

CHAPTER II  
STUDY DESIGN AND METHODOLOGY

A. Statement of the Problem:

The development of agriculture does not merely depend on increasing the agricultural produce and its productivity, but also on the promotion of better and well organised marketing system.<sup>1</sup> Efforts are being made to bring the marketing of agricultural produce in the orbit of market legislation so as to remove unjust market practices, thereby assuring remunerative price to the producer. "To bring dealings in the sale and purchase transactions of agricultural produce and create competitive conditions, the market committee regulated admission of entry to the markets and prescribed hours of transacting business". Even though Regulated Markets are established to provide every convenience to the farmer in marketing his produce, yet most of the farmers are not preferring to market the produce through Regulated Markets.<sup>2</sup> What hinders the farmers to market their produce through regulated markets which are intended to serve the interests of the farmers, is the main problem requiring a probe into the matter.

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1. Agarwal, V.K., Problems of Agricultural Marketing in India, Indian Journal of Marketing, Vol.XI, No.9, May 1981, p.23.
  2. Bhaskar, K., Streamlining the regulated market system, Kurukshetra, Vol.XXXV, No.II, August, 1987, p.7.

### B. Review of Literatures:

Earlier studies on Regulated Markets will throw light on the deficiencies or drawbacks that are obstructing the easy flow of commodities through the regulated market system.

Dr. Shankariah, Narasimha Murthy and Hanumantha Rao<sup>3</sup> examined, in their study, the performance of an Agricultural Market Committee from the stand point of producer-seller. In the course of discussion the following issues were focussed. (1) Awareness of farmers about the existence of Agricultural Market Committee and its objectives, (2) Members concern towards the farmers' problems in marketing of their produce, (3) Settlement of disputes arising in the market by the Market Committee and (4) Assessment of farmers regarding the effective functioning of market committee. For the purpose of study, a market committee was selected from one of the district headquarters in Telangana region of Andhra Pradesh. The district headquarter was given the pseudonym of 'Konda' and the Agricultural Market Committee as 'Konda Agricultural Market Committee'.

The study revealed that a majority of the farmers in the sample were illiterate, middle-aged, small and marginal farmers and belonged to backward caste. The market

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3. Dr. Shankariah, A., Narasimha Murthy, G., Hanumantha Rao, N., Op.cit., pp.12-18.

was able to attract farmers from distant places. Though most of the farmers were aware of the existence of market committee, many of them did not have the idea of its composition. Farmers were highly dissatisfied with the services of Market Committee and did not consider the functioning of the market as effective. They felt that they were repeatedly being exploited and remained as victims in the hands of traders.

Subba Rao<sup>4</sup> in his study on the functioning of Agricultural Market Committees and the working of regulated yards in Andhra Pradesh took Guntur District as sample with all the committees in the district. The study revealed that the process of constitution of Agricultural Market Committees for each revenue taluk was very much slow. In the district of Guntur, for the total of 19 revenue taluks only 12 Agricultural Market Committees were constituted. With regard to the number of markets notified and number of markets functioning in Guntur gave a very disappointing picture. The financial position of Agricultural Market Committees in Guntur district was sound. The Agricultural Market Committees have taken up development of market yards out of their own savings, loans sanctioned by government

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4. Subba Rao, N.V., Functioning of Agricultural Market Committees in Andhra Pradesh, Agricultural Marketing, October-December, 1986, Vol.XXIX, No.3, pp.25-28.

through Central Market Fund, Central assistance by way of grant and grant by National Grid of Rural Godowns. Godowns already available in the yards were not being utilised due to non-functioning of market yards. The location of godown was decided only on the basis of the layout plan approved by the Director of Town Planning. The specifications laid down by the Indian standards Institution with regard to the location of the godowns were not followed.

Ghanshyam Das, Ananda Kumar and Samba Murthy<sup>5</sup> examined the role of middlemen in agricultural marketing in their study. It was found in their study that inspite of number of inherent defects, the farmers were selling their produce through the traditional channel of commission agents and. at the same time it further revealed that a big majority of the respondents did not prefer to sell their produce through their commission agents. Majority of the respondents expressed that the commission agents were not providing adequate physical and financial facilities to their clients (farmers). They complained that the commission agents were providing loans and advances only to forward castes and rich farmers. A significant majority of the respondents, irrespective of their castes and size of holdings rated the

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5. Ghanshyam Das, Ojha, Ananda Kumar, V., Samba Murthy, M., Role of Middlemen in Agricultural Marketing - An Emperical Assessment, Indian Journal of Marketing, Vol.XIII, No.5, January, 1982, pp.4-12.

services rendered by the commission agents as 'Bad' and 'Very bad'. A considerable percentage of the respondents expressed that the services rendered by the commission agents were not indispensable and hence they can be eliminated from the chain of distribution.

In another study on the problems of Non-trading Market Functionaries in Regulated Markets, by Narasimha Murthy, Krishna Rao and Sharma<sup>6</sup> it was found that the rules and conditions prescribed for the non-trading market functionaries were not strictly followed in warangal market which was selected for the purpose of study. The non-trading market functionaries were found to have problems like low earnings, long working hours, lack of physical amenities; lack of proper work environment, lack of protection against accidents, injuries and lack of medical and health facilities which affect the work efficiency. Even though they devote full time in the market, they were not treated as the employees of Market Committee.

An attempt was made in a paper by Hanumantha Rao<sup>7</sup> to examine the limitations of Anakapalle Regulated Market in

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6. Narasimha Murthy, G., Krishna Rao, Y., Sharma, V.V., Problems of Non-Trading Market Functionaries in Regulated Markets - A Case Study, Indian Journal of Marketing, Vol.XIV, No.10-11, June-July, 1984, pp.21-24.
7. Hanumantha Rao, T., Regulated Market and its Limitations (A Case Study of Anakapalle Regulated Market with Reference to Jaggery trade) Indian Journal of Agricultural Economics, Vol.XXXIX conference Number July-September, 1984, p.233.

playing its role effectively in reducing the price spread, regulating the market charges and eliminating the middlemen.

The particulars of cost and income showed that there was a large difference between the initial price received by the producer and ultimate price paid by the consumer. The data showed that the cost of cultivation per acre had a tendency to decline with the increase in the farm size whereas the per acre income showed a tendency to rise with the increase in the size class. The data further revealed that the marketing cost had a tendency to rise with the increase in the farm size. Of the three constituents of marketing charges, commission charge accounted for 81 per cent in all the size groups. It was estimated that the price spread will range from Rs.40 to Rs.65 per quintal. It appeared that the commission agent or middleman cannot be dispensed with in the Anakapalle Market. Raju and Kakadia<sup>8</sup> have undertaken a study on marketing of groundnut in Gujarat State.

The study revealed that the farmers of Rajkot district have sold most of their groundnut production making provision mainly for seed. The percentage sales of groundnut to total

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8. Raju, V.T., Kakadia, B.H., Marketing of Groundnut in Rajkot District of Gujarat State, Indian Journal of Agricultural Economics, July-September, 1984, p.234.

production increased with the increase in the size of holding. It was found that the small farmers sold their produce soon after the harvest and the prices were low whereas the large farmers sold their produce throughout the year. The regulated markets were found to be the important marketing channels followed by Co-operative Societies and Village Merchants for groundnut marketing.

The price of groundnut in both the selected markets showed an increasing trend. The correlation co-efficient between monthly prices and arrivals was found negative in both the markets, indicating a definite inverse relationship, that is, as groundnut arrivals increase prices decrease and vice-versa.

Inferences drawn from a study undertaken by Narasimhan<sup>9</sup> on Raichur Market were that the non-intervention of Government in the trade of groundnut had failed to provide fair returns to the producers in the consumers rupee at Raichur Market. The price parity between the producers and the consumers' rupee was not co-related. The middlemen and the other private agencies involved in the trade of groundnut and its products were enjoying the maximum

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9. Narasimhan, M.K., Need for Indirect Intervention of Government in the Marketing of Groundnut, A Case Study of Raichur Market, Agricultural Marketing, Vol.XXX, No.1, April-June, 1987, p.27.

share quoting minimum possible price in the peak market period and maintaining small variations in the prices of oils. The indirect intervention of government in the marketing of groundnut on similar lines to that of cotton marketing was badly needed to maintain the parity between the producers price and the consumers price.

### C. Need for the Study:

The introduction of high yielding varieties and new technology in agriculture has no doubt, resulted in a break through in agriculture in the state, thereby generating increasing marketable surplus, but the interest taken by producer cannot be sustained and further promoted unless, he is assured of an orderly and efficient marketing of his produce. The Indian producer, on the other hand, was not getting adequate returns commensurate with labour and investments due to the intervention of middlemen and due to the prevalence of many malpractices in marketing. A number of unfair practices like short-weight, unauthorised deductions and high rates of commission and charges prevalent in most of the markets take away substantial share of the price received by the farmers and place them at a disadvantage vis-a-vis the more organised sectors of trading class. Any programme of getting the producer-seller out of the situation, necessarily involves the break up of the monopoly power of the trader and taking measures to make the producer

directly connected with the marketing of his produce. This is to be done by creating a situation where the cultivator will have greater confidence, in being able to sell his interest. It is in these circumstances, the regulated markets have been set up.

The regulated markets have come to stay and are functioning in different parts of the state. There have been attempts to increase the number of markets in new areas and to strengthen the existing markets. Against this background, it is appropriate to examine how far the regulated markets have been successful in establishing an orderly and efficient marketing system by eliminating all sorts of malpractices and what additional steps are to be taken to improve their performance.

#### D. The Present Study:

Though some studies were made earlier on regulated markets situated at different places, problems peculiar to a certain locality or area may stand in the way of development of the market in that area. Thus, the present study is a modest attempt to examine the working of regulated market and to ascertain its role in the promotion of an effective and orderly marketing. For the purpose of study, regulated market at Kadiri which is in Anantapur district of Andhra Pradesh is selected.

### Objectives of the Study:

The objectives of the present study are as mentioned below.

- (i) To examine the effectiveness of regulated market in relation to infrastructure provided to the growers of groundnut.
- (ii) To understand the pattern of marketing channels for groundnut - a major product in the area under study, and
- (iii) To make an enquiry into problems being faced by the growers and to suggest the necessary remedial measures.

### Period of the Study:

The study covers the period from 1977-78 to 1986-87 i.e., 10 years. While 1977-78 constitutes base year of the study, the year 1986-87 constitutes the last year of the study being the latest year of data collection possible at Kadiri regulated market.

### E. Methodology:

Regulated markets being more in number in Anantapur district, the census method of study is obviously not possible for an individual with the limited resources and time. Hence it is proposed to follow sampling method by taking Kadiri regulated market for study. Kadiri Agricultural Market

Committee is one of the important market committees in Anantapur district. Under the supervision of Kadiri Agricultural Market Committee there are one principal market yard at Kadiri and 3 sub-markets at Mudigubba, Tanakal and Talupula.

In order to select the sample farmers, the areas of operation of Kadiri market is divided into four zones.

(1) Kadiri - East zone, (2) Kadiri - West zone, (3) Kadiri - South zone and (4) Kadiri - North zone.

From each zone two villages are selected at random. One village which is within a radius of 5 kms. distance to the Kadiri market and another village which is above 5 kms. of distance to the Kadiri market. From each village 10 farmers consisting of Big, Medium and Small and Marginal are selected. Thus the ultimate sample consisted of 80 farmers equally distributed in 8 villages.

List of Selected Villages:

(1) Kamatham Palli, (2) Muthyala Cheruvu, (3) Motoku Palli, (4) Kala Samudram, (5) Goddu Velagala, (6) Varigireddy Palli, (7) Nagireddy Palli and (8) Kutagulla.

**Selection of Respondents:**

The under mentioned table shows the number and classes of farmers selected on the basis of distance in respect of Kadiri regulated market.

**Table 2.1**

**CLASSES OF FARMERS BASED ON DISTANCE TO REGULATED MARKET  
KADIRI**

S.No.	Classes of Farmers	Above 5 kms.		Below 5 kms.	
		No. of farmers	Percent- age to total	No. of farmers	Percent- age to total
1.	Big Farmers	8	20	8	20
2.	Medium Farmers	16	40	16	40
3.	Small and Marginal Farmers	16	40	16	40
Total		40	100	40	100

- 1) Big Farmer : A farmer with a landholding of above 10 acres.
- 2) Medium Farmer: A farmer with a landholding of 5 and 10 acres.
- 3) Small and Marginal Farmer A farmer with a landholding of below 5 acres.

### Sources of Information:

Two types of data are used in the study.

#### 1. Primary Data:

Primary data is collected in the course of interviews with the farmers.

#### 2. Secondary Data:

Secondary data is obtained from the Annual Administrative Reports of Agricultural Market Committee, Kadiri, Assistant Director of Marketing, Anantapur and the Director of Marketing, Government of Andhra Pradesh, Hyderabad.

In addition to the above, other publications on Agricultural Marketing which are available in National Institute of Rural Development, Rajendra Nagar, Hyderabad and Osmania University are used. The present study is mainly based on the Primary data and the secondary data is used wherever necessary. The data is collected by personal canvassing of schedules among the farmers selected at random in the concerned villages. Schedule for the farmers consists of 3 sections. Section A contains questions such as name, age, education, annual income and expenditure, extent of loan, institutional and non-institutional sources from which loan taken. Section B includes questions on land particulars, irrigational pattern, crops cultivated etc.,

Section C contains questions on regulated market such as awareness of market prices, distance to regulated market, transport facilities, quantity of the commodities marketed, prices of the commodities, facilities available in regulated market and market practices etc.

**F. Data Analysis:**

Simple statistical measures such as percentages and averages are used for the data analysis and interpretation.

**G. Limitations of the Study:**

The present study is limited mainly to the marketing of groundnut as it is only the commodity which is traded in Kadiri market in large quantities.

Time and finance are the limiting factors, making sample study confined to eight villages only. In spite of utmost care taken in extracting figures from Annual Administration Reports of Agricultural Market Committee, Kadiri, some errors might have occurred. However these things do not stand in the way of presenting a meaningful study.