CHAPTER II

REVIEW OF LITERATURE

2.1 Introduction

Indian agriculture has shown definite signs of dynamism since the mid-sixties. Substantial increases in production of farm products has solved problems of deficits and generated surplus too. However, increased production is bound to prove counterproductive unless it is associated with proper marketing facilities so that the farmers are assured of remunerative price for their products. Increased production must be mutually beneficial to the primary producer and the ultimate consumer. To improve agricultural marketing, several institutions such as regulated markets, co-operative markets and state intervention have been tried but they have met with partial success. Only of late, for solving many of the marketing problems and for keeping marketing of farm products more orderly and efficiently particularly at the assembling point, greater emphasis is laid in organizing direct markets. Marketing of agricultural produce, particularly of vegetables, required more attention as they have high degree of perishability, bulkiness, existence of a large number of middlemen in the trade, low capital requirement and are grown by the small and marginal farmers.

The efficient marketing regulates supply but also creates fresh demand, increases in production and minimizes wastage and yields remunerative prices to the producer. In order to improve the marketing of farm produce, especially of fruits and vegetables, the Government of Andhra Pradesh has introduced the system of “Rythu Bazar” from January 26th 1999, where the farmer can sell his products directly to the consumers in the market without having any mediators in between the seller and the farmer. The prime objective is to provide direct link between farmers and consumers in the marketing activity of fruits, vegetables and essential food items. It is a progressive market mechanism to assist farmers or vegetable producers to get remunerative prices and enabling regular supply to consumers. The concept is novel in the sense it avoids middlemen, there by both the consumers and farmers are benefited in their own way. With the introduction of Rythu Bazaars the prices in local vegetable markets came down to a greater extent. The state is providing infrastructure to the ‘Rythu Bazaars’ arranging
market facilities and proper transport facilities at a cheaper rate and at convenient times. Against this background, an attempt is made to deal with the review earlier literature on the subject of study.

As the Rythu Bazaars are established in very recent times and the studies available on these are very few, it is necessary to look into the available studies not only on Rythu Bazaars but also on similar attempts made elsewhere. The literature available on the above subject is very scanty. Most of them are in the shape of small descriptive articles and newspaper reports and in-depth studies are very few. However, an attempt is made in this chapter to review and present the findings of some of the available studies to identify the gaps that exist in the available literature and prepare a basis for the present study and the direction it has to pursue in order to provide adequate guidelines to the policy makers and market activists to which direction the farmers markets have to move and the steps they have to take in this regard. This review highlights the important issues raised and findings identified by earlier researchers and authors of books and articles who have laid emphasis on different aspects. For the sake of convenience the available studies are grouped under the following four broad categories and reviewed and presented hereunder accordingly.

1) Studies Relating to Rythu Bazaars
2) Studies pertaining to Markets other than Rythu Bazaars
3) Studies Relating to Regulated and other types of Markets

2.2 Studies Relating to Rythu Bazaars

Srikanth Reddy and Vasudev31 made an Economic Evaluation of Rythu Bazaars in Telangana Region of Andhra Pradesh: A Case Study of Karimnagar District”. The main objective of the study is to evaluate the functioning of the Rythu Bazaars and the economic benefits derived by the producers and consumers in the study area. The study was based on micro-level information obtained from sample producers and consumers of four selected Rythu bazaars in and around Karimnagar town. Some of the major findings emerged from the study are: (a) Rythu bazaars are functioning under the direct control of

Joint Collector of the district. (b) The marketing costs incurred by the Rythu bazaars are low. (c) In Rythu bazaars, marketing margin was zero as there exists no middlemen and producers selling produce directly to urban consumers. (d) Marketing efficiency in terms of decreased prices for vegetables was more in Rythu bazaars i.e. Tomato (6.31), Bhendi (6.83), Brinjal (5.41) and Green chillies (7.90) at over all level when compared with local markets i.e. Tomato (1.79), Bhendi (2.41), Brinjal (2.01) and Green chillies (2.38). (e) Producer’s share in consumer’s rupee was more in Rythu bazaars i.e. 84.11, 85.32, 81.53 and 87.39 per cent respectively for the above crops in their order when compared with the local market i.e. 5.40, 58.65, 50.26 and 57.94 per cent respectively. (f) The price spread was low in Rythu bazaars compared to local markets. Thus, the study indicates that the farmers had gained by selling their crops in Rythu bazaars. However, the major constraints identified are inadequate infrastructure facilities and insufficient transport availability to farmers from villages. The study has offered suitable suggestions to overcome the constraints faced by the farmers.

Rudra Saibaba and Suresh Vadde\textsuperscript{32} made an attempt to study the “Consumer Satisfaction and Preferences towards Rythu Bazaar” in the Warangal District of Andhra Pradesh as a case study. This paper analyses the preferences, needs and wants of the vegetable buyers and make them available to farmers so that they can take correct decisions regarding the marketing strategies to be implemented in Rythu Bazaars of Andhra Pradesh State. The findings of the study indicate that majority of consumers felt about the location of Rythu Bazaar which is not conducive and 58 per cent of the respondents faced one or other problems in making purchases in Rythu Bazaar. The study also revealed that majority of respondents felt the behavior of sellers at Rythu Bazaar has been impolite; and 63 per cent of the respondents felt very bad about the parking facility and other amenities at the Rythu Bazaar. The paper recommended that the government should take adequate measures to educate both farmers and consumers about farmers’ markets, and orient them the benefits of participating in the Rythu Bazaar. Local administration should also enlighten the farmers to acquaint themselves with the latest

marketing strategies and help them to become efficient and self-sufficient farmers. Location should be more effective where parking and other amenities should be there to make more conducive.

Reddy and Meena\textsuperscript{33} carried out a study entitled “Rythu Bazaars in Andhra Pradesh: An Innovative Approach in Marketing of Agricultural Commodities”. The major objectives of the present study were to study the profile of sellers, the extent of utilization of Rythu Bazaars as a marketing channel by the farmers and the benefits accruing to them. The present study was conducted in six sample Rythu Bazaars selected out of 97 operational Rythu Bazaars across the State with a view to understand the functioning of Rythu Bazaars. Sample Rythu Bazaars included Hanmkonda, Kadapa, Mehadipatnam (Hyderabad), Ongole, Rajahmundry and Visakhapatnam. The respondents include 79 participating registered producers, 38 nominees (registered producers’ representatives) and 36 non-participating registered producers. Information was collected through personal interview using structured schedules and focused group discussions carried out in 20 villages. Results shows that out of the total sellers, 48 per cent were participating registered producers, 42 per cent were registered producers’ nominees and 10 per cent were unauthorized (local traders who have managed to penetrate the system). Only one third of the nominees were found to be genuine as per the Rythu Bazaar rules while remaining were traders who have managed to enter in to the system with convince of the producers or rythu bazaars administration. Around 90 per cent of the participating registered producers were small and marginal farmers. Around 38 per cent of the sellers were women. This apart, around 5 self help groups in each of the sample Rythu Bazaars are selling vegetables not grown locally. As far as the use of marketing channels by the participating registered producers is concerned about 62 per cent of the total production is sold at Rythu Bazaars followed by 33 per cent to the wholesale markets and remaining 5per cent to the consolidation agents at the village level. On the whole, 57 per cent of participating registered producers exclusively depend on the Rythu bazaars. Realization of the producers in Rythu Bazaars as compared to wholesale markets shows that there is

an additional benefit of Rs. 122 per quintal while selling in Rythu Bazaars on a typical day. The additional benefit in Rythu Bazaar is due to the higher remunerative prices and lower marketing costs (due to exemption from market fee and commission as a result of direct interface between sellers and buyers) in comparison to wholesale markets. In case of Rythu Bazaars, the net price realization as per cent of consumer rupee varies from 75 per cent to 85 per cent whereas it ranges from 47 per cent to 60 per cent in case of wholesale markets. Prices in sample Rythu Bazaars are 13 to 23 per cent higher than the wholesale market prices at the same time around 11 to 25 per cent lower than the retail prices. It means that the Rythu Bazaars are benefitting producer as well the consumers. This is the biggest constraint for participating in rythu bazaars particularly at the time of peak farming activities. Incidentally, the producers having extra adult family members find it easier to spare a person for selling in Rythu Bazaars. Rythu Bazaar system involves a lot of social and economic costs in the form of expensive urban land, subsidized transportation facilities, and other budgetary support by the Government. These Bazaars also add to the congestion in the cities and create garbage that involves disposal cost.

Kutumba Rao\textsuperscript{34} carried out a study entitled “Direct Marketing in Agriculture” and reviewed the status of Rythu bazaars in Andhra Pradesh. The study mainly intended to ascertain the functioning of Rythu bazaars in Andhra Pradesh. He discussed the main problems in agricultural marketing. He stressed the need for an alternative marketing system to provide benefit to both farmers and consumers. With this background, he reviewed the over all position of Rythu bazaars in the State of Andhra Pradesh and conducted a detailed survey in Krishna district particularly in Machilipatnam Rythu bazaar. The survey was conducted in the year 2000 by canvassing separate questionnaires among 50 farmers and another 50 consumers by interviewing them. Both the categories of respondents are happy with the facilities provided in the Rythu bazaar, but they are not equally happy with the price fixation done everyday and the quality of vegetables sold therein. They further felt that the farmers have a little say in the matter of price fixation.

In this context, they referred the traditional village shandies, where they have more freedom to sell their produce at their own prices and with no middlemen. Likewise consumers also made a point for discussion that some of the vegetables are not qualitative due to uniform prices of all grades and quality and farmers are selling best quality outside of the Rythu bazaar. The author concluded except by mentioning a few teething problems and initial complaints, functioning of Rythu bazaars in the district are quiet satisfactory and they are moving in the progressive direction to achieve the objectives of Rythu bazaars.

Parthasarathy and Durga Parameswari\(^{35}\) have undertaken a study entitled “Recent Price Hike of Rice and Vegetables: A Study of its Impact on Peasants and Agricultural Labour in the Vicinity of Visakhapatnam”. The main objective of the study is to assess the impact of price hike on rice and vegetables by Government on peasants and agricultural labour in Visakhapatnam area. For this purpose, a sample survey has been conducted in the surrounding aras of Visakhapatnam city by drawing sample from producers and consumers. The results of the study showed that producers secured a large share of the price paid by consumers and indicate more and more producers are attracted to Rythu bazaars, as there is a striking difference of profit between Rythu bazaars and retail market of the city. In fact, these bazaars are meeting 1/4\(^{th}\) of the demand of vegetables of the city thus acting as supplementary but substituting the existing market system. The survey results on functioning of Rythu bazaars have shown the success rate in terms of farmers gaining more profit than earlier and consumer satisfaction, but the external factors influence expressed some doubts regarding sustainability of Rythu bazaars.

Tarakumari\(^ {36}\) made an attempt to ascertain the “Functioning and Sustainability of Rythu Bazaars in Visakhapatnam City”. The present study aims at understanding the functioning of Rythu bazaars of Visakhapatnam city and assessing their sustainability in

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the years to come. For this purpose, she selected seven Rythu bazaars functioning at that
time in Visakhapatnam city. She conducted a sample study in all the seven Rythu
bazaars. She considered the factors like infrastructure facilities available and the
amenities provided in the Rythu bazaars, number of farmers identified coming to Rythu
bazaars, occupancy ratio of stalls, involvement and functioning of self-help and
Development of Women and Children in Rural Areas (DWACRA) groups and other
related aspects. According to her the functioning of Rythu bazaar operates in a system
that depends on the profitability of producer, strict vigilance of the government and
satisfaction of the consumer. As long as these three components of the system are striking
a balance, the bazaar would continue to function and sustain for a longer period. Each
component of the system depend upon its own inherent and extraneous factors, therefore,
the functioning and sustainability of Rythu bazaars need to be investigated from time to
time, and the functioning be adhered to planning. The parameters such as infrastructure
amenities and equipment considered for the present analysis is not correlating much with
the success and better functioning of Rythu bazaars. Perhaps the success remained much
on the location of Rythu bazaars and their interland of habitation. It is further observed
from the study that the Rythu bazaar functioning and their sustainability depends upon
their strategic location in the new residential areas of city irrespective of the availability
of proper infrastructure facilities and amenities. However the coordination of the core
committee and the liaison staff and their patronage to Rythu bazaars is essential. Since
the farmers in the region are traditional cultivators and vegetable growers, they will not
shift their activity even the Rythu bazaars fail to functioning. Among the seven Rythu
bazaars of Visakhapatnam city, at least three Rythu bazaars located in the new residential
areas will sustain as there has been demand from consumers and traditional farmers are
rather forced to supply to gain more profit, if there is a minimum government patronage.

Durga\textsuperscript{37} has undertaken a study entitled “Public Intervention in the Marketing of
Vegetables: The Case of Rythu Bazaars in Visakhapatnam” in the backdrop of an
extraordinary hike in prices of rice and vegetables in the month of September 1998 since
the demand for these necessities is inelastic. At the instance of the State Government, the

\textsuperscript{37} Durga, C., Public Intervention in the Marketing of Vegetables: The Case of Rythu Bazaars in
district administration has taken necessary steps to hold the price line through procuring truckloads of commodities and supplied them through Fair–price shops and procured vegetables directly from farmers and sold them through special counters opened by the Fair Price Shop Dealers Association. In this context, a survey has been conducted by administering a structured questionnaire to get the opinions of consumers about these special counters. The results of the survey has revealed that almost all the respondents have welcomed the move by the district administration. The special counters under the control of the Collector, have undoubtedly protected the consumers by supplying essential vegetables at reasonable prices, but this arrangement does not guarantee the reasonable price to the producer. Under the prevailing situation the Government has introduced an alternative marketing strategy to benefit both farmers and consumers, which has resulted in the establishment of Rythu Bazaars. The researcher has reviewed the whole situation and also the establishment of Rythu Bazaars and their functioning and suggested few measures for their betterment.

Maria Das\footnote{Maria Das, N., A Study on the Functioning of Rythu Bazaars in Ranga Reddy and Medak Districts and Hyderabad, Department of Economics, Osmania University, Hyderabad, 2005 (Unpublished Ph. D Thesis).} has undertaken a study on the functioning of Rythu Bazaars in Ranga Reddy and Medak districts and Hyderabad with a view to estimate the producer’s share in the consumer’s rupee for the vegetable crops in selected Rythu Bazaars and to study the problems of vegetable consumers and producers in Rythu Bazaars. Fourteen types of vegetables were selected for the study and the data was collected from various Rythu Bazaars covering both farmers and consumers. For this purpose, a survey has been conducted by canvassing a well designed and structured questionnaire among the farmers and consumers. Information was collected from the estate officer and other officials. The study showed that the difference between prices in Rythu Bazaars and local markets ranged from 10 per cent to 19 per cent for all vegetables in the study. Though the system of Rythu Bazaar is a blessing for farmers and consumers, there is scope for further improvement. The study contains detailed analysis of the problems faced by both consumers and farmers in Rythu Bazaars. The basic problems faced by farmers are lack of storage structures, bargaining and sorting of vegetables by consumers, occupation of
walking paths by small vendors causing inconvenience, fixing of arbitrary prices and existence of middlemen and so on. Both farmers and consumers have given appropriate suggestions for improvement of Rythu Bazaars.

Md. Abdul Hai’s study refers to the “Functioning of Rythu Bazaars of Mehadipatnam, Ranga Reddy District”. He made an overall review of functioning of Mehadipatnam Rythu bazaar of Ranga Reddy district near Hyderabad. He also conducted a sample survey on both the farmers and consumers and he also observed the role of Government machinery. The findings of the study show that 25000 to 35000 consumers are visiting the Rythu bazaars daily and 150 farmers are coming from various villages regularly for marketing vegetables. The total turnover of Rythu bazaar per day is 9.24 lakhs and it is 277.2 lakhs per month. The average daily arrivals of 35 varieties of vegetables vary from 1100 to 1150 quintals and 125 quintals of leafy vegetables consists of 6.25 lakhs exclusively vegetables. The non-growing vegetable in the district is potato and this is being procured by the marketing department from other states with the involvement of self help groups. The author further observed that the Rythu bazaar is protecting the interests of both the farmers and consumers and helping the people to come out from the exploitation of middlemen. Consumers are getting fresh vegetables and employment opportunities are increasing by these Rythu bazaars. He suggested that guidance must be provided with the help of Horticulture consultants in villages on vegetable cropping pattern and improvement of quality of vegetables. Cold storage facility should be provided to the unsold vegetables in Rythu bazaars.

Sesha Reddy and Naidu made an attempt to evaluate the Rythu Bazaars, which is a pragmatic phenomenon of direct marketing. They tried to compare and ascertain the marketing efficiencies of two predominantly sold vegetables at two different “Rythu Bazaars” in the Kurnool city of Andhra Pradesh. A two stage sampling procedure was

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adopted in the selection of two bazaars and 12 sample farm produce sellers. The study pertains to monsoon period of 2000. The marketing efficiencies were estimated by using Shepherd’s formula. The omission of commission agents in “Rythu Bazaars” has facilitated the direct marketing of the farm produce by the farmer sellers to consumer. It is found that marketing costs are the lower at C’ Camp “Rythu Bazaar” than at Kothapeta Rythu Bazaar due to its locational advantage of being situated adjacent to the national highway road and quite accessible to the producer to transport and unload the commodity at the market. Regarding brisk marketing of vegetables at C’ Camp Bazaar there is a flow of potential consumer buyers from nearby located sixteen alight and fixed income groups’ colonies. All these factors are the vital parameters that determine the marketing efficiency. As such producer’s share in consumer’s rupee for both the commodities under the study and indices of their marketing efficiencies have indicated that the C’ Camp “Rythu Bazaar” is performing better than the other.

Another scholar, Lakshmi Savithri\textsuperscript{41} carried out a study entitled “Promoting Rythu Bazaars: A Win-win Situation for Farmers and Consumers. This is a comparative study on two Rythu bazaars in Ranga Reddy District, Mehadipatnam and Saroor Nagar undertaken in the month of November, 2009. The basic objectives of the study are to assess the status of performance of Rythu bazaars and to analyze the feedback of farmers and consumers. She conducted her study on the socio-economic back ground of farmer sellers coming to Rythu bazaars and profile of consumers visiting Rythu bazaars. She also put her effort on the observation of available facilities and infrastructure of both the Rythu bazaars. The Mehadipatnam Rythu bazaar is functioning from 26-1-1999 and the Saroor Nagar Rythu bazaar is operating from 8-2-2000. The available amenities like parking, toilets, power supply, drinking water etc. are satisfactory in both the bazaars and the number of stalls are consecutively 212 and 132. The spread of area of two bazaars are 2.5 acres and 1.5 acres respectively. For the purpose of the study, 100 samples are collected from farmer sellers and consumers through random sampling technique. Heterogeneous nature of respondents are selected in the sampling from both the

\textsuperscript{41} Lakshmi Savithri, V., Promoting Rythu Bazaars: A Win-win Situation for Farmers and Consumers, Paper presented to \textit{TOT, CRIDA} (Central Research Institute of Dry Land Agriculture), Santosh Nagar, Hyderabad, Andhra Pradesh, 27\textsuperscript{th} November 2009.
categories. Regarding number of vegetables handled by farmers, 15 per cent are bringing only one item and 50 per cent farmers are bringing 2 to 5 items. Average quantity bringing by the farmers are 327 kg., and average distance from farm to Rythu bazaar is 42.85 Kms. Regarding the existence of facilities in the Rythu bazaars, 40 per cent of farmers expressed happiness, 58 per cent farmers are performing their sales in the stalls without any difficulty, 25 per cent are getting of assistance from agriculture department and 35 per cent farmers contributed valuable suggestions for the better functioning of Rythu bazaars. In the case of consumers, the responses indicated that the average distance between their residence to Rythu bazaars is 5.5 Km, average quantity purchasing by the consumers is 12 Kgs and out of them 14 Kgs are vegetables and 3 Kgs are fruits. Regarding the amenities in the Rythu bazaars 57 per cent are satisfied with weighment, 82 percent are happy with the parking arrangement, 25 percent are positive with toilets arrangement and in case of sufficiency of place in the Rythu bazaars 75 per cent are felt happy.

Appalakonda\textsuperscript{42} studied the functioning of Rythu Bazaars in Visakhapatnam city. The main aim of the study is to assess the status of Rythu Bazaars functioning in the Visakhapatnam city against the backdrop of price trends of vegetables in Visakhapatnam city and the Farmer – producer socio-economic structure. The study is based on both primary and secondary sources of data. About 730 vegetable growing farmers spread over 23 villages distributed in 5 Revenue Mandals and Tribal areas of Visakhapatnam district are identified for the 7 Rythu Bazaars and a structured questionnaire has been canvassed for obtaining the data. The dissertation has been organized in to six chapters. The study indicates that 50 per cent of farmers utilizing the Rythu Bazaar marketing system of Visakhapatnam city belong to backward community. More than 92 per cent of the sample farmers had less than 5 acres of land. It is observed from the study that with the establishment of Rythu Bazaars the producer and consumer had direct interaction, thereby, succeeded in eliminating the middlemen role. The Rythu Bazaars have become avenues for generation of self-employment to the youth of farmer-producer families. The success of Rythu Bazaars in Visakhapatnam, to some extent, seems to have been lying in

\textsuperscript{42} Appalakonda, V., \textit{Functioning of Rythu Bazaars in Visakhapatnam City}, Department of Economics, Andhra University, Visakhapatnam, 2002 (Unpublished M. Phil Dissertation).
the small holding pattern of farmers. The study suggests that in the light of demand for more Rythu Bazaars in other parts of the city, there is a dire need for identifying the vegetable-grower farmers in other Mandals of Visakhapatnam district.

Subba Reddy and Raju⁴³ surveyed the Rythu Bazaars in Srikakulam district of Andhra Pradesh. They have undertaken this study with a view to assess the present status of Rythu bazaars and identify the challenges faced by them and also to suggest some remedial measures for achieving better prospects. The findings of the survey of markets reveal that the prices of the food items in Rythu Bazaar are less by 25-35 per cent than the prices prevailing in nearby markets. Both producers and consumers are benefited from Rythu Bazaars as producer’s share in consumer rupee is more by 15-40 per cent and consumers are getting fresh vegetables, fruits and food items at lower prices i.e., 20-35 per cent less prices than the prevailing prices in nearby markets. Further the marketing costs are at minimum level and middlemen are completely eliminated from marketing activities in Rythu Bazaars. However, it is known from the survey that all the existing 69 stalls in Rythu Bazaar are not fully occupied by farmers. There is not much business turnover in Rythu Bazaars as compared to that of uncontrolled nearby markets. This is basically due to non-availability of Rythu Bazaars at strategic locations. At present, the sources of income to Rythu Bazaar are very minimal; its maintenance expenditure is being met from financial sources of Agricultural Market Committee. It was suggested that to sustain the marketing activity in Rythu Bazaar, there should be proper selection of minimum 250 farmers – sellers in the nearby 10-15 villages. There is also a need to establish many Rythu Bazaars in the Districts for every 10-15 villages at strategic locations with adequate market infrastructure like cold storage units, processing units, grading facilities, marketing facilities, etc. Self Help Groups (SHG) should be encouraged to market the fruits, vegetables and other food items, which are not available in the operational area of Rythu Bazaars in the District.

Bhaskar\textsuperscript{44} has conducted an empirical study on working of Rythu Bazaar at Anantapur covering the vegetable farmer-sellers and the consumers with a view to examine the extent to which the set objectives of Rythu Bazaar have been realized. The sample study from the point view of vegetable growers reveals that the Rythu Bazaar is facilitating direct sale of vegetables and helping in obtaining premium price (over the local whole sale price). However, the vegetable growers are facing certain problems like the problem of conveyance to reach the market early in the morning and as a result the farmers are forced to sell the unsold stocks below the wholesale price in the market. Another constraint being faced by vegetable growers is space for keeping the bullock carts and tractor trolleys etc. Non-availability of cold storage facility is another impediment coming in the way of postponement of sale even for a day or two for better price. Moreover, it was observed that many a vegetable grower is reluctant to sell directly to the consumer in small quantities instead he wants to sell to the wholesalers at a lesser price. From the point view of consumers it was found that the consumers could obtain farm-fresh vegetables at lower price. However, the consumers felt that availability of the vegetables at the Rythu Bazaars is not uniform through out the year. Moreover, certain varieties of vegetables (locally not produced) are not available in the Rythu Bazaars and as a result, they have to visit the municipal market too. Certain types of vegetables are sold more than the price indicated on the signboard. Congestion at Rythu Bazaar is another important problem expressed by both the farmers and consumers. These problems deserve special attention for successful functioning of Rythu Bazaar.

Rajasekhara Babu\textsuperscript{45} has made an attempt to study the impact of Rythu Bazars on generation of income to the farmers by undertaking a case study of Mangalagiri town in Guntur district of Andhra Pradesh. The main objectives of this study are: (1) to ascertain the percentage of income added to total family income from ‘Rythu Bazars’, and (2) to examine whether the Bazars are benefiting the consumers or not? The study has


identified certain issues, which require added attention for improving the ‘Rythu Bazars’. These include a) bank credit and financial assistance should be available to the individual farmers for developing marketing infrastructure and b) training of farmers in the areas of grading, standardization of produce, quality control and modern methods of marketing will prove to be a viable move. According to the author the main areas of concern are restructuring of agricultural marketing channel and adoption of modern agricultural marketing (Rythu Bazar) to ensure better prices to the farmers and availability of agricultural commodities to the consumers.

Rajasekhara Babu and Sambasiva Rao\textsuperscript{46} also studied the functioning of Rythu Bazaars and presented a qualitative analysis. They have described the various activities undertaken by the Rythu Bazaars and their problems. They suggested suitable measures for better working of the Rythu Bazaars.

Aparna, Choudhary, Eswara Prasad and Panduranga Rao\textsuperscript{47} carried out a study on marketing of vegetables in Rythu Bazars in Guntur town of Andhra Pradesh. Vegetables are considered as protective food. In agricultural oriented developing countries like India both production and marketing of vegetables are equally important. Though marketing plays a pivotal role in economic development, emphasis was not given to the development of marketing. Hence, the Government intervenes in the form of Rythu Bazar with the aim of ensuring remunerative prices to the vegetable producer and to supply vegetables at cheaper rates to the consumer by eliminating the middlemen in the process.

The State Plans Division\textsuperscript{48} of the Planning Commission, Government of India, have brought out a compendium through collection of successful governance initiatives and best practices with experiences in various Indian states in collaboration with the


Human Development Resource Centre (HDRC) of United Nations Development Programme located at New Delhi. They have identified Rythu Bazaars in Andhra Pradesh and described how the farmers and consumers were linked in marketing of vegetables. They have analyzed various measures initiated by the Andhra Pradesh Government, which have given fruitful results benefiting both the producers and consumers. They have also highlighted the activities carried out by the Rythu Bazaars and suggested some remedial measures for better improvement of them further.

Venkat Rao\(^{49}\) made an attempt to study “Organised Fruit and Vegetable Marketing Channels in Andhra Pradesh”. Marketing of fruits and vegetables has assumed new dimensions with rise in per capita income and health consciousness, mostly in urban areas of India. This study looks at existing Marketing Channels viz., Agricultural Produce Marketing Committees, Rythu Bazaars and organised Private Retail and compares benefits accruing to consumers in Andhra Pradesh. The various dimensions studied include, preferred channel by consumers; quality of produce in different marketing channels; consumer satisfaction with prices; convenience factor; service factor; impact of display; promotional advertising and price display on channel preference. According to the study, except for little benefit to consumers, not much benefit has accrued to producers even from Organized Private Retail. However small and medium farmers are benefited through Rythu Bazaars since farmers are able to sell their produce directly to consumers and get a good price. There is a mismatch between demand and supply due to lack of information and knowledge on production, price and market dynamics within and outside India. The study suggests that in order to prevent seasonal glut and ensure price stability throughout the year, the government must take steps to prepare Mandal level plans for agricultural produce, estimate the quality of produce coming to the market, route excess produce to other consumption centers and look into processing and export opportunities. Timely information must be provided to farmers by extension staff to prevent crop loss and ensure good price to the farmers.

Kiran and Ramamohana Rao\textsuperscript{50} made an attempt to discuss the functioning of Rythu bazaars in the state of Andhra Pradesh in general and those Rythu bazaars which were established in Visakhapatnam city in particular. The main objective of the study was to highlight the progress and performance of Rythu bazaars in various aspects. The study was conducted from the inception of Rythu bazaars (26\textsuperscript{th} January 1999) to until December 2003. They focused mainly on various issues such as the cards issued to farmers, occupancy ratio of farmers in Rythu bazaars, vegetable quantity arrivals to Rythu bazaars, contribution of Rythu bazaars to total vegetable demand of the state and city of Visakhapatnam. Variation of prices in Rythu bazaars and other markets, sale value of essential commodities in Rythu bazaars, involvement of self-help groups and other agencies in Rythu bazaar activities and provision of infrastructure facilities like phone, fax, weighing machines, etc., in different Rythu bazaars. The authors felt that it is a well received novel concept which is really beneficial to both producers and consumers. They have described various problems currently faced by the farmers and consumers and particularly, they have identified some infrastructural bottlenecks in the actual implementation of the scheme. Due to lack of coordination among various departments, the system is not yielding good results. They have provided valuable suggestions for effective and efficient functioning of the Rythu bazaars in the state as well as in Visakhapatnam city. According to them it is a coordinated activity and the real success of this scheme mainly depends upon the wholehearted efforts of all the departments and cooperation of farmers and consumers. Soil testing facility, supply of quality seeds on subsidy basis, provision of necessary amenities in Rythu bazaars, provision of cold storage facilities, display of price lists before all stalls, etc. are some of the suggestions mentioned in their study.

Gangadhara Rao\textsuperscript{51} made an attempt to study the Rythu Bazaars in Andhra Pradesh which is a win–win market for farmer and consumer. According to the author, receiving reasonable price to produce by the farmer in India is critical many a time. Based on the


commodity nature of vegetables and fruits, the price fixation becomes volatile in the markets. In this context, he attempted to study Rythu Bazaars which are established in the state of Andhra Pradesh and compared with those of regulated markets. The Rythu Bazaar / Farmers’ Market, being the very recent origin and working by the norms and sustenance of Government of Andhra Pradesh, compared to Regular market and the former is found the best. Nevertheless the farmer is with comparative advantage in production he has to face low profit margin in the Regular Market. Major share of the profit margin is enjoyed by intermediaries in Regular Market, but this is absent in Farmer’s market. And the profit margin of farmer-cum-seller in Farmers’ Market is at a large extent higher among different farmer groups and consumer benefited a lot. Both the farmer and the consumer have a win-win market and therefore the analogous success in Andhra Pradesh is to be evolved across nation with the support and Government of India. He opined that the model can be implemented with proper monitoring to achieve the success.

2.3 Studies Pertaining to Markets Other than Rythu Bazaars

Mishra and Prusty\textsuperscript{52} made an attempt to analyse the “Functioning of Krushak Bazaars of Orissa”. They have undertaken a comparative study of two leading Krushak Bazaars (farmers markets) located at Baragarh and Rourkela districts. The main objective of the present study is to highlight the constraints faced by the farmer sellers at the Krushak Bazaars and suggest some suitable remedial measures. Both the Krushak Bazaars are running on bi-weekly basis without proper backward linkages. For selling of horticultural produce, farmers’ participation among sellers are 70 per cent and 50 per cent in Rourkela and Baragarh markets respectively in contrast to principles of Rythu bazaars of Andhra Pradesh. The study found that non-identification of catchment area, non-issuance of identity cards, inadequate technical support to farmers, poor marketing information system and apathetic administration are some of the constraints identified in both the Krushak bazaars resulting into inadequate consumer base. Keeping these in view, some appropriate suggestions are made. Some of these include creation of need

based market infrastructure, and incentives like transport and storage. Pledge loan facilities should be extended to the farmer sellers. A steering committee headed by the district collector should be made accountable for target based functioning of the Krushak bazaars. Besides this, closure of road side vegetable markets and shifting those to nearest Krushak bazaar, daily based price fixation of commodities through a committee and converting the Krushak bazaars into a multi-commodity market, consisting of vegetable, fruits and grocresses, agro-inputs like seeds, fertilizers, pesticides, food items involving State federations like OMFED, OPOLOFED, FISHFED and various self-help groups and cooperatives are also suggested for efficient functioning of the Krushak bazaar. Lastly, a model Krushak bazaar in each district should be identified and promoted as a path-finder for similar bazaars of the state.

Rajendran and Thamilmani’s study deals with “Supply Chain Management in the Farmers’-Market: Principles and Practices in Tamil Nadu”. The main aim of this study is to examine how the farmers market viz, Uzahavar Sandai, acts as an instrument for supply chain management in principle and how far it performs managing the supply chain in practice and tries to provide the ways in which to strengthen the role of farmers-market as a supply chain management. Required data for the study have been collected in two farmers-markets in Thirucharapalli Corporation, which is located in central part of Tamil Nadu. The markets are located in Anna Nagar and K.K. Nagar. Totally sixty sample farmers of the above said two markets were selected for the study on the random basis. The authors felt that the farmers-market is an arrangement of supply chain management. They opined that the system successfully integrates many producers with consumers, eliminates middlemen, cuts maximum marketing costs, providing good market infrastructure and environment, and maintains a good relationship between sellers and buyers. Bidirectional information flow increases the strength of the market. The supply chain can be strengthened by taking serious steps to spread the system of farmers-market all over the country in order to sustain the production and marketing capacities of large number of small and marginal producers and fair marketing.

Alagumani, Anjugam and Samuel\textsuperscript{54} have undertaken a comparative analysis of Uzhavar Santhais and other vegetable markets in Madurai city, Tamil Nadu. The present study was taken up to assess how far the aim of helping producers to get fair price and also to help consumers is achieved. The marketing efficiency was mainly assessed through price spread. For the study two Uzhavar Santhais and one wholesale market in Madurai city were selected and fifteen farmers – sellers from each uzhavar santhai and ten farmers from wholesale market were randomly selected. Then consumers from each market were also selected at random. The required information was collected by personal interview. The collected information was analysed by average and percentage analysis. The results showed that average farm size of the farmers – sellers at Uzhavar Santhai was 3.10 ha. About 53 per cent of the sample farmers were small farmers and another one-third of the farmers were medium farmers. Sixty per cent of the farmers sold 100 per cent of their production through Uzhavar Santhai and the remaining 40 per cent of farmers sold a portion of their production through other marketing channels. The producer’s share in marketing vegetables through Uzhavar Santhai was as high as 94.05 per cent whereas it was only 56.67 in other marketing channels. The consumer’s survey revealed that their expenditure on vegetables has reduced by 40 to 50 per cent. They are satisfied because they get fresh vegetables at less price. The following are the major suggestions for further improvement of Uzhavar Santhai (i) fixing price based on quality (ii) regulation of crowds at peak periods (iii) provision of storage facilities to avoid forced sales at less price and (iv) farmers may be given business orientation.

Elenchezhian and Kombairaju\textsuperscript{55} studied Uzhavar Santhais in Tamil Nadu by comparing the marketing efficiency of farmer market with central vegetable market. This attempt is to study and analyze the price spread and marketing efficiency of major vegetables in farmer markets. Three farmers markets were considered for the study and the sample of 90 farmers was distributed randomly in proportion to the average number


of farmers in each. Major vegetables viz., brinjal, bhendi, tomato and small onion were considered for detailed analysis. By conducting personal interviews, data were gathered from the farmers, market intermediaries and consumers. Secondary data was taken from the official records in the farmer markets. Average and percentage analysis were done to examine marketing cost incurred by farmers and ends with the consumer. Marketing channel-2 starts with farmer flows through commission agent, wholesaler cum retailer, retailer and ends with the consumer. Using Shepherd index the marketing efficiency was measured. The findings of the study indicated that the farmer’s share in consumer’s rupee was 86 per cent for tomato, about 95 percent for brinjal, bhendi and small onion in channel-1. In channel-II the producer’s share in consumer’s rupee was the lowest for tomato with about 27 per cent followed by brinjal (50 per cent), small onion (55 per cent) and bhendi (57 per cent). The marketing efficiency indicated by Shepherd index was highest in channel-I with 18.31 per cent for brinjal while 16.24 for bhendi, 16.02 for small onion and 6.99 for tomato as compared to the marketing efficiency of 2.01, 2.33, 2.44 and 1.37 per cent respectively for the four vegetables in the channel-II.

Khatkar, Luhach and Singh\textsuperscript{56} have undertaken a comparative study of direct and indirect marketing of agricultural produce by taking in to account the case of Apni Mandi in Karnal, Haryana State. For this purpose, primary data was collected from 20 respondents of each producer, retailer, consumers and 10 wholesalers from Apni Mandi, which is located in Karnal during the year 1999. The results of the study showed that direct sale by producers to consumers is highly beneficial to both producers and consumers. Producer’s share in consumer’s rupee has increased from about 50 per cent in indirect sale to about 85 percent in direct sale in Apni Mandi. The consumers were also benefited in terms to getting almost all the vegetables at lesser prices on an average by Rs. 1.50 per Kg. in Apni Mandi The study has identified various problems such as lack of adequate and cheaper transportation facility and packing material, lack of control on proxy producers as seller in Apni Mandi by retailers, lack of Apni Mandi Yards in nearby towns, lack of Government cooperation and lack of organisation among

producers. Thus, it was suggested that there is a need to encourage the Apni Mandi in all the townships of the state ensuring active participation of the real producers through gearing up extension agencies and market committee. The incentives must be given to those producers who sell their produce in Apni Mandi in terms of supply of quality seed, transportation, packing material and other inputs at cheaper rates.

The present study entitled ‘Apni Mandi and Consumers’ Satisfaction’ was conducted by Kaur, Batish, and Dhillon to determine the satisfaction derived by the consumers in buying fruits and vegetables from Apni Mandi and the problems faced by them. In order to fulfill these objectives, they have conducted a survey on the basis of random sampling technique. For the purpose of the study, five mandis which were located at Bhai Randhir Singh Nagar, Dugri Road, Pakhowal Road Jamalpur on different days of the week were selected. Thirty respondents from five mandis selected were taken and thus the total sample comprised 150 respondents. The data was collected through personal interview method and analyzed statistically. The results of the study showed that respondents who used to buy from Apni Mandi were highly satisfied (rank I) because of timings, freshness of the product, quality, place of mandi, variety available and more than actual weight as they were ranked by them I, II, III, IV, V, VI and so on. The different problems faced by them were mainly parking of vehicles, overcrowding, water logging, pollution, improper packaging and sometimes the behaviour of the producer.

Malik, Luhach, Rai, and Singh carried out a study in Panchkula town of Haryana State with the objective to examine the price spread as well as producer’s share in consumer’s rupee of vegetables in various marketing channels and Apni Mandi. This was taken up in the backdrop of establishment of Apni Mandi as an approach to increase the producers’ share in consumer rupee. The necessary information was collected through well-defined interview schedule from producers, consumers and market functionaries in Panchkula market in peak season during the year 1999-2000. The analysis revealed that

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net price received by the producer was minimum in marketing channel-I i.e. 59.76, 60.82, 74.26 and 64.28 per cent of purchase price of consumer in case of potato, onion, okra and bottle gourd respectively. The net price received by producer, total expenses incurred by wholesaler and retailer and their profit margins were more in case of okra due to higher price per unit. The relative share of marketing costs was lower in Apni Mandi due to absence of market intermediary. The percentage share of marketing margins to consumer’s rupee in marketing channel-I varied from 26.21 per cent in okra to 36.26 per cent in potato. But it was lower in channel-II due to absence of wholesaler. The percentage share of producer in consumer purchase price was maximum in Apni Mandi i.e. ranged from 93.74 per cent in potato to 96.23 per cent in okra. The purchase price of consumer was minimum in Apni Mandi i.e. Rs. 256.34, Rs. 288.48, Rs. 635.72 and Rs. 307.68 of potato, onion, okra and bottle gourd, respectively. Both producer and consumer were benefited in marketing channel-III. The authors suggested that the government should initiate steps to establish Apni Mandis in all towns of the state to safeguard the interests of both producer and consumer. The processing and cold storage facilities should be strengthened to avoid glut in the market during peak season, minimize fluctuation in the price and to give remunerative price to the producer.

Suhag, Parminder Malik, Pandey and Kundu conducted a study entitled “the Apni Mandi Vis-À-Vis Wholesale Market in Haryana” with the following objectives: (i) to examine the relationship between the size of holdings and area under vegetables, (ii) to study the impact of mode of transport and the distance covered by the farmer-producer in bringing their produce in ‘Apni Mandi’ and the wholesale market, and (iii) to find out the difference in the producer’s share in the consumer’s rupee between wholesale market and ‘Apni Mandi’. For this purpose, Panchkula Apni Mandi was purposively selected, as it is operating more successfully in the state since 2nd February 1991. Besides this, Chandigarh wholesale market was also selected. It was observed from the study that (i) there existed lack of direct relationship between the size of holding and area under vegetables, which affects the marketed surplus. All the categories of farmers were found

operating in ‘Apni Mandi’. Furthermore, the small farmers have scarcity of resources such as farmland, capital and transport facilities, etc., whereas the large sized farmers were labour constrained while increasing their area under vegetables, (ii) The mode of transport used by the producers depended both on the distance and quantity to be transported as well as the size of holdings and (iii) The producer’s share in the consumer’s rupee had increased from about 64 per cent in wholesale market to about 96 per cent in ‘Apni Mandi’. The policy implications of these findings are that the concerted efforts are needed by the planners and policy makers to popularize the concept of ‘Apni Mandi’, in the state on the one hand while developing suitable infrastructures at these Mandis on the other.

Rajandran\textsuperscript{60} tried to describe the beneficial effects of Uzhavar Sandaies (farmers market), which are established in selected municipalities and town panchyats by the Government of Tamil Nadu. According to the author there were 62 Sandaies up to August 2000 functioning for the benefit of both producers and consumers. Farmers enjoy better marketing infrastructure at free of cost and they receive considerably higher price than what they receive from middlemen at villages or private markets at towns. At the same time consumers benefit in the form of purchasing fresh vegetables, green leaves and fruits, and good marketing environment at lower price than the private market price. Available statistics show that this ten months old scheme is progressing well and positively moving to reach the objectives specified. Numbers of consumers to the market, per day sales and per capita sales volume of the farmer-sellers have considerably increased. Farmers are additionally benefited in the form of interaction with other farmers and with departmental personnel. They receive good quality of seeds and other inputs from the market yard itself. The author opined that people, both farmers and consumers do realize the novelty of the scheme. They should actively participate in all seasons of agriculture and ready to come to harvest the benefit, because, farmers will be strongly anticipating such scheme only at the time of heavy production, when private market prices are low. Moreover the consumers will also rely much upon such market in

the off-season, when private market prices are very high. Continuous support from both of them irrespective of season will assure sustainability and development of such marketing system. At the same time Government should also continue the existing support. These may facilitate for the extension of such markets to other places and extension of such model for other products in the agriculture sector and other sectors also.

Shiva Shankar, Banakar, Vijaya Kumar and Yeledhalli\textsuperscript{61} conducted a study on “Establishment of Farmers Market in Karnataka: An Economic Analysis”. This study relates to the vegetable marketing with the name of farmer’s market, which was started on weekly on trial basis in the Ranebennur taluk of Haveri district of Karnataka state. The study showed that it was proved to be success that approximately on weekly shandy day the turnover was more than one Lakh including wholesale and retail trade. The result showed that there is a great demand and supply potential for the success of farmers market in Ranabennur taluk. Both farmers and consumers are of the same opinion that the market should be established at the existing vegetable market. Farmer’s and consumer’s opinion is to operate the market daily. Consumers are expected to have fresh vegetables and many vegetables in one stall at a reasonable price. The authors had emphasized on market hinterland which is very essential for regular and smooth flow of vegetables in order to achieve success. They also felt that there has been a need for assessing the demand for vegetables from the town and direct marketing arrangements for vegetables have been more important for success. Similarly, they expected various facilities like better stalls for display of produce, weighing scale, storage and better transportation facilities are needed at the markets for the benefit of producer.

Muralikrishna Rao’s study\textsuperscript{62} is on “Marketing in a Tribal Economy: A Study with Special Reference to Shandies (Periodical markets) in Tribal belt of Srikakulam District of Andhra Pradesh”. The main objectives are to study in detail the location and the


organization of the tribal shandy markets in Srikakulam district, to examine the socio-economic characteristics of buyers and sellers and to analyze the business practices followed in shandy markets with regard to buying and selling operations. For the purpose of the study, twenty tribal shandies in Srikakulam district were selected and schedules were administered in all these shandies during the field study. Random sampling technique is used to interview the buyers who visited the shandy and due to greater amount of homogeneity among the buyers, a five percent systematic sample of buyers was taken to determine their various purchasing habits. Similarly, stratified random sampling technique was resorted to while administrating the schedule among the sellers attending the shandy. The role of Girijan Corporation was also observed in respect of its participation in marketing in the study area. The results showed that the infrastructure facilities available at many of shandy villages in the study area are at the bare minimum and the researcher felt that the Government should allocate greater funds for providing sufficient transport facilities to the remote places of the tribal belts. The researcher also noticed the exploitation of tribal people by private merchants in marketing their products and therefore, he suggested controlling their activities. This study is largely confined to Girijan products and attempt was not made to the vegetable selling by the tribal farmers who are now key participants in Rythu bazaars.

Irawati Karve and Hemalatha Acharya’s study on “the Role of Weekly Markets in the Tribal, Rural and Urban Setting”63 is confined to the Baglan Taluk of Nasik district in Maharashtra, which has a mixture of tribal, rural and urban populations. The main intention of this exercise is to ascertain the structure of the weekly market and the behaviour of individuals and groups. For this purpose a random selection of the visitors to the weekly markets was made and they were interviewed through questionnaire. In addition to these, some families in the sample villages were also interviewed to find out their socio-economic needs and to ascertain whether they were satisfied by the village markets or not. The study shows that in the market mutuality prevails and that this mutuality controls the behaviour of the participants. Traders are allowed to have reasonable profits, but if they are to go beyond the permitted margin, public

condemnation of this greedy behaviour follows. Interactions between groups and among group members – repetitive and continuous – make the tribals conscious of their present subsistence living. The study suggests that an organized effort is necessary to find out what exactly the tribals aspire to do and what they are suited for so that their economic status can be improved quickly.

2.4 Studies Relating to Regulated and Other Types of Markets

Aparna, Hanumanthaiah and Suhasini⁶⁴ have undertaken a study on “Marketed and Marketable Surplus of Vegetable Supply to Modern Retail Outlets Compared to Traditional Marketing in Hyderabad City”. The supply of vegetables by farmers to modern retail outlets brings in new form of organizing production based on consumer demand. In this context, it is attempted to identify the modern supply chain management practices followed and to estimate the magnitude of marketed and marketable surplus of the three selected vegetables in Rangareddy and Medak Districts. The study was undertaken during 2009-10 crop season. The present study was conducted on three selected vegetables i.e. tomato, brinjal and bhendi in two districts of Andhra Pradesh i.e. Rangareddy and Medak. Two mandals from each district were selected randomly. Further six villages were selected from each mandal thus giving a total of twenty four villages. Within these villages, 117 farmers linked with supermarkets and 117 farmers who were linked with traditional markets were selected taking all the three categories of farmers into consideration. The estimation of marketed surplus was worked out on the basis of standard method. The findings indicate that in case of supermarket channel vendors were appointed to procure vegetables from the growers and quality checks were implemented at consolidation and distribution centers. Grading as small, medium and large fruits was done and packed in consumer desirable packs and transported to different modern retail outlet shops in Hyderabad city. The involvement of top level management was high in the modern retail outlets and spoilage during transportation was less. Magnitude of marketed surplus was relatively higher in the case of respondents of supermarket supply farmers compared to traditional market supply farmers, and the proportion of per farm

marketed surplus to the total production remained almost same in both the cases. This was attributed mainly to the perishable nature of vegetables. In the case of brinjal the area of the crop and in respect of bhendi area and education of the head has positive significant influence on marketed and marketable surplus implying that educational status of the farmer plays a vital role in the adoption of new technology, innovative ways in marketing and other related issues in the field of agriculture.

Khunth, Vekariya and Gajipara has conducted an empirical study on “Performance and Problems of Regulated Markets in Gujarat”. The study aimed to assess the performance of regulated markets of Gujarat for the year 2003 – 2004 and also identify the constraints faced by the farmers and traders. The study is based on survey of six regulated markets, 60 farmers and 30 traders. The results revealed that growth in arrivals and income sources of all the regulated markets was positive but met with high instability. Market fee is the major source of income in all the markets which has more than 70 per cent share to total income. Rajkot market topped the list in terms of physical and economical performance followed by Junagadh, Hapa, Vidharbha and Amrali markets. The major constraints experienced by the farmers include shortage of labour, delay on marketing process, lack of facilities of grading, insurance and market finance in their order. Inadequate storage and transport facilities and irregular electric supply were the constraints identified by the traders. Besides these, there were also some market specific problems, which need to be rectified for smooth operating of regulated markets.

For improvement of the operation of regulated markets, traders suggested for strict implementation of rules, daily cleaning of yard, creation of grading and storage facility and maintenance of internal roads. Farmers have also suggested proper cleaning of sheds, auction on day time, arrangement for loading and auction according to gate pass number etc. One major suggestion from management side is the creation of harmony and linkage among all the regulated markets in respect of administration and operation amendments in old acts and conversion of agricultural marketing board into corporation etc.

Govindarajan, Murali Gopal and Shanmugam have carried out a study entitled “Probability and Intensity of Farmers Using Regulated Markets: A Tobit Approach”. This study is part of a larger study which is an unpublished Ph.D. thesis submitted to Tamil Nadu Agricultural University during 2004 by the first author. The authors made an attempt with the objective of studying the probability and intensity of participation of farmers in the regulated markets. For studying the farmer’s participation in the regulated markets for the disposal of their farm output, the Tobit model was applied. The dependent variables were the distance of the farm to the regulated market, farm size, marketed supply, educational status, number of times canvassed by the regulated markets functionaries and the ratio of prices between the regulated markets and farm gate. The variables such as distance from the farm to regulated market, ratio between the farm gate prices and regulated market prices, educational status, and the number of contents made by the regulated market functionaries were significant and focused to be the determinants of participation of farmers in the regulated markets. The authors have suggested that, perking up the educational levels of the farmers was important for participation. Another valid conclusion that could be drawn was that there may be more number regulated markets in the district over and above the existing regulated markets, so that more human resource may be available to strengthen the extension activities.

Sanjeev Kumar, Vinod Kumar and Jha made an attempt to study the “Marketing of Vegetables in Vaishali District of Bihar”. The prime objective of the study is to measure the marketing efficiency of vegetables bringing by farmers to markets. The present study is conducted in Vaishali district of Bihar, where vegetables (especially cabbage, cauliflower and bhindi) are grown at large scale. Multi-stage stratified random sampling technique was used to select the block and cluster of villages. Five villages were selected randomly which formed the first stage of sampling and farm households of vegetable growers (80 in members) were chosen at the second stage of sampling. Data


and information were collected from farmers and market intermediaries by personal interview method using a pre-tested interview schedule. The statistical tool ‘shepherd index’ was applied and marketing efficiency was measured. The results of the study indicate that marketing cost and marketing margin in relation to consumer’s price were higher. Marketing efficiency was very low for Tomato followed by Brinjal, Bhendi and Cauliflower. Quantity marketed and the distance from village to market had significantly increased the marketing cost for Brinjal and Cauliflower. The distance and labour cost for post-harvest operations positively influenced the marketing cost of Tomato while marketing cost increasing with quantity marketed for Bhindi.

Birthal and Joshi 68 have focused attention on “Institutional Innovation for Improving Small Holder Participation in High Value Agriculture: A Case of Fruit and Vegetable Growers Association in India”. Their study related to agricultural production and also noted some significant policy issues particularly on vegetable cultivation. Production of vegetables is limited to a small proportion of farmers be- cause of high production and market risks, institutional linkages between production and markets enable farmers to cope with such risks, contribute to more efficient markets and extension and reduce public institution costs. The authors observed that some agribusiness firms enhanced skills and provided training in clean production and provided inputs technology, credit and services to improve competitiveness. As well, while the global markets for high value products were increasing, quality standards were becoming very stringent and it was critical for processors and government to prepare farmers for ‘quality driven’ markets. They also felt that it was also important to enhance the value adding and processing efficiency by investing in technologies and scaling up of processing. They further noted about the improvement of vertical coordination also required investment in infrastructure (roads and transport) and enabling policies to stimulate private sector investment in processing.

Reddy, Murty and Meena\textsuperscript{69} have conducted an empirical study on “Value Chains and Retailing of Fresh Vegetables and Fruits in Andhra Pradesh”. The study on retailing has been undertaken in Andhra Pradesh mainly to examine the growth and performance of modern retailing and its impact on traditional retailers. For the purpose of the study, both secondary and primary data were collected from traditional as well as modern retailers from four districts of Andhra Pradesh surrounding the Hyderabad district. These were Ranga Reddy, Medak, Nalgonda, Mahaboobnagar districts. The data were collected from about 400 respondents for the year 2009-10. Simple tabular analysis was performed to analyze the data. The study indicated that the number of phases are less in modern retailing than the traditional retailing. Vertical analysis between the two chains has also indicated the same results. For instance, in the case of vertical distribution in the traditional value chain, 19.8 per cent of the gross value goes to farmers, 11.3 per cent goes to village merchants, 14.3 per cent goes to middlemen, 15.3 per cent goes to wholesalers, 12 per cent goes to commission agents, 16.8 per cent goes to Rythu bazaars and the remaining 10.8 per cent goes to traditional retailers. Thus, the farmers rank first, and middlemen and wholesalers rank second, whereas in modern retailing, super markets receive 38 per cent of the total gross value. The study has revealed that there are both demand and supply side factors that contribute to the emergence of traditional and modern retailing. Hence efficient value chain management will certainly add value and help in bringing the produce to the markets.

Arbind Prasad\textsuperscript{70} had undertaken a detailed study on “Vegetable Marketing: A Case Study of Two Agricultural Markets of Bihar”. The present study of vegetable marketing is carried out in Jamshedpur and Ranchi markets in plateau region of Bihar with a view to locate, indentify and analyze their characteristic features in terms of pattern of method of sale and the prices received by the growers. The latter has been examined with the help of the price estimation of price spread of vegetables. The price-


spread as used in the marketing of agricultural commodities refer to the difference between the price paid by the ultimate consumer and the price received by the grower-seller. As such, this comprises marketing cost and margins incurred in the movement of vegetables from the growers to the ultimate consumer. Data is obtained from a study project on ‘pilot survey of vegetables marketing’ conducted by the A.N. Sinha Institute of Social Studies, Patna. The survey was conducted at each successive stages of marketing from the growers, various markets intermediaries with the help of the structured questionnaires developed for the purpose. The regulated markets identified for study having well laid-out market yards were purposively selected keeping in view the vegetables chosen for the study. Both the selected agricultural markets have very large potential of vegetables which are not only marketed in the local consuming market but also marketed to other states of the country such as West Bengal and Orissa. The sampling design adopted for the study was three-stage stratified random sampling with the vegetable growers as the primary unit; village traders/itinerant dealers as the second unit and the wholesalers/commission agents as the third unit. In the case of Ranchi agricultural market, the vegetables marketing cooperative institutions have also been included in the unit as these agencies are the main marketing agencies in the Ranchi Market who collect vegetables from the member-growers and send it to the market outside the State. The authors opined that in order to promote efficient vegetable marketing system and optimal distribution as well as to encourage increased vegetables production the government policy must be rationally modified and clearly spelt out with a view to facilitating regulating measures to protect the interests of vegetable growers. In this respect, a new plan of investment in developing vegetable markets both at the sub and main market yard levels, storage and transportation facilities may be necessary to improve the over all vegetable marketing system. The small growers cannot even think of competing with the giants in the private vegetable market. The need is therefore to strengthen vegetable cooperative organization. The least that can be done and ought to be done, if the goal is to protect the interests of vegetable growers, is to integrate the cooperative vegetables marketing institutions with those of regulatory measures.
Subrahmanyam\textsuperscript{71} has drawn attention in his paper on the marketing practices followed and the associated costs incurred in vegetable trade in three states viz. Karnataka, Andhra Pradesh and Tamil Nadu. It was observed that producer-commission agent was the most popular marketing channel followed by most of the cultivators, though the extent of using this channel differed from vegetable to vegetable and state to state. Field sales were found to be more common in Tamil Nadu compared to other two states. The commission charges were found to be high in Karnataka and Andhra Pradesh at around 10 per cent as compared to Tamil Nadu at 7 per cent. Though based on quintal/kilometer rate using cart was more expensive compared to lorry and bus, most of the cultivators in Tamil Nadu have used cart for transporting the vegetables due to the short distances transported and ready availability in villages. To solve common problems of high commission charges, non-availability of transport and low prices, measures like strict supervision in regulated markets, fixing reasonable commissions with the provision for 50 per cent payment by sellers, encouraging processing factories and consistent support price and export policy will help to solve the above problems faced by vegetable cultivators.

Gandhi and Namboodiri\textsuperscript{72} made an effort in their study entitled “Marketing of Fruits and Vegetables in India”. It has covered the Ahmedabad, Chennai and Kolkata Markets. Studies were taken up at Ahmadabad (by CMA, IIM Ahmedabad), Chennai (by Agro-economic research Centre, university of Madras, Chennai), Kolkata (by Agro-Economic Research Centre, Viswabharathi, Santhiniketan) and Delhi (by Agro-Economic Research Centre, University of Delhi). Delhi Wholesale Markets, under the coordination of CMA IIM Ahmedabad. The studies sought to examine various aspects of marketing of fruits and vegetables in the wholesale markets with a view to improve the marketing efficiency. This paper consolidated the results from Ahmedabad, Chennai and Kolkata Markets. The study seeks to examine different aspects of their marketing, focusing particularly, on the wholesale markets for fruits and vegetables which have been


established to overcome deficiencies and improve the marketing efficiency. Results indicate that in Ahmedabad the direct contact between commission agents and farmers is very low. For vegetables this is 50 percent and for fruits only 31 percent. Further, in the system of transaction, secret bidding and simple transaction dominate and open auction is relatively rare. In KFWVM, Chennai, the wholesalers act as commission agents and receive consignments directly from producing centers through agents or producers. By and large, the system of transaction remains traditional and open auction is rarely seen. This is one major reason for poor efficiency. However, in the small AUS market in Chennai, the farmers sell directly to consumers. The share of farmers in the consumer rupee in Ahmedabad was 41.1 to 69.3 percent for vegetables and 25.5 to 53.2 percent for fruits. In Chennai KFWVM, the farmers' share was 40.4 to 61.4 percent for vegetables and, 40.7 to 67.6 percent for fruits. In the small AUS market in Chennai, where the farmers sell directly to the consumers, the share of farmers was as high as 85 to 95.4 percent for vegetables. This indicates that if there are few or no middlemen, the farmers’ share could be much higher. In the Kolkata market the share of farmers ranged from 45.9 to 60.94 percent for vegetables and 55.8 to 82.3 percent for fruits. Thus, the shares are frequently very low, but somewhat better in Chennai, lower in Kolkata and even lower in Ahmedabad. The margin as a percentage of farmer consumer price difference (an efficiency measure) shows that in Ahmedabad, the margins are very high and range from 69 to 94 percent. In Chennai they range from 15 to 69 percent, and in Kolkata they range from 46 to 73 percent. The high percentage of margin to farmer-consumer price difference is indicative of large inefficiencies and relatively poor marketing efficiency. There is great need to improve the marketing of fruits and vegetables. One important measure would be to bring more markets under regulation and supervision of a well-represented market committee. Another measure would be the promotion and perhaps enforcement of open auctions in the markets. Yet another measure could be efforts to bring more buyers and sellers into the markets, bringing them closer to perfect markets. The direct participation of farmers should be increased. Market infrastructure should be improved through storage (godown) facilities, cold storages, loading and weighing facilities. Improvement in the road network, and cold-chain facilities are also of substantial importance. Greater transparency of the operations through supervision and
systems can also help substantially. The market integration and efficiency can also be improved by making up-to-date market information available to all participants through various means, including a good market information systems, internet and good telecommunications facilities at the markets.

Shilpa\textsuperscript{73} carried out a study on “Supply Chain Management in Vegetable Marketing: A Comparative Analysis in Bangalore City. Supply chain management is more important in the sector of agribusiness because most of the agricultural products are perishable and have a very short span of life. Bangalore city was selected as the study area because of different formats practicing supply chain. Mainly, three models of supply chain techniques were selected; they were traditional, cooperative and modern supply chain. A total of 45 farmers, 4 intermediaries, 15 retail formats and 60 consumers were selected in aggregate from all the supply chain format models. For the homogeneity of the products in which these formats dealing 4 vegetables namely, tomato, cabbage, carrot and capsicum were selected because they were commonly dealt in large quantities in all the selected models of supply chain. Among the sample farmers highest marketing cost was incurred by farmers in traditional format of the supply chain i.e., Rs. 1.6 per kg as compared to cooperative and modern supply chain i.e., Rs. 0.83 per kg and Rs. 0.46 per kg respectively. The intermediaries were involved only in the traditional supply chain. Among the retail formats, the cost incurred per kg of vegetables by traditional, cooperative and modern supply chain was found out to be Rs. 1.63, Rs. 1.01 and Rs. 0.80, respectively. But, the net return for one kg of vegetables was highest for cooperative retail format i.e., 1.90 followed by modern and traditional retail format Rs. 0.79 and Rs. 0.63 respectively. The index of marketing efficiency was found out to be 1.97, 2.10 and 4.32 for traditional, cooperative and modern supply chain respectively. Hence, modern supply chain was found out to be more efficient than cooperative and traditionally supply chain. With highest marketing cost incurred by farmers in traditional supply chain as compared to cooperative and modern supply chain. At the same time, modern and cooperative supply chain is having the smallest price spread of Rs. 4.10 per kg and Rs. 4.10 per kg respectively. Hence, these are found out to be efficient when compared to that

of traditional supply chain which is having highest price spread i.e., Rs. 8.31 per kg. Therefore, the farmers are advised to sell their produce through modern supply chain and cooperative supply chain.

Subba Rao\textsuperscript{74} made an attempt to examine the performance of agricultural marketing co-operatives in India. An important problem of Indian agriculture concerns marketing of its produce. It contains many defects in existing agricultural marketing system. It was felt that agricultural marketing system should be integrated through giving basic support by institutions such as marketing co-operatives. Co-operative marketing has been in existence for long. It was visualized that one primary marketing co-operative society will be established in every regulated market of the country. Over the last four decades a sizeable network of agricultural marketing co-operatives have grown for undertaking marketing and processing functions. The co-operative marketing structure at present consists of over 6777 primary marketing societies of which 4018 are special multi as well as single commodity marketing societies dealing with all types of agricultural produce marketed in area. At the state level, there are 29 general and 16 special commodity-marketing federations besides national level. A close perusal of progress and performance of co-operative marketing societies indicate that total value of agricultural produce handled by such societies was Rs. 179 crores in 1960-61. This rose to Rs. 11500 crores in 1995-96. Food grains, sugarcane, cotton, oilseeds, etc. are the important agricultural commodities covered by these institutions. However, a great deal of unevenness characterizes agricultural marketing co-operatives if one looks at their share of overall marketing and its spread in different states. The credit co-operative societies provide a good back up support to market infrastructure. An overall assessment reveals that co-operative marketing has failed to make an appreciable impact. In fact, marketing co-operatives constitute weakest link in co-operative chain. There is total failure in strengthening of primary marketing co-operative society and an appropriate rapport between farmer and primary society in large majority of states. In fact, in rural areas credit co-operatives and market co-operatives work in hand in hand. Finally, there is need

to establish a link among co-operative marketing, financing and consumers’ societies through extension of all round support.

Nalini Rajan Kumar, Pandey and Rana\textsuperscript{75} carried out a study on production and Marketing of Potato in Banaskantha District of Gujarat. The present study was conducted to asses the growth of potato in the state vis-à-vis Banaskantha district. The main objectives are to work out the costs and returns from potato cultivation and to estimate marketed surplus and to analyze the constraints in production and marketing of potato in the study area. The study shows that the annual compound growth rates of area and production of Banaskantha (10.96 and 10.48) were higher than those of Gujarat state (4.32 and 4.20). Potato yield of Banaskantha district and the state of Gujarat were very good and higher than national average but have started to decline in recent past which is the point of concern for every one. The crop was found to be remunerative in the study area as farmers were able to fetch a net return of Rs. 48874/ha over variable cost. More than 95 per cent of total produce was meant for market and about 49 per cent of total produce was being sold during the harvest period due to poor retention capacity of farmers. Lack of quality seed, inadequate irrigation facility, uncertainty in potato prices, costly potato inputs, shortage of labour and lack of latest know-how of potato cultivation were the major constraints faced by farmers in potato cultivation. It is required to address the constraints in potato cultivation at the earliest to sustain the momentum of potato production in the state.

Agarwall and Saini\textsuperscript{76} conducted a study entitled “Vegetable Marketing: A Case Study of Jaipur Market (Rajasthan)”. This research investigates the institutions, agencies and channels involved in the marketing of brassica crops and assesses the price spread in different marketing channels. Two villages (Mahapura and Bhankrota) in the command area of Krishi Upaj Mandi Samiti, Jaipur, Rajasthan, were selected for the study. The sample consists of 50 farmers comprising 18 small, 12 semi-medium, 16 medium and 4


large farms. The estimation of price spread indicates a low share for farmers (52-54 per cent) due to high marketing costs and margins charged by intermediaries.

Sharma, Sharma, and Thakur\textsuperscript{77}, have carried out a study on “Marketing of Vegetables in Himachal Pradesh”. The study shows that the highest percentage of losses occurred during assembly and transportation for tomato and capsicum, whereas assembly and market operations caused major losses for beans and peas. Increased productions with minimum losses are important factors for increasing marketed surplus. Costly wooden boxes, time-consuming manual grading, distant markets, high transportation charges, malpractices in the market and lack of market information were the major problems faced by growers.

Marothia, Gupta and Chandrakar\textsuperscript{78} in their study on “Vegetables marketing: A Case Study of Two Markets in Chhattisgarh Region Madhya Pradesh”. This study mainly examined the marketing pattern of vegetables and assessed the marketing cost, margins and price-spread in different marketing channels. It also suggested some policy measures to improve vegetable marketing. Two markets in Chhattisgarh region of Madhya Pradesh, viz. Shastri market in Rajpur district and Subhash market in Durg district were selected. A sample of 40 and 32 vegetable growers, 6 and 4 commission agents and 15 retailers each was selected from Shastri market and Subhash market respectively. The data relate to the year 1991/92. Farmers were categorized as small, medium or large based on the quantity of vegetables sold during one visit. The study indicates that the percentage area under vegetables was decreasing at both locations as size of holdings increased. While the small vegetable growers preferred to sell their vegetables directly to consumers, medium and large farmers sold their produce to retailers through commission agents.

Parsad and Kirshna\textsuperscript{79} have conducted a study entitled Marketing of Vegetables in Bihar Plateau Regions. The main findings of the study indicate that there is a high level


of village sales of vegetables particularly in Jamshedpur market: Ranchi market transacts a high proportion of vegetables through cooperatively marketing institutions; farmers need to be more aware of the efficient use of inputs; prices are generally high because of the margin taken by intermediaries; and important in all aspects of marketing infrastructure would improve the price gained by growers and reduce their losses due to lack of demand.

2.5 Issues for the Study

The review of literature presented above brings out some important issues relevant for this study. Undoubtedly, the scheme of ‘Rythu Bazaars’ is a novel one and it has beneficial effects. Both the producers and consumers are benefited in different ways. The producer’s share in the consumer rupee is greater. On the other hand, consumers expressed satisfaction on the availability of fresh and quality vegetables, fruits and other food items at reasonable prices. However, there are certain issues that need attention of the planners and policy makers and administrators.

1. A large majority of the Rythu Bazaars are not strategically located and their functioning and sustainability depends on this.

2. A large majority of the existing stalls in Rythu Bazaars are not fully occupied by farmers leading to low capacity utilization of stalls. There is not much business turnover in Rythu Bazaars as compared to that of uncontrolled nearby markets. This is basically due to not having the Rythu Bazaars at strategic locations.

3. The Rythu bazaars lack the required infrastructure facilities like lack of storage structures, transport, drinking water, lavatory and bath room facilities, insufficient parking and so on.

4. Occupation of walking space by the vendors causing inconvenience, bargaining and sorting of vegetables by consumers, presence of middlemen, large scale purchase of vegetables by wholesalers, hotels and others of fresh and quality vegetables in the early hours and so on.

5. Majority of the respondents felt very bad about the parking facility and other amenities at the Rythu Bazaar.

6. The vegetable growers are facing certain problems like the problem of suitable transport to reach the market early in the morning and as a result the farmers are forced to sell the unsold stocks below the wholesale price in the market.
7. Non-availability of cold storage facility is another impediment coming in the way of postponement of sale even for a day or two for better price.

8. Another constraint being faced by vegetable growers is space for keeping the bullock carts and tractor trolleys etc.

9. The farmers are not happy with the price fixation done everyday and the quality of vegetables sold therein and they have a little say in the matter of price fixation.

10. Most of the vegetable growers are reluctant to sell directly to the consumers in small quantities instead they want to sell to the wholesalers at a lesser price. The behavior of sellers at Rythu Bazaar has been impolite.

11. Consumers reported that some of the vegetables are not qualitative due to uniform prices of all grades and quality and farmers are selling best quality outside of the Rythu bazaar.

12. The consumers felt that availability of the vegetables at the Rythu Bazaars is not uniform through out the year. Moreover, certain varieties of vegetables (locally not produced) are not available in the Rythu Bazaar and as a result, they have to visit the nearby market too. Certain types of vegetables are sold more than the price indicated on the signboard.

13. There is a mismatch between demand and supply due to lack of information and knowledge on production, price and market dynamics within and outside markets.

14. The other problems faced encountered are overcrowding, water logging, pollution, improper packaging and sometimes the behaviour of the producer. Congestion at Rythu Bazaar is another important problem expressed by both the farmers and consumers.

15. Due to lack of coordination among various departments, the system is not yielding good results. There is not much coordination among the core committee and the liaison staff and their patronage to Rythu bazaars is essential.

16. At present, the sources of income to Rythu Bazaar are very minimal; its maintenance expenditure is being met from financial sources of Agricultural Market Committee.

17. Above all, the number of quantitative and qualitative in depth studies are very much lacking.

The analysis of farmers and consumers and their opinion is a pre-requisite for the decision makers as it enables them to have an understanding of the present and future
demand of their product and there by resolve appropriate marketing strategies. The study of farmer and consumers’ behaviour is of vital importance to assess the position of the Rythu Bazaars and their performance. Further, the success or failure of the Rythu Bazaars is mainly depends on how well the farmers receive the consumers and how the consumer reach with the farmers, because the progress of Rythu Bazaars can be achieved only through maintaining the better relations with the consumers through understanding each other. Therefore, it becomes pivotal to study their experiences and opinions of the both the parties and the major problems encountered by them. It is in this context that an attempt is made to study the progress and performance of Rythu Bazaars, in the north coastal districts of Andhra Pradesh.