Introduction:

With the Independence of India came the enormous responsibility of feeding the newly-freed people of the second-most populous country in the world. The Government pledged to win the war against hunger. Considering the imperatives of a large population and the need to improve nutritional standards, the paramount objective was to develop agriculture. It is for this reason that agriculture occupies a predominant position in the country’s economy.

The vast majority of this country’s population depends on agriculture for its livelihood. During the last few decades, there have been significant developments in this crucial sector resulting in higher food production. Green Revolution, coupled with other developmental programmes, has transformed the face of rural India along with the production of oilseeds, jute, cotton, sugarcane, etc. The horticulture sector has come out of its aegis. India is the second largest producer of fruits and vegetables in the world. Indian farmers have demonstrated resilience to respond to the application of modern technology in terms of higher production, increased productivity and changes in the cropping pattern. The country is not only self-sufficient in food grains, but has surplus stocks for export.

In spite of impressive record on agricultural front, clear signs are emerging that it may not be possible to sustain the growth unless growers are assured of fair returns on their capital investment and hard labour. The Government is already aware of this fact and has taken several measures to deal with the problems which are looming large.

With the rapid increase in population, the total number of people absorbed in agriculture increased from 140 million in 1952 to 402 million in 2001. The development of the industrial and the service sectors has not been competent enough to provide employment to the increasing additions to the working population. Agriculture is the main source of raw materials to the industries. The value of agricultural raw materials is about 20.5 percent of
the industrial production in India. The importance of agriculture can also be measured by its contribution to the GDP. The share of agriculture in the national income was estimated at 18.5 percent in 2006-07. The Tenth Plan estimated that the agricultural commodities and allied products would contribute 14.7 percent of foreign exchange earnings.

The rural sector in India accounts for about 72 percent of the population and contributes nearly half to the country’s GDP. The vast size of the sector makes it attractive to the country as a potential market for goods and services to boost their sales and profitability. Rural markets, after experiencing short term “booms” during the 1980s and 1990s, are showing signs of slackness. However, during these periods of slackness, there have been efforts by marketeers to stimulate the market, but without too encouraging outcomes. Lately, there has been a realization that like urban market, rural markets are also showing signs of saturation. The India Market Demographic Report, 2002, by the NCAER (2003) observes that besides the impact of recession in the global economy, there have been many indigenous factors that have put on hold the expansion of the Indian consumer market, including rural markets in recent times.

The vast size of market and ill-informed speculations about its potential made many multinationals to rush here over the past decade to tap the consumption potential of billions of new consumers. But as the initial euphoria waned, there was a growing realization that billions of consumers have not reciprocated to the multinationals’ embraces. This calls for shift in emphasis from the global to the local consumer, and from globally standardized to locally adapted marketing programmes. Simultaneously, they must delve deeper into the local consumer base in order to deliver on the promise of tapping into billion consumers markets.

The Indian industry has also looked at rural markets in terms of short term opportunities for commercial gains and has failed to develop a deeper understanding of these markets. This lack of understanding is reflected in
the observations made by a senior industrialist after the presentation of the budget 2004 who said that, push to the rural economy meant an increase in earnings of rural consumers, which, in turn, meant more disposable income which had a direct influence on the fortunes of a number of corporates. Even in case of multinationals, a fundamental inconsistency has been pointed out in terms of their marketing programmes being scarcely adopted for emerging markets, resulting in low market penetration, low market shares and poor profitability. In order to attract billions of new consumers, the market programmes of multinationals need to be rethought.

The marketing scholars and practitioners in India have also contributed to the neglect and ignorance of rural marketing in India. The concept of rural marketing means different things to different people. This confusion leads to distorted understanding of the problems of rural marketing, poor diagnosis and, more often than not, poor prescriptions.

With the changing global scenario, the Indian agriculture is at the cross roads. It is high time that India redesigned its agricultural strategies so as to become competitive internationally. The new agricultural policy encompasses four dimensions, namely, commercialization, diversification, value addition and export orientation. The same agenda figures in World Trade Agreement which places emphasis on trade liberalization and globalization. It calls for introducing measures for export promotion through devaluation, relaxation of export quotas, introduction of export subsidies, etc., because export-led growth is now the most important strategy in the free trade regime.

The Government of India has announced a number of liberalization policies since July 1991 to boost the agricultural exports. As a corollary to this, attempts have also been made to reverse the unfavourable terms of trade faced by the agricultural sector in the pre-Liberalization period (1972-73 to 1988-89). Indian Rupee was devalued by 18 to 19 percent against major currencies in the foreign exchange market. Later, the devaluation of
Rupee increased to 21.4 percent and its total convertibility was introduced on trade account. All these measures were essentially taken up to boost the exports in the international market.

India has been exporting agricultural commodities to a large number of countries. In items like spices, India is exporting to more than 110 countries. In traditional items of export such as tea, coffee, raw tobacco, cashew, etc., CIS countries have been the important markets.

The improvement in living standard of rural India is one of the major indicators of economic development of the country. About 25 percent of GDP is generated by the agricultural sector. Since the agriculture is one of the major producing sectors in the economy, it influences the performance of other sectors too. Higher income and consequently, the higher purchasing power among the rural households creates demand for industrial goods. The agricultural products must be increased not only to meet the demand of growing population, but also to meet the increasing demand due to rise in incomes and living standards.

Agriculture is the backbone of the Indian economy. Despite the rapid strides of progress made on industrial front, agriculture continues to play a predominant role in accelerating the economic development. The two basic elements of agriculture are production and marketing of agriculture produce. Marketing of agriculture produce is as important as production itself. Agricultural marketing involves the movement of food and raw materials from the farmers to the consumers. For this, it requires a marketing system, which, in turn, depends upon the organization of market, its structure and conduct. The market structure, conduct and performance are causal and sequential phenomenon of interaction on the market. The market structure refers to the characteristics of a market which affects the traders’ behaviour and, in turn, their performance.
Markets are called to be efficient when market prices reflect all the available information, so that no trader is in a position of earning excess profits in a systematic manner, based on the available information.

Efficiency of future market implies that future prices incorporate all relevant information when that information is readily available and widely disseminated. Therefore, it rules out any possibility of exploiting trading opportunities and achieving superior results. Future markets are efficient in the sense used in finance literature.5

**STATEMENT OF THE PROBLEM**

The approach to stabilization of food sector has been multidimensional. One such approach followed for achieving this objective was the reliance on the agricultural marketing institutions. Having realized that agricultural marketing acted as a multiplier, several agricultural marketing institutional innovations were introduced in the States of India during the recent past.

Accordingly in Karnataka, Agricultural Produce Regulation Act has been passed mainly for the APMCs. This Regulation Act intends: (i) to guide, supervise and advise the agricultural produce market committees; (ii) to create necessary market infrastructure in the market; (iii) to enforce the provisions of the Agricultural Produce Markets Act; (iv) to eliminate malpractices in the marketing system in the State; and (v) to help the farmers in the sale of their produce efficiently. This Act has been recognized as an instrument of agricultural marketing policy. As per this Act, APMCs formulated various development programmes for marketing. Among these programmes, primary reliance has been placed on the regulation of rural primary markets, development of rural link roads, rural godowns and initiation of farmers’ welfare schemes. These programmes were directed to augment farm production and bring more and more arrivals in the regulated markets. They were also designed to reduce the variation in prices of the
commodities, stabilizing and enhancing farmers’ income, economic security, economic access and their treatments in the market.

The proposed research work, therefore, endeavours to study the problems faced by the farmers in marketing their produce at the APMCs in the coastal Karnataka. (the districts of Dakshina Kannada, Udupi and Uttara Kanada). In connection with the agricultural produce marketing activities, various forms and extent of problems could be identified and prioritized to decide upon them by the policymakers. In addition, the APMC’s decision-making procedures like sale volume, Marketing facilities infrastructure provided for marketing, implementation of committee decisions, etc., are the performance evaluation parameters that are to be assessed. From time to time, it is also essential to check whether these APMCs are on track or not, which would then contribute to the understanding of the factors contributing to the farmers’ marketing problems at the APMCs and would help to initiate the measures to be taken to correct any undesirable course of development.

Accordingly the present work has been titled as “Problems of Marketing of Selected Agricultural Produce in Coastal Karnataka.”

SIGNIFICATION OF THE STUDY

Food is the basic requirement in the hierarchy of needs of the man. The successful domestication of plants, animals, soil and water by settled human communities has hence been the starting point for the evolution of culture and orderly government. Sardar Patel often stressed this fact by emphasizing that only culture that he understood was agriculture.

India being an agricultural country, the empirical information to be generated by this study will be of paramount importance. It would be useful to the farmers and also the management bodies of the APMCs operating under similar conditions elsewhere for improving their performance through appropriate and relevant measures.
The findings of the study would provide a good lesson to the new APMCs proposed to be established and will avoid certain problems at the very beginning. Further, these can be used by the Government departments, agencies and institutions concerned with the agricultural marketing.

The study could also be a good stepping stone for other studies on agricultural marketing and marketing cooperatives. As per the knowledge of the present researcher, no study of this nature has been conducted earlier in the coastal Karnataka; hence it is a maiden venture.

OBJECTIVES OF THE STUDY

Agricultural marketing involves in its simplest form the buying and selling of agricultural produce. This definition of agricultural marketing might be accepted in olden days, when the village economy was more or less self-sufficient, when the marketing of agricultural produce presented no difficulty as the farmer sold his produce directly to the consumer on a cash or barter basis. But in modern times, marketing of agricultural produce is different than that of olden days. The modern marketing is surrounded by a series of problems like market facilities, marketing infrastructure, market intermediaries etc., before agricultural produce reaches from producer to the consumer.

A number of studies are being conducted on the marketing problems of agricultural produce from time to time. The findings of empirical studies vary from region to region and from market to market. More cross-section studies at market level are needed and this study is an endeavour in that direction. Coastal Karnataka is one of the most important growers of paddy, groundnut, cashew, coconut and areca nut. Keeping in view marketing problems of these major crops in the above region, this study was conducted with the following objectives.

1. To evaluate the market facilities to the farmers of selected agricultural produce in Coastal Karnataka.
2. To examine the marketing infrastructure for the selected agricultural produce in Coastal Karnataka under study.

3. To evaluate the role of the market intermediaries (APMCs traders) in marketing the selected agricultural produce in Coastal Karnataka.

4. To submit such meaningful suggestions, as may be appropriate.

**METHODOLOGY**

Basically, this is a study of Marketing Problems of Selected Agricultural Produce in coastal Karnataka, hence it has relied more upon the primary than the secondary data. But the objectives stated above could be accomplished through the collection of both primary and secondary data. Primary data has been collected with the help of survey method by administering separate structured interview schedules to the concerned respondents. 30% of the total 16 APMCs in coastal Karnataka (5APMCs) are selected for research and among the total 200 farmer respondents 80 farmers from Dakshina Kannada, 40 farmers from Uttar Kannada and 80 farmers from Udupi are chosen by convenient sampling method. Further 100 traders selected under same sampling method, and totally 300 samples are taken. They are farmer beneficiaries and traders at the five selected APMCs. Also, non-participatory observation method has been adopted to record the researcher’s impressions about the market processes such as market arrivals, storage and warehousing, auctions and sales recording, etc.

As the study topic is concerned with the government departments and autonomous bodies like APMCs, the necessary secondary data has been collected through the library research method and Internet searches.

**HYPOTHESIS OF THE STUDY**

The following hypotheses have been tested in the present study:

1. The satisfaction levels of the farmer beneficiaries over the market facilities and amenities available for marketing of the selected
agricultural produce and the market arrivals of the selected agricultural produce are correlated;
2. The efficiency of the marketing infrastructure and the turnover volumes of the selected agricultural produce are correlated.

SAMPLE DESIGN

The major crops cultivated in Coastal Karnataka are Paddy, Areca nut, Coconut, Cashewnut and Groundnut. Marketing problems of these 5 crops are selected for present study. Agricultural Produce Marketing Regulation Act, 1966 permitted to start only 16 APMC’s that is 5 in Dakshina Kannada,3 in Udupi and 8 in Uttara Kannada out of 21 talukas in Coastal Karnataka. Among these 16 functional APMC’s 30% that is 5 APMC’s are selected for two reasons;

1. There is highest turnover in these 5 APMC’s when compared to other 11 APMC’s
2. Marketing of selected crops (Paddy, Areca nut, Coconut, Cashewnut and Groundnut.) for study is being dealt in these 5 APMC’s.

While selecting farmer beneficiaries for the sample, convenient sampling method is applied, to choose 40 farmers from each APMC’s. These 40 farmers have also been selected as they grow the crops selected for the study. Convenient sampling has been applied to select 100 traders in Coastal Karnataka. From each APMC’s 20 have been chosen. Totally 200 farmers and 100 traders are selected as samples under convenient sample method because they are in large number. The turnover of the selected 5 APMC’s for the year 2010-11 are as follows.

1. APMC of Mangalore, Dakshina Kannada district with annual turnover of Rs.410 crores,
2. APMC of Puttur, Dakshina Kannada district with annual turnover of Rs.115 crores,
4. APMC of Karkala, Udupi district with annual turnover of Rs.30 crores,
5. APMC of Udupi, Udupi district with annual turnover of Rs. 24 crores,
6. APMC of Sirsi, Uttara Kannada district with annual turnover of Rs.100 crores.

**DATA COLLECTION**

There were two structured interview schedules administered to:

1. Farmer-beneficiaries of the selected APMCs, and
2. Licensed traders functioning at the selected APMCs.

Additional background information of primary significance was collected from the office-bearers of the selected APMCs, who were knowledgeable in agricultural marketing.

**Secondary Data**

As the topic of investigation has a national significance, the relevant statistical data and information is being compiled and published by various national and State-level government agencies and departments. A diligent search was conducted to compile the relevant statistical information from diverse sources.

**SCOPE OF THE STUDY**

The geographical scope of the study was limited to the revenue boundaries of the three coastal Karnataka districts of Dakshina Kannada, Udupi, Uttara Kannada; the topical scope has covered the functioning of five selected APMCs in the study area. The analytical scope has covered the fulfillment of the study objectives; and the functional scope has been confined to offering a set of meaningful suggestions for improving the functioning of the APMCs.
LIMITATIONS OF THE STUDY

Primarily, this study is region-specific and hence it has its own limitations. The conclusions drawn cannot be generalised in a wider context. This is mainly because the study region is fairly advanced in its socio-economic indicators vis-à-vis the other parts of Karnataka. The study has limitations like time, financial resources, availability of data, etc., that are normally faced by a student researcher. Despite the limitations listed above, sincere and honest efforts were put in to make the study systematic and effective.

MAJOR CONCLUSIONS:

The conclusions of this research work are mainly based on the analysis and interpretation of the primary data collected through the structured interview schedules from a sample of 200 farmer respondents and 100 trader of the 5 AMPCs from three districts of coastal Karnataka. An explanation of the process adopted for selecting these total 300 respondents from the respective categories has already been given in the chapter No.1.

Personal and Family Information:

The representative farmers in three coastal Karnataka districts are between 46 and 60 years old. Mostly senior age respondents are engaged in agriculture.

They are differently educated upto 10th standard, degree, graduation and post graduation. Around 31.5% are only educated upto 10th standard. The respondents of the age group of 18 to 25 years, are less in numbers engaged in agriculture. 46% respondents from Dakshina Kannada, Udupi and Uttar Kannada district have 26-40 years farming experience. The farming experience of the respondents differs along the study area.

The main source of the family income of the respondents is agriculture. The respondents with yearly income between Rs. 50,000 to 1,00,000 are more in number from the study area.
The outstanding agricultural loan of the respondents differs from person to person and place to place as per range in the different outstanding loan slabs. This is because of uncertainties in the market for agro-produces.

**Agricultural and Cultivation Practice Information:**

The land holding of the respondents is classified into three groups: majority of the respondents from all districts hold ancestral land, The second group is that of tenancy land holders and then the remaining respondents hold purchased land.

In this land size they grow different crops. The rainfall is the only main source of water, then comes the irrigation facilities. All the respondents entirely depend on rainfall though some of them have irrigation facilities. All the respondents produce areca nut, paddy, coconut, groundnut, cashew nut and green vegetables. These crops are grown in kharif and rabi seasons. For growing the crops availability of good quality seeds and fertilizers is must; but it differs from region to region. So there is a need of providing a good quality of seeds and fertilizers to the farmers.

72(36%) of total respondents use the hired tractors for pre-seasonal operations, only 14(7%) farmers have their own tractors and 13(6.5%) farmer respondents have own bullocks for pre-seasonal operation of the agriculture.

**Agricultural Produce Marketing Practice and Functioning of APMCs:**

Majority farmer respondents 110(55%) do not carry their products to APMC Yard. 23% farmers are paying upto 12% interest for advances taken from the farmers. A small group of respondents are getting amount of sales proceeds in installments. All 5 APMCs of Coastal Karnataka have not paid attention to provide good infrastructural facilities to the farmers.

**Business information:**

Out of 100 trader respondents 3% are co-operative societies. It shows less participation of co-operatives in marketing of agricultural products in the study area. Majority trader respondents (79%) are borrowing the funds.
9% trader respondents pay the farmers sales proceeds entirely in installments to farmers.

Testing of Hypothesis:

We can observe from hypothesis test-1, we accept H1, that the satisfaction level of farmer beneficiaries over the market facilities and amenities available for marketing of the selected agricultural produce and the market arrivals of selected agricultural produce are correlated or associated.

We can observe from hypothesis test-2 that we accept H1, i.e the efficiency of marketing infrastructure and the turn over volumes of the selected agricultural produce are correlated or associated.

MAJOR SUGGESTIONS

In conclusion of this research work, against the background of the above inferences, personal discussion with respondents and review of literature presented earlier, the following suggestions are being humbly tendered for the consideration of the concerned authorities.

Suggestions to the APMCs

1. Create awareness about APMC among the farmers:

   To protect the interest of the farmers the Government of Karnataka has passed APMC act along with many other measures. However, majority of the farmers in Coastal Karnataka do not carry their products to the APMC Yard due to the lack of knowledge. So, there is a necessity to create awareness about APMC among the farmers.

2. To enhance the efficiency of the APMCs:

   In order to enhance the efficiency a code of conduct be prepared for AMPCs as well as for the State Agricultural Marketing Boards, outlining their functional responsibilities for smooth functioning statewide and efficiency in the agricultural marketing.
3. ** Liberalized Atmosphere 

There is a need for liberalized policy and atmosphere to make the APMC's administratively viable and managerially competent keeping with liberalized trade atmosphere.

4. ** Qualified Employee’s 

The qualified professionals in different functional areas of management (core management, finance marketing and human resources) should head all the sub-committees of APMC's 

5. ** Need to train the officers and employees: 

In order to provide the better services to the farmers’ community the entire infrastructure should be changed and there is a need to train officers and employees to facilitate liberalized competitive marketing system. The APMC's employees should be properly trained. The weigh men, graders and auction supervisors have to be particularly vigilant about their performance, so as to prevent these personnel conspiring with traders and commission agents, jeopardizing the interest of the farmer producers.

6. ** To Set up a market: 

The firms with good market reputation and financial capacity may be permitted to set up a market provided minimum standard specification formalities and procedures are complied with. The APMC's should also encourage the new farmers by organizing orientation programmes for them.

7. ** Wide Area Network 

Connecting all the APMC’s in the country needs to be established forthwith, so that the beneficiaries of the market yards are enabled to obtain current information about market arrivals, ruling prices, stock positions etc to operate marketing systematically, state and countrywide.

8. ** Infrastructure Facilities: 

The APMC’s should pay special attention to the infrastructure, which have been not provided to the farmer beneficiaries. Improper auction platforms, bad Intra-market roads, un-cleaned passages, un-cleaned food
stalls show the poor maintenance of APMC infrastructure. They should be set right by APMCs on preference to enable farmers and traders market the agro products smoothly. The storage facilities also need to be provided to the farmers, which gives the better prices to agricultural products.

9. **Direct marketing by the farmers:**

   In the existing legal provisions, there is no scope for direct marketing by the farmers or their groups to the retailers. The retailers cannot directly approach the farmers or their groups in their farms or villages. The processors find it difficulty to procure agro-produce at the production source and hence, have to go to the market yard for procurement of the material. Logically whoever is a buyer; he should not be prevented from buying directly from the farmers.

10. **Licenses from the APMC’s**

    All functionaries of the market yard, such as processor, brokers, traders, transporters, hamals etc. are functioning in the market yard or sub market yard must obtain license from APMCs. They should not function in the market without having licenses.

**Suggestions to the Farmers**

1. **Farmers should be trained:**

   The farmers in study area should get soil fertility tested regularly from reputed laboratories and they also be educated for using the fertilizer for their plants in proper doses. Farmers also need to take into the account the factors such as market demand, planting season, storage capacity and maturity period.

2. **Adequate arrangement of Storage:**

   The wide fluctuations in prices ultimately will hit the farmers. Hence it is imperative that they should make adequate storage arrangement for their crops. They should have sufficient storage facility.
3. Selling products in APMC Yard:

In the year 1966, Karnataka Government has passed APMC act to protect the interest of the farmers. But in the study area 55% of respondents do not carry their products to APMC Yard and so there is a possibility of being exploited by the middlemen. Therefore the farmers have to sell their products in APMC Yard to the licensed traders of APMC so as to get good price.

Suggestions to the Traders:

1. Reduce borrowings:

In the study area, it is found that 79% of the traders borrow funds from different sources. Borrowings usually lead to payment of interest. For smooth functioning, borrowings should be reduced as far as possible.

2. Immediate single payment:

In the study area 22.5% of the farmer respondents get payment in installments. In order to attract the farmers to the market, it is better to pay at one stretch immediately after the purchase.

SCOPE FOR FURTHER RESEARCH

The present investigation has been undertaken with only objectives mentioned earlier. It does not cover each and every aspect that affects the performance of the farmers, APMC’s traders etc. It has covered the vital area like growth and problems of marketing of agro-produces. Other areas like employee’s productivity, location factors and factors affecting growth of farmers, APMCs management style etc. could not be covered because of time constraints. All these areas required to be paid proper attention for future researcher and research institutions.

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“PROBLEMS OF MARKETING OF SELECTED AGRICULTURAL PRODUCE IN COASTAL KARNATAKA”

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