Chapter – I

INTRODUCTION
1.1. INTRODUCTION

India is one of the largest producers of oilseeds in the world and occupies an important position in the Indian agricultural economy. It is estimated that nine oilseeds, namely, groundnut, rapeseed-mustard, soybean, sunflower, safflower, sesame, niger, castor and linseed, accounted for an area of 23.44 million hectares with the production of 25.14 million tonnes during the year 2003-04. Groundnut is called as the ‘king’ of oilseeds. It is one of the most important food and cash crops of our country. While being a valuable source of all the nutrients, it is a low-priced commodity. Groundnut is also called as wonder nut and poor men’s cashew nut.

Groundnut is one of the most important cash crops of our country. It is a low-priced commodity but a valuable source of all the nutrients. Groundnut is the sixth most important oilseed crop in the world. It contains 48-50% oil and 26-28% protein, and is a rich source of dietary fiber, minerals, and vitamins. Groundnut is grown on 26.4 million ha worldwide with a total production of 37.1 million metric t and an average productivity of 1.4 metric t/ha (FAO, 2003). Over 100 countries worldwide grow groundnut. Developing countries constitute 97% of the global area and 94% of the global production of this crop. The production of groundnut is concentrated in Asia and Africa (56% and 40% of the global area and 68% and 25% of the global production, respectively).

Cultivated groundnut (Arachis hypogaea L.) belongs to genus Arachis in sub tribe Stylosanthinae of tribe Aeschynomenea of family Leguminous. It is a self-pollinated, tropical annual legume. At locations where bee activity is high, some cross-pollination can occur (Nigam et al., 1983). Cultivated groundnut has two subspecies, hypogaea and fastigiata, which in turn have two botanical varieties (var, hypogaea and var. aequatoriana). Each of these botanical varieties has different plant, pod and seed characteristics (Krapovickas and Gregory, 1994). However, most of the commercially cultivated varieties belong to the hypogaea (common name/market type: Virginia or runner), fastigiata (valencia), and vulgaris (Spanish) botanical
variety groups. The characteristics of these three botanical varieties are described below.

1.2. GROUNDNUT CROP

Commercial crops have been contributing a significant portion to the growth of Indian economy. Among the major commercial crops, groundnut crop is an important one in the rain fed as well as in the irrigated areas. From the export point of view groundnut and groundnut oil constitutes the most important items of agricultural exports. India ranks second place in the world after China in the production of groundnut. The three southern states of Andhra Pradesh, Tamil Nadu and Karnataka and the western state of Gujarat together account for nearly 80 percent of the annual output of groundnut crop in India.

Groundnut is grown under different agro-climatic conditions. It is used for a variety of purposes like soaps, cosmetics, paints, lubricants and a series of other products along with the regular consumption purpose as edible oil. It is a source of fat, protein and vitamins. Groundnut cake is used as nutritive feed to cattle as well as source for the supply of organic manure. It has an excellent export potential for India. Groundnut, thus assumes a vital role in the agricultural economy of the nation. Especially groundnut is the only important commercial crop in the dry land areas of the country and also it is the only major commercial crop in the drought prone district of Anantapur in Rayalaseema region of Andhra Pradesh. So, the district headquarter of Anantapur is called as ‘Groundnut City’ like Bangalore as ‘Green City’.

1.3. PROBLEMS OF GROUNDNUT CULTIVATORS

The groundnut cultivation is mainly depending on rainfall in the dry land areas like Anantapur district, where the annual average rainfall is low comparatively with the other districts in the state as well as in India. Unequal rainfall is the cause for low yield of groundnut in many parts of the country. The other major problems of groundnut cultivators are non availability of
quality seeds and other inputs of groundnut crop. The farmers are mainly depending on non-institutional facilities for agricultural operations. Recently the groundnut cultivators are facing the problem of agricultural labour due to implementation of NREGS in the country. Due to NREGS the bargaining capacity of the labour has been increased for that reason they are demanding high wage rates which are not remunerative for the traditional crop cultivators in the rainfed areas of the country. Due to poor transportation and inadequate storage and warehousing facilities the groundnut cultivators are also facing the marketing problems for their produce. The reasons for low groundnut yields in India are low plant population because of:

- high cost of seed,
- small and marginal farmers cannot afford the seed costs,
- small farmers do not want to invest on seeds as the crop is exposed to vagaries of rainfall leading to uncertain yield,
- most of the farmers use local seed which may be of poor quality,
- being a rain fed crop lack of optimum soil moisture at the time of sowing affects germination,
- non-adoption of seed treatment against seed-borne diseases may lead to decay and death of seed/seedling,
- cultivated in marginal and poor soils of low fertility status,
- farmers rarely apply fertilizers fearing crop loss due to failure of rains,
- multi nutrient deficiencies also contribute towards the decline in yields in any groundnut growing areas,
- use of complex fertilizers lead to deficiencies of Calcium and Sulfur affecting the yields,
- no irrigation facilities to protect the crop from soil moisture deficit during breaks in rainfall during monsoon season, and
- neglected weed, insect pests and disease control.
1.4. SCENARIO OF DISEASES IN GROUNDNUT CROP

- Diseases are major constraints to groundnut production throughout the world.
- In general diseases cause 40 to 60% yield loss.
- The major yield loss comes from fatal diseases like bud necrosis.
- Although, many diseases infect the crop, only a few cause significant reduction in yields.
- Diseases leading to Aflatoxin contamination of pods and kernels are very injurious to the health of livestock and human beings. Aflatoxin has become the subject of concern in agriculture, as well as in animal and human health on a global scale.

1.5. PROBLEMS AND PROSPECTS IN THE MARKETING OF AGRICULTURAL COMMODITIES

Marketing is a key economic factor. Technological revolution, better communication and introduction of money economy increased the size of market and marketing. The concept of marketing is too significantly applicable to the agricultural economy. The process of marketing in agricultural produce is as much enough as comprehensive. Agricultural produce has become a very complicated process beyond the comprehension of the producer. The tempo of the agricultural production, objectives of Green Revolution and the underlying motto of agricultural economy could be achieved by providing proper marketing services to the agricultural producers. Marketing has been considered as an important segment of the agricultural production programme and it serves as an indicator for determining the rural development programmes which collectively lead to the development of economy.

Academicians recognized that there is a close relationship between the economic development and the agricultural marketing. Mathiyas was stated that the marketing perhaps it's greatest and most enduring role to play in the regeneration of agriculture in bringing the rural community into the main
stream of national life. All this clearly indicates the need for an efficient market infrastructure without which the farmers may not realize in increasing the production.

The Royal Commission on Agriculture has emphatically stated that unless the cultivator can be certain support of securing adequate value for the quality and purity of his produce, the effort required for improvement will not be forthcoming. It is considered that the agricultural marketing occupies a predominant place and majority of the Indian population depends on agriculture since it is their main occupation. Indian agricultural producers remained economically weak. Further, they are unorganized which made them amenable to exploitation. But, the middle-men/traders become stronger.

The farmer is successful if there is a monetary gain for the increased output through increased yields coupled with remunerative price by better marketing service. The conditions under which the farmers dispose of their production and the price that they realize have a significant bearing on production activities. Therefore, greater attention and care is needed to improve marketing system to sell the agricultural products. The entire production of different agricultural commodities does not go to the market. It depends upon the marketable surplus, immediate need for cash, price trend and availability of storage facilities.

The marketable surplus depends upon the level of production on the one hand and the farmers’ household requirements on the other. Marketable surplus is the residual left to the producer after meeting his family consumption, farm needs and wage payments to agricultural labour in kind. Marketable surplus is the quantity of sale irrespective of the requirement of a cultivator. Marketing of agricultural produce is no less importance than production and consumption.

The experiences and market development are interdependent. The production and marketing are the basic elements of agricultural system. Desai (1982) described that the marketing of agricultural produce is as important as
the production itself which is a basic element. Faruqui Nayyar (1972) said that as a link between producers and consumers, marketing plays a very important role, not only in stimulating production and consumption but also in increasing the pace of economic development. According to the United Nations Conference on Food and Agriculture held in October 1945 at Quebec, marketing is crux of the whole food and agriculture problems.

It will be useless to increase the output of food and would be equally futile to set up optimum standards of nutrition, unless means could be found to move food from the producer to consumer at a price which is remunerative to the producer and is within consumers' ability to pay. Thus, the success of any agricultural development programme rests ultimately on the efficiency of the marketing system. According to the National Commission on Agriculture, Agricultural Marketing is a process which starts with decision to produce a saleable farm commodity and it involves all aspects of market structure, both functional and institutional, based on technical and academic considerations and includes pre and post-harvest operations such as assembling, grading, storage, transportation and distribution. In the marketing system, three entities are involved.

They are the producer, the consumer and the middleman. Shortage of storage facility, expansion of middlemen and their malpractice, high degree of illiteracy and ignorance of farmers, increased demand for agricultural produce from urban population and added greater marketable surplus together has called for rapid improvement in the existing marketing system. The economic progress and market development are interdependent. Various problems which embrace all faces of economic activity including production, distribution and consumption are suitably tackled otherwise economic progress gets arrested.

Improving technology is one of the major measures adopted by the advanced countries for promotion of economic progress. Therefore, sound agricultural marketing system is a must for the economic development of the farming community. Now-a-days, the farmers' main concern is profitable
marketing of farm produce. The farmer will be convinced when he is assured of a good market for his produce. If the farmer's income is to be enhanced appreciably, the adoption of improved production techniques must be hand in hand with efficient marketing of agricultural produce.

1.6. REVIEW OF LITERATURE

The various research based studies were undertaken in the past on the problem of groundnut cultivators 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 Anantapur district of Rayalaseema region in Andhra Pradesh.


The publication brought out by the Directorate of Marketing and Inspection, Government of India. Survey of working of regulated Markets, described some aspects relating to the working of regulated markets in various States in 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 in nine regulated markets 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 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.

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. 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 analyse the returns accrued to the farming community from regulated and unregulated markets, with specific reference to groundnut 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 measure cause of efficiency. 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, and 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 the 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 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. 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, they 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. 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. 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 organised 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. 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 been contact with outside world, nor one in touch with the trend of market conditions. 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. 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. 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 Pradesh 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. Raji Reddy (1991) examined the marketing of chillies in Andhra Pradesh with special reference to the selected chillies producing districts in Andhra Pradesh viz., Guntur, Warangal and Anantapur.

He examined the cultivation and marketing practices of chillies 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 chillies. 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 (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 minimise the price rise for this commodity. Gupta, A.P. and Mukesh
Shrivatsava (1993), stated that the 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.


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.

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 Anantapur in Rayalaseema region of Andhra Pradesh. Hence, the present
study has been carried out to discuss the problems and prospects of groundnut cultivators in Anantapur district.

1.7. IMPORTANCE OF THE STUDY

Though some research based studies have been undertaken in the past on the problems of groundnut marketing and other aspects of groundnut cultivators, they are mostly at a macro-level. Apart from this, not a single study has been undertaken so far, to enquire into the various problems of groundnut cultivators in Anantapur district and to evaluate the role of government and other institutional agencies including regulated markets in this regard. Anantapur district is a leading producer of groundnut in Andhra Pradesh. Anantapur district is a major groundnut producing area in the state of Andhra Pradesh. However, the groundnut cultivation is mainly depends on rainfall in the district.

The attack of various diseases to this crop and also the availability of inputs is meager for the groundnut cultivators. In Anantapur district, twelve regulated markets have been established and it is reported that the producers, traders and a number of officials of market committees are experiencing varied problems in the marketing of groundnut in these regulated markets in this district.

Therefore, it was felt that a thorough research-based study should be conducted to bring this problem into the limelight and motivate the officials and non-officials to sort out these problems. This major deficiency has provoked the researcher to take up this research work. This study seeks to explore the problems of credit facilities, availability of other inputs, control of diseases and marketing of groundnut for both the regulated markets and non-regulated markets in Anantapur district.

A fund of information has been collected from a number of primary sources to acquire a first hand and practical insight into the various problems experienced by the groundnut producers in the cultivation and marketing of groundnut in Anantapur district. This study will definitely be of immense
help to all those people engaged in the groundnut production and marketing not only in Anantapur district but also elsewhere in the state. Apart from this, the various suggestions, conclusions, observations, analysis and findings, etc., brought out in the course of this research work and to be incorporated in the study will definitely provide specific guidelines in future activities to a number of persons connected either directly or indirectly with the groundnut production.

1.8. OBJECTIVES OF THE STUDY
The major objectives of the present research study are:

- to examine the importance of groundnut crop and its role in agriculture,
- to assess the importance of groundnut crop,
- to study the profile of the study area and the sample farmers,
- to analyse the socio economic conditions of the groundnut farmers in the study area,
- to identify the problems and prospects of sample groundnut farmers in Anantapur district,
- to suggest suitable measures to increase the production of groundnut in the rain fed area like Anantapur district.

1.9. METHODOLOGY

For the purpose of selecting the groundnut cultivators, a simple random sampling method was adopted. In the first stage, Rapthadu mandal in Anantapur revenue division of Anantapur district was selected. In the second stage three gram panchayats namely Rapthadu, Bandameedapalli and Gondireddypalli were selected. In the last stage the sample groundnut farmers were selected on the basis of the simple random sampling method. This altogether covers 99 sample groundnut cultivators in the study area.
1.10. SOURCES OF DATA

The study is based on both primary and secondary data. The main sources of primary data are the groundnut producers. To elicit the information from the groundnut producers a questionnaire has been designed and administered to a selected cross section of groundnut producers in the sample villages. A pre-tested schedule was administered to the cultivators in eliciting their responses to groundnut cultivation and its related issues. Besides the above, the personal interview method was also adopted to make group discussions and observations for the study purpose. Apart from this, visits were also made to the market centers to observe the procedures at the markets. The secondary data was collected from the relevant offices and the libraries in the state and from the Chief Planning Office of Anantapur district.

1.11. SCOPE AND LIMITATIONS OF THE STUDY

Groundnut is one of the most important oil seed crop in Andhra Pradesh. Again in Andhra Pradesh, Anantapur district is one of the leading producers of groundnut in the State. Because of its multifarious uses and significant commercial value, apart from its being an importance as edible oil in the entire country there is an ever increasing demand for groundnut not only for industrial and business purposes but also for domestic consumption purpose. This study is purely a micro-level study conducted at a mandal level. The primary data required for this research work was collected from the groundnut producers. The present study is based on survey method by direct personal interview with a well designed schedule.

1.12. STATISTICAL TOOLS

For the purpose of analysis of the data, simple percentages, averages, bar diagrams and pie diagrams have been adopted wherever necessary to interpret the data in a relevant manner.
1.13. CHAPTERISATION

Chapter one is introduction covering importance of the study review of literature, objectives, methodology, scope and limitations of the study and chapter scheme.

Second chapter is devoted to analyse the status and importance of groundnut among the oil seeds and its uses as well as its position in the agricultural economics.

The profile of the study district and the characteristics of agriculture in the district are presented in third chapter.

The problems and perspectives of sample groundnut farmers have been discussed in the fourth chapter.

The fifth chapter is entirely devoted for summary of finding and suggestions for policy implications.
1.14. REFERENCES


