Chapter V

THE RYTHU BAZAAR SCHEME OF THE GOVERNMENT OF ANDHRA PRADESH

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The year 1998 saw an unprecedented crisis in the food marketing system in urban areas of Andhra Pradesh. Prices of vegetables and fruits reached very high levels and even the rich and middle classes of society found it difficult to purchase vegetables and fruits. The sky-rocketing prices meant that the poor and lower middle class customers could not afford to buy vegetables.

In a society where vegetables constitute an important component of every day diet, the price increase had a substantial impact on family budgets. The phenomenon was expected to last only a few days and many sectors of society were confident that this was a mere passing phase.

To the consternation of everyone, the phenomenon persisted for a very long period of time. Indignation was expressed over the inability of the Government to solve the crisis. A public debate on the issue was initiated in the media and several suggestions were made by concerned sections of society. A majority of the public commentators called for Government intervention and corrective action. It was believed that there was a need for a reform of the entire marketing structure and only the Government, it was felt, could perform the task.

1 Brochure of the Government of Andhra Pradesh issued on the occasion of the launching of the Scheme.
In response to the public opinion, the Government in power (at the time) headed by the Chief Minister, Sri N. Chandrababu Naidu formally launched the Rythu Bazaars (R.Bs.) Scheme on January 26, 1999.

The Government of Andhra Pradesh took the decision to launch the scheme taking into consideration the magnitude of the problem, the impact of the crisis on public welfare and the need to initiate legislation and executive action to solve the crisis.

i) Sky rocketing prices of vegetables and fruits badly hurt the purchasing capacity of the public. Even sections of society with relatively high incomes felt the pinch of high prices.

ii) Farmers were not able to get a remunerative price for their produce, while customers were paying very high prices. Media reports of farmers resorting to distress sales and sale at very low prices to traders drew public attention to the fact that only middlemen were the beneficiaries of the marketing system.

iii) Public resented the inaction and attitude of indifference shown by the Government to the fact that a small group of middlemen could exercise such dominant control over the marketing system and manipulate the system to their exclusive benefit. Attention was drawn to the fact that the farmer was getting only 30 per cent of the customer-rupee with traders pocketing up to 70 per cent of the customers-rupee.

The introduction of the scheme met with a huge success in all the 50 towns and cities where Rythu Bazaars (R.Bs.) were established in the first phase of the programme. Prices came down by 75-50 per cent providing the much sought relief to urban customers. Farmers who were provided an opportunity to market their products directly
to customers in urban areas through outlets established and managed by the Government participated in the scheme with great enthusiasm. The Press actively supported the scheme and provided necessary publicity for the scheme. Attempts of well-entrenched traders to sabotage the scheme were met by concerted counter-action by the public with the intelligentsia and the media spearheading such movements.

The coming to power of the Congress Party in the year 2004 led to apprehensions that the new Government would discontinue the scheme in view of the fact that the scheme was launched by its political rival, the Telugu Desam Party. All such fears and apprehensions have been belied.

The Congress Party has proclaimed its commitment to the continuation and further strengthening of the scheme. The Chief Minister, Sri Y.S. Rajasekhara Reddy, has retained the portfolio of Marketing and has been paying personal attention to the task of ensuring that the scheme satisfies the needs of the general public and the farmers.

THE RYTHU BAZAARS (R.Bs.) SCHEME

Purpose: The Rythu Bazaars scheme envisaged the creation of organised markets in urban areas where farmers could market their produce directly to urban customers avoiding middlemen.

The Government undertakes to provide:

a) physical infrastructure necessary for the creation of markets in a central location of the city/town.

b) financial assistance to operate the market.
c) manpower required for effective execution, management and superintendence of the scheme.

d) ancillary services by co-ordination of the efforts of local administration authorities, and

e) all necessary assistance for the effective functioning of the markets.

Objectives

The following are the objectives of the Rythu Bazaar (RBs) as envisioned by the Government of Andhra Pradesh:

• to ensure remunerative prices to the farmers and provide fresh vegetables and fruits to consumers.

• to avoid exploitation of both consumers and farmers by middlemen by creating (direct) interface between consumers and farmers.

• to facilitate prompt realisation of sale proceeds to farmers without any deductions and to curb malpractices in weighing and measuring processes.

• to avoid wide fluctuations in the prices of vegetables between markets and between seasons to achieve stabilisation of prices of vegetables at a reasonable level.

• to provide pre-harvest and post harvest technologies in vegetable production so as to maximise the benefits by using appropriate inputs like high-yielding-varieties & better management practices.2

Benefits Expected: The Government opined that the intervention, requiring the investment of funds, manpower and effort was justified in view of the manifold benefits expected to flow from the R.Bs. Scheme. Some of the benefits expected to flow were:

i) the availability of fresh farm products to customers at a fair price.

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2 Circular, Chief Executive Officer, Rythu Bazaars, Department of Agriculture and Marketing, Government of Andhra Pradesh, Hyderabad, 2003.
ii) assurance of a fair return to farmers who could get a larger share of the customer-rupee, formerly cornered by middlemen.

iii) encouragement to direct-marketing efforts by farmers.

iv) the cultivation of an entrepreneurial culture among farmers in particular and the rural population in general.

v) providing marketing avenues for the products of Self Help Groups (S.H.Gs.) in rural areas.

vi) the availability of a wide range of fruits and vegetables, grown locally and in distant parts of the country, to ensure that customers have an access to a balanced-diet.

vii) the adoption of healthy practices like use of standard weights, grading and packing in the marketing of farm produce, and

viii) the creation of an avenue for the free flow of information to and from the farm sectors in the form of farmer training, farmer extension, market information and market intelligence.

**Fore-runner to the Scheme**

The ‘*Apna Mandi*” (Our Market) Scheme, operated by the Governments of Punjab and Haryana, was used as a starting point in the design of the scheme.

The objectives of the *Apna Mandi* scheme are:

a) the provision of opportunities for direct interface between farmers and consumers in urban areas.

b) an attempt at removing inhibitions among farmers to take up retail sale of their produce in urban areas.

c) ensuring the availability of farm fresh produce to consumers in urban areas, and

d) encouraging entrepreneurship attempts of rural youth.
The Scheme envisages:

a) making available earmarked vacant lands in different sectors of the town/city to farmers who bring their produce to the venue and offer the produce for sale directly to the customers.

b) earmarking specific days in a month for the above purpose in such a way that farmers can interact directly with customers of a particular sector of the town/city once in a week/fortnight.

c) the provision of administrative services necessary for the orderly conduct of market operations by the farmers by the Government free of charge.

The Government of Andhra Pradesh, after a thorough study of the scheme, under took to provide a more “comprehensive scheme” to overcome the shortcomings of the *Apna Mandi* Scheme such as:

i) lack of opportunity for interaction on a daily basis.

ii) lack of structures to provide protection from inclement weather conditions, and

iii) lack of mechanisms assuring reliable and economic modes of transportation.

The process of establishing Rythu Bazaars was initiated by the issue of G.O. Ms. No.37 providing for appropriate and necessary modifications to the Andhra Pradesh (Agricultural Products and Live Stock Markets) Markets Act, 1966 “to exempt “producer – farmers” and customers from restrictions on trade in agricultural products”.³

³ G.O. Ms. No: 37, Department of Agriculture and Marketing (Mktg-I), Government of Andhra Pradesh, Hyderabad, dated 14th February, 1999.
The Department of Agriculture and Marketing was entrusted with the responsibility of launching and maintaining the scheme at the State level. The District Collectors were entrusted with the responsibility of making the scheme a success while Joint Collectors were entrusted with direct responsibility for the management, control and superintendence of R.Bs. located in the district.

A Cabinet Sub-Committee consisting of a Chairman (the Revenue Minister) and the Ministers for Agriculture, Marketing and Municipal Administration as members was entrusted with the task of providing the essential direction to the scheme.4

Inspired by the success of the Rythu Bazaar Scheme in the State, the Tamilnadu Government also launched a similar scheme by name Uzhaivar Santhagalu. The Scheme envisages the provision of temporary sheds for housing of sales counters to be run by farmers in urban areas on notified days. Farmers are required to be present from 6.00 a.m. to 6.00 p.m. at the demarcated venue. No rent is charged. In addition, the Government makes available necessary amenities and administrative support necessary for the efficient functioning of the markets. Farmers are provided free transportation for their produce in the Government owned Road Transport Corporation vehicles.5

THE RYTHU BAZAAR SCHEME

Essential Infrastructure and Facilities

Location: The proposed markets (R.B.s.) shall be situated on vacant lands located in a central part of the city or town. Government land or land owned or controlled by public sector organisations shall be allocated for the purpose. Ideally, the area of the land allotted for the purpose shall be at least 2 acres. Every effort shall be made to ensure that the market is located in a place easily accessible to both the customers and the farmers. An attempt shall be made to establish one Rythu Bazaar for every 1 lakh population in the city or town.

Structures: Sheds shall be constructed to house the retail outlets which are to be allotted to the farmers. Cubicles of different dimensions shall be constructed to suit the requirements of different classes of farmer-producers. Permanent fencing shall be provided for the entire premises in order to ensure a clear demarcation of the market and to ensure security. It shall be the endeavour of the Government to provide for permanent structures in every Rythu Bazaar in the state. A model lay-out designed by the Engineering Department of the Government was approved by the Government and all Rythu Bazaars shall be constructed as per the approved model, in so far as feasible (A model of Rythu Bazaars is included as Annexure-II).

Demarcation of Hinterland: Every Rythu Bazaar shall have a clearly identified and demarcated hinterland described in terms of a cluster of villages. Ideally, the cluster of villages shall be close to the urban area with adequate transportation facilities for the movement of produce and the farmers. The cluster shall normally consist of 25-30
villages with at least 250 farmers growing vegetables. The principles of “proximity, contiguity and connectivity” shall be the primary factors determining the formation of the cluster. There is no specific prohibition on a village located in a district other than the district in which the R.B. is located from being included in the hinterland of the bazaar. The responsibility for identifying “clusters of villages”, forming part of the hinterland of each R.B. shall be assigned to the Horticulture Department of the Government of Andhra Pradesh.

**Identification of Farmers and their Mobilisation:** The Horticulture Officer of the district and the Mandal Revenue Officer (M.R.O.) shall visit the villages forming part of the hinterland of a specified R.B. to finalise the list of farmers eligible to participate in the scheme. Adequate notice of the date of their visit to each village shall be given to the village administrators.

A meeting of the farmers in the village shall be convened and the officials shall explain the scheme and the benefits of enrollment as farmer-seller under the R.B. scheme. After obtaining a list of farmer-sellers from the village office, the team shall visit the farm holdings of the farmers for physical verification. Upon satisfaction of the genuinity of the claims made by the farmers, a temporary “Identity Card” shall be issued to the farmers. A permanent Identity Card shall be issued at the R.B. upon production / surrender of the temporary Identity Card.

**Product-Mix:** Vegetables grown by farmers in the hinterland of the R.B. shall be the main constituent of the product-mix at the Rythu Bazaar. Adequate and necessary steps
shall be taken to ensure that vegetables not grown locally are also available through activities of traders permitted to operate in the R.B. Fruits shall also be made available in all the Bazaars. Processed foods (traditional) manufactured by Self-Help-Groups (SHGs) formed in rural areas shall also be allowed to be sold at the Rythu Bazaars. Cereals and pulses shall be made available through Super Bazaars operating in the Government sector or Co-operative sector. Soaps, toiletries and other related products shall be sold through distribution counters maintained by public sector corporations. Where there is an adequate demand, horticulturists shall be allowed to sell ornamental and aromatic plants and organic fertilisers & pesticides needed for the cultivation of such plants.

**Transportation**: The Andhra Pradesh State Road Transport Corporation (A.P.S.R.T.C.) shall provide for transportation of farmers and their produce from the cluster villages to the Rythu Bazaars. Officials connected with the R.Bs shall propose a Route Map and also determine the timing and frequencies of trips required to be made by the buses. Buses utilised for this purpose shall be designed to ensure that adequate luggage space is available for carrying the produce. In addition, adequate ventilation shall be provided to enable the retention of freshness and quality of the produce. To facilitate easy identification, buses used for this purpose shall be painted in green (unlike the standard brick colour used by the Corporation). The words Rythu Bazaar and the logo of Rythu Bazaar shall be prominently displayed on the vehicles. The Divisional Managers of the Corporation shall regulate and coordinate the movement of the buses in consultation with officers of the district administration and the Rythu Bazaar.
Provision of Ancillary Services: The Government shall ensure the provision of inputs and services required for the smooth functioning of the Bazaars by coordinating the efforts of different Government departments and public sector organisations:

a. **Electricity**: Electricity necessary for illumination and other energy requirements shall be made available at the Bazaars.

b. **Water**: Water required for drinking and sanitation purposes shall be made available at the Bazaar.

c. **Toilets**: Adequate number of toilets shall be constructed for use by the farmers and consumers.

d. **Garbage disposal**: Services of private contractors shall be utilised for disposal of garbage and maintenance of cleanliness.

e. **Canteen**: A canteen shall be maintained for the benefit of consumers and farmers in every Rythu Bazaar. The Government undertakes to provide space and infrastructure needed for the purpose. The right to maintain the canteen shall be auctioned and the highest bidder willing to make available food items at the prices fixed by the Government shall be allotted the rights on an annual basis.

f. **Parking Facilities**: Parking space shall be made available at every Rythu Bazaar. The right to maintain the “parking stand” shall go to the highest bidder willing to maintain the stand at tariffs determined by the Government. The tariff structure shall indicate the charges to be collected for: a) Cycles, b) Motorised Two Wheelers, and c) Motorised Four
Wheelers. Revenue generated from auction of parking stand rights shall be utilised for the functioning of the Bazaar.

g. **Security**: The assistance of the Police Department shall be sought for providing security to persons, produce and assets at every Rythu Bazaar. The Police Department shall ensure maintenance of law and order within and around the precincts of the Bazaar.

h. **Traffic Regulation**: All efforts shall be made to ensure the free flow of traffic to and from the Rythu Bazaar. Steps shall be taken to ensure that the feeder road / thoroughfare connecting the Bazaar with the arterial road is kept free from all encroachments and obstructions. The Police Department shall regulate the movement of traffic to and from the Rythu Bazaar.

i. **Storage**: Every Rythu Bazaar shall maintain a storehouse with a capacity of 6-10 tons for the convenience of farmers having unsold produce at the end of the days’ business. They shall be constructed utilising *alternative low cost technologies*. Self Help Groups (S.H.Gs.) operating in urban areas will be eligible to run such storehouses. Service charges leviable by the operator shall be fixed by the Government.

j. **Haulage**: The Bazaar Officers shall make available suitable equipment for the internal movement of produce within the market place.

k. **Coins and Currency**: The Bazaar officials shall ensure the availability of coins and currency of lower denominations for the facilitation of market transactions. The officials are instructed to explore the possibility of the stationing of an “Extension Counter” of a commercial bank within the precincts of the market, wherever the turnover justifies such a decision. In all other cases, the market officials shall liaise with the nearest commercial
bank to ensure the availability of coins and currency of lesser denominations.

1. Communications: Every Rythu Bazaar shall have a Public Address System (P.A.S) for the purpose of making important announcements. Necessary instructions shall be passed on to the farmer-producers and other participants in the market to ensure the orderly and smooth functioning of the market. The market authorities shall draw attention of individual farmer-sellers as and when any information is sought to be passed on to them by their family members or co-farmers residing in the village.

A Public Call Office (P.C.O.) with facility for making local calls and Trunk calls (S.T.D.) shall be maintained in the Bazaar for the convenience of sellers and buyers at the Bazaar. In addition, the office of the R.B. shall be equipped with a computer with Net facility and a Facsimile Machine (FAX) for the purpose of receiving and transmitting relevant marketing information.

Rules and Regulations: Rules and Regulations have been formulated by the Department of Marketing, the Government of Andhra Pradesh for the orderly and systematic functioning of the Rythu Bazaars.

Insistence on Identity Card: No farmer-seller shall be allowed to bring his produce into the market unless he holds an Identity Card attested by the Horticulture Officer/Consultant. The card shall contain details regarding the name, address, farm holding of the farmer, etc, along with a photograph of the farmer and his family members. Where the farmer intends to trade on behalf of a group of farmers, the
photograph of group members shall also be affixed to the card. The card shall identify the vegetables/produce that the farmer is authorised to sell in the market. An Identity Card issued shall be valid for a period of six months from the date of issue and the farmers can have the card revalidated at the end of the period.

**Strict Vigilance on Bogus Farmers:** Traders and middlemen entering the market on the strength of bogus Identity Cards shall be identified by surprise checks and investigation by the Estate Officer or the Revenue Department Officials. A register of Identity Cards issued shall be maintained in the office of the Bazaar. Deterrent action shall be initiated against such intruders. The Estate Officer shall be held for lapses/negligence in the process of issue/inspection of Identity Cards.

**Allotment of Stalls to Farmers:** Farmers will be allotted stalls on a "first come-first served" basis by the Estate Officer. Segments of the market place shall be earmarked for a specific produce-class. The allotment to specific produce-classes shall be changed once a month. Farmers coming to the Bazaar early in the morning are required to produce the Identity Card on demand. No farmer shall be allowed to occupy the same shop for a long time. No farmer can insist on being allotted a stall of his choice. The decision of the Bazaar authorities with reference to allotment of stalls shall be binding on the farmer. In principle, the farmer-seller himself is required to man the stall. However, in view of the fact that farmers may be required to attend to chores at the farm, they may be relieved by any family member whose name/photograph is included in the Identity Card. In the case of a group of farmers trading at the market as one unit, any of the group members may man the counter.
Placement of Produce: Farmers are required to place their produce well within the shop/stall allotted to them. They shall not be allowed to occupy any part of the market other than the stall for the purpose of displaying their produce. Any produce found in the open spaces in the market is liable to be seized and confiscated by the authorities.

Price Determination: The Estate Officer in consultation with a Committee of farmer-participants shall determine the prices of the produce on sale for a given day. The Estate Officer has the discretion to fix different prices for different grades of the same produce. Prices shall be fixed with reference to the prevailing wholesale market price and retail market price in the town or city. The final price fixed by the officer shall be at least 25 per cent less than the retail price (prevailing in the central retail market) and at least 25 per cent above the wholesale price (prevailing in the Market yard). These two reference prices determine the range within which the final price may be determined by the Committee. The Estate Officer shall take all steps necessary to ensure adherence to the prices determined by the above process. Selling produce at prices higher or lower than the price fixed shall be treated as a violation of rules and regulations.

Display of Prices: Arrangements shall be made for the display of prices of all classes of farm-produce on a board, installed in a centrally located place in the market for the convenience of customers. In addition, every farmer shall exhibit the prices of the produce being sold in his stall in a prominent manner. Prices shall be expressed in terms of weight or number as per the norms determined by the authorities. Where the produce is graded, the prices of different grades of the produce should be displayed on the board. Failure to display the prices at the stall shall tantamount to violation of rules.
Use of Standard Weights: Farmer-sellers are required to use standard weights and measures approved by the Estate Officer. The Estate Officer shall endeavour to ensure that every farmer-seller has the necessary equipment. Facilities shall be provided for the security of weights and measures used by farmers who opt to leave the weights and measures at the market overnight. A specific room shall be allotted where the farmer can place weights and measures overnight.

Check on Quality: Every measure necessary to ensure that goods of a good quality only are sold at the market shall be adopted by the Estate Officer. The Estate Officer shall undertake surprise checks (on a random basis) on the arrivals early in the morning to achieve this objective.

Grading: The practice of grading shall be encouraged at the Rythu Bazaar. The farmer himself shall determine the grade assignable to different lots of his produce on the basis of general guidelines issued by the market authorities. The officials of the Bazaar shall advise and assist the farmer in assigning a suitable/appropriate grade for his produce.

Freedom to Pick and Choose: In principle, the farmer is required to allow the customers to pick and select his purchase lot from out of the produce displayed by the farmer. The farmer cannot prohibit the customer from attempting to judge the quality of the produce, as long as such an exercise has no adverse impact on the merchantability of the farm produce.
Restriction on Entry of Private Vehicles: Farmer-sellers using private means of transport shall not be allowed to bring such vehicles into the premises of the Bazaar during trading hours.

Vegetables and Fruits not grown locally: R.B. authorities shall take all steps necessary to ensure that customers can purchase the whole range of their requirement of vegetables and fruits, including such varieties as are not grown locally. Self Help Groups selected by the Estate Officers shall be authorised to procure such vegetables and fruits either from the sources of supply or from the local wholesale market. The Estate Officer shall help them in procuring such vegetables and fruits.

Other Products: Stalls maintained by public sector organisations, co-operatives and S.H.Gs. shall make available for sale products such as milk, processed foods, cosmetics, toiletries and provisions.

Hawkers operating Outside the Bazaar: There shall be a strict prohibition on hawkers and vendors selling fruits, vegetables and processed foods near the Rythu Bazaar. The assistance of the local administration authorities and the Police department shall be taken to ensure that no hawkers or vendors display their produce for sale near the Rythu Bazaar. District officials and Rythu Bazaar officials shall induce such operators to enroll as farmer-sellers in case they are genuine farmers.

Sale to Trade: In principle, farmers allowed to trade at the Rythu Bazaar shall sell their produce only to customers. Estate Officers shall take all steps necessary to ensure that farmers do not sell their produce to traders.
**Bulk Sales:** Farmers selling at the Rythu Bazaar should primarily cater to the requirements of customers. They are discouraged from direct sale of produce to bulk buyers like restaurant owners, hostel managers, traders, manufacturers of processed foods and similar categories of bulk-buyers. Such buyers should be encouraged to meet the Estate Officers and submit their requirements of vegetables and fruits for processing of their orders/requisitions. The Estate Officer shall endeavour to ensure a fair distribution of the bulk orders among farmer-sellers who can satisfy the requirements of the buyers in such a manner that no farmer gets an unfair advantage or benefit. Estate Officers of individual Rythu Bazaars are empowered to determine the maximum quantum of produce that can be sold to individual customers by farmers. Such limits, once determined, shall be brought to the notice of farmers operating at the Rythu Bazaar.

**Grievance Cell:** Farmers are required to be courteous to the customers and maintain good relations with customers. A Grievance/Suggestion Box shall be installed at a place which is prominently visible to customers and convenient for them to obtain access and utilise. Officials of the Rythu Bazaar shall open the box at frequent intervals and address the grievances. In addition, customers may express their grievances or lodge oral/written complaints with the office of the Estate Officer.

**DEVELOPMENT AND IMPROVEMENT EFFORTS**

**The Charter:** The Charter of the Rythu Bazaar Scheme announced by the Government of Andhra Pradesh provides a vision and direction for improvement efforts of all parties involved in the scheme. The salient objectives of the scheme enunciated in the charter are:
• Providing a common marketing place for the farmer and consumer.
• Participatory marketing systems operated by farmers and consumers.
• Assurance of a fair price for both farmers and consumers.
• Eliminating middlemen and all forces of exploitation.
• Provision of a market information system.
• Providing horticultural extension services.  

Logo: A logo has been designed by the Government of Andhra Pradesh for the scheme. This logo shall be displayed on all brochures, posters, and publicity material for the scheme in addition to being painted on all Rythu Bazaars. This will help create a distinct image and identity for Rythu Bazaars and help gain public attention for Rythu Bazaars. The logo depicts a happy farmer holding fresh fruits and vegetables and offering the produce to the general public for sale. A chain of customers encircle the farmer signifying that there is a direct contact between customers and farmers without the interference of intermediaries. A close look at the visual representation of customers shows that both men and women are depicted reflecting a recognition of the fact that men are also taking an active part in purchasing food requirements of the family.

Good Customer Relations: Every effort shall be made to ensure that farmer-sellers maintain good relations with the customers. Customers' weeks shall be organised where the emphasis will be on training farmers in being courteous to the customers and being more sensitive to the needs of the customers. Resource Persons shall be drawn from private sector marketing organisations to conduct training programmes on marketing and customer relations.7

Building up a Good Public Image: The success of the Rythu Bazaar scheme in the long run depends on public confidence and patronage. Hence, every effort shall be made to build a good image for the markets. The officials of the scheme shall encourage people from all walks of life and public interest organisations to visit the markets and offer their suggestions for making the scheme more effective. Posters, brochures, pamphlets and literature explaining the benefits of the scheme shall be distributed among the general
public. Meetings shall be held with officials/representatives of all organisations which can contribute to the success of the scheme such as the Revenue Department, the Police Department, the Legal Meterology Department, etc, to solicit their support. Press and Media meetings shall be convened to highlight the efforts of the Government towards creating ideal marketing systems and structures.

**Farmer Extension and Training:** The Bazaars shall be used as a platform for the provision of training and agricultural extension to the farmers. Experts drawn from the public sector and private sector organisations shall be utilised for providing information and advice on ‘best practices’ in the pre-harvest and post-harvest stages. Special attention shall be paid to the encouragement of organic farming with an emphasis on the use of bio-fertilisers and vermi-compost. The Estate Officers shall explore the possibility of opening a separate stall for vegetables and fruits grown without the use of chemical fertilisers.

**Supply of Inputs:** The quality of farm produce depends on the quality of inputs used by the farmers such as seeds, fertilisers and pesticides. The Estate Officer shall ensure that farmers-sellers at the Rythu Bazaar have access to quality seeds supplied by the Department of Horticulture. Seeds shall be made available to farmers at prices subsidised to the extent of 50 per cent. Officials of the Bazaar shall plan and estimate the needs of farmers in advance and make arrangements for procurement through the Agriculture Marketing Committee (A.M.C.).

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2 Chief Executive Officer’s Action Plan, Department of Agriculture and marketing, Government of Andhra Pradesh, Hyderabad, dated 2nd August, 2004.
Increasing Productivity at Farm level: Officers at the Rythu Bazaar are instructed to ascertain the yield per acre achieved in the cluster of villages attached to the R.B. and assess the opportunities for increasing the yield. They shall determine the steps to be taken, the material resources required and extension inputs required for implementing strategies for increasing yields. Farmers shall also be advised on desirable changes in the product-mix adopted by them and the need for introducing alternative crops in the off season period.

Price Equalisation: A close watch shall be maintained on the prices prevailing in different Rythu Bazaars in the State with reference to different vegetables and fruits. Coordinated efforts shall be made to move produce from “low-price markets” to “high-price markets” to ensure that there are neither situations of shortage or glut in the State. This shall protect the interest of both farmers and customers.8

Institutional Sales: Estate Officers have been instructed to explore the opportunities available for sale of produce coming to Rythu Bazaars directly to hostels maintained by the Welfare department of the Government of Andhra Pradesh, Government hospitals and jails. Estate Officers have been advised to collect details regarding the monthly requirement of vegetables (of such institutions), the location of such establishments and the best route from the Rythu Bazaar to the designated establishments so that they can affect timely dispatch of vegetables and fruits to such establishments.9

Use of Information Technology: All important R.Bs. have been advised to install facsimile machines and computers in their offices. In order to ensure connectivity, they have been advised to obtain "Internet Access" in order to ensure dial-up connectivity. Estate Officers have been instructed to keep themselves informed of prices in other markets and important developments through the web-site of the scheme “http/gist.ap.nic.in/market.html”.

Door Delivery Operations: Door delivery operations have been inaugurated on a pilot basis in some Rythu Bazaars. A separate telephone has been set aside for the purpose and wide publicity has been given to the telephone number. Customers can place their orders for any product available at the Rythu Bazaar on the phone. Vegetables and fruits shall be packed in 5 kilogram and 1 kilogram packs and made available against orders at the door steps of the customer. Estate Officers have been advised to fix the “minimum order” value in the range of Rs.50-200, taking into consideration the local conditions. A premium in the range of Rs.1 - 1.50 shall be charged per kilogram on such orders. Such business shall be allotted to S.H.Gs. operating in the town/city.

Mobile Rythu Bazaars (M.R.Bs.): The MRB scheme was launched on an experimental basis in the year 2003. Under this programme, farmers-sellers carry produce in a van and station the van at a vantage point close to residential areas or office complexes. Fresh vegetables and fruits of a good quality are packed in 0.5 kilogram or 1 kilogram packs. They are loaded on to a van (Mobile Bazaar) manned by farmer-sellers on a rotation basis. In view of the fact that the produce offered for sale is cleaned, processed, graded
and packed and made available to the customer at a place of convenience, a premium of up to Rs.2 per kilogram is charged on the prices prevailing at the Rythu Bazaar. In principle, price is fixed in such a manner that the price is at least 25% less than the price prevailing in the general retail markets.\textsuperscript{10}

**Farmer Participation in Management:** Rythu Bazaar Scheme envisages farmer participation in management of the scheme. Rythu Bazaars shall provide every opportunity for farmers to be involved in the management of the scheme. Decision making in Rythu Bazaars shall be entrusted to committees consisting of officers (representing the Government) and farmers nominated by the farmers –sellers. Farmer representatives on the Price Fixation Committee, Accounts Committee, Savings Scheme Committee, Discipline Committee, the Clean and Green Committee and the Arbitration Committee shall have an opportunity for learning management skills while primarily representing the interest of farmer-sellers in the Rythu Bazaar.\textsuperscript{11}

**Arbitration of Disputes:** In the functioning of the markets, disputes are likely to arise between farmers, between farmers and customers and between the farmers and officials of the Bazaar. On several occasions, such disputes have been reported in the media. This could tarnish the image of the markets. In addition, vested interests could and have often utilised such disputes to weaken the scheme. Hence, Estate Officers have been instructed to create permanent dispute resolution mechanisms using the services of public interest organisations, opinion leaders and retired Government servants.

\textsuperscript{10} Compendium of Circulars and Government Orders on Rythu Bazaars, Department of Agriculture and Marketing, Government of Andhra Pradesh, Hyderabad, 2002.

\textsuperscript{11} Functional Manual, Swarajya Maidan Rythu Bazaar, Vijayawada, Krishna District, Andhra Pradesh.
Studies and Surveys: Enterprising officials concerned with the administration of the Scheme have commissioned Studies by independent external agencies to assess the functioning of the markets. Corrective steps have been initiated to rectify lacunae in the functioning of the system. In addition, the Government and its agencies have been providing assistance and encouragement to studies and surveys initiated by private individuals/organisations.

Administration and Control

The Department of Marketing, Government of Andhra Pradesh, has been entrusted with the responsibility for administration and control of the Rythu Bazaar Scheme. The Department of Marketing functions under the Ministry of Marketing. The Marketing portfolio presently is held by the Chief Minister. The Principal Secretary (Agriculture, Marketing and Cooperation) aids and assists the Chief Minister in formulation of policies. The Executive chief of the Department is the Director/Commissioner of Marketing. The Chief Executive Officer, (CEO) Rythu Bazaars, working under the superintendence of the Commissioner, has exclusive control over the functioning of the scheme all over the State. He is assisted by the Joint Director. The Assistant Directors of Marketing and Horticulture Departments shall assist, aid and advice the Joint Collectors, at the district level, in ensuring successful implementation of the scheme.

At the Rythu Bazaar (individual market), the Estate Officer is responsible for the administration of the scheme. He has to ensure that the specific Rythu Bazaar achieves its objectives and functions as per the directives, circulars and instructions issued by the
Government. He has to take all steps necessary to ensure that only genuine farmers are allowed to function in the market. He is required to maintain records and furnish reports as required under the scheme. He has to liaise with officials of various Government Departments, managers of private sector organisations and N.G.O. functionaries to ensure that the Rythu Bazaar functions in an effective manner. He shall discharge his duties working under the administrative control of the Revenue Division Officer (R.D.O.). He shall form committees for the management of affairs of the market, providing representation for farmers, customers and the general public, in accordance with the instructions of the Government. He shall be assisted in the exercise of his routine duties by secretarial staff appointed on a contractual basis.

The Estate Officer shall take the advice and assistance of the Horticulture Consultant and the Agricultural Officer who stand in the capacity of independent consultants to a group of designated Rythu Bazaars in a specific urban area/areas. They shall help the Estate Officer in the identification of the cluster of villages, identification and motivation of farmers-sellers, providing production and marketing extension / education to the farmers and other related activities.

The Directorate of Marketing provides a direction for the functioning of the Scheme all over the State by the issue of Government Orders (G.Os.), Circulars and letters and through direct interface with district level officers through Video Conferencing. At the district level, it is represented by the Assistant Director (Marketing) and the members of various Agricultural Marketing Committees (A.M.Cs.) working under the supervision of the Directorate of Marketing. The Directorate makes
funds available for provision of infrastructure for the markets (Capital expenditure) through the funds of the A.M.Cs. It provides grants- in- aid to individual Rythu Bazaars to meet the revenue deficit of funds (excess of expenditure over income) through the Central Marketing Fund (C.M.F).\textsuperscript{12}

The Directorate of Marketing monitors and evaluates the functioning of the scheme through a review and appraisal of periodical reports submitted by the officials in charge of the scheme at the district level. At the District level, the Collector is responsible for the successful administration of the scheme. He shall be assisted by the Joint Collector (J.C.) who is directly responsible for administration of the scheme at the district level. The office of the Joint Collector shall receive periodical reports from Rythu Bazaars functioning in the district. It shall summarise the reports and prepare Consolidated Statements (districtwise) for transmission to the Directorate. The Joint Collector shall study and analyse the reports and take action deemed necessary for a more effective functioning of the scheme. He shall visit the R.Bs. in the district, conduct surprise checks and review their performance.

The Revenue Division Officer (in charge of designated Mandals in the district) shall undertake direct responsibility for supervision of R.Bs. working in the area under his jurisdiction, exercising powers delegated to him by the Joint Collector in this regard.

Fig. V.2 depicts the Organisation Chart showing the arrangements for the management and control of the Rythu Bazaar scheme based on the relevant Government

Fig. V.2

ORGANISATION CHART DEPICTING ADMINISTRATIVE ARRANGEMENTS FOR THE RYTHU BAZAAR (R.Bs.) SCHEME


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Orders, Circulars and observation of the functioning of the scheme over the last five years.

**Present status of the scheme**

As on date, there are 102 Rythu Bazaars functioning all over the State of Andhra Pradesh. 107 Rythu Bazaars were established but operations have been temporarily stayed in 5 of the bazaars. Of the existing R.Bs., one located in Kedaswararao Pet, Vijayawada is housed in a well-designed R.C.C. roof construction. This bazaar is the first to be located in a totally modern and permanent structure and the Government intends to ensure that all Bazaars function in similar structures in the near future.

Of the rest (101), 33 are located in permanent structures using corrugated metal sheets for the construction of cubicles housing the sales counters. The rest i.e., 74 bazaars are located in semi-permanent constructions. The Government plans to convert 30 of these structures to permanent structures by the end of the year 2005. The Government intends to start such bazaars in another 400 locations in order to reach the targeted figure of establishing 500 Rythu Bazaars all over the State.

These Rythu Bazaars are located in 58 towns and 7 cities all over the State with large towns and cities having more than one such bazaar to ensure adequate coverage of the entire population of the city/town. In addition, mobile Rythu Bazaars are operating in the cities of Hyderabad, Vijayawada and Visakhapatnam to cater to the needs of townships and colonies located far away from the heart of the city/town.
The total daily sales at all the bazaars is approximately Rs.1.1 crores and the average sale for each Rythu Bazaar per day is estimated at Rs.1,00,000 (Rupees One lakh). Of the turn over, vegetable sales account for 73.5 per cent with the rest of the product-line accounting for 26.5 per cent of the turnover, reflecting the fact that these bazaars are primarily viewed as markets for vegetables, especially in the small towns of the State. In quantitative terms, the average weekly arrival of farm produce at the Rythu Bazaars all over the State is 1.35 lakh quintals of farm produce.

97 Estate Officers have been appointed to administer the bazaars all over the State. In a few towns, a single Estate Officer has been given charge of more than one bazaar. 74 Horticultural Officers have been either appointed or deputed to assist/advice the E.Os in the performance of their duties, with the Horticultural officers being directed to attend to duties in more than one bazaar, in view of the fact that they extend only advisory functions. Price Committees have been formed in 97 of the 102 R.Bs to assist the E.O. in determining the prices every day. Store room facilities, for the convenience of farmers who intend to store farm produce/equipment overnight, have been provided at 87 bazaars. Facilities for the provision of safe drinking water have been provided at 96 of the bazaars. The State Transport Corporation has allotted 600 vehicles of its state-wide fleet for the purpose of transporting farmers and their produce from the cluster villages to the markets every day. Computers have been installed in the offices of 42 Rythu Bazaars and facsimile machines/telephones have been provided at 83 Rythu Bazaar to facilitate co-ordination and connectivity. One of the primary reasons for the failure to take up computerisation of the offices of the remaining bazaars is the lack of security for
equipment at bazaars located in semi-permanent structures. 31 Rythu Bazaars have been
covered under the R.B. Online system and have been provided with the necessary
equipment.

Regional Analysis

In terms of coverage of the three regions in Andhra Pradesh, one Rythu Bazar has
been established for every 1,57,475 households in the State or for every 39,005
households in urban areas. In the Coastal Andhra region, one R.B. has been established
for every 1,18,555 households in the entire region or for every 26,825 urban households.
In the Rayalaseema region, one Bazaar has been established for every 2,64,661
households or for every 57,224 urban households. In the Telangana region, one R.B. has
been established to cover 1,96,057 households or to cover 56,180 urban households.13

The Government of Andhra Pradesh has directed the Directorate to increase the
number of Bazaars to 500, taking into consideration the success of the scheme and the
felt need for such markets in a number of areas presently not covered under the scheme.

Future Directions

The introduction of the Scheme in the year 1999 was fundamentally a Crisis
Management decision taken by the Government, taken to ward off a severe crisis in the
field of retail marketing of agricultural produce. While the Central Government and
several State Governments had earlier played an active role in the management of

13 Based on Records of Directorate of Marketing, Government of Andhra Pradesh, Directorate of Census
Operations, Andhra Pradesh and Directorate of Economics and Statistics, Government of Andhra Pradesh,
wholesale agricultural produce markets, it was for the first time that any Government in the country had entered the field of retail marketing of agricultural produce substantially in urban areas.

Over the years, there has been an increase in the involvement of the Government in the administration of the Scheme. The first two years saw a ‘Rapid growth’ in the scheme, in terms of the area of coverage and the number of bazaars established followed by a period where the Government was primarily concerned with ‘Consolidation’ of gains already registered and the creation of systems and structures for the effective regulation of the scheme. The last few years have seen an attempt to build linkages between the markets and similar structures and consumers for a more effective implementation of the scheme. The introduction of Mobile Rythu Bazaars and Door Delivery systems are aimed at ‘Forward Integration’ with the intention to move closer to the customers and extend the reach of the scheme. Attempts to start collection centers in cluster villages where R.B. employees would buy agriculture produce from eligible farmers at determined prices, precluding farmer visit to the Bazaar could be seen as attempts at ‘Backward Integration’. However, such attempts have been sporadic and have not become an integral part of the Scheme.

The Government of Andhra Pradesh wishes to convert these markets into structures managed by the farmer-sellers themselves as Co-operative Societies under the category of Mutually Aided Cooperative Societies (MACS).
At the level of the cluster of villages, the scheme envisages the creation of a Primary level Vegetable Growers Association in which all farmer-sellers shall be members. The Society shall undertake the activities of assisting the farmers in adopting best cultivation practices, post-harvest handling of produce and the marketing of produce. A Rythu Bazaar Society shall take over all tasks connected with the administration of the bazaar on the principle of ‘Self-Management’ by participants with specific committees of the society taking over specialised tasks of management. There shall be societies at the district level and State level consisting of selected farmer members from the primary societies along with horticultural experts, marketing experts and Government functionaries to frame policies and provide overall guidance and vision to the scheme.

This would allow the Government to withdraw from active involvement in the administration of the scheme and play the role of a facilitator and provide avenues for farmer co-operatives to play an active role in the direct retail marketing of farm produce in urban areas.

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