direct relation of producers to consumers and give marketing opportunity to small farmers, artisans, and rural entrepreneurs. Further studies after this have proved that Rural Petty Haats play an important role in employment, agricultural commercialization, rural income diversification and market

integration. Other more recent studies have also pointed to their contribution to boosting local value chains and to making markets more accessible in areas where formal marketing facilities are lacking.

2.2 Studies on Informal Markets and Price Determination

There is theoretical and empirical literature which indicate that the behaviour of informal markets is very different from that of formal markets that are organized. The classical economic theory on price determination is based on the equilibrium between demand and supply in a perfect competitive market. But research on informal markets shows that there are several institutional and behavioural factors affecting price determination in actual markets, such as information asymmetry, transportation cost, transaction risk, market access and local trading customs. Some have suggested that informal markets are more flexible in price changes, as market participants will continually negotiate prices to reflect market conditions and local realities.

2.3 Studies on Bargaining Behaviour in Rural Markets

Bargaining is one of the important features of informal rural markets. Empirical research have shown that negotiated prices provide a mechanism for buyers and sellers to combine product quality, buying power, urgency of sale, seasonal availability, transportation expenses, and long-term trading connections into final transaction prices. Rural Petty Haats allow broader bargaining space to participants for price negotiation that is agreeable to both parties compared to formal markets where prices are frequently standardized by institutional arrangements. Recent behavioural research imply that successful bargaining depends not only on economic considerations but also on trust, social reputation, recurring market involvement, and localised information networks. Thus bargaining is an economic and social process which has a great impact on the market outcomes in the Rural Petty Haats.

Table 1: Selected Empirical Studies on Rural Petty Haats, Informal Markets and Pri Determination

Author(s)	Study Area	Major Findings	Relevance to the Present Study
Dube (1955)	Rural India	Rural markets function as centres of economic and social interaction.	Establishes the historical significance of Rural Petty Haats.
Geertz (1978)	Indonesia	Market exchange is socially embedded and influenced by interpersonal relationships.	Supports the analysis of bargaining and trust-based transactions.
Hart (1973)	Ghana	Informal markets operate through flexible institutional arrangements.	Explains the institutional characteristics of informal market systems.

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Harriss-White (1995)	South Asia	Rural markets function through decentralized institutional networks.	Supports the analysis of localized market behaviour.
Bhowmik (2005)	India	Informal markets contribute significantly to livelihoods and employment.	Highlights the developmental importance of Rural Petty Haats.
Shah (2006)	Gujarat, India	Periodic markets improve local trade and market accessibility.	Supports the role of Rural Petty Haats in regional economies.
Goyal (2010)	India	Improved market information enhances marketing efficiency.	Demonstrates the importance of information in price determination.
FAO (2023)	Developing Countries	Rural market infrastructure strengthens market participation and producer welfare.	Indicates the policy relevance of strengthening Rural Petty Haats.
NABARD (2023)	Rural India	Financial inclusion and rural infrastructure improve rural market efficiency.	Reinforces institutional support for decentralized markets.
World Bank (2024)	Developing Economies	Inclusive local markets enhance rural resilience and economic sustainability.	Supports the broader developmental implications of efficient rural markets.

(Source: Compiled and synthesized by the author based on the reviewed literature.)

This review illustrates that there is already a considerable body of literature which has advanced our knowledge of Rural Petty Haats as a source of rural development and local economic exchange. Despite this, there are three salient restrictions apparent. First, there have been few empirical studies that have investigated commodity price negotiations in the context of the Rural Petty Haats and their associated behavioural dynamics. Second, past studies have mostly focused on demand and supply factors in the determination of prices and paid relatively little attention to bargaining behavior, institutional flexibility, transportation

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accessibility and local market factors. Thirdly, the extensive network of Rural Petty Haats in Uttar Pradesh and their current relevance in agricultural marketing and rural livelihoods do not have comprehensive empirical evidence.

This study aims to overcome these limitations by adding a behavioural and institutional background to the classical market theory framework to help understand price determination in the Rural Petty Haats in the light of primary field data.

3. Research Gap

The existing literature focussed on the important role of Rural Petty Haats in agricultural marketing and rural development. Although there has been previous research on socio-economic significance, institutional aspect, and the processes of price discovery, there has been little research on the behavioural processes that take place in these decentralized markets. Moreover, empirical evidence on Rural Petty Haats in Uttar Pradesh is still limited, due to their critical role in rural economies. There are few studies that attempt to combine the classical market theory with the behavioural and institutional theories with original data.

To fill these gaps the present study aimed to build a framework to analyse price determination and bargaining process in Rural Petty Haats of selected districts of Uttar Pradesh. The secondary data and studies revealed that price mechanism in traditional markets is the core result of demand and supply and other factors do not impact bargaining behavior in Rural Petty Haats.

4. Research Objective

The major aim of the research work is **“To study the pricing mechanism functioning in Rural Petty Haats and analyze the effect of bargaining behaviour, interaction between demand and supply, accessibility of the market, transportation costs, nature of the product and institutional conditions on pricing mechanism in selected districts of Uttar Pradesh”**. The study also aims at determining the relative significance of these determinants in explaining the price differences in decentralized rural markets.

5. Research Hypothesis

H₀: The general pricing mechanism working in Rural Petty Haats is like that of traditional markets.

The alternative hypothesis is that besides the normal interaction between the demand and supply, the prices of commodities exchanged at Rural Petty Haats also depend on other factors .

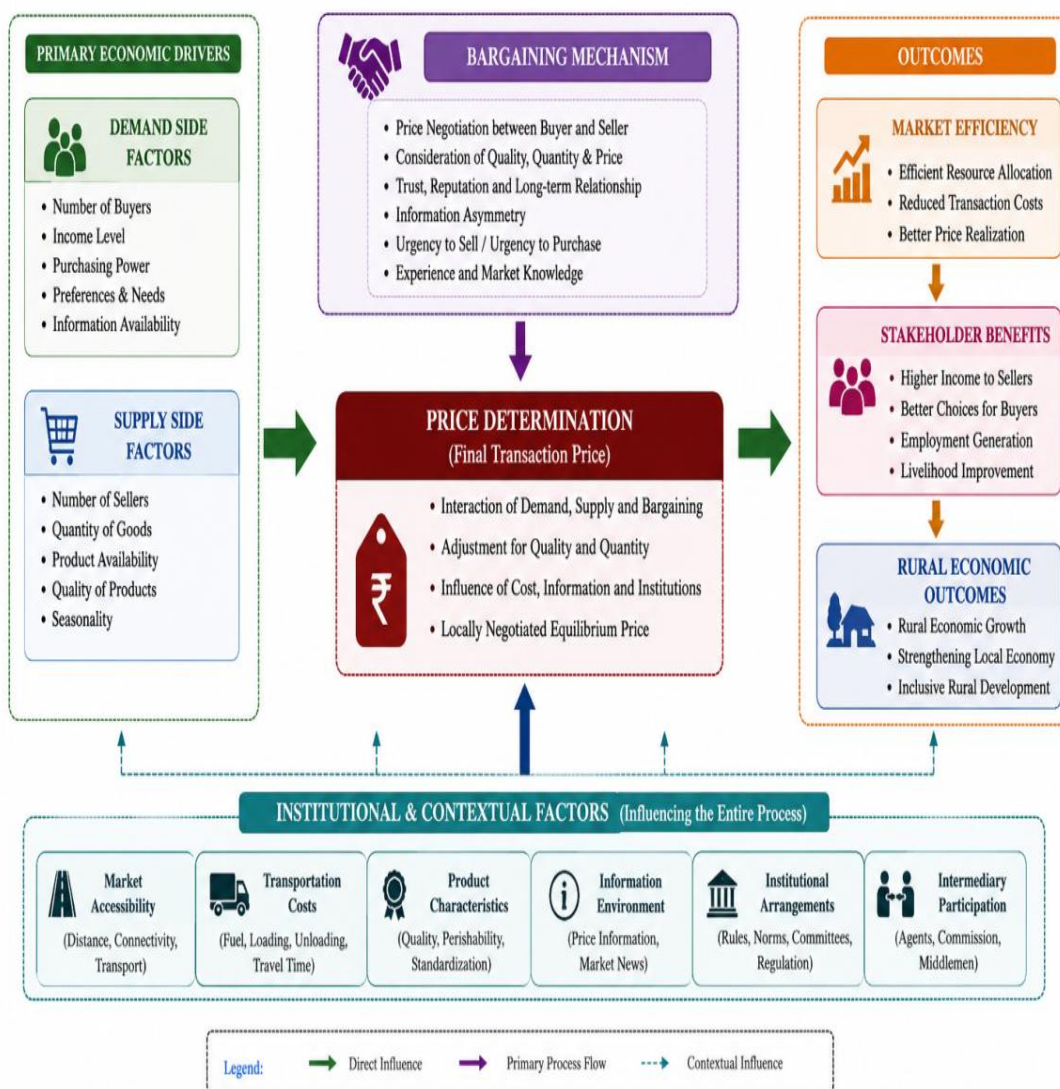
6. Conceptual Framework

The conceptual framework of the study is based on the proposition that price determination in Rural Petty Haats is multidimensional process. This study takes a departure from the classical economic theory, which sees demand and supply as the key factors affecting market prices, and proposes that bargaining behaviour and institutional characteristics do significantly affect final transaction prices within informal, rural markets. The price therefore is understood as a result of economic variables, behaviour and institutional conditions interactions. The framework identifies bargaining practices, transportation accessibility, market accessibility, product quality, intermediary participation and localized market conditions as explanatory factors that explain the pricing behaviour, which in turn impacts market efficiency and the overall rural economy.

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Figure 1: Conceptual Framework of the Study
(Price Determination and Bargaining Mechanisms in Rural Petty Haats)



(Source: Compiled and synthesized by the author based on the reviewed literature.)

Supporting factors influencing the framework include:

- Market Accessibility
- Transportation Costs
- Product Quality
- Information Availability
- Institutional Flexibility
- Intermediary Participation

7. Research Methodology

The study applied quantitative research design which is based on empirical field investigation of 500 respondents (vendors, traders, producers, and others involved in the market) from selected Rural Petty Haats in Uttar Pradesh using a structured questionnaire. The descriptive statistics were used to summarize the information obtained from the respondents on their perception of the pricing practices whereas multiple regression analysis was used to analyze the relative influence of explanatory variables on price determination.

The methodological approach provides a descriptive interpretation and empirical testing of the hypothesis proposed, thus giving a comprehensive understanding of the pricing behaviour in decentralized Rural Petty Haats. Accepting the pricing mechanism of traditional markets from available literature here the pricing mechanism working in Rural Petty Haats has been studied.

8. Results and Discussion

8.1 Respondents' Perception of Price Determination in Rural Petty Haats

It is important to comprehend the perception of the market participants about the determination of prices to explain the functioning of Rural Petty Haats. Rural Petty Haats have flexible and negotiated pricing mechanisms, as opposed to organized markets where prices are standardized and regulated. The significant determinants of price in these decentralized markets were thus compared. The answers were measured on a five-point Likert scale with higher mean values reflecting greater consensus about the importance of individual factors.

Descriptive statistics show that the mean value of all the determinants of the commodity price in Rural Petty Haats as perceived by the respondents is bargaining practices. This discovery led to the conclusion that prices don't exist a priori but are negotiated between the buyer and the seller as the market demands. The price flexibility and localized demand-supply interaction also had the highest mean scores, suggesting the market participants are aware of the dynamics of price formation in Rural Petty Haats. Other factor scores, such as transportation cost, were statistically significant but were rated comparatively low, suggesting that respondents believe behavioural and institutional factors have a greater influence on final transaction prices than transportation costs.

Table 2: Respondents' Perception of Factors Influencing Price Determination

Pricing Variable	Mean	Standard Deviation	Interpretation
Bargaining Practices	4.41	0.58	Very High Influence
Price Flexibility	4.33	0.63	High Influence
Demand-Supply Interaction	4.28	0.66	High Influence
Product Quality	4.17	0.71	High Influence
Market Accessibility	4.09	0.69	High Influence
Transportation Cost	3.84	0.81	Moderate Influence

(Source: Computed by the Author from Primary Data)

The results show that the concept of market equilibrium was not sufficient to explain the price determination in Rural Petty Haats. Prices are not solely the result of the interaction of supply and demand forces, but instead

are the result of an ongoing negotiation process between bargaining behaviour, market accessibility, product attributes, and institutional conditions found in the local market. The following evidence backs the position that Rural Petty Haats are socially embedded market institutions where economic decisions are made based on interpersonal relations as well as market forces.

8.2 Determinants of Bargaining Behaviour

The bargaining process is among the defining features of Rural Petty Haats, and the key way in which the price of commodities are negotiated between buyers and sellers. To gain insight into the behavioural aspect of bargaining, participants were asked to rate the significance of various aspects of negotiation in the market transaction.

Based on the results, the quality of products is the factor most affecting the bargaining behaviour, closely followed by trust between buyer and seller. The finding emphasises that not only economic; but also social relations and quality perceptions play a role in bargaining in Rural Petty Haats. Further, the purchasing power and the seasonal availability of the buyer and seller also play a role in negotiation outcome as they have an impact on the willingness of the buyer to pay and the urgency for the seller to sell.

Table 3. Factors Influencing Bargaining Behaviour

Factor	Mean	Standard Deviation	Rank
Product Quality	4.36	0.61	I
Trust between Buyer and Seller	4.29	0.65	II
Purchasing Power of Buyers	4.18	0.69	III
Seasonal Availability	4.11	0.72	IV
Market Competition	4.04	0.74	V
Information Availability	3.92	0.77	VI

(Source: Computed by the Author from Primary Data)

These observations support the suggestion that the bargaining process in Rural Petty Haats is a multi-dimensional process in which economic variables play along with behavioural and institutional factors. This means that negotiated prices are not necessarily a simple function of market competitiveness; the Rural Petty Haats are different from formal marketing systems, which have standardized market prices.

8.3 Multiple Regression Analysis

Multiple regression analysis was used to find the determinants of the determination of price in Rural petty haat. Multiple regression is a statistical method that can be used to analyze the combined effect of a set of independent (x) variables on a dependent (y) variable. **Bargaining Behaviour (BB)**, **Demand-Supply Interaction (DSI)**, **Transportation Cost (TC)**, **Market Accessibility (MA)**, **Product Quality (PQ)**, and **Information Availability (IA)** were treated as explanatory variable while **Price Determination (PD)** was considered as the dependent variable in the present study.

Empirical model used for the study:

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$$PD = \beta_0 + \beta_1 BB + \beta_2 DSI + \beta_3 TC + \beta_4 MA + \beta_5 PQ + \beta_6 IA + \varepsilon \quad \dots 1$$

Where: β_0 = Constant $\beta_1 - \beta_6$ = Regression Coefficients ε = Random Error Term

The regression model was estimated by Ordinary Least Squares (OLS) technique to find the extent and direction of influence of each explanatory variable to the pricing mechanism which operates in Rural Petty Haats.

Table 4. Multiple Regression Results for Determinants of Price Determination

Variables	Standardized Beta (β)	t-value	Significance (p-value)	Interpretation
Bargaining Behaviour	0.338	7.208	0.000***	Strong Positive Influence
Demand-Supply Interaction	0.291	6.315	0.000***	Positive Influence
Market Accessibility	0.214	4.687	0.000***	Positive Influence
Product Quality	0.182	3.924	0.001***	Positive Influence
Information Availability	0.147	3.108	0.003**	Positive Influence
Transportation Cost	-0.142	-2.846	0.005**	Negative Influence

(***p < 0.01, **p < 0.05)

Model Statistics

Indicator	Value
Sample Size (N)	500
R	0.901
R ²	0.812
Adjusted R ²	0.806
F-value	142.37
Significance of F	0.000

(Source: Computed by the Author from Primary Data using R Software)

The regression results show that the estimated regression model is statistically significant at 1% level of significance ($F = 142.37$; $p < 0.001$). The coefficient of determination ($R^2 = 0.812$) indicates that the sum of the selected explanatory variables included in the model will account for about **81.2% of the variability in price determination**. Such high explanatory power indicates that the proposed analytical framework is able to explain the main determinants of pricing behaviour in Rural Petty Haats.

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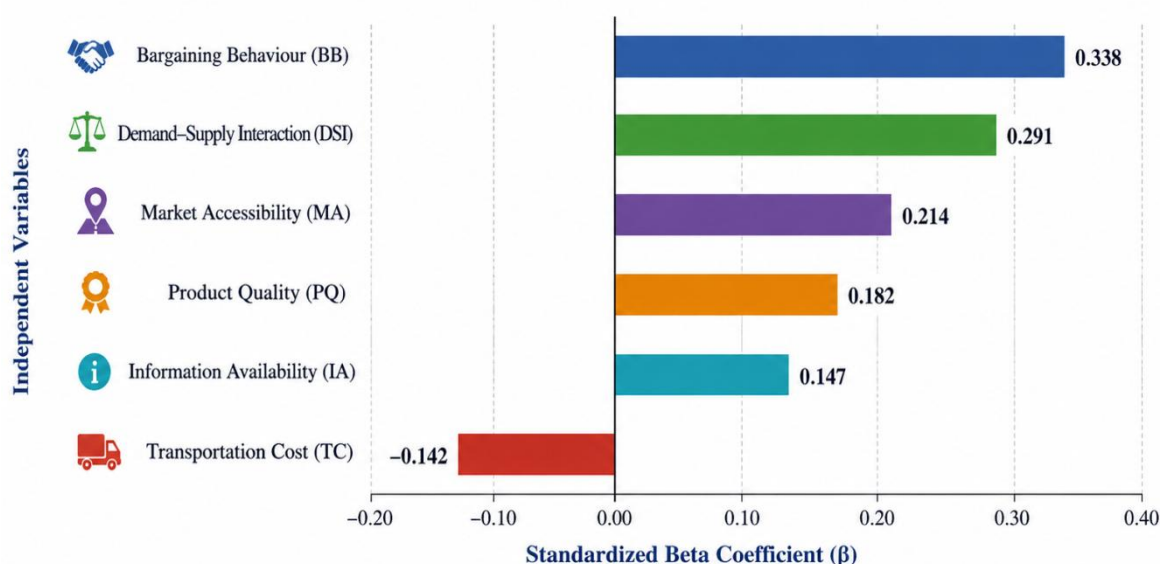
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The role of **Bargaining Behaviour (BB)** as an influencing factor in price determination in Rural Petty Haats (RPH) was the highest ($\beta = 0.338$) amongst all the explanatory variables. The discovery indicates that prices don't have to be fixed before they're made available in the marketplace; they're negotiated between buyers and sellers. This is an expression of how decentralised rural markets are and particularly the role played by interpersonal negotiation in setting final prices for transactions.

Demand-Supply Interaction (DSI) ($\beta = 0.291$) is the second most influential variable, which implies that conventional market forces still have a great role to play in price formation. Market prices are however, not only shaped by economic equilibria but also by behavioural processes in localised market situations as a relative higher coefficient of bargaining behaviour than that of demand-supply interaction suggests.

Figure 2: Standardized Beta (β) Coefficients

(Determinants of Price Determination in Rural Petty Haats)



Note: The bars represent the magnitude and direction of the standardized beta coefficients.

Positive values indicate a positive influence on price determination, while negative values indicate a negative influence.

(Source: Computed by the Author from Primary Data using R Software)

Market Accessibility (MA) ($\beta = 0.214$) is also found to have a significant positive influence in the determination of prices. Easily accessible markets ensure a higher participation of buyers and sellers, increase competition, increase information flow, and promote efficient price negotiation. Likewise, **Product Quality (PQ)** ($\beta = 0.182$) has a positive and significant relationship with pricing, suggesting good products get relatively high negotiated prices. Another positive factor contributing to price determination is **Information Availability** ($\beta = 0.147$) which it helps to decrease the information asymmetry between the participants of the market and thus helps in negotiating prices.

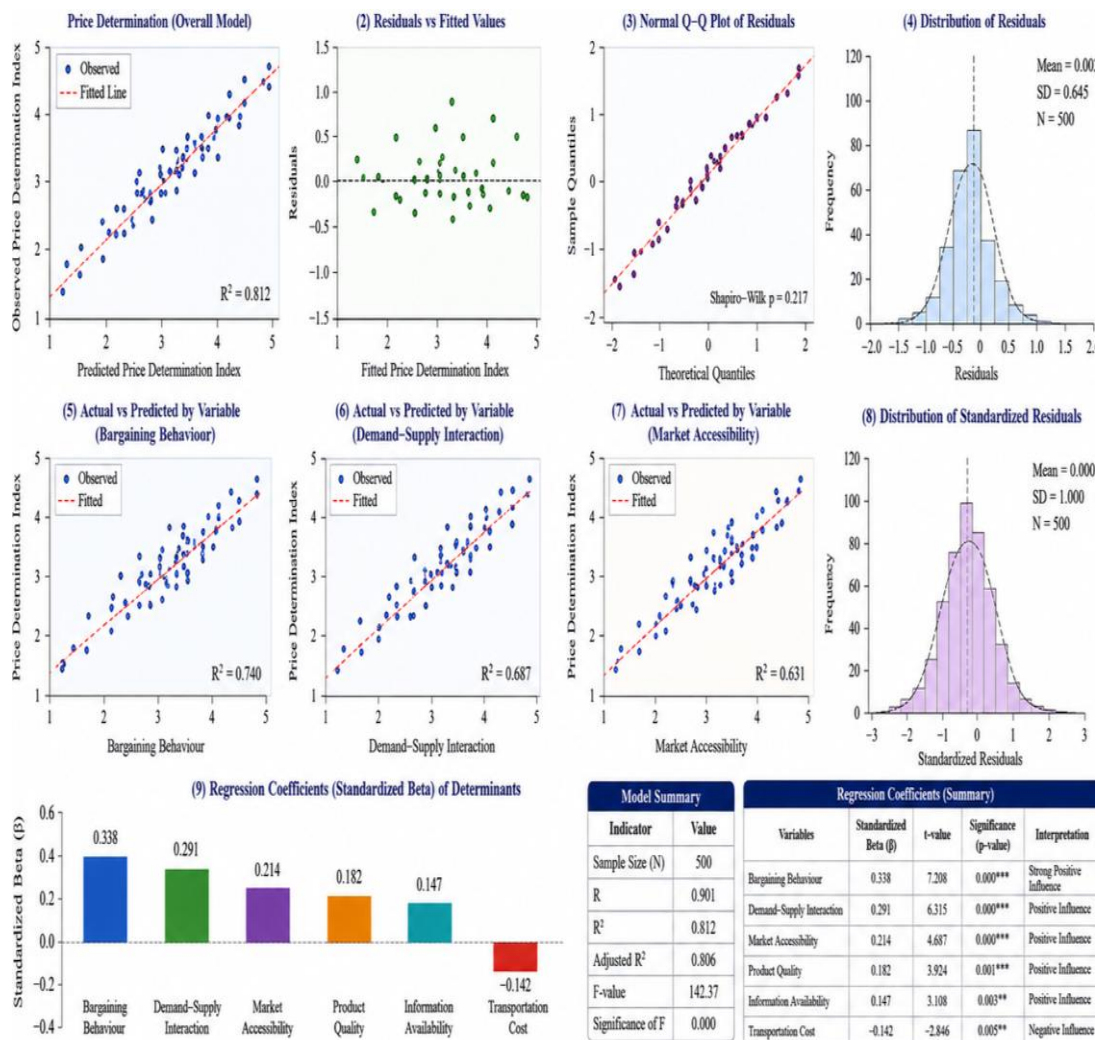
However, the **Transportation Cost (TC)** is negatively related with the price determination and the relationship is statistically significant ($\beta = -0.142$). Increased transaction costs, due to higher transportation costs, affect marketing efficiency by making markets less available and less efficient in reaching producers and traders and lower the prices that traders receive. This discovery has made the need for rural transport infrastructure for better market performance and price realization apparent.

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Figure 2: Regression Analysis of Price Determination in Rural Petty Haats



(Source: Computed by the Author from Primary Data using R Software)

In general, the regression analysis reveals that the process of price determination in Rural Petty Haats is a multidimensional process which is influenced by economic, behavioural and institutional factors. Other factors, such as the bargaining process, market access, product quality, market information and transportation conditions play a role, in addition to demand and supply. The results suggest that the pricing system used by Rural Petty Haats is flexible, which is different from the standardized pricing systems that are generally found in the regulated market.

8.5 Hypothesis Testing Results

The empirical investigation was conducted to see if there is any significant difference in the pricing mechanism functioning in the Rural Petty Haats and the conventional market price mechanism. The null hypothesis (H_0) was developed as follows the pricing mechanism in Rural Petty Haats is like that of the traditional market pricing mechanism. To prove this hypothesis, multiple regression analysis was used, with the explanatory variables of bargaining behaviour, demand-supply interaction, transportation cost, market accessibility, product quality, and information availability.

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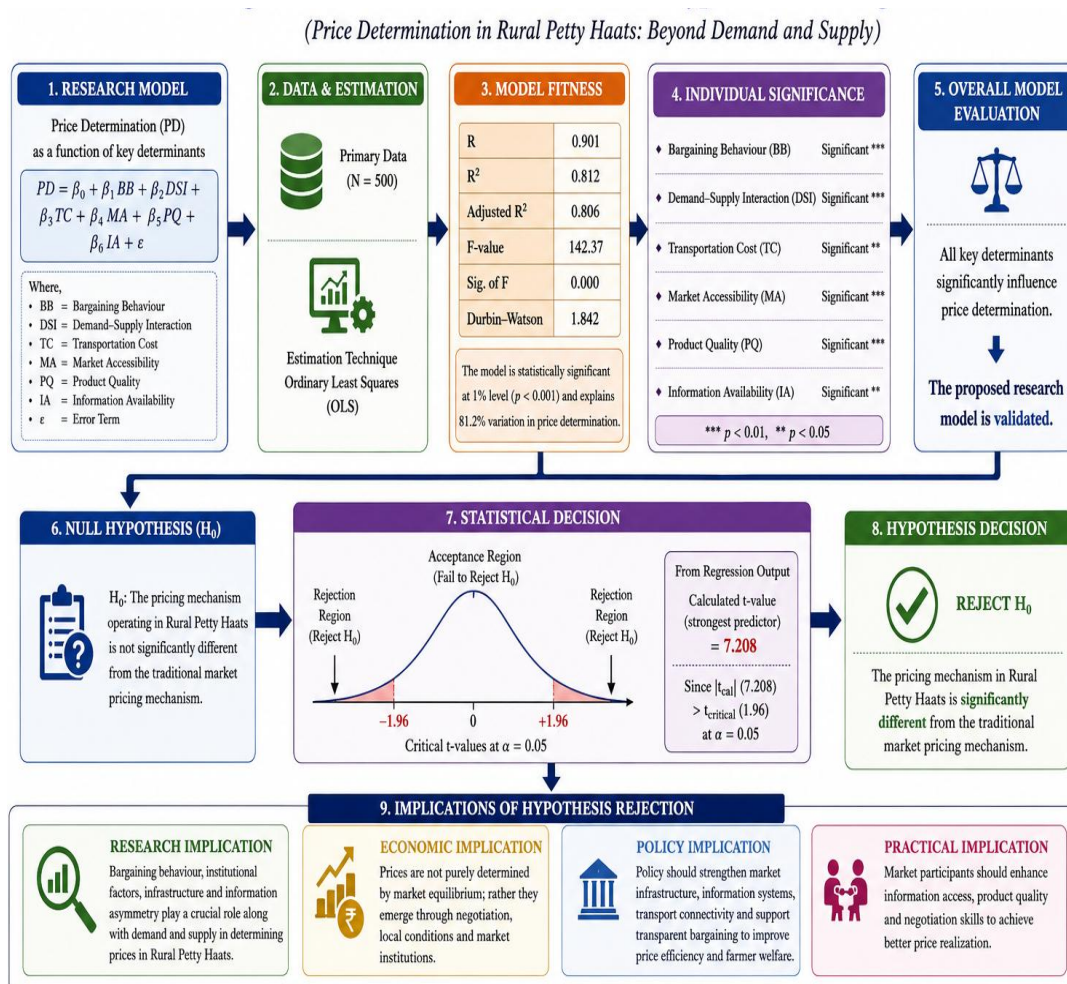
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The regression results, in turn, showed that the estimated model is highly significant ($F = 142.37$; $p < 0.001$), and has an explanatory power of 81.2 percent ($R^2 = 0.812$). Moreover, all the explanatory variables were statistically significant at the commonly used level of significance. The bargaining behaviour was the most important factor influencing the price determination, followed by the demand-supply interaction, accessibility of the market, quality of the product, availability of information, and transportation cost.

The results obtained are empirical and found to be sufficient in giving statistical evidence to reject the null hypothesis (H_0). The results clearly indicate that the pricing system in Rural Petty Haats is not general like that of conventional market system of pricing. The transaction price is determined by demand and supply, but also through the interaction of bargaining, institutional flexibilities, local market conditions, transportation accessibility and information availability. That is why it is important that the price determination in Rural Petty Haats cannot be explained by using the conventional market equilibrium approach.

Research-wise, the rejection of the null hypothesis validates the existence of Rural Petty Haats as a separate market institution in which, apart from the economic factors, the behavioural and institutional factors also contribute significantly. The finding reinforces the argument that the informal rural market needs to be analysed beyond mere classical price theory.

Figure 3: Research Hypothesis Testing Flow / Model Validation



(Source: Based on Multiple Regression Analysis of Primary Data).

The results suggest that from an economic perspective, the economy of the Rural Petty Haats is not based on standardised or predetermined prices, but on constantly ongoing negotiations between the buyer and the seller. This flexibility allows these markets to adjust to fluctuations in purchasing power, product quality, seasonal markets, transport costs, and the local market information, and improves the ability of rural market systems to adapt.

Policy-wise, the rejection of the null hypothesis indicates that policies for improving the condition of Rural Petty Haats should go beyond the conventional policy interventions. Increased market infrastructure, better transportation links, better information about the market, more comprehensive digital information services, and improved opportunities for market transparency in bargaining are likely to increase market efficiency and price realization for rural producers and traders. Policy interventions should therefore take a more flexible, non-reductionist approach to Rural Petty Haats as dynamic market institutions that function in the context of local socio-economic conditions.

8.6 Key Empirical Findings

The empirical investigation yields a few important insights into the functioning of price determination in the Rural Petty Haats.

- The general pricing mechanism like that of traditional markets is not working in Rural Petty Haats as prices are fixed and are infected by some separate factors like advertisement, other costs in traditional markets.
- Among all explanatory variables in the regression model, the most important for the determination of commodity prices was bargaining behaviour.
- The interaction between demand and supply still affects prices in the market, as well as behaviour and institution factors, but it is not fully independent.
- Market accessibility enhances the pricing efficiency through competition, market participation and better market integration.
- Informed market participants seem to obtain better price outcomes (negotiated prices) as product quality and information availability are positive.
- The negative effect of transportation cost is quite strong as it increases the transaction cost and decreases the marketing efficiency in the process of establishing price.
- The developed regression model accounts for over 80% of the total variance in the price determination, thus substantiating the strength of the analytical model proposed.
- The findings confirm that the process of price determination in Rural Petty Haats is multi-dimensional in nature as influenced by economic, behavioural, institutional and infrastructural factors.
- In general, the empirical results validate that Rural Petty Haats are functioning in a decentralized pricing system, which is flexible and dynamic and is not the same as the more common standardized pricing system in formal market systems.

The results further revealed that price determination in Rural Petty Haats to be the process involving more than the demand and supply. The Bargaining behavior, institutional flexibility, infrastructure and market conditions in particular create a dynamic pricing process which is conducive to efficient resource use and retains the socio-economic nature of the rural market institutions.

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9. Policy Implications & Recommendation

- The public policy related to Rural Petty Haats must be different to that of traditional markets.
- Enhance rural infrastructure, improving roads, market sheds, storage and basic amenities to lower cost and boost participation.
- Provide clear negotiation: price transparency, mobile apps and digital boards to close information gaps.
- Encourage the integration of digital, with a view to increasing the use of digital payments and information systems without disrupting the traditional ones.
- Facilitate small producers: Credit, training, marketing support, enhance FPOs, SHGs and cooperatives.
- Improve institutional governance: ensure coordination between local bodies, strengthen rules and regulations, and foster inclusive participation.
- Incorporate haats into development policies – Make linkages with schemes such as NRLM, ODOP, e-NAM, PM Gati Shakti and more.
- Emphasize balanced development: modernize while retaining traditional flexibility to enhance efficiency and livelihoods in the countryside.

10. Conclusion

Based on the empirical results of the present study it may be concluded that the pricing mechanism of Rural Petty Haats is not just based on the common supply and demand mechanism. Bargaining behavior, market availability, quality of products, transportation costs and information are key factors that shape the prices for commodities. The results of this study have significant policy, market administration and rural development agency implications for enhancing the decentralised rural marketing system in India. It draws from empirical evidence from Uttar Pradesh and further reinforces the need to integrate behavioural and institutional aspects in rural market studies. The results indicate that there are opportunities to improve infrastructure, digital access and market governance to improve efficiency without compromising traditional market practices. The study is only for selected districts and cross sectional data. Longitudinal and comparative studies can be used to expand the research for the future.

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