CHAPTER I

INTRODUCTION
STATEMENT OF THE PROBLEM

Efficient agricultural marketing plays a pivotal role in the process of agricultural development. Agricultural production is subject to many risks and uncertainties. Even if a farmer systematically plans and raises a crop, he is not assured of expected production. Since the farmer is not having control over production, he has no control over supply and consequently no control over price. It only means that great uncertainty is associated with marketing of the farm products. A farmer normally makes necessary efforts when assured of remunerative price for his produce.

Indian farmer generally sells his produce in an unorganised market. The farmer is often exploited in several ways. The farmer is dependent on landlord-cum-money lender, professional money lender or village trader in securing seed, manures, credit and such other requirements. The money lenders advance loan etc., keeping their eyes on the produce of the borrower. The farmer has to necessarily sell his produce to the money lender from whom he borrows. Even in cases where crop is not formally mortgaged it has to be disposed of almost immediately after harvest is over to pay off the debt.
Preponderance of village sales often reduces the price obtained by the farmer. All-India Rural Credit Survey Committee found that nearly two-thirds of sale transactions are affected in the village itself. The village or unorganised private markets may also exploit the farmer in several other ways such as defective weighing and unauthorised deductions for impurities in produce. In view of several malpractices in marketing farm produce is at a disadvantage. Therefore a case for organised market. An efficient marketing system of agricultural commodities holds the key for agricultural development which is an important component of rural development.

Agricultural development depends upon two factors i.e., technological and institutional factors. Technological changes like introduction of high yielding variety seeds, chemical fertilisers etc., are necessary for agricultural development. In order to bring about technological changes some institutional changes are necessary. In order to overcome defects in agricultural marketing there is pressing need for establishing well organised markets. Establishment of organised markets is an important institutional measure to bring about technological changes in agriculture.

1 Reserve Bank of India, All-India Rural Credit Survey Committee Report, 1981, p. 43.
On the recommendation of the Royal Commission on Agriculture (1928) Central Marketing Department was established in 1938 and now it is known as the Directorate of Marketing and Inspection. Almost all States introduced Regulated markets in the country for orderly marketing of the agricultural produce. The Regulated market scheme envisages that all the marketable produce of a notified commodity must pass through a regulated market where it is scientifically graded and auctioned so that the farmer gets a fair price with minimum of education. Yet it is believed that the farmer is not assured of remunerative price.

The present study is an attempt to examine the various aspects of regulated markets their working and organisation, keeping in view various problems of regulated markets. This study is confined to Anantapur district of Rayalaseema region in Andhra Pradesh. The study covers only the groundnut marketing, since groundnut is a major crop grown in Anantapur district both as a dry as well as wet crop.

The prosperity of the farmers in the district is mainly dependent upon the groundnut production and its

marketing. Groundnut is the most important oil seed crop of the State accounting for 11.12 per cent of the State's cropped area. About 85 per cent of the crop is raised in Kharif season and under rainfed conditions. Anantapur, Chittoor, Kurnool and Mahaboobnagar districts account for about 67 per cent of the area under the crop in Andhra Pradesh.  

There are several channels in groundnut marketing of which village merchants are a major source. Most of the farmers sell the crop in the form of groundnut in village itself. As the regulated markets are established with a view to strengthening the farmers share of the value of the produce and to eliminate the malpractices in unorganised markets, it is worthwhile to study its impact on effective marketing. A critical study of regulated markets may facilitate to understand clearly the role of regulated markets in the district of Anantapur. Such a study may help to find out the defects in functioning of regulated markets. The study may also facilitate to suggest measures to improve the regulated markets so as to meet the farm producers requirements in their marketing activity.
DESIGN OF THE STUDY

This study is based on both primary and secondary data. Important among the secondary sources are publications of Directorate of Marketing, Directorate of Marketing and Inspection, Assistant Director of Marketing, Anantapur and reports of regulated markets. Further a village is purposively chosen for study and in the village groundnut growing farmers of different categories are chosen and interviewed. For this purpose, 60 farmers have been selected through proportionate stratified random sampling. Schedules and questionnaire have canvassed in this village, which covered various aspects of study. The information on income and expenditure is also collected and used. It also covered briefly marketing system in the past and present. The opinion on regulated markets etc., is collected and critically analysed. The published reports from different publications are used wherever necessary. The data available on regulated markets in the district is also used.

LIMITATIONS OF THE STUDY

The study covers a period of five years i.e., from 1978-79 to 1982-83. The study is confined only to
groundnut marketing. Hence the conclusions drawn from
this study may not have wider validity.

OBJECTIVES OF THE STUDY

An attempt is made to review the working of
regulated markets in groundnut marketing in Anantapur
district keeping in view the following objectives.

1. To examine the role of regulated markets in
Anantapur district in facilitating the farming
community in securing fair price.

2. To examine the hinderences if any, in the effec-
tive functioning of regulated markets and to
identify the factors accounting for farmers
preference for unregulated markets.

3. To find out the farmers problems in agricultural
marketing with special reference to groundnut
marketing.

4. To suggest measures for improving the working
of regulated markets with special reference to
marketing of groundnut.
CHAPTER SCHEME

The study is divided into six chapters. The first and present chapter indicates the statement of problem objectives of the study and chapter scheme. The second chapter is devoted to examine various problems of farmers in marketing of agricultural products such as storage, grading, market information, transport, distress sales and the role of middlemen in marketing of agricultural products. The third chapter examines in detail the working of regulated markets in Andhra Pradesh. Role of regulated markets in groundnut marketing is discussed in fourth chapter. An empirical study of marketing of groundnut through regulated markets is attempted in fifth chapter. Finally last chapter (VI Chapter) contains summary of findings and conclusions.