

Regulated Markets: The Farmers Participation at Ananthapur District of Andhra Pradesh

Dr. D. Nabirasool

M.A (Eco)., MBA, PhD, UGC-PDF,*1

Assistant Professor (Marketing& Entrepreneurship)

Indian Institute Of Plantation Management Bengaluru

(An Autonomous Institution of the Ministry of Commerce & Industry, Gol),

Jnana Bharathi Campus P.O., Malathalli, Bangalore - 560056, Karnataka, INDIA,

rasool.phd@gmail.com

Abstract

Agricultural marketing is very much important today and everyone know that in the earlier years concentrated on improving in agricultural production, so today we are getting huge production with little land, but the problem is marketing of that huge produces. So it is fact that present scenario we need to concentrate on the marketing of the produce. For this purpose the governments created and developed the regulated markets. But there is a question, what is the level of participation of the farmers in that regulated markets, awareness on the benefits of the markets and schemes, factors determining the farmers to participation and not participation in the regulated markets. This research paper finds the answers to the questions markets are attracting the small and marginal farmers, whether farmers prefer to sell the produce in regulated markets? If they are not selling in regulated markets, why? Kind of Factors determining their participation in regulated markets, if they are participating, what benefits derived by participation, transaction costs are involved, mode of transportation used? Whether operations held at regulated market are favorable for Inclusive Growth? These are some of the problems we would like to address in this study at Anantapur district of Andhra Pradesh as the case. In addition, secondary data also have been analyzed. More specifically, the objectives of the study include: 1) To identify the socio economic factors influencing the participation of the farmers in regulated agricultural markets; 2) The study the perceptions of the farmers about the various factors such as prices, transaction costs, etc; 3) The evaluation of the impact of agricultural marketing on the wellbeing of small and marginal farmers in the study area. The study find that the major factors determining participation in the regulated agricultural markets are price, storage facilities, quick disposals and the speedy payment, since

price differential is an important variable, strengthening regulated markets and making farmers participate is an important challenge in Andhra Pradesh. The government should also take the measures to educate farmers on negotiable warehousing receipt scheme and pledge finance to avoid the distress sales.

Key words: Regulated markets, Farmers, Participation, Factors determining, Awareness, Schemes

Introduction

Agricultural marketing involves the various interrelated services and actions relating the movement of agricultural products from the farm to the final consumer. These actions include planning production, growing and harvesting, grading, packing, transporting, storage, agro and food processing, distribution, advertising and sales. Agricultural market has now become an integral part of agricultural production process. The development of an economy in general and the agriculture sector in particular is closely associated with the facilities available for marketing of goods supplied by agriculture. The marketing of agricultural products is a matter of great concern to the farmers, consumers and traders as it provides a channel for selling agricultural produce; and for consumers a means of satisfying their consumption needs; and for the traders it is a source of profit and lively hood. The basic purpose of a regulated market is to eliminate unhealthy market practices, reduce marketing costs, ensure fair prices and in general protect the interests of farmers. More specifically, regulated agricultural markets aim at ensuring remunerative prices to the producer of agricultural commodities, narrowing down the price differential between the producer and the consumer and reducing non-functional margins of the traders and commission agents.

India moved from the food shortage economy in 1950's to the present food surplus economy. Food grain production has increased by more than four-fold from a low level of 51 million tons in 1950-51. But, has this phenomenal success helped the small and marginal farmers? The Government of India, besides other programs, established regulated agricultural markets to ensure remunerative prices to the farmers. But, the questions are is regulated markets attracting the small and marginal farmers, whether farmers prefer to sell the produce in regulated markets? If they are not selling in regulated markets, why? Kind of Factors determining their participation in regulated markets, if they are participating, what benefits derived by participation, transaction costs are involved, mode of transportation used? Whether operations held at regulated market are favorable for Inclusive Growth? These are some of the problems we would like to address in this study at Anantapur district of Andhra Pradesh as the case. In addition, secondary data also have been analyzed. More specifically, the objectives of the study include: 1) To identify the socio

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economic factors influencing the participation of the farmers in regulated agricultural markets; 2) The study the perceptions of the farmers about the various factors such as prices, transaction costs, etc; 3) The evaluation of the impact of agricultural marketing on the wellbeing of small and marginal farmers in the study area.

Research Methodology

Research Design

The present study is the descriptive research design

Source of Data

The present study is based on both primary and secondary data. We have collected primary data from field survey conducted during 2019 in two villages of Anantapur district of Andhra Pradesh state.

Primary data collection

Information regarding reasons for selling and not selling the agricultural produce in regulated market, time of disposal of produce, sources of price information to the farmers etc, have been collected by administering a structured questionnaire. The required data have been collected by the authors directly holding interviews with the key informants.

Secondary data

In addition, secondary data were collected from Agricultural Market Committee, Anantapur, by means of this source, information regarding market arrivals (in quantum and value), market fee collection, number of Commissions' Agents and Traders, villages served by the regulated market etc, have been collected.

Sampling Technique and Sample Size

Simple random technique was applied for the study. From every village 50 farmers belong to different categories have been chosen. So total sample was 100

Area of Study

Villages are selected on their immediacy to the regulated market. Accordingly, pamidi, a distant village from regulated market (about 30 km away from Anantapur) and Narpala, a nearby village to the regulated market (about 12 km from Anantapur) include for the study

Statistical tools for Data Analysis

The data was analyzed using the binary logit model to assess the farmer's willingness in the participation in the regulated marketing activities. To examine the factors determining farmers' participation in regulated market activities, a binary logit model has been used. The model uses farmers' participation as the dependent variable that is dichotomous taking a value of 1 if the farmer participates and 0 otherwise.

Objectives of the study

- To study the determining factors for the participation of farmers in the regulated marketing activities.
- To identify the socio economic factors influencing the participation of the farmers in regulated agricultural markets
- To study the perceptions of the farmers about the various factors such as prices, transaction costs, transportation etc.,

Data Analysis**Table. 1 Profile of the farmers**

| Farmer | Village 1 | Village 2 | All |
|------------------|------------------|------------------|------------|
| Marginal Farmers | 18 | 20 | 30 (38) |
| Small Farmers | 8 | 17 | 25 (25) |
| Medium Farmers | 10 | 5 | 15 (15) |
| Large Farmers | 14 | 8 | 22 (22) |
| Total | 50 | 50 | 100 (100) |

Source: Field Data

As mentioned earlier, 50 farmers from Pamidi village and 50 farmers from Narpala village have been chosen randomly making the total sample size equal to 100. Nearly two-thirds of these farmers are either small or marginal farmers (Table-1). The main purpose of the study was to observe the small and marginal farmers participation in the agricultural marketing and the benefits derived thereof. It was also noticed that the composition of farmers by size of landholding is similar in both the selected villages. The Chi square test reveals that there is no statistically significant difference (Chi square=110.0 and the significance level=0.23) between the composition of the farmers in both the villages.

Table 2. Factors for selling in regulated markets by farmers

(Percentage)

| Type | Factors | | | | | |
|------------------|----------------|----------|----------|----------|----------|----------|
| | A | B | C | D | E | F |
| Marginal Farmers | 63.2 | 52.5 | 44.6 | 60.51 | 52.7 | 7.7 |
| Small Farmers | 92 | 83.9 | 24 | 83.9 | 79.9 | 8.1 |
| Medium farmers | 93.2 | 96.7 | 53.4 | 60.1 | 86.7 | 39.9 |

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|-------------|------|------|------|------|------|----|
| Big Farmers | 95.5 | 81.9 | 86.3 | 86.4 | 90.9 | 41 |
| All | 82.1 | 72 | 38 | 77 | 73 | 20 |

Note: A= Price, B=Measurement, C=Storage, D=Quick Disposal, E= Immediate payment, F= Other.

Source: Field Survey

Regulated agricultural produce markets are established to make sure better price to the farmers. The field survey reveals that one of the significant reasons for farmers selling their produce in regulated markets is the prospect of getting better price in the regulated market. Over 71% of farmers belonging to village 1 and over 89% of farmers belonging to village 2 are selling their produce in Anantapur regulated market (Table 2 and 3). Thus, over 81% of farmers reported that they foresee to get better prices in the regulated market. Similarly, about 72 % of farmers have reported that one of the reasons for selling in the regulated market has been the correctness in the measurement.

Another significant reason for selling in regulated market is the immediate receipt of cash for the sale of produce. Generally, farmers face liquidity crisis at the time of harvest. They are excited to set out of their produce to settle their short term and long term debt. The field data reveals that not only small but even bigger farmers are eager to sell their produce to improve their liquidity position. Over 71% of farmers felt that the reason for selling in regulated market is the possibility of quick sale and getting cash in return.

Table 3 Factors for not selling in regulated market by farmers (Percentages)

| Type | Factors | | | | | | | | | |
|------------------|---------|------|------|------|------|-----|------|------|------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Marginal Farmers | 36.9 | 34.1 | 26.4 | 5.3 | 18.5 | 2.7 | 13.2 | 13.2 | 7.9 | 7.9 |
| Small Farmers | 17.1 | 16.1 | 12.1 | 4.1 | 8.1 | - | 16.1 | 12.1 | 16.1 | 4.1 |
| Medium Farmers | 20 | 20.1 | 13.2 | 13.2 | 6.5 | 6.5 | 20 | 20.1 | 6.5 | 13.2 |
| Big Farmers | 26 | 18 | 27.1 | 13.5 | 24.1 | 9 | 13.4 | 22.4 | 18 | 4.44 |
| All | 27 | 24 | 21 | 8 | 16 | 4 | 15 | 16 | 12 | 7 |

Note: 1= High Transport Cost, 2= Not availability of Transport, 3= Problems of time, 4= Prices are not remunerative, 5= More waiting time, 6= Long distance, 7= Malpractices, 8= Heavy Commission, 9=Low marketable Supply, 10= Any other factor. Source: Field Survey

The main factors for farmers not selling their produce in regulated markets come into view to be high transport cost, non availability of transport facilities, and extended waiting time at regulated market. Small farmers experienced more difficulty than large farmers in this regard. For instance, over 36.9% of small farmers reported that they were not selling their produce in regulated market because of huge transport cost while only 26% of big farmers encounter such problem. In fact, large farmers growing ground nut and faddy sell to purchase agents who visit the village. These agents prefer to contact large farmers as they can get truck loads of cotton.

Table 4. Transportation mode

(In percentage)

| Type | Transportation | | | | |
|------------------|----------------|------|------|------|-----|
| | 1 | 2 | 3 | 4 | 5 |
| Marginal Farmers | 26.9 | 7.7 | 38.8 | 27.9 | 2.5 |
| Small Farmers | 30 | 11 | 65 | 5 | - |
| Medium Farmers | 39 | 26.7 | 60 | 26.7 | - |
| Big Farmers | 41.3 | 23.7 | 57.5 | 18 | - |
| All | 34 | 15 | 51 | 29 | 1 |

Note:1= Tractor, 2= Tempo, 3=Three Wheeler, 4=Bullock Carts,5= Others

Source: Field Survey

The mode of transport used for moving produce to market indicates that three wheelers and tractors are more important. More than 50% of the farmers utilize three-wheelers and one third producers use tractors. It is also observed that large farmers who generally own tractor prefer to use the tractor for transporting their produce while small farmers make use of three-wheelers.

Table 5. Information sources to the farmers on market prices

(Percentages)

| Type | Sources of Market prices | | | | |
|------------------|--------------------------|------|------|------|------|
| | 1 | 2 | 3 | 4 | 5 |
| Marginal Farmers | - | 49.3 | 44.3 | 35.8 | 35.2 |
| Small Farmers | - | 48 | 31 | 59 | 28.1 |
| Medium Farmers | 13.1 | 39 | 51.3 | 66.5 | 6.6 |
| Big Farmers | 18.3 | 39.9 | 30.2 | 52 | 17.1 |
| All | 4 | 45 | 40 | 50 | 25 |

Note: 1=Media, 2=Local Traders, 3= Personnel visit, 4=Phone, 5= Others

Source: Field Survey

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The above table explains that farmers obtain information about prices in regulated market from local traders, by visiting personally to the market and by making phone calls to the market and from the friends. It is clearly shown in the table that small farmers depend more upon local traders and personal visits to gather information on market prices while large farmers depend upon local traders and phone calls. Large farmers do not take the trouble of personally visiting the market. It was a surprise that media is not one of the important sources of market prices information to the farmers. It shows that government must need maximum efforts to increase the role of media in transmit price information to the farmers.

Table 6 Farmers Awareness on Government Schemes

(Percentages)

| Type | Government Schemes | | | | | | | | | |
|------------------|--------------------|-----|---|---|---|-----|------|-----|------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Marginal Farmers | - | - | - | - | - | - | - | - | - | - |
| Small Farmers | 4 | - | - | - | 4 | - | 7.9 | 4.1 | - | - |
| Medium Farmers | 13.1 | 6.6 | - | - | - | 6.5 | 13.3 | - | - | 6.6 |
| Big Farmers | 13.8 | - | - | - | - | - | 13.7 | 4.4 | 66.6 | 4.54 |
| All | 6 | - | - | - | 1 | 1 | 7 | 2 | 2 | 2 |

Note:1=Kisan Call centre: 1800-180-1551, 2=Digital Mandi, 3=SHG (IKP), 4= Future Market, 5=Contract farming ,6=Market portal information, 7=Rythu Mithra, 8=Gopala Mithra, 9= Farmers clubs, 10= Agmark

Source: Field Survey

To help and educate the farmers about agricultural marketing the Government of India have started a mixture of schemes like Kisan Call Centre, Digital Mandi, Market portal information, RythuMitra, Gopal Mithra etc. These schemes will give the result and reach the fruits to the farmers only when there is well awareness about these schemes to the farmers. Ground study reveals that most of the farmers in both the villages are not sufficiently up to date about these schemes.

Table 7. Determining factors of the farmers participation in regulated markets (Logit model)

| Variables | B | S.E. | Wald | Sig. | Exp(B) | 95% C.I.for EXP (B) | |
|-----------|---------|-------|-------|-------|--------|---------------------|-------|
| | | | | | | Lower | Upper |
| Age | 0.991** | 0.491 | 4.101 | 0.045 | 2.697 | 1.034 | 7.054 |
| Education | 1.104** | 0.550 | 3.995 | 0.045 | 3.006 | 1.021 | 8.854 |

| | | | | | | | | |
|----------------------|--------|----------|-------|--------|-------|--------|-------|--------|
| Distance | | -0.720 | 0.586 | 1.505 | 0.221 | 0.488 | 0.153 | 1.536 |
| price | | 2.561* | 0.612 | 17.584 | 0.000 | 12.963 | 3.916 | 42.935 |
| Gender | | -0.021 | 0.798 | 0.001 | 0.981 | 0.981 | 0.204 | 4.691 |
| Market information | | 2.522* | 0.722 | 12.241 | 0.001 | 12.467 | 3.035 | 51.233 |
| Transaction costs | | -0.001 | 0.016 | 0.001 | 0.971 | 0.999 | 0.972 | 1.031 |
| Type of the farmer | | 1.165** | 0.604 | 3.721 | 0.050 | 3.211 | 0.980 | 10.503 |
| Community | | 0.172 | 0.537 | 0.107 | 0.741 | 1.194 | 0.419 | 3.408 |
| Mode of transport | | -0.607 | 0.527 | 1.317 | 0.252 | 1.833 | 0.650 | 5.168 |
| Constant | | -3.420** | 1.161 | 9.054 | 0.002 | .031 | | |
| -2 Log likelihood | 110.22 | | | | | | | |
| Cox & Snell R Square | 0.385 | | | | | | | |
| Nagel kerke R Square | 0.534 | | | | | | | |

Note: Estimated using survey data. * indicates significance at 1% and ** indicates significance at 5% level.

The inference of binary logit model shows that market participation among the farmers is associated to the market information along with other variables in the study area. The major factors that determined market participation of farmers was age, education, price, type of the farmer and market information. The other variables such as gender, community, distance, transaction costs and mode of transport have expected signs but statistically not significant. The empirical analysis also reveals that type of the farmer has a significant impact on participation indicating that small and marginal farmers do participate in regulated agricultural markets.

Findings and suggestions to the policy makers

- The study finds that the small and marginal farmers are benefitted as their earnings have increased due to the participation in agricultural marketing. Thus it may be conclude that participation in regulated agricultural marketing paves the way for these farmers to be included in the growth process. Since most of the sample farmers are tending towards selling their produce in the regulated markets, so the government should strengthen infrastructure facilities and provide proper grading and standardization procedures in the markets.
- The study find that the major factors determining participation in the regulated agricultural markets are price, storage facilities, quick disposals and the speedy payment Since price differential is an important variable, strengthening regulated markets and making farmers participate is an important challenge in Andhra Pradesh. The government should also take the measures to educate farmers on negotiable warehousing receipt scheme and pledge finance to avoid the distress sales.

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- The major factor influences the framers not participation in regulated agricultural market sales is the transport cost.
- The empirical analysis based on logit model suggests that in spite lacking awareness about the agricultural marketing among the farmers it had significant and positive impact on farmers' participation in these activities thus highlighting the importance of market information programs.
- Age of the farmer, education and price differential appear to influence significantly the farmers' participation in agricultural markets. The other variables such as gender, community, distance, transaction costs and mode of transport have expected signs but statistically not significant. The empirical analysis also reveals that type of the farmer has a significant impact on participation indicating that small and marginal farmers do participate in regulated agricultural markets.
- The study also finds that the awareness among the farmers regarding government schemes of agricultural marketing is not an adequate amount and there is a need to increase and develop the awareness campaigns about the various schemes and the benefits related to agricultural marketing.
- Market prices on daily basis every day in the morning hours will help the farmers to bring the produce into the markets; it will don intensive use of local news channels (TV), Radio and local news papers.
- Spread the latest developments particularly relating to Prices, Marketing, and any other development in the agriculture through local news papers, because local news papers also should play a role in educating people about the latest developments particularly relating price changes.
- In addition, using web portals to cover the way for global marketing should be implemented. The toll free number for information, 1880-180-1551 should be widely popularized. Finally, the government should contemplate on promoting marketing research and take measures to convert agriculture into agricultural business.

Scope of the future research

The present study limits for only one particular district, it should be enhanced to other districts and considered only the variables of age, education and type of the farmers, awareness of schemes etc. Further researchers will consider other variables, which the researcher ignored in this study.

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