Chapter – II

REVIEW OF LITERATURE
2.1. INTRODUCTION

Various research based studies were undertaken in the past on the problem of groundnut growers and they are mostly concentrated at a macro level. Apart from this, less concentration has been undertaken so far to enquire into the various problems experienced in groundnut cultivation in Anantapuram district of Rayalaseema region in Andhra Pradesh. Though there are few studies on the problems of groundnut growing farmers.


The publication brought out by the Directorate of Marketing and Inspection, Government of India. But this is purely a macro-level study dealing with all products in the regulated markets in different States of India. In Radhakrishnan’s study (1971) on “Marketing of Cash Crops – With Reference to Groundnut and cotton in Khandesh”, the
marketing of groundnut and cotton crops in Khandesh region were discussed in detail. ICRISAT deals with its own specialty in its publication on “Markets for Semi-Arid Tropical Crops in Andhra Pradesh”. This can also be taken more or less as a macro-level study.

In another macro-level study of Sivaram Prasad, attempts were made to measure the operational efficiency of agricultural markets in Andhra Pradesh. The publication issued by the Director of Marketing, Hyderabad, covering all aspects i.e., production, marketing, etc., for the entire Andhra Pradesh is also a macro-level study.

In the initial stages, barring some isolated individual researchers’ efforts, the major initiative and effort was taken by the Directorate of Marketing and Inspection, a government agency created for the purpose. As pointed out by Shah, these studies have some limitations. They provide, largely, a descriptive account of the stages in marketing along with other information regarding production and supply. Information in these reports in broad and very general as it tries to encompass India/State as a whole. Nevertheless, they have served two purposes.

First, they serve as a starting point for detailed research by researchers and secondly, as a basis for the policy makers. Prof. M.L.Dantwala made an attempt to study the marketing of raw cotton which covered the structure and organization of the internal trade of the country. He was the one who believed that regulation of the markets was an important step in the improvement of agricultural marketing. He has further covered different aspects of cotton marketing keeping in view the interest of producer and consumer, and also highlighted the various malpractices in cotton marketing and proved the causes and described remedies for them.
Further, he concluded that there were several agricultural products whose marketing needs to be investigated and studied. D.B. Kadam (1963) in his paper titled ‘Regulated Markets in Andhra Pradesh’, observed that the trader had a big way in the affairs of the agricultural market committee and also that the nomination of grower-members to the market committees was done on political consideration.

Margaret Digly and R.M. Gretton (1965) in their research study, pointed out that though the condition of the poor farmer could be improved by way of raising the quality and quantity of the output, yet the farmer might not reap benefits owing to the exploitative practices of manufacturers and financiers and the wasteful marketing system.

Muthaiah and Subramanian have conducted a study to analyze the returns accrued to the farming community from regulated and unregulated markets, with specific reference to the groundnut crop in Tamil Nadu. According to their study, “In the private markets, as compared to organized markets, the farmers were offered a lower price for their products”. R.T. Mirchandini and N.Y.Z. Farooqui (1965), A.P. Kulkarni (1965), B.B. Patel (1971), S. Surya Prakash (1979), D.C. Sah and K. Hanumantha Rao (1979) Anant Ram Varma and H.K. Nigam (1979), studied the impact of regulated markets by taking price spread as a major cause of efficiency.

Further studied how the regulated markets were connected with the terminal markets with a view to analyzing the variations in agricultural prices in different types of markets. A study on ‘Regulated Markets in Orissa’ was conducted by the Department of Rural Economics, Sociology and Applied Economics of Utkal University (1973), in order to pursue two regulated markets dealing with two important cash crops viz., Jute and coconut were
selected. It showed that the farmers of nearby villages made use of the regulated markets and there is not much difference between the price offered by the retailers and the prevailing price in the regulated markets.

B.D. Kulkarni (1977), studied the time-lag between the date of establishment and the date of functioning, regional coverage, tenure of office of the bodies of the market committees, vacancies in the market committee, attendance of meetings, acquisition of sites, development facilities in the yards, income and expenditure ratio, loans acquired from the government etc. Further, the author has studied the problems from the point of view of the producer-seller. Though the study covered several aspects like commodities, regulations, relative advantages of different systems of marketing, weighment procedure, grading facility, market charges, market intelligence.

It appears that the author has concentrated mostly on the infrastructure created in the regulated markets rather than on its utility to the producer-seller. Krishna Swamy (1970), attempted in his study an assessment of the marketing gains of the farmer as a result of market regulation. The study showed that the producer’s share in consumer’s price had increased as a result of market regulation. However, it was found that transportation was adding to the total marketing cost.

Venkata Ramaiah (1972), in his study mentioned that “Agricultural Market Finance Corporation needs to be constituted for rendering financial assistance for the speedy development of markets”. Varadarajan (1990), in his work stated that vital question of finance and communications remain the major constraints for developing markets. He made a suggestion to set up an Agricultural Marketing Bank to provide finance to the farmers. He
also stressed the need for an improved marketing system with an appropriate infrastructure and credit facilities to the forming community.

The theme of the research paper on the operational efficiency of regulated markets by O.R. Krishna Swami, and N.I. Chand (1978) is the mere establishment of regulated markets may not solve the problem of agricultural marketing unless means are devised to endure their operational efficiency. An attempt was made to improve the quality of the operational efficiency of the regulated markets in tune with their objectives.

Here different aspects were studied by giving weight to each of the items. This type of model may be useful in studying the efficiency of regulated markets. Radha Raman Singh and G.K. Srivastava (1978), B.T. Tokede (1979), S.C. Varma (1980), R. Dixit (1980), Balwindar Singh (1981), Vijaya Lakshmi (1981), B.R. Choyal (1983) and Bhog Chand Jain and Hem Chand Jain (1991), examined the role of regulated markets in agricultural marketing. The authors found that the regulated market is not preferred by most of the farmers for their disposal and also stated that the main reason for the farmer’s willingness to sell their products through the regulated markets is price incentive.

The research article by S.S. Acharya and N.L. Agarwal (1979) was based on the financial feasibility of the market committees and benefit-cost-analysis from the farmers’ point of view. This exercise was done with the help of recorded information. The author was of the opinion that infrastructural facilities could form as an index of benefits accruing to the farmers. The author’s conclusions in this regard may not reflect the reality, because mere increase in the incomes of the Agricultural Market Committees and the facilities provided in the regulated markets may not be considered as progress.
S.Surya Prakash (1979), et.al., D.C.Sah and K.Hanumantha Rao (1979), Anant Ram Varma and H.K.Nigam (1979), studied the impact of regulated markets by taking price spread as a measure of efficiency. Further studied how the regulated markets were connected with the terminal markets with a view to analyzing the variations in prices in different intermediaries are worked out.

Narasimham’s (1982) study on ‘Marketing of Groundnut’ examined the price mechanism from terminal to primary markets. Goswami, H.G. (1982) examined the role of regulated markets in agricultural marketing as compared to that of the unregulated markets. It focused on the extent to which regulated markets were helping the producer-seller in the marketing activity and examined the loopholes in the functioning of regulated markets.

Shankaraiah, A., et.el., (1982) brought to light several lapses obtaining in agricultural market committees. Though the farmers are aware of the existence of a market committee, they do not have any idea of its composition. V.M.Rao’s study focused on the marketable and marketed surplus of groundnut, marketing costs involved and the channels of market information. The study testified to the fact that marginal and small farmers were in hurry to sell their produce as compared to other categories of farmers and further the charges paid by them were also comparatively high. A.S. Reddy and P.Ramaiah (1982) through their study pointed out that the regulated markets were not accessible to tribal farming community.

They observed that those nearer to the market centers and having good transport facilities were making use of the markets. Besides, it was found that there are variations in the prices of products sold through the regulated markets vis-à-vis village markets. V.T. Raju and B.H. Kakadia (1984) in their research paper made an attempt to study the marketing
pattern in Rajkot District. The authors found that the regulated markets were found to be important marketing channels.

Further, the study revealed that the market costs in regulated markets were low compared with cooperative services. Vasant Desai (1985), opined that in developing countries, well organized markets will encourage even the small farmers to produce much marketable surplus of food crops. Rural marketing helps to maintain stability in prices and also economic stability in the country. It also helps to achieve and maintain a higher standard of living.

He also commented that through a well developed rural marketing, it is possible to develop the rural economy. C.G. Venkata Reddy (1986), has examined the marketing practices in the regulated markets of Andhra Pradesh and found that the marketing costs were low where commission agents were not operating. Agarwal, D.P. (1986) stressed “the need for information system in rural areas.

In the absence of marketing information, villagers have practically be contact with outside world, nor one in touch with the trend of market conditions. Efficient marketing cannot operate in an information vacuum. Adequate storage programme, efficient transport service and an efficient standardization programme, all depends to a considerable extent on good information”. M.S. Gopal Rao’s book on the “Regulated Markets and Agriculture Price” made a survey of the markets. The study covered both the developed and developing regions. However, the study is confined only to one aspect i.e., price analysis.

G.N. Singh and A.R. Verma (1987), conducted a study on Economics of Production and Marketing of Groundnut’ and they opined that efficient marketing would reduce the gap
between producer’s price and consumer’s rupee. For this purpose, the need for strict enforcement of Market Regulation Act was emphasized. R.R.Dhosi in his research paper titled “Market Regulation – A Lost Game” made an attempt to study the effect of regulated agricultural markets.

The study clearly indicates that even in the regulated markets certain things are not rationalized and so they never have sailing in their functioning. In studying the problem, the author examined the problems from the context of several commodities and also his study reviewed several Government Legislations. Further, in the light of the findings, the author failed to suggest ways and means of improving the functioning of regulated market system. In 1989, Tushar Kanti Mitra studied the growth and instability of agricultural prices in West Bengal.

He concluded from one region to another indicates heterogeneity and possible lack of full mobility in the economy. It also indicated the pitfalls in arriving at any general conclusion on the basis of averages alone. Wide variations in prices over-time as well as over-space led to many of the stresses and strains in the economy. He concluded that instability in agricultural prices in different districts of West Bengal was measured on realistic basis. Vipin K. Garg., (1989) studied the socio-economic implications of setting up of new market yards, with special reference to two markets in Uttar Padesh Viz., Dankapur and Muzapurnagar.

It concluded that the construction of new market-yard for agricultural produce is not likely to benefit always as is often thought of. The other reason for this conclusion is market management. Sidhu (1990) in his article on “Some aspects of Agricultural Marketing and
Pricing Policies in India”, explained the measures taken by government in regard to development of marketing infrastructure in the form of regulated markets.

Procurement centers, grading and standardization, storage and processing facilities to cope with the requirements to handle rapidly growing market surpluses and rising demand for modern farm inputs. Raji Reddy (1991) examined the marketing of chilies in Andhra Pradesh with special reference to the selected chilies producing districts in Andhra Pradesh viz., Guntur, Warangal and Anantapuram.

He examined the cultivation and marketing practices of chilies at all India level as well as Andhra Pradesh State level. He also analyzed the behaviour of chilly prices in the selected markets in order to examine whether fair prices were offered to producer-sellers of chilies. Rakesh Honda (1992) in the study, “the rural markets are neglected not because of the companies would have to develop new marketing strategies, produce an entirely new line of products or develop new concepts in principle, but because of perceptions based on biased industrial views commonly followed by all companies due to the labour involved in developing these markets”.

Indrasena reddy (1992) made a study on economic and managerial aspects of vegetable marketing in Andhra Pradesh with special reference to selected vegetables. He examined the price settlement methods, price arrival relationships, seasonal price variations, fairness of prices etc., in order to understand structure and behaviour of prices in vegetable markets. Basavaraju (1993) examined the behaviour of prices and market arrivals of major crops in Bijapur.
The prices and market arrivals of major crops in Bijapur showed an upward trend during the period under consideration. In his study he observed that the seasonal character is more pronounced in the case of arrivals. In (1993), Patel and Agarwal also examined the price behaviour of groundnut in Gujarat. The inter-year price variations for groundnut crop revealed that during the last one and a half decade, price increased by more than 10 percent per annum in the different markets of the Gujarat State.

The study focused the need to minimize the price rise for this commodity. Gupta, A.P. and Mukesh Shrivatsava (1993) stated that “Rural marketing must not be viewed by prospective entrants as mere expansion of business. The rural marketing participants have a much bigger role to play as compared to what they have been in the urban areas”. Sangoju Manohara Chary (1994) studied market arrivals and prices of agricultural products.

The study revealed that the extent of fluctuations in market arrivals largely contribute to the price instability of major crops. G.N. Patel and R.L. Shinani (1994) examined the growth rates of farm harvest prices and gross income from important food grain crops in Gujarat State. The variability in the gross income and contribution of price and productivity in the incremental gross income. Pant, D.C. and Pradeep Pal., (2004) studied to examine the economic aspects of groundnut processing in Southern Rajasthan. A.Jothirajan (2005), studied an analysis of the cost and returns structure, per acre net income distribution among different group of farmers.

Further, it identified the important determinants of yield, yield gap and yield constraints and also analyses the marketable surplus, market structure and marketing channels. Further, an attempt is made to study the marketing cost, marketing margin, price
spread, marketing efficiency and problems encountered by the cultivators in the marketing of groundnut produce. S.S. Kalamkar (2006), in his study to look into the prospects of contract farming in India in the context of globalization.

The new market realities due to focus on liberalization, privatization and globalization of the post WTO regime is bringing in its wake new opportunities and challenges as well. L.R. Singh and U.K. Pandey (1971) have made a study on the cropping pattern and resource use efficiency in a “Dry Land Farming” in the district of Banda. The authors find that farmers are rational in the use of only bullock labour since its per hour marginal value of product is close to the per acquisition cost expenditure on manure and other inputs including irrigation is below optimum.

Human labour use is found to be excessive and accordingly a one-fourth reduction in its use is subjected to increase farm income by 10.2 percent. M.V. Nadkarni (1971) calculates the coefficient of variation for different crops in Maharashtra to measure their yield uncertainty. At the district level irrigation is not found to affect the cotton yield throughout the state level it does. The correlation coefficient is 0.3822 which is significant at 10 percent level. The author observed that the irrigation would not only increase the average yield but also reduce the year to year variation.

N.S. Jadha and S.D. Purohit (1971) in their study, The Problem of Crop Yield Industry and Survey, the effects of weather variability on semi major crops in dry land (arid) regions of Rajasthan. Saroj Kante Chaudhuri (1971) in his study, “Semi Arid Agriculture in West Bengal,” finds that the cultivators in the semi–arid zones are no less enterprising than those in the irrigated zones. The author suggests that the cultivator may be induced to grow drought
resistant varieties of crops which are suitable for the arid-region such as a high yielding Bajra, Maize etc. However, it was found that transportation was adding to the total marketing cost.

Venkata Ramaiah (1972), in his study mentioned that the Agricultural Market Finance Corporation needs to be constituted for rendering financial assistance for the speedy development of markets. The author was of the opinion that infrastructural facilities could form as an index of benefits accruing to the farmers. They observed that those nearer to the market centers and having good transport facilities were making use of the markets. Patel and Gangawar (1983) examined the income and employment effects of dry farming technology.

The study indicated that due to technology, risk in the income of small farmers was higher than that of in medium and large farmers. According to K.P.C.Rao and R.P. Singh’s (1986) view for the poor resources base of the dry land farmers and underdeveloped institutional facilities in the dryland areas, a massive effort is needed on institutional front to help move the dryland agriculture forward. Vipin K. Garg., (1989), studied the socio-economic implications of setting up of new market yards, with special reference to two markets in Uttar Padesh Viz., Dankapur and Muzapurnagar.

It concluded that the construction of new market-yard for agricultural produce is not likely to benefit always as is often thought of. The other reason for this conclusion is market management. Ananth S. Rao and M.N.Dandekar (1989) intheir study examined the potential for improving dryland area technology and by diversifying the crop pattern.

Y.V.Ramanaiah and Y.V.Kumar Reddy’s (1990), study revealed the crop diversification in Anantapuram district. Gibbs – Martin Index of diversification was
employed for measuring the degree of diversification in the cropping pattern of the district. Sidhu (1990), in his article on some aspects of agricultural marketing and pricing policies in India, explained the measures taken by government in regard to development of marketing infrastructure in the form of regulated markets. T.Narasimha Reddy and H.G. Shankara Murthy (1992) carried their study based on secondary data related to the yield and output of different groups of crops in Bijapur district for the study period from 1970 to 1988.

They found that the new technology had a significant impact on the output of cereals during the first phase of the programme. In the case of oilseeds and pulses, a part of the progress could be attributed to soil conservation and yield increasing methods and in the case of fibers impact could not be realized. S.P.Singh (1992) in their study, Second Phase of Green Revolution: Rainfed Agriculture made an attempt to examine the production trends in the present agricultural scenario.

The study examined the availability and application of resources and technologies to improve the rainfed farming in the context of using second phase of green revolution. R.P.Singh, P.B.R. Hazell (1993) in their study examined poverty in a dynamic sense in three agro–climatic regions of India’s Semi Arid Tropic regions.

It focuses on the identification and determinants of rural poverty and also examined the effects of policy interventions on poverty. C.J.Intnal, M.I. Belgaumi, V.P.Badanur, V.S.Surkod and Q.C. Sajjan (1994) in their study have pointed out that the productivity levels of different crops in dry land areas are not encouraging because of low and erratic rainfall, poor fertility status of the soils and non–adoption of improved land, water and crop management policies.
For this purpose, the need for strict enforcement of Market Regulation Act was emphasized. Madhusudhan Ghosh (1996), made his study on Agriculture Development and Rural Poverty in India. The study examines the effects of agricultural development and some other variables on rural poverty in India. Dilip Kumar and Ajay Kumar’s study (1998) collected the daily rainfall data for 22 years (1976 to 1997) and its seasonal, monthly and weekly fluctuations were calculated as well as weekly rainfall associated with different dates of onset of southwest monsoon was also calculated. They observed that when the monsoon breaks late, the area hardly gets 10 weeks of cropping season with a dry spell around 33rd standard meteorological week where short duration crops like sunflower, jowar, groundnut etc., and their drought resistant varieties have been suggested. M.S. Swaminathan (2000) feels that the approaches and policies adopted for agricultural development n the last half century have fulfilled the objectives to a large extent.

P.K. Joshi, B.S. Chandel, S.M. Virmani and J.C. Katyal (2001) made their study on “Agriculture Performance in Semi–Arid Tropics of India.” They observed the variation in agriculture performance was largely due to difference in agricultural potential, which was influenced by the uneven endowments of natural resources, besides lack of diffusion of improved technology, inadequacy of bank credit and other infrastructures and low status of socio–economic factors especially literacy.

R.L. Shiyani, B.H.Kakadia and V.D. Taparia (2003) in their study have concluded that the drought is a major cause of concern for the policy makers of the state. Pant, D.C. and Pradeep Pal., (2004) studied to examine the economic aspects of groundnut processing in
Southern Rajasthan. A. Jothirajan (2005), studied an analysis of the cost and returns structure, per acre net income distribution among different group of farmers.

Further, it identified the important determinants of yield, yield gap and yield constraints and also analyses the marketable surplus, market structure and marketing channels. Further, an attempt is made to study the marketing cost, marketing margin, price spread, marketing efficiency and problems encountered by the cultivators in the marketing of groundnut.

S.S. Kalamkar (2006), in his study to look into the prospects of contract farming in India in the context of globalization. Hanish Kumar Sinha and Chandra Sen (2004) in their study made an attempt to examine the impact of drought on area and productivity of crops and on the income and employment of various categories of farmers. The authors observed that the severity of the effect of drought on income and employment generation was maximum in case of marginal farmers followed by small, medium and large farmers in the same order.

Jain Singh Rathore (2004) in his study made an attempt to analyze the impact of drought on various aspects of rural lives in order to understand the strategies and practices adoption by the draught affected people to cope with drought. It is observed that the better-off households took advantage of the situation and purchased assets sold by poor households under distress. K.P.C.Rao (2004) in his study provides micro-level evidence from the village study of Mahaboobnagar, Kurnool and Nalgonda districts during 2001–2002.

The study concludes that crop and livestock rearing activities in dry land areas of Andhra Pradesh are not remunerative. V.M.Rao (2004) in his study on Rainfed Agriculture,
discussed the main lesson emerging from the perspective on farmers in rainfed agriculture. He focuses the analysis on the socio–economic foundation of rainfed agriculture influencing farmer performance and his development status. S.N. Sudhakar Babu and T. Vishnumurthy (2005), in their study reveals that Andhra Pradesh is well endowed with agro–climatic situations for profitable agriculture.

The authors recommended that the crop production to be combined with animal husbandry for sustainable livelihood. P. Samuel, B. C. Barah and Pandey (2006) studied on the livelihood systems of farm households in coastal Orissa. The study suggests for creation of more non–farm employment opportunities, increasing in investment on human resource development. Ch. Radhika Rani and P. Praveena Sri’s (2008) study aims to examine the risk and vulnerability in rainfed agriculture and the coping mechanisms adopted by the farmers in rainfed agriculture to sustain or improve their farm income.

M. Srinivasa Reddy, Sanjit Kumar Rout and E. B. Uday Bhaskar Reddy (2008) in their study made an attempt to assess the impact of drought situation in Anantapuram district in a wider context of rural livelihood, particularly in the year 2002–03 with respect to crop failure, depletion of ground water, indebtedness, migration, suicides etc. D. Kumaracharyulu and K. P. C. Rao (2009) assess the risk attitudes of the farmers, which are important in understanding their decision making process.

The study found that slight to moderate risk aversion exists in most of the sample farmers. V. M. Rao (2009) in his study discussed the nature of the crisis with particular reference to rainfed agriculture. The study concludes with observation on the role of that the
profession can play in helping the government in reining in the crisis and in realising the substantial development potential which rainfed agriculture has.

The new market realities due to focus on liberalization, privatization and globalization of the post WTO regime is bringing in its wake new opportunities and challenges as well. In the above studies, some valuable contributions can be found for the development of agricultural marketing. And only a few studies were carried out on the specific problem of marketing of groundnut.

However, no study has been concentrated on the efficiency of groundnut growing farmers’ and their problems in a drought prone district of Anantapuram in Rayalaseema region of Andhra Pradesh. Hence, the present study has been carried out to discuss the groundnut production and marketing problems of groundnut cultivators in Anantapuram district of Rayalaseema region. ICRISAT deals with its own specialty in its publication on Markets for Semi-Arid Tropical Crops in Andhra Pradesh.

This can also be taken more or less as a macro-level study. In another macro-level study of Sivaram Prasad, attempts were made to measure the operational efficiency of six selected regulated markets in Andhra Pradesh. Similarly, G. Narasimhamurthy attempted in his study, Performance of Regulated Agricultural Markets in Andhra Pradesh – A Study of Warangal District, to study and measure the performance of regulated markets by selecting nine markets and their financial, physical and competitive conditions relating to all products. It is also a macro level study.


2.2. CONCLUSIONS

In the above studies, some valuable contributions can be found for the development of agricultural sector in general and only a few studies were carried out on the specific problems of groundnut producers. However, no study has been concentrated on the problems and prospects of groundnut growers in a drought prone district of Anantapuram in Rayalaseema region of Andhra Pradesh. Hence, the present investigation has been carried out to discuss various problems and prospects of groundnut growers in a drought prone Anantapuram district of Andhra Pradesh.
2.3. REFERENCES


