Chapter-I

INTRODUCTION
"Our salvation can only come through farmers – Neither the lawyers, nor the doctors, nor the rich landlords are enough to achieve it"

Father of the Nation, Mohandas Karamchand Gandhi.  

INTRODUCTION

At the dawn of the 21st century, India holds a place of pride in the community of nations. 59 years after realising Independence, owing to the sustained and concerted efforts of the Government of India and the citizens, the country has developed a high degree of economic resilience and in the view of many economic observers and experts, is on the verge of launching itself on the path of becoming an economic superpower.

The slow and erratic growth rate of the Indian economy in the early days of Independence, which has often been called the "Hindu Growth Rate", is a phenomenon of the past. An objective appraisal of the performance of the Indian economy with reference to standard criteria of economic development like growth rate of the National Income, growth rate of per capita income, rate of savings and investment, contribution of the industry and service sectors to the Gross National Product, availability of well-trained manpower, investment in Research and Development, etc., allows us to conclude that the performance of economy has been quite satisfactory.

The nature, direction, dynamics and objectives of economic development in a nation must be viewed in relation to the overall political and social objectives and vision of the nation.

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"We want to organise our national power not just by adopting the best methods of production but by the best methods of both production and distribution" stated Mahatma Gandhi, expressing his views on the future economic policies to be pursued in Independent India.

The Governments in power at the Centre and State level, over the last six decades, have made all efforts to ensure that the benefits of economic development reach all sectors of the population with a stress on the need to ensure that such benefits percolate to the "poorest of the poor". Social justice and social engineering have always been viewed as an integral part of the process of economic development in spite of the fact that different political parties have differences in priorities and policies.

In a democratic society, the enunciation of objectives is an integral part of the electoral process. Political parties, seeking mandate from the people for the governance of the country, place before the electorate a set of goals in their party manifestos. "The voter makes his choice and he judges whether or not the objectives promised were achieved."

The importance of the agricultural sector and the role of the Government in initiating and sustaining agricultural development efforts has been a very important issue in the economic manifesto of political parties seeking peoples’ mandate for governance.

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2 "Thus Spake the Mahatma on Rural Reconstruction", 1995, Yojana, The Publications Division, Ministry of Information and Broadcasting, Government of India, New Delhi, June, p. 46.
"India is richly endowed with Nature for agricultural production. Our arable land to the total land area is 51 per cent as against the world average of 11 per cent. India already has the largest acreage of irrigated land in the world" says Bhanu Pratap Singh, former Union Minister for Agriculture.

Nearly 68 per cent of Indians depend upon agriculture and its allied activities for their livelihood and employment. Agriculture contributes to 26 per cent of the Gross Domestic Product of the Nation. India’s food production is nearly on par with the food production of U.S.A. and is surpassed only by the production in China.

The food industry in India is worth $ 70 billion and it is expected to grow into a $140 billion industry by the year 2007. It is the leading producer of sugar and tea in the world. It is the second largest producer of rice in the world. The fate and fortunes of crores of farmers depend upon agricultural prosperity.

While one cannot downplay the substantial achievements of the Indian economy with reference to the rapid strides in the industry and services sectors during the last sixty years, the agriculture sector continues to play a prominent role in the Indian economy, even today. It is said that in India, agriculture is not a “mere commercial activity (with a profit motive) but is something more – a way of life, livelihood and a productive occupation”.

It would be short sighted to believe that in view of the fact that India has achieved a substantial degree of economic development, the agriculture sector need not be an “area of priority” in economic planning.

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The contribution of agriculture to the National Income (26%) continues to be substantial. The welfare and well-being of three out of every five Indians depends directly or indirectly on the fortunes of agriculture. Agriculture provides raw materials for a very large number of organised and unorganised agro-based industrial units, which till recently accounted for one-third of all existing industries in the nation. Mechanisation and modernisation of agriculture have released the workforce required for industrialisation in India. The prosperity of nearly 6 lakh villages and their inhabitants depends upon the agriculture sector.

Agricultural incomes, accruing to nearly 20 crore households in rural India, provide market for the products and services of the secondary and tertiary sectors. We cannot overlook the role of agricultural development in the process of capital formation. Higher incomes of farmers would lead to a high rate of savings. Reduced farm-product prices would help the saving efforts of the general public. The very positive role of agriculture in earning valuable foreign exchange during the early post-Independence era needs a special mention.

When viewed with reference to the fact that during the 1960s, a majority of Indians were compelled to depend on “ship to mouth” existence, these achievements are remarkable and they deserve to receive international acclaim.

"No other country in the world can match that feat (Green Revolution) though there were some countries like Turkey and Argentina which substantially improved the output percentage" said Norman Bourlag, Father of the Green Revolution.

Indian Agriculture – A Historical Review

Indian agriculture was always a gamble with the monsoon and it continues to be so, even today. Even during periods of relative prosperity, the specter of famine always haunts the Indian farmer. It is said that the famed Chandra Gupta Maurya renounced his throne and took to an ascetic way of life moved by the famine that ravaged his kingdom during the 4th century B.C.\(^6\)

Before the period of Imperialism, the Indian economy was sufficiently rich and the country was prosperous and well-known for the relatively high standard of living enjoyed by its inhabitants.

Lord Rippon reporting to the Select Committee of the House of Commons, regarding the conditions in India during 17th century A.D. stated that "the village communities are little republics having everything that they can want in themselves and almost independent of any foreign relations. They seem to last where nothing else lasts".\(^7\)

The ruthless exploitation of the country's natural resources by the East India Company and the imperialistic policies of the British Government leading to the destruction of the then flourishing small and cottage industry sector, added to the population pressure on land leading to decline in economic opportunities and the


degradation of the flourishing Indian village systems. A series of 27 famines and droughts during the period 1770-1880 left nearly 2 crore Indians dead.8

Decline in village handicrafts, low rate of import duties on British products, the massive export of valuable Indian commodities at unfair rates to Britain, the unfair use of trade surplus to finance British war efforts, a combination of unfair treaties imposing unfair terms of trade on India and the onslaught of ruthless commercialisation, unknown to Indians, are said to be the causes of the weakening of the Indian economy.9 10

The first challenge confronting Independent India was the need to provide food security to a large population of people living in conditions close to abject poverty. The Green Revolution launched in the early 1970s marks a turning point in the economic history of India.

"Our country has demonstrated that food security is the foundation of our economic security and economic security leads to national security and other forms of social security like health security and education and employment opportunity"10 stated Shri Abdul Kalam, President of India. The foundations for food security were laid by the Green Revolution which ushered in an era of agricultural progress and prosperity.

The following Government initiatives were the key-ingredients of the success story of Indian agriculture in the Green Revolution Phase:

(a) Land Reforms leading to a more equitable distribution of land resources.

(b) Tenancy reforms providing for a higher degree of motivation and initiative for farmers to invest in farm development.

(c) Provision of adequate credit supply to farmers at a reasonable rate of interest through a network of rural branches of nationalised commercial banks.

(d) Huge investment of capital by the Government of India for the provision of infrastructure needs of rural India.

(e) The development of High Yielding Variety (HYV) strains of food crops and the propagation of HYV farming techniques.

(f) The supply of fertilisers and other essential inputs at subsidised rates to millions of farmers.

(g) Encouragement to mechanisation and modernisation of agricultural operations.

(h) Government procurement policies and price support systems to provide marketing support to farmers.

(i) Concerted efforts for the development of human resources in the agricultural sector and the creation of a Government sponsored market extension system.

(j) Encouragement to the use of pesticides for plant protection.

(k) Provision of opportunities for multiple cropping and other techniques of intensive cropping.

(l) New initiatives in the area of dry land farming.

While the benefits of Green Revolution were substantial and impressive, there is a need for consolidation of the gains of the Green Revolution and addressing issues and problems left unsolved by the Green Revolution. Some of the “key issues” that have to be addressed by the policy framers in providing a direction to Indian agriculture include:

(a) The gap between potential and actual yields in the agricultural sector.

(b) Inefficiencies in use of resources in the agricultural sector.
(c) Excessive use of pesticides depleting natural resources and degrading environment.

(d) Cornering of the benefits of Government assistance by the large farmers.

(e) Failure to address the specific needs of small and marginal farmers.

(f) Small and unviable size of farm holdings acting as a barrier to more professional farming.

(g) Non-availability of farm inputs of assured quality at a reasonable price.

(h) Low levels of food-processing.

(i) Very high degree of post-harvest losses.

(j) Lack of access to assured supply of adequate credit at an affordable price to farmers.

(k) Inadequate and inefficient schemes for insurance of farm produce.

(l) Overcrowding of farm lands and the low level of productivity of farm labour.

(m) Failure to ensure the transfer of knowledge from the laboratory to land.

(n) Rapid depletion of water resources and inefficient use of scarce water resources.

(o) Inability to formulate a policy for the utilisation of idle and fallow lands.

(p) Unfavourable terms of trade for agricultural products reducing profitability of agriculture.

Agriculture in the Era of Reforms

The era of Liberalisation, Privatisation and Globalisation (L.P.G.) has aggravated the problems faced by the Indian agricultural sector. Government assistance and support had been the "key-factor" in strengthening Indian agriculture. The gradual but continuous disengagement of the Government from the farm sector has caught the Indian farmer unaware and unprepared to face the struggles arising out of Globalisation.
The “pro-farmer” lobby has been aggressively advocating the need for a continuance of the well-established policy of Government support to the agricultural sector. A hasty and unplanned withdrawal of the Government from the crucial sector could deprive millions of farmers of their means of livelihood, according to the protagonists of an active role for the State in agriculture. Farmers have been vehemently protesting the exploitative activities of giant corporations, both national and transnational, in the agriculture sector.

The issue of institutionalised Government support to agriculture has assumed great importance due to the fact that Governments, both at the Centre and State levels, committed to withdrawal of Government from agriculture sector were elected out of power in the year 2004.

“The clear lesson of the Andhra Pradesh elections of 2004 is that if any State in any country like ours neglects the rural sector and agriculture, it simply does not pay” opined the Chief Minister of West Bengal, Buddhadeb Bhattacharya.11

During the recent years, Governments in India have realised that the benefits of agriculture development did not percolate to the multitudes of small and marginal farmers. In fact, their woes have multiplied and lead to their disenchantment with the process of development. This has lead to a recognition of the need for devising innovative agricultural policies that would ensure betterment of the condition of the small and marginal farmers.
"The challenge before us is to make farming remunerative for a farmer who owns only an acre of land and for this we should enable him grow those crops which command high prices in the national and international markets" stated Digvijay Singh, former Chief Minister of Madhya Pradesh.\textsuperscript{12}

The late 1990s saw the rise of a new class of political leaders more comfortable with the philosophy of Liberalisation, Privatisation and Globalisation (L.P.G.) in India. They shared a "New Vision" on the role of the Government in the management of the economy. These Chief Ministers saw themselves primarily as "Chief Executive Officers" (C.E.Os.) of their respective States.

They were willing to search for new solutions to problems faced by the Indian economy over the decades. They were free from the dogmatic thinking of the previous generations of politicians. A desire for quick results and an impatience with bureaucracies characterised their basic approach to governance.

This new breed of politicians welcomed initiatives from the private sector and Non Government Organisations (N.G.Os) in the implementation of their vision. Economic development was their main objective and in their single-minded pursuit of this objective they were willing to learn from the experiences of other nations and were willing to experiment with new ideas and new initiatives, setting aside opposition from detractors within and outside their political parties. They came up with a series of

initiatives with reference to the agricultural sector within States under their governance and control.

(1) **Small farmer orientation**: The plight of the small and marginal farmers received their attention. The search was on for technologies and strategies which would benefit the much-neglected small farmers.

(2) **Innovative use of Technology**: Technologies which assured an early return and promised to bring about substantial increases in farm profitability were sought to be introduced in the sector.

(3) **Diversification**: It was felt that there was a need to move away from the excessive concentration on the cultivation of pulses, food grains and oil seeds. Horticulture was seen as a sub-sector with substantial opportunity for growth and expansion.

(4) **Information Technology**: Concentrated efforts were made to ensure that advances in information technology were put to use in the farming sector, especially in the areas of weather forecasting and marketing information.

(5) **Consolidation of Holdings**: It was felt that the very small scale of land holdings was a fundamental block in the process of modernising agriculture. Options like corporate farming and co-operative farming were seen as ways to ensure that the benefits of large-scale farming were available to the millions of small farmers.

(6) **Government's role**: Over the years, it was a basic premise of governance that the Government shall actively assist, promote and regulate farm sector activities.
Provision of subsidies, assistance in procurement of inputs, farm extension efforts and procurement of end products of agriculture by the Government were seen as the primary responsibility of the State Governments and the Central Government. New ideas on governance stressed the fact that Governments ought to play the role of "facilitator" in the process of modernisation and rationalisation. A strategic withdrawal of the Government from the farm sector was seen as imperative, under the circumstances.

(7) **Privatisation:** Private sector initiatives in the areas of the supply of essential inputs, farm extension services and marketing of agro-products were seen as essential in view of the Government's commitment to gradual withdrawal from the farm sector.

(8) **Farmer Empowerment:** The need for self reliant farmers with the requisite knowledge and monetary resources needed for efficient farming was viewed as paramount and mechanisms and institutions which could ensure adequate transfer of skills to farmers were sought to be created and strengthened in the long run.

(9) **Expert Advice:** Many forward-looking Governments sought the views of experts in the areas of Information Technology, Bio-Technology, Rural Development, Rural Marketing and other disciplines for the design of innovative solutions to problems confronting the agricultural sector.

(10) **Rural-Urban Linkages:** New initiatives in the farm sector saw the creation of effective "physical, financial and information linkages" between rural and urban areas as essential for successful marketing of agricultural produce.
The then Chief Minister of Andhra Pradesh (1995-2004), Shri N.Chandra Babu Naidu was widely seen as the first Chief Minister of a State in India who represented the new class of politicians.

Summarising his philosophy of good governance, he stated, "The old way of doing things would not work. All isms and all ideologies were irrelevant. Only development mattered".13

**Andhra Pradesh – A Happening Place**

The State of Andhra Pradesh was formed on the 1st of November, 1956, by an integration of the Hyderabad State (formerly under princely rule) with the Andhra region formed in the year 1953, through a bifurcation of the Madras State.

Thus, politically it comprises three regions, namely Coastal Andhra, Rayalaseema (historically under British rule) and Telangana (formerly a princely State under the rule of Nizam of Hyderabad,) which exhibit distinct characteristics with reference to the nature of socio-economic, cultural and political life (A profile of the State with specific reference to the three regions is presented in as Annexure-I).

The State, for a long period of 27 years (1956-1983) was under the continuous rule of the Congress Party. The political leadership of the State was committed to economic development with an assurance of social justice along with a concern for ensuring balanced development of the three regions.

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Support to the agricultural sector, encouragement to the emerging industrial sector and the creation of infrastructure facilities were the main or thrust areas of the economic agenda of the Governments over the years. The 1960s and 70s saw a heavy investment in the electricity sector and irrigation sectors. This allowed the State to effectively reap the benefits of the “Green Revolution” which was then at its peak.

The rise to power of the “Telugu Desam” party in the year 1983 saw a change in priorities. Social welfare schemes received maximum importance and a series of “populist” measures launched by the then Chief Minister, late N.T. Rama Rao led to charges of financial mismanagement and a neglect of the developmental role of the State. The irrigation and power sectors were deprived of the much-needed resources, dampening economic growth in a primarily agricultural state.

The coming to power of the former Chief Minister, Shri N.Chandra Babu Naidu (1996) coincided with the era of economic reforms all over the nation and there was a basic and fundamental shift in the priorities and policies of the Government with reference to economy management.

The early years of reform were marked by a public appreciation and acceptance of these “forward-looking policies” of the Government. The economic reforms of the State succeeded in gaining the attention of the whole nation. Many States were keen on following the Andhra Pradesh experiment.

The Draft Plan for the long-term economic development of the State, popularly called “VISION-2020” (Swarnandhra Pradesh) was a well received document and it
outlined the basic strategy for economic development with reference to the key sectors in the economy.

While a fundamental shift in favour of the services and industry sector was evident and pronounced, the agriculture sector received necessary attention.

Vision-2020, with reference to the agriculture sector states: "Agriculture is the lifeline of Andhra Pradesh’s economy. The sector contributes over a third of the state's gross domestic product and provides livelihood for 70 per cent of its population. Above all, the State has massive strengths in agriculture, including a varied climate, water resources and soil that makes it possible to grow a variety of crops here and a large coastline that facilitates exports. The State will build on these strengths to develop a strong and vibrant agriculture sector."\(^{14}\)

The following initiatives formed a part of the proposed plans for implementation of the strategy:

(a) Encouragement to private sector participation in agricultural development.

(b) Efforts to treat the agriculture sector as an industry and encouragement to the entry of corporate houses.

(c) Initiatives for the use of wastelands and degraded lands.

(d) Introduction of contract farming and other methods for consolidation of farmlands.

(e) Farmer empowerment through the creation of institutions for farmers’ self-help and group efforts.

(f) Utilisation of qualified and well trained agricultural graduates for provision of farmer extension services on a commercial basis.

(g) Extensive use of advances in Bio-Technology (BT) for more intensive farming, integrated nutrient management, integrated pest control and multiple cropping.

(h) Use of business consortiums for provision of high quality inputs and equipment lease & maintenance.

(i) Strategies for more efficient use of scarce water resources through the use of micro irrigation techniques and rain-water harvesting methods.

(j) Special emphasis on assistance and support to small and marginal farmers.

(k) Special schemes for encouragement of women farmers and women entrepreneurs dealing with products produced in the farm sector.

(l) Providing encouragement to diversification in agriculture by the propagation of horticulture.

(m) Providing marketing support to farmers.

(n) Assistance to small-scale food and agro-processing units.

The retail marketing of food and agricultural products in urban areas was a much-neglected area in agricultural marketing. Rapid industrialisation and urbanisation in the 1990s lead to a substantial increase in urban population. It is estimated that the urban population in the State increased by 43 per cent (compounded rate) as against the all India growth rate of 36 per cent.\textsuperscript{15}

Rising incomes and changes in life-styles in urban areas lead to a growing demand for fruits, vegetables and agro-processed foods. The old systems of agricultural marketing with their emphasis on procurement and wholesale marketing could no longer cater to the needs of the millions of consumers in the nearly 210 cities and towns in the State.

\textsuperscript{15} Ibid., p. 145.
A tremendous shortage of food products in urban areas in the year 1999 led to sky-rocketing prices and many citizens were no longer in a position to purchase vegetables and fruits, whose consumption was an integral part of dietary requirements. Public outcry and dissatisfaction necessitated immediate government intervention.

While prices were exorbitantly high in urban areas, farmers were not in a position to get a remunerative price for their produce. Distress sales were common in many parts of the State. In certain areas, the prices offered by middlemen for farm products were so low that farmers found it unremunerative to harvest the produce. These phenomenon drew attention of the public, the media and policy-makers to “fundamental inefficiencies and inequities” prevalent in the existing arrangements for the retail marketing of farm-products in urban areas.

RYTHU BAZAARS

The “Rythu Bazaars” scheme of the Andhra Pradesh Government was launched in November, 1999 to rectify this lacuna in the marketing of agricultural products.

Rythu Bazaars provided an institutional framework for a “direct inter-face between producer-farmers and consumers”,16 in urban areas, eliminating the long chain of middlemen in the marketing process.

Rythu Bazaars are organised markets for direct marketing of agricultural products in urban areas. They are located on government owned lands (of at least one acre) in an accessible part of the city, sufficiently away from the central wholesale market in the city.

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The Government shall arrange for the construction of sheds to house stalls to be manned by farmer-producers and the Government also undertakes to provide auxiliary services.

Farmers from an identified “cluster of villages” contiguous to the urban area shall be motivated to sell their produce in the Rythu Bazaars. Efficient and low cost transport facilities shall be made available to the farmers for conveyance of the produce. The Bazaars shall be managed by an Estate Officer (appointed by the Government) in consultation with representatives of farmers and consumers. Every effort shall be made to ensure remunerative prices for farmers while providing consumers the benefit of quality produce at a reasonable price. Farmer participation in the management of the Rythu Bazaars is envisaged as a prelude to the ultimate objective of creating “self-reliant markets managed by co-operative societies formed by participant farmer-producers.”

Rythu Bazaars, in the early years, were very successful in achieving their objectives. They were well received and patronised by urban consumers who welcomed the significant decline in prices.

Services provided at the Rythu Bazaars made marketing a convenient and pleasant experience. Monitoring by the media and public interest organisations ensured a strong commitment by the Government to making the scheme a success. In many places, public agitations were launched whenever the public apprehended that there were attempts by vested interests to undermine the effectiveness of these markets. The overwhelming success of the scheme lead to the inclusion of the scheme in the propaganda efforts of the Telugu Desam party, seeking re-election in the year 1999.
The year 2006 marks the completion of six years of the functioning of Rythu Bazaars in the State. During the first five years, the Rythu Bazaar scheme was extended to cover nearly 100 cities and towns in the State.

Other State Governments, monitoring the success of the scheme have deputed expert teams to study the functioning of the scheme and the feasibility of introducing similar schemes in their States. While one cannot deny that the "Apna Bazaar Scheme" of the Government of Punjab was a forerunner of the scheme in Andhra Pradesh, the Rythu Bazaar scheme has received recognition as a more comprehensive and effective system of marketing.

While the Government has been criticised for severe shortcomings and defects in the functioning of the system, the overall reaction has been an acceptance of the substantial benefits provided by the scheme for farmer-producers and consumers.

The coming to the power of the Congress party in Andhra Pradesh in the year 2004 raised apprehensions that the scheme would be discontinued or undermined by the Government, in view of the fact that it was introduced by the bitter political rival of the Congress party, the Telugu Desam. It is now evident that such apprehensions were baseless and were based on a consideration exclusively of political factors in governance.

The continuation of the Rythu Bazaar Scheme by the Congress government stands testimony to the fact that the establishment of Rythu Bazaars strengthened the system for retail marketing of agro-products and satisfied a "felt-need" of both farmer-producers and urban consumers.
NEED FOR THE STUDY

Vegetables, cereals, fruits and processed agricultural products form a very important segment of the daily dietary requirements of every Indian family. It is estimated that the food and grocery segment accounts for approximately 44 per cent of family expenditure in India.17 The availability of these products, the quality of the produce and their prices would have a substantial impact on the satisfaction of the nutritional requirements of the Indian families.

Growing urbanisation has lead to a substantial increase in the demand for agricultural products in retail urban markets. The changing topography of towns and cities and strict regulation of business and trade in urban areas have made the traditional retail delivery systems obsolete and unsuitable. Rythu Bazaars have successfully satisfied the needs of the urban consumers. It is, hence, necessary to ensure that they function in an effective manner.

Among the many alternative mechanisms adopted for direct retail marketing of farm-products in urban areas, the Rythu Bazaar scheme has met with a high degree of success. Lessons drawn from a comprehensive study could help us devise similar schemes or delivery systems.

Vested interests have, on several occasions, made attempts to sabotage the system or dilute its efficiency. Public interest organisations have vehemently opposed all such efforts. There is a need to devise safeguards against all such attempts.

Public support for the Scheme stands testimony to the fact that these markets have satisfied a “felt-need” of the consumer. However, there have been constant reminders of the fact that there are lacunae in the system which need rectification. The Government of Andhra Pradesh has made a substantial investment of financial and human resources to ensure the successful functioning of the scheme. There is a need to ensure that the social-benefits outweigh the social costs of the scheme. An attempt has to be made to assess the social benefits of the scheme.

A number of small farmers and marginal farmers have been able to reap the benefits of direct retail marketing of their produce through Rythu Bazaars. Their inexperience with marketing produce has often stood as a block in their attempts to derive the benefits of direct marketing. There is a need to study the extent to which they have become familiar with marketing practices.

RELEVANCE OF THE PRESENT STUDY

Rythu Bazaars have been functioning in over 100 towns and cities of Andhra Pradesh for the last six years. In the initial years, the Bazaars were an unqualified success. However, over the years, nearly 20 per cent of the bazaars have become sick. Lack of sustained Government enthusiasm, lukewarm attitude of bureaucrats, attempts at sabotage by vested interests and the inability of farmers to take over the management of these institutions have lead to diminished interest in the scheme in some cities and towns. The coming to power of a new Government in the year 2004 has also given rise to apprehension that the incumbent Government would discontinue the Rythu Bazaar
There is a need for an objective and impartial assessment of the efficiency of the system.

During the last few years, a number of marketing structures similar to the Government sponsored Rythu Bazaars have been started by private organisations. Lessons drawn from a study of Rythu Bazaars could be useful for the design of effective structures in the private sector.

The objective of ensuring farmer involvement and management of Rythu bazaars has not been achieved with a noticeable degree of success. The Revenue Department of the Government continues to be responsible for superintendence of the markets. There is an urgent need for identifying obstacles in the transfer of power to farmers from the overburdened bureaucracy.

During the recent years, a number of initiatives have been launched to ensure a balance in the growth of the rural and urban sectors of the economy. The need for a better integration of these two sectors has been realised. PURA, the scheme for provision of urban amenities in rural areas, an increasing interest in rural marketing by corporate business houses and other similar initiatives have reduced the gap between rural and urban areas. Rythu Bazaars could be used an effective instrument for the effective exchange of products, services and information between rural and urban areas. Their success in this direction needs to be assessed.

The study also gains importance in view of the recent discussions and debate on regional economic disparities and uneven economic development of the three
geographical regions in the state, namely, Coastal Andhra, Rayalaseema and Telangana. An attempt has been made in the present study to evaluate the relative efficacy and efficiency in the functioning of the Rythu Bazaar Scheme in these three regions of Andhra Pradesh.

The researcher has been studying the functioning of the Rythu Bazaars over the last six years (2000-2005). While attempts have been made by the Government, its agencies and private research organisations to study the functioning of individual Rythu Bazaars with reference to specific aspects of performance; a comprehensive, objective and scientific evaluation of the functioning of the scheme has not been attempted till date.

**REVIEW OF CURRENT LITERATURE**

**REFERENCE BOOKS**

Desai\(^{18}\) (1982) has made a study of the changes in the Indian economy during the last two centuries with specific reference to the development of market forces in the agricultural sector. His views on the various factors encouraging the transition of Indian agriculture from subsistence farming to market-oriented farming provide us with a framework for understanding the dynamics of market forces propelling Indian agriculture into the 21st century.

Mamoria\(^{19}\) (1982) in his monumental work on agriculture in India has made a comprehensive study of the nature of agricultural markets, the methods of trading, arrangements for marketing finance and the effectiveness of government intervention in marketing. His work includes a very comprehensive enquiry into the factors affecting


marketable surplus and marketed surplus. He states that a pro-active role by the Government in agricultural marketing alone can solve the problems faced by the Indian farmers in marketing their products profitably.

Subba Rao\textsuperscript{20} (1989) in his monograph on agricultural marketing and credit in India has discussed the organisational characteristics of Indian agricultural markets and changes in the institutions and structures witnessed during the recent years. He has taken up the problems faced by small farmers in marketing their surplus as an area for in-depth enquiry. He also has attempted an appraisal of analytical tools used for measuring efficiency of the marketing system.

In their comprehensive work on agricultural prices, Acharya and Agarwal\textsuperscript{21} (1994) have analysed the primary factors affecting prices of agricultural products and trends and fluctuations in prices with reference to the demand and supply functions. They have made a thorough analysis of the role of the time and place elements in price-determination. They advocate the need for government intervention in agricultural pricing.

Cannon\textsuperscript{22} (1994) in his study of the marketing function provides a framework for analysing and understanding the structure and dynamics of marketing systems all over the world. He has appraised the role played by Governments in the regulation, control, direction and development of markets. His study of the dynamics of food marketing

\begin{itemize}
  \item \textsuperscript{20} Subba Rao, K. 1989, "\textit{Agricultural Marketing and Rural Credit}", Indian Council of Social Science Research, New Delhi, pp. 6-16.
\end{itemize}
chairs provides us with insights into the processes connected with retail marketing of agricultural products in United Kingdom.

Jain\textsuperscript{23} (1994) has made a thorough and comprehensive study of the various factors affecting the demand and supply of agricultural products in India. He has analysed the impact of prices realised by farmers on their future decisions on resources allocation. He has studied the contribution of different intermediaries to the marketing process. He states that Government intervention alone can protect the interests of the millions of small and marginal farmers.

Subba Reddy and Raghuram\textsuperscript{24} (1996) have attempted a study of the importance of agricultural finance and its impact on prices in the agricultural sector and the profitability of agricultural operations. They have also tried to provide a theoretical framework for the utilisation of financial analysis tools in farm-management.

Acharya and Agarwal\textsuperscript{25} (1999) in their work on agricultural marketing in India have attempted a through study of the inter-relationship between urban and rural markets in India and the nature of the flow of goods and services between these sectors of the economy.

They have made a study of the macro-environment within which agriculture marketing operates in India. Their work attempts to provide a framework for the

discussion of important concepts like price-spread, marketing efficiency and market integration with reference to practices in India.


Indrasena Reddy²⁷ (2001) has made a thorough and comprehensive study of the marketing of vegetables in the State of A.P covering both retail and wholesale markets. He has analysed the factors determining the price of vegetables, seasonal fluctuations in prices and the difference in prices prevailing in different localities of the State. He has also studied the decision making process adopted by farmers with reference to the marketing of produce and the sources of information relied on by them.

Jaya Shri Choudary²⁸ (2001) in her study of regional planning and economic development in India has emphasised the importance of rural-urban linkages in economic development. Her enquiry reveals that the nature of inter-flows between these two sectors depends on the stage of economic development of the nation. She states that there is an underlying bias in favour of the urban sector in all inter-flows. She has also attempted a study of the impact of Government intervention on rural-urban exchanges in India.

Venkat Reddy\(^2\) (2001) opines that adequate importance must be given to the development of markets for agricultural products to make rural development efforts self-sustaining. Such efforts, in his view, could help generate additional jobs and incomes in rural India and hence the marketing aspect ought to be given adequate consideration in the design of schemes for rural development.

Jayati Ghosh and Chandra Sekhar\(^3\) (2002) have studied the impact of a decade of neo-liberal reforms on the Indian agricultural sector with a specific reference to trends in prices and the consequential effect on public welfare. They have argued in favour of ensuring that the market mechanism operates with the objective of securing a reasonable price for the farmers while ensuring satisfaction of the nutritional needs of the common man.

Kohls and Uhl\(^4\) (2002) in their comprehensive study of agricultural marketing provide a framework for a scientific analysis of agricultural marketing. Their study of market improvement and development efforts in the United States of America and the role played by different agencies in this task help us understand the key issues involved in the process of market development. Their analysis of the role of co-operative institutions in agro-marketing and the problems faced by such institutions help us in appraising their role in agricultural marketing in the Indian context.

Rangaswamy and Nama Kumari\textsuperscript{32} (2002) have made a comprehensive study of the prevailing marketing environment in India in the era of Globalisation. Their work includes a discussion on changing consumer preferences and the new challenges faced by marketers in India.

Habeebur Rehman\textsuperscript{33} (2003) in his treatise on rural marketing makes a study of the existing system of agricultural marketing with a special chapter devoted to a study of the marketing of fruits and vegetables. He also reviews the role of the Government in the areas of market research, market training, market extension and market improvement.

ARTICLES (National Newspapers and Journals)

Attawar\textsuperscript{34} (2000) in his study states that growing urbanisation has been a prime factor responsible for the increased demand for vegetables and he draws our attention to the fact that better transportation and communication systems have contributed significantly to the widening of markets and the search for vegetable hybrids suitable for year-round cultivation. He underlines the need for extension services, post-harvest management strategies and a reliable database on production and marketing to consolidate the gains already made in this sector of agriculture.

Parvatha Reddy\textsuperscript{35} (2002) observes that fruit production in India is fast assuming a position of “vibrant commercial venture” and explains the factors behind the phenomenal


growth in this sector. He stresses the need for increasing productivity, reducing the cost of production and development of appropriate technologies suitable to small-scale farming.

Seema\(^{36}\) (2003) in her article on non-conventional methods of selling farm products states that the decision on the channel chosen for disposal of surplus by the farmers is a very important decision. She has listed out the advantages of direct sale of farm products, individually and collectively, by farmers. In her study, she has suggested measures for the regulation of corporate farming and contract farming practices to ensure an end to exploitation of small farmers by corporate bodies involved in agricultural operations.

Mishra\(^{37}\) (2003) in his article on marketing co-operatives provides an overview of the agricultural marketing system as it now prevails in India and the beneficial impact of reforms initiated by the Government. He has reviewed the attempts of different State Governments to introduce the concept of direct marketing in the agriculture sector. He recommends the strengthening of marketing co-operatives as they alone can ensure a fair and remunerative price in the market for the produce of small and marginal farmers.

Dees\(^{38}\) (2003) calls for the adoption of managerial and marketing concepts, theories and insights in all attempts at finding solutions to social problems. He defines the concept of Social Entrepreneurship as a search for “finding new, better and more
effective ways of serving social needs.” It is basically an attempt to “combine the passion of a social mission with the business – like discipline, innovation and determination commonly associated with business organisations”. The concept, according to him, could be effectively used to provide a framework for solving long-term social problems.

Kumara Sarma⁹⁹ (2003) in his article has attempted an extensive and exhaustive analysis of various factors and policy initiatives which have made Andhra Pradesh a favoured destination for investments during the last few years and strengthened the economic base of the state.

Sahad⁴⁰ (2003) in his article has made a study of the recent changes in the marketing practices of vegetables and fruits in India with special reference to innovative practices of growers of niche products like gherkins in the national and international markets.

Former Union Minister for Agriculture Bhanu Pratap Singh⁴¹ (2004) draws attention to the fact that various Government schemes aimed at providing market support to agricultural products remain on paper only and are not providing benefits to the farmers. Benefits of procurement efforts by the Government reach only 25 per cent of all farmers. He opines that constant adverse terms of trade (for the farm sector) would ultimately make agriculture a non-viable proposition and would slow down the process of agricultural development in the country.

⁴⁰ Sahad, 2003, “Farm Fresh from Fatehsingh Ghar” Ibid.
Rama\textsuperscript{42} (2004) in her article on changing trends in consumer behaviour in India expresses the opinion that urban markets are moving close to a high level of saturation. She highlights the fact that the number of market segments is increasing due to complex buyer motives and attitudes. In her view, the communication boom, the increasing levels of connectivity and rise of feminism are bound to increase aspiration levels and consumption expenditures in urban India.

Ravindra Goel\textsuperscript{43} (2004) in his article on rural credit delivery arrangements points out that the banking system is neglecting the financial needs of small and marginal farmers, driving them into the clutches of money lenders in the unorganised sector. This phenomenon could have an adverse impact on sustainability of agriculture in small holdings.

Banks are reluctant to advance loans to small farmers in view of the fact that they cannot provide collateral security against loans. The facility of depositing funds in RIDF (Rural Infrastructure Investment Fund) in lieu of granting agricultural loans under priority sector lending has also reduced the flow of bank funds to the farm sector.

Gopalan\textsuperscript{44} (2004) in his article states that there is a need to give importance to the cultivation and marketing of horticultural products in view of the fact that they could provide a wholesome vegetarian diet. He states that the production of low-cost and locally available leafy vegetables, yellow vegetables and fruits could be a profitable

\textsuperscript{43} Ravindra Goel, 2004, "Fault Lines in Rural Credit", \textit{Sahara Times}, A Sahara Group Publication, Mumbai, dated 12\textsuperscript{th} June.
\textsuperscript{44} Gopalan, 2004, "Ensuring Nutrition", \textit{The Hindu}, Kasturi & Sons Ltd., Chennai, dated 18\textsuperscript{th} August.
proposition for small farmers. He also calls for a link between State sponsored dietary programmes and organisations involved with marketing of farm products.

Swaminathan\(^5\) (2004) in an interview with Venkataramani outlines initiatives needed for an increase in the “level and stability of incomes of small farmers”. He states that there is a need for market reforms which will bring into existence a dynamic and “farmer-centric” marketing system which gives importance to the needs of farmer-producers and provides an “exploitation and corruption-free” system of marketing. He envisages an important role for marketing in enhancing the productivity and profitability of small farm units.

Parthasarthy\(^6\) (2004) calls for a rethinking on the concept of rural marketing and states that there is a need for creating a reliable marketing system for agricultural products since it would lead to a huge increase in the incomes and purchasing power of rural households. He derides all attempts to view rural India merely as a consuming sector forgetting the fact that it has its own products to offer for sale. Efficient marketing of agricultural products could play a positive role in enhancing the prosperity of farmers and rural households dependent on agriculture and its allied activities. Integration of the agricultural sector with the global markets would entail the provision of infrastructure such as roads, communications, cold chain facilities, certification agencies and innovative corporate structures.


Sukumaran\(^{47}\) (2004) addressing engineers stated that there is a need to make farmers familiar with the use of farm machinery and implements to enhance productivity and reduce post-harvest losses. In the context of globalisation, he states that every farmer must become a "producer-processor" of agro-commodities and advocates the establishment of small processing units all over the State.

Shanmugan\(^{48}\) (2004) states that a strong vegetable sector could contribute to the diversification and enhancement of farm incomes in addition to generating more jobs in the rural areas. He also provides insights into recent marketing trends that could lead to a substantial increase in the demand for vegetables in the Indian market.

**ARTICLES (Regional Newspapers and Journals)**

Malla Reddy\(^{49}\) (2000) in his article on the state of agricultural marketing in Andhra Pradesh draws our attention to various maladies afflicting the sector. He states that the operation of the system is controlled by middlemen and the system works to the disadvantage of the farmer. He states that farmers are being exploited even in regulated markets. He stresses the need for the development of a mechanism for protection of farmers' interest.


Narasimha Reddy\textsuperscript{50} (2000) has made a comprehensive study of the role played by Governments in vitalising the farm sector in Far East Asian countries like Malaysia, South Korea and Indonesia. Based on the results of his survey, he builds up a very strong case for an active role for Government in the management of the farm sector.

Nageswara Rao\textsuperscript{51} (2002) has made a study of the significant trends in the agriculture sector in Krishna District over the last 50 years. He has made a study of the impact of Green Revolution on the social and economic life of farmers in the district. He has also calculated the capital requirements for cultivation of important crops in the district.

Narasimha Reddy\textsuperscript{52} (2003) in his article discusses the impact of agricultural reforms in Andhra Pradesh on the welfare of small and marginal farmers in the State. He opines that privatisation of extension services and the gradual withdrawal of the Government from the agriculture sector could sound the death knell for small and marginal farmers. He also states that there is a need for the government to take into consideration the special needs of small and marginal farmers while formulating policies for the agriculture sector.


\textsuperscript{52} Narasimha Reddy. 2003, A.P. Vyavasaya Samskaranalu – Chinna, Sanna Rythulaku Marana Sasaranam (Andhra Pradesh Farm Reforms – A Death verdict for Small and Marginal Farmers), An AIKMS Publication, Hyderabad, pp. 19-23.
Jayathi Ghose\textsuperscript{53} (2004) in an interview with the Press has suggested that the entry of the State in a big way was the only solution to the present crisis in agriculture. She also called for a higher degree of control over the activities of middlemen in agricultural markets. She stressed the need for the Government to act as an “alternative buyer” in the agricultural markets to ensure a reasonable price for the farmers. Only large farmers and corporate players were benefitting in the present scenario of liberalisation in agricultural markets.

Krishna Babu\textsuperscript{54} (2004) in a Press interview stated that the Marketing Federation (MARKFED) Andhra Pradesh plans to procure vegetables, fruits, etc., directly from the farmers competing with traders and middlemen. The Federation also plans to develop linkages with organisations functioning in other states for effective marketing of fruits and vegetables grown locally and for the procurement of agricultural inputs which are in a shortage in the state of Andhra Pradesh.

Mallikarjun\textsuperscript{55} (2005) has made a thorough enquiry into the factors leading to farmer suicides in Andhra Pradesh. He opines that high production costs and the lack of marketing avenues assuring a fair price for produce are the primary causes for farmer distress. He has also studied the various measures initiated by the Government to ensure that farmers get a fair and reasonable price for their produce. He calls for a more liberal approach by commercial banks in the provision of pre and post harvest finance.


\textsuperscript{55} Mallikarjun, 2005, “Smajika Avasaraalanu Neravarchani Corporate Vyavasayam” [Telugu], (Corporate Farming – A failure in meeting Social Needs), Vaartha Daily, AGA Publications, Vijayawada, dated 9\textsuperscript{th} August.
COMPREHENSIVE STUDIES

"Andhra Pradesh at 50 : A Data-Based Analysis"56 (1998) edited by V. Hanumantha Rao et al., is a comprehensive report on the state of affairs in the State with specific reference to the economic development achieved by the State in the last five decades. The editors have commented on the progress already achieved by the State in the areas of agriculture, industry, services sector, public welfare programmes, etc., in addition to providing basic directions needed to be pursued in the coming years to ensure the achievement of economic development with social justice.

"Andhra Pradesh : An Alternative Survey"57 (2003) consists of a series of articles (penned in the regional language, Telugu) by eminent intellectuals in different disciplines on the achievements of the State in the economic sector. Trends of growth and transformation over the last decade in different sectors of the economy have been presented and commented upon with a review of the implications of such phenomenon on the welfare of the common man. The contributors have thoroughly analysed the consequences of the recent trend towards privatisation, liberalisation, marketisation and globalisation in the State. They opine that the State has to take all steps to establish Social Security Nets to protect sections of society which may be marginalised by the above processes.

Pai and Kshirasagar\textsuperscript{58} (1979) in their study of the attitudes of civil servants connected with development programmes opine that the enthusiasm, dynamism and commitment of individual officers in the administrative machinery are the primary determinants of successful implementation. Willingness of bureaucrats to interact with the public and gain their confidence is a \textit{sine qua non} for achievement of objectives.

Patel\textsuperscript{59} (1982) in his review of the agricultural policies of the Indian Government over the years states that a combination of support prices and public distribution system has been effectively utilised to achieve growth with social justice. In his view, the provision of marketing finance, creation of storage facilities and encouragement to co-operative marketing organisations could form the basic framework for Government assistance to agricultural marketing.

Vision-2020\textsuperscript{60} (2000), a comprehensive policy document of the Government of Andhra Pradesh describes the overall framework within which specific market reforms like Rythu Bazaars were introduced in Andhra Pradesh. It states that the existing marketing structures and arrangements in the farm sector deliver produce of inconsistent quality utilising outdated and inefficient physical distribution mechanisms. The defects of the system include a high degree of wastage, high marketing costs and limited avenues for the marketing of fresh produce. It envisages the creation of a system where farmers take a more active role in marketing by exploring avenues for direct marketing of

\textsuperscript{58} Pai and Kshirasagar, 1979, "Job Attitude of Development Bureaucracy", \textit{Management in Government} (Selected Readings), Publications Division, Government of India, New Delhi, pp. 43-60.

produce. The policy stresses the need for demand driven production and minimisation of post-harvest losses as means to increase the relative bargaining strength of farmers.

Muralidhar Rao\textsuperscript{61} (2002), in his study of agricultural marketing and storage in India provides an overview of the complexities involved in the marketing of agricultural products and outlines the efforts of the Government to streamline the functioning of the marketing system.

He discusses the role of marketing co-operatives in agricultural marketing and describes the achievements of these institutions. He stresses the need for a holistic approach to marketing improvement and opines that a piece-meal approach to market improvement could be of no real utility.

**HYPOTHESIS**

"The establishment of Rythu Bazaars in Andhra Pradesh has had a positive impact on the efficiency of retail marketing of agricultural produce in urban areas of the State and has lead to perceptible changes in the attitudes and behaviour of participants in the marketing process".

An attempt is made to establish the validity of the following assumptions which form a part of the hypothesis through the present study:

(a) The elimination of a long chain of middlemen would lead to significant benefits for both farmer-sellers and customers.

(b) Government regulation and superintendence over the marketing process would be beneficial for all the parties involved in marketing.

\textsuperscript{60} Vision-2020, op. cit., pp. 260-263.

(c) There has been a perceptible change in the behaviour of consumers in urban markets and such change has a far-reaching impact on marketing processes.

(d) In the wake of direct contact between buyers and farmer-producers, there would be a better flow of marketing information.

(e) Involvement and participation of farmers in marketing would lead to farmer education and empowerment.

(f) Participants in the marketing process benefiting from market improvement efforts would make every effort to support the improvements.

OBJECTIVES

The primary objective of the research project is to test the validity of the hypothesis made by the researcher. Specific objectives are:

(a) To determine the factors that would ensure success of the scheme i.e. Rythu Bazaars.

(b) To identify consumer expectations and the extent of satisfaction of consumer needs.

(c) To identify whether farmer-sellers have benefited from the process of elimination of middlemen in the marketing process.

(d) To study the extent to which farmers have become familiar with the processes of marketing and administration of the marketing process.

(e) To identify shortcomings and lacunae impairing the efficiency of the Rythu Bazaar Scheme.

(f) To assess the impact of the introduction of Rythu Bazaars on traditional marketing channels.

(g) To assess the progress achieved in the direction of making Rythu Bazaars, self-reliant and self-managed structures facilitating Government’s phased and gradual withdrawal from the administration of Rythu Bazaars.

SCOPE OF THE STUDY

The present research covers a period of six years, i.e., from 2000 to 2005.
The study covers the whole of Andhra Pradesh State in which the scheme is in operation. All the three regions of the State are covered under the present study.

METHODOLOGY

The present research work exhibits characteristics of both exploratory and conclusive research.

A preliminary review of extant literature on marketing, a thorough and in-depth study of secondary sources of data and discussions with experts helped the researcher in arriving at a precise definition of the problem, framing of the hypothesis and determination of objectives.

Secondary data was collected from Government Publications, Circulars, Departmental Orders, Letters, Circulars, Government Orders, Compliance Reports and Appraisal reports submitted by the officers of the Bazaars.

Other sources of secondary data referred to were newspapers, magazines, memorandums submitted to Government by different organisations, monographs, internal reports of organisations involved in agricultural marketing, pamphlets, brochures and bulletins issued by Government Agencies, etc.

In view of the fact that the research project is confined to a phenomenon in the state of Andhra Pradesh, significant reliance has been made on sources of data in the vernacular. Data collected from secondary sources was appraised with reference to the parameters of objectivity and authenticity.
PRIMARY DATA

Sample

12 Rythu Bazaars were selected for study out of the 102 Rythu Bazaars in operation in the State.

The sample of 12 Rythu Bazaars was distributed equally among the three socio-economic regions of the state, namely Coastal Andhra, Rayalaseema and Telangana; four Rythu Bazaars being selected from each of these three regions.

The four Rythu Bazaars to be included in each of the regions were selected on the basis of judgment sampling method. Factors including:

(a) the need for adequate coverage of districts located within the region.

(b) the degree of urbanisation of the town/city.

(c) round the season operation of the market.

(d) availability of a sufficiently wide product range in the market.

(e) the ranking of the Rythu Bazaar by the Directorate of Marketing, Andhra Pradesh.

(f) the nature of the hinterland/catchment area of the bazaar, etc, were considered while selecting the specific Rythu Bazaars to be included in the study.

The twelve Rythu Bazaars selected for survey are located in city/towns as listed below:

a) Vijayawada, Rajahmundry, Visakhapatnam and Guntur in Coastal Andhra region,

b) Tirupati, Kadapa, Kurnool and Anantapur in Rayalaseema region, and

c) Hyderabad, Khammam, Mahaboobnagar and Nizamabad in Telangana region of the State of Andhra Pradesh.
30 farmer-sellers and 30 customers were chosen as sample units from each Bazaar for survey; the total number of sample units thus being 360 farmers and 360 customers.

Based on a pilot-study and opinion of experts, the sample of 30 farmer-producers was selected so as to give a 60:40 representation to men-farmers and women farmers i.e., the sample was to constitute 18 men-farmers and 12 women farmers.

In the case of customers, the sample was to be distributed in the ratio of 60 : 40 among women customers and men customers. Hence, 18 women customers and 12 men customers were selected from each Rythu Bazaar.

In order to ensure homogeneity of the sample units chosen from the three regions, it was decided to distribute the sample of 30 among three income groups of customers, i.e., the High Income group, the Middle Income group and the Low Income group in the ratio of 20 : 60 : 20 which is reflective of the patronage based on the opinion of experts. High income group includes respondents having an annual income of Rs.1,00,000 and above, the Middle income group includes those respondents with an annual income in the range of Rs.50,000 to Rs.1,00,000 and the Low income group includes all respondents with an annual income of less than Rs.50,000. The primary parameters utilised to identify the income class of respondents include the locality of residence, the size and structure of residential accommodation, ownership of vehicle and occupation.

The technique of convenience sampling was followed for final selection of respondents within the stratified sample.
Primary Data Instruments

Schedules consisting of queries on basic issues needing study were drafted in English and translated into the vernacular (Telugu language). The draft Schedules were administered to select farmers in a Rythu Bazaar (other than the bazaars selected for final study) and a few customers in the city of Vijayawada on a pilot-basis.

Final Schedules were drafted after necessary modifications were made to the draft Schedules based on the experiences in the pilot study.

The researcher along with trained enumerators administered the Schedules to the farmers and customers. Respondents were informed of the nature and purpose of the study. They were assured of confidentiality. Objections or queries raised by the respondents were dealt with by the enumerators with utmost patience.

Data collected through administration of Schedules was edited to establish both internal consistency and reliability. Edited data was assigned codes and classified and then tabulated for purposes of statistical analysis.

Relevant statistical tools like averages, percentages, measures of deviation, etc., were utilised to draw valid and appropriate inferences from the data.

Other techniques of primary data collection like personal observation of the enumerators and unstructured interviews by the researcher/his associates were also employed. The data so collected was utilised to supplement and complement the data gathered by the use of the basic instruments, namely, the Schedules. The final
conclusions drawn from the project are based on inferences made from a judicious use of data from primary and secondary sources.

LIMITATIONS

Limitations of time and cost have compelled the researcher to confine the sample to a study of 12 Rythu Bazaars in the State. However, the researcher is confident that the sample is adequate taking into consideration the level of accuracy required for validation of the hypothesis.

In addition, the researcher has not taken up a first hand study of farmer-operations at the farm level. The researcher has relied on statements made by the farmers with reference to farm operations.

The present study does not cover the operations of Mobile Rythu Bazaars and Door Delivery systems which have been introduced in selected towns of the State during the recent years.

The researcher also has not taken up the issue of bogus farmers registering themselves and participating in the scheme, since the issue requires an in-depth enquiry into the records of the Government maintained at the village level by different departments of the Government.

PLAN OF THE STUDY

Chapter I of the thesis deals with the role of agriculture in the Indian economy and the transformation of the sector over the years with a specific reference to its tasks and challenges in the era of economic liberalisation. A study is also made of the
agriculture sector, its performance and the challenges facing the sector in the State of Andhra Pradesh.

The need and relevance of a study of Rythu Bazaars is stated. A review of current literature is attempted and the hypothesis of the project and the objectives of the project are established. The methodology of the study, its scope and limitations are also discussed in the chapter.

Chapter-II of the study deals with the role and relevance of marketing in the Indian economy and the mission of agriculture marketing in the Indian context, taking into consideration the evolution of the Indian economy over the last two centuries. The chapter also presents the magnitude of the marketing task in the agricultural sector and the defects in the existing marketing system for agricultural products.

Chapter-III of the thesis is a study of improvement efforts made with reference to the agriculture marketing system in India. While exhaustively discussing the various Government efforts in this direction, the chapter also presents the recent efforts by Non-Government Organisations (N.G.Os.) and other private sector organisations in this key and important task. Recent efforts of the Government of Andhra Pradesh are discussed in detail.

Chapter-IV discusses the nature of urban markets for agricultural products and the importance of retail markets for agricultural products in urban areas. A study of the traditional methods of retailing is made. The changes in the nature, magnitude and challenges of urban marketing of food products in India are analysed and the factors
motivating the search for more effective delivery mechanisms are delineated in the chapter.

Chapter-V is a study of the Rythu Bazaar scheme with reference to the objectives of the scheme, the methodology of implementation and the nature of government supervision and control of the scheme. Changes in the scope of the scheme, the mission and objectives of the scheme over the last six years are studied in detail. The future directions envisaged for the scheme by the Government are delineated. The chapter also deals with the progress achieved in implementation of the scheme.

Chapter-VI attempts to appraise the functioning of the scheme within the conceptual framework provided by established marketing theory. This chapter provides a basic understanding of the marketing aspects, tasks and challenges of this ambitious scheme launched by the Government of Andhra Pradesh.

Chapter-VII presents analysis of data obtained from a study of the farmer-sellers who undertook direct marketing activities at the Rythu Bazaars.

Chapter VIII presents analysis of data collected from customers patronising the Rythu Bazaars.

Chapter IX sets out the conclusions of the study and the recommendations of the researcher

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