CHAPTER II

RESEARCH DESIGN AND METHODOLOGY
This chapter discusses the statement of the problem, review of literature on Regulated markets, rationale of the study, objectives and other methodological issues of the present study.

Introduction

Looking into the importance of agriculture in the Indian context many institutional and non-institutional provisions are made both at National and State level from time-to-time for agricultural development. The Regulated Agricultural Markets are the such institutions established in India by the recommendations of the Royal Commission on Agriculture in 1928. The Regulated Agricultural Markets came into existence in Andhra Pradesh with the enactment of the Andhra Pradesh (Agricultural Produce and Livestock) Markets Act, 1966. Subsequently, the act was amended and added some more rules or provisions for the constitution of market committees in 1969. With the hope that the agricultural development can be possible with effective and efficient organizational structure and management of markets at micro level.
STATEMENT OF THE PROBLEM

Regulated Markets occupy a place of paramount significance in the contemporary rural marketing scenario in India. From an almost non-entity on the socio-economic horizon of the country in the late 1960's, the institution of regulated markets has today emerged as the most powerful instrument to revamp and radicalize the age-old and tradition bond system of rural marketing in India. The remarkable growth of this institution over the last three decades speaks volumes of its fast growing popularity. The advent of regulated markets has undoubtedly helped in mitigating the markets handicaps of producer-sellers by releasing them from monopolistic powers of village traders. In addition to this protective function, the regulatory apparatus has also helped in making the marketing system more efficient.

Creation of long cherished marketing infrastructure, introduction of standardized marketing practices, predetermined, reasonable and standardized market charges, correct payment, open auction system of sale with sound organizational set-up and operational performance are some of the causes of their successful functioning.

Empirical studies into the working of Regulated Markets have revealed that they are yet to bring about substantial change in the traditional system of rural marketing. The observations of these studies
may be debatable, but it can hardly be disputed that the organizational and operational efficiency of Regulated Agricultural Markets has not reached its zenith. Hence, it is high time that the problem areas of Regulated Agricultural Markets are to be carefully identified and suitable remedial measures must be initiated for their effective functioning. The present study seeks to make a modest attempt to study the organizational structure and management performance of Regulated Agricultural Market of Kurnool in Andhra Pradesh.

REVIEW OF LITERATURE

Realising and recognising the importance of agriculture sector in general and Regulated Agricultural Markets in particular, some research studies are made. Here under, an attempt is made to review some of the studies made on agricultural and also Regulated Agricultural Markets.

Kadam (1963)\(^1\) his paper titled "Regulated Markets in Andhra Pradesh," observed that the traders had a big say in the affairs of the agricultural market committee and also that the nomination of grower-member to the market committees was done on political considerations.

Jasdanwala (1977)\(^2\) in his study on "Marketing Efficiency in Indian Agriculture" stated that Indian Agricultural Market are fairly competitive and need some improvement especially in transport, grading system and
the adoption of fair market practices for the efficient functioning of the agricultural markets.

Uppal, 1978) described in his study that the most important institutions in the field of Marketing of Agricultural Produce is the Regulated Market. According to him, in order to prevent exploitation of the rural producer, creation of adequate marketing facilities must receive high priority in any scheme of rural development. He pointed out that the usefulness of Regulated Markets in our rural economy and hopes that this important programme would receive much greater attention in the coming years.

Shyam Narayan, (1981) made a study on “the Role of Regulated Rural Market in Kerala”, and concluded that the successful working of regulated markets the co-operative marketing structure has to be revitalized and streamlined. He further opined that the net work of co-operative marketing societies can be acted as adjunct to the regulated market scheme.

Goswami (1982) studied “the role of Regulated Markets in Agricultural Marketing” as compared to that of the unregulated markets. The study focused itself on the extent to which regulated markets were helping the producer-seller in their marketing activity and also identified some loop-wholes in the functioning of regulated markets.
Ravilochanan (1983)\textsuperscript{6} made an evaluative study titled “Impact of Regulated Markets on Marketing Efficiency in South Arcot District”. The study covered the channels of marketing involved in the process of groundnut marketing and also the price-spread in between the markets in order to examine the efficiency of selected regulated markets.

Narasimhamurthy, (1984)\textsuperscript{7} made a study on “Performance of a Regulated Markets in Andhra Pradesh – A Case Study of Warangal District.” The study was focussed on physical and financial performance of the regulated markets. It was found that a large number of commodities with fair quantity of marketable surplus were notified for regulation in Warangal District. But, wide gap existed between the notified commodities and the commodities actually transacted in the market. Therefore, he suggested that better trading facilities should be offered in a market, where large number of commodities were not transacted.

Siva Rama Prasad, (1985)\textsuperscript{8} in his study “Agricultural Marketing in India” examined the working of regulated markets and assessed their role in facilitating an orderly marketing of agricultural produce in Andhra Pradesh. The study also measured the operational and financial efficiency of the selected markets. It was found that more than 70% of the disputes centered around the quality of produce in all the markets. It was observed in the study that in all the selected markets, market fees, licence fees
constituted the major sources of income. On the expenditure side, the major items were establishment and amenities. The study also suggested that the market committee should act as an intermediary between the producer and the buyer.

Mohammed Ekbal Menon, (1986)\(^9\) made a study on “Regulated Markets of Raipur District” with specific reference to paddy marketing. The study focussed on the temporal and spatial efficiency of the regulated markets. Further, the author made only a passing reference to production and other allied activities such as supporting prices, which need an in-depth study.

A study was made by Acharya., and Meena., (1987)\(^10\) to identify the causes of under utilization of Agricultural Produce Market Yards. They found that traders resisted in shifting to new market yards. They suggested that allotment of residential class to traders in the vicinity of market yards, establishment of retail shops, transporting agency, improving the auction procedure seiving and cleaning of produce are some of the measures to be taken up for effective functioning of Agricultural Produce Market Yards.

Sankaraiah and others (1987)\(^11\) in their paper on “Performance in a Regulated Market” found that there is a gap between the number of notified commodities and the commodities actually entering into the
market. They were under the opinion that to some extent it may be due to low production and low marketable surplus but to a large extent performance it is due to the prevalence of sales in the village itself.

Mishra (1988)\textsuperscript{12} studied the impact of Regulated Markets on food grain production and the income of the producers. In this study the author studied two groups of farmers i.e., farmers selling through Regulated Markets and others in open market. He found that per hectare annual income is more for those farmers selling through Regulated Markets compared to those selling in the open market.

Bhatt, (1989)\textsuperscript{13} while stressing the need for imparting knowledge to farmers in Regulated Market Activities, stated that training given to farmers helped to a larger extent in knowing the objectives and functions of Regulated markets. The author inferred that the efficiency in the working of regulated market will be increased by awakening the farmers in various aspects of regulated markets.

Biradar., (1989)\textsuperscript{14} made a study on “Effectiveness of Regulated Markets in protecting the interests of cultivators. His study stressed to examine the effectiveness or regulated markets in protecting the farmers from the unfair trade practices of brokers and traders, etc., in selected market yard and also studied the marketing system of regulated market.
It is also found in the study that there is no incentive scheme for the agricultural farmers. Therefore, he suggested that it is necessary to start the incentive programmes like providing higher prices to their produce, gunny bags, other agricultural inputs at concessional rates and charging lower market fees etc., in order to make regulated market more attractive to the farmers within the State but also outside the State.

Ram, (1989)\textsuperscript{15} in his paper on "Agricultural Marketing" stressed the need for training programme to the personnel of agricultural market yard. He further opined that the training programme should cover all the important aspects such as structure, functions, planning, efficiency and strategies of marketing system.

Bhogappa (1990)\textsuperscript{16} made a comparative study of "the market practices in the well-developed (command areas and backwardness" and concluded that the farmers of backward (non-command) areas were not aware of the objectives behind regulation of markets. Further, he remarked that scientific market information was not forth-coming from the regulated markets and also the infrastructure in the regulated markets located in non-command or backward areas were inadequate.

Saxena (1990)\textsuperscript{17} examined on "Regulated Agricultural Markets in Rajasthan" and identified storage, transportation, delay in clearing, weighing and auction, delayed payment, price variation, unauthorized
deductions, inadequate market intelligence are some of the problems crippling the functioning of Regulated Agricultural Markets in the State and urged immediate attention on these problems.

Doddaiah and Changappa (1991)\(^{18}\) studied the Impact of Regulated Markets by taking price spread as a measure of efficiency. The authors studied how the Regulated Markets were connected with the terminal markets with a view to analyzing the variations in prices in different types of markets.

Jain and Jain., (1991)\(^{19}\) critically examined the role of regulated market in Agricultural Marketing. The authors were of the opinion that the regulated markets 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 through regulated market is price incentive.

Shringi's (1991)\(^{20}\) study on the impact of Regulated Markets on cropping pattern, employment and income. The study examined the above aspects at two points of time i.e., before and post regulation periods. No doubt, the study indicated some positive as well as negative changes. It was found that cropping pattern is influenced by several factors like seasonal conditions, prices of the commodities, government policies, farmers' attitudes, etc.
Kulakarni,21 in his paper lamented that the functioning of the Regulated Markets is unsatisfactory in Sholapur District of Karnataka, though the success of the Market Committee depends on the administrative staff but in his study the market committees showed an apathy in complying with the legal requirements of qualifications of their secretaries and authorities also did not bother about such deficiencies. According to him in order to effective functioning of regulated markets the administrative set-up of the market committee need to be systematized and market yards have to be built-up properly without much delay.

Bhaskhar., (1992)22 in his thesis, "Role of Regulated Markets in Agricultural Marketing in Rayalaseema Region," tried to compare the functioning of regulated markets in Kurnool and Anantapur Districts. He concluded that the Regulated Markets should not just satisfied with mere increase in their number but should strive to adopt a holistic approach to serve farmers more effectively. He also urged that a band of dedicated staff of agricultural market committees is need of the hour for effective functioning of Regulated Markets.

Narasimha Reddy (1993)23 made a case study on "Performance Appraisal of Regulated Markets, Market Committee of Proddatur in Cuddapah District of Andhra Pradesh". He found that awareness among the farmers about the regulated market is low, rural transportation is not
conducive, lack of minimum support price, in convenient working hours of regulated market are some of the problems need to be attended for the development of regulated Agricultural Markets.

Raji Reddy (1995)\textsuperscript{24} in his study on "Evaluation of Marketing Services in Regulated Markets," highlighted that the regulated market played a crucial role in improving market conditions of agricultural products. He was of the firm opinion that if properly managed, these markets can overcome most of the deficiencies at market level and ensure for justice to producer/seller as well as traders.

Manoharan., and Pandiarajan., (1996)\textsuperscript{25} in their study on knowledge level of farmers about regulated markets found that the participants had higher knowledge about regulated market than the non-participants. The findings also indicated that the increase in knowledge level of farmers about the regulated market increased their participation. Therefore, they suggested that appropriate measures are to be taken up to increase knowledge level of farmers about the regulated markets.

Narasimhamurthy and Raja Reddy (1996)\textsuperscript{26} examined the environmental factors affecting the agricultural market systems in India. The study specifically touched upon the economic, socio-cultural, technological and climatic factors on agricultural marketing. They held that in view of the fast changes taking place in the overall environment
marketing system will have to be geared up to the needs and expectations of the people. Besides, they suggested that the suitable pricing policies must be evolved by the government to ensure adequate reward for produce and reasonable prices to ultimate consumer.

Rahman and Sharma (1997)\textsuperscript{27} in their paper "Agricultural Marketing - Thrust and Challenges" emphasized that if the farmers in India are to secure a fair price for their produce, if the benefits of the globalisation of the Indian economy are to be secured the government will have to remove the impediments and hurdles in the way of agricultural marketing. In their concluding remarks they said that financial institutions, co-operative marketing societies and regulated markets will have to be streamlined and strengthened.

Shreenivas and Shankaraiah (1997)\textsuperscript{28} in their study assessed the performance of a Regulated Markets in the Telangana Region of Andhra Pradesh. They inferred that for achieving the higher performing of the regulated markets concerted action on the part of the functionaries, market authorities and producer-sellers in improving market amenities, protecting producer-sellers from forced sale by providing storage and credit facilities, and also eliminating un-ethical practice so as to improve the confidence of the producer-seller in the market.
Singh (1997)\textsuperscript{29} in his study "Whither Regulated Markets identified certain key problems of regulated markets" suggested suitable remedial measures. It was found in the study that the constraints regarding the effective performance of regulated markets are varied and multidimensional. While a good number of the handicaps emanate from the faulty working of the institution itself, many more have, of late, sprung up in the wake of tremendous changes in the pattern of production and marketing consequent upon the recent globalisation of our economy.

Narasimha Rao (1998)\textsuperscript{30} in his thesis on "Marketing of Tamarind in Rayalaseema" identified some of the bottlenecks which come in the way of functioning of regulated markets. More specifically, he found that inadequate staff, lack of sincerity in supervisory staff are the lapses which hardly help the regulated markets in getting better income.

Gangwars' (1999)\textsuperscript{31} study on "Developing an Efficient Marketing System" laid emphasis on marketing aspect and observed that the prosperity of farmer and success of any policy on agriculture improvement depend to a very large extent on a marketing facilities made available to them. The study also concluded that efficient system of market intelligence has to play an important role in the formulation plans and policies by the government and their implementation. Carrying out trading activities efficiently and enabling the producers and the
consumers to derive maximum advantages from a given situation of supply and demand. Finally, it suggested that there is need to provide reliable and timely market intelligence, data especially in commensurate with commercialization of agriculture.

Jagadish Prasad (1999) in his paper entitled "Agricultural Marketing in Bihar" from socio-economic dimensions stressed that regulated market should be concentrated more in areas with large agricultural marketable surplus and areas within bullock-cart distance from the cultivator's field; it also suggested that market yards in the rural areas should be developed on warfoot basis by giving emphasis on road connections.

Prasad (1999) in his paper captioned "Agricultural Marketing Problems and Prospects" assessed the impact of multifarious agricultural marketing development programme and held that the management of the regulated market is lacking professionalism, the market committee officials are weak by comparison with them. Besides, the paper pointed out that the efficiency of the regulated market is still not maximum because they are poorly equipped in terms of both physical and human infrastructure which can't cope with the task.

Ravikumar, et.al., (1999) attempted to examine the market performance of intermediaries handling cotton and groundnut which in
turn has been interpreted in terms of competitiveness of the market. The study concluded that Adoni Regulated Market showed a good performance in providing competitive trade to the farmers. This happened, according to the authors, the farmers visiting the market were satisfied with the method of sale, payment of sales proceed and more over the market committee were succeeded in providing desired amenities and facilities to the farmers.

Devaraja (2000) examined and compared the extent of variation in the wholesale prices of vegetables in a regulated and un-regulated markets. The study also tried to identify the problems faced by the farmers in the present system of marketing of vegetables. They further asserted that though the existing facilities in the regulated market scored over those in unregulated market there is a wide scope for their further improvement.

Ghosh, (2000) in his study on “Role of Bihar State Agricultural Marketing Board in improving Marketing Efficiency” - identified explicitly the role of the Bihar State Agricultural Marketing Board in increasing marketing efficiency. It is observed in the study that quite a sizeable proportion of small farmers sell their produce in the rural market. Therefore, he emphasized that a proper linkage between rural markets and secondary markets should be strengthened so that price disparities may not be higher and the farmers even at the rural markets
level should set the prices equal to urban whole sale market centres. The construction of rural roads and rural godowns should be further extended. Besides, rural markets should be regularised with the enforcement of regulatory measures.

Purnanandam, & Kumar (2000) in their paper on “Standardization in Regulated Market Yards” touched upon trends in marketing practices and standardization efforts in Regulated Market Yards. The paper identified that most of the markets are congested and lack even basic amenities. In some cases, according to the authors, the markets were not originally planned for the quantity of produce they have had to handle latter and it affected their efficient working.

Ravi Kumar, et.al., (2000) diagnosed the problems in Regulated Markets in Andhra Pradesh. They found that Agricultural Markets in Andhra Pradesh were confronted with problem both at organisation level and performance level. They urged that there is a need for an integrated approach for promoting agricultural marketing by several State Departments like Agriculture, Rural Development, Planning, Statistics, Public works and Public relations, etc.

In an another study on “Regulated Market: Short Coming and Correctives”, Singh (2000) opined that regulated market occupied a place of paramount importance in the contemporary agricultural
marketing scenario in India. He further suggested that creation of long
cherished marketing infrastructure, introduction of standardized
marketing practices, pre-determined, reasonable and standardized
market changes, correct payment, open auction system of sale and so on
are some of the parameters of their successful functioning.

RATIONALITY OF THE PRESENT STUDY

As is known the traditional marketing system is characterized by
the usually high marketing costs, poorly few marketing channels, high
risk in the absence of market intelligence, high price variations due to
dominant speculative class and many other malpractices like
unauthorized weights and arbitrary deductions. In such imperfect
marketing conditions, the marketed surplus passes through number of
intermediaries until it reaches the consumer. These intermediaries charge
profit as a cost of their labour and entrepreneurship. As a result, out of
the total profit generated on any output, the share of the producers
(excluding the cost of cultivation) remains negligible and the major part
of the profit is apportioned by these intermediaries. Thus, process of
surplus appropriation (which is varied in type and intensify) reduces the
resources available to producers either for production, for consumption
or for investment and saving. Consequently, it has neutralizing effects on
the growth and development of agriculture and producer in two ways: (1)
low returns from marketable surplus as a result of defective marketing
organisation result in low income, low savings, low investment, low
agricultural production, low marketable surplus and low bargaining
power. The vicious circle of rural poverty thus starts with low and ends
with low, (ii) the demand pattern of these intermediaries are quite few for
agricultural products but quite for large for non-agricultural products
which leads to boosting of non-farm sector. In other words, the amount of
surplus capital generated by the farmers in the form of surplus of
agricultural produce which should have been invested in agricultural
sector is siphoned off to non-agricultural sector leaving the agriculture in
its subsistence level. In these circumstances, the necessity of introducing
the market regulations in agricultural marketing is most required.
Besides, the State of Andhra Pradesh is known for its agriculture and
Kurnool district is not an exception. The need for effective Regulated
Agricultural Markets with their sound organizational structure and
efficient management practices is the order of the day and need of the
hour for agricultural development. Besides, so far no study of this nature
is undertaken in Kurnool district especially on Regulated Agricultural
Market, Kurnool. Hence the present study is undertaken.

OBJECTIVES OF THE STUDY

The main objective of this study is to investigate the organizational
set-up and managerial performance of Regulated Agricultural Market in
Andhra Pradesh with special reference to Kurnool Regulated Agricultural Market. However, the specific objectives of this study are:

1. To study the growth and development of Regulated Agricultural Markets in Andhra Pradesh.
2. To study and examine the organizational structure, physical and financial performance of Regulated Agricultural Market, Kurnool.
3. To evaluate the operational performance of Regulated Agricultural Market, Kurnool.
4. To identify and analyse the problems of farmers associated with the Regulated Agricultural Market, Kurnool and
5. Finally to offer suggestions for effective functioning of the Regulated Agricultural Markets in general and Kurnool Regulated Agricultural Market in particular.

SAMPLING

Kurnool is one of the districts of Rayalaseema region and majority of its population depend upon agriculture. According to official records of the Regional Joint Director of Marketing, Cuddapah, there are about twelve Regulated Agricultural Markets in the region. Of these, Regulated Agricultural Market, Kurnool has been functioning well comparative to
other markets in the district. Hence, Regulated Agricultural Market, Kurnool has been purposively selected for detailed analysis.

In order to know the functioning of this Regulated Agricultural Market area 100 farmers and 50 employees have been selected purposively based on the major commodities that are being marketed by them through this Regulated Market. Their responses are formed basis for analyzing the collected information. Thus, altogether 100 farmers and 50 employees are selected and an interview-schedule is administered among them seeking their opinion on the functioning of the regulated market, Kurnool.

SCOPE OF THE STUDY

The study has been confined to study the organizational structure, physical, financial and operational performance of the Regulated Agricultural Market, Kurnool during the period from 1990-91 to 1999-2000.

METHOD AND SOURCES OF DATA COLLECTION

The data for the present study are collected both from the primary and secondary sources.

The primary data have been collected by administering an interview-schedule from the selected farmers by the researcher. In order
to arrive at the authenticated information, informal discussions are also made with officials and non-officials to elicit their opinions and impressions about the working of Regulated Agricultural Market, Kurnool.

The secondary data have, however, been collected from the published books, periodicals, journals, and reports published by Government of India, Government of Andhra Pradesh, the information from the Handbook of Statistics, Kurnool, the Annual Administrative Reports of Regulated Agricultural market, Kurnool, Reports and Records from Office of the Assistant Director of Marketing, Kurnool and the Directorate of Marketing, Government of Andhra Pradesh, Hyderabad.

STATISTICAL TECHNIQUES USED FOR THE PRESENT STUDY

For arriving at meaningful inferences the primary data are analysed with the help of percentages and the secondary data are interpreted by using the statistical techniques like - Trend values and compound growth rates (Time series) on arrivals of agricultural commodities and their valuation in terms of rupees, income and expenditure of Regulated Agricultural Markets of both Andhra Pradesh State and Kurnool. The following exponential function is used for the purpose.
\[ y = ab^x \]

\[ y = \text{Trend value (Actual values)} \]
\[ a = \text{constant} \]
\[ b = \text{value of variation} \]
\[ x = \text{independent variable} \]

To find the values of \( a \) and \( b \), \( y = ab^x \) can be rewritten by taking logarithms on both sides –

\[ \therefore \log y = \log a + x \cdot \log b \]
\[ \Rightarrow \sum \log y = \sum \log a + \sum x \cdot \log b \quad \text{--- (i)} \]
\[ \Rightarrow \sum x \cdot \log y = \log a \sum x + \log b \sum x^2 \quad \text{--- (ii)} \]

Here by \( x = 0 \), we get

\[ \log a = \frac{\sum \log y}{n} \]
\[ \log b = \frac{\sum x \cdot \log y}{\sum x^2} \]

**Compound Growth Rates**

\[ R = (\text{Antilog of } b - 1) \times 100 \]

\[ R = \text{compound growth rate} \]

\[ b = \log b = \frac{\sum x \cdot \log y}{\sum x^2} \]
The data are also shown with the help of appropriate graphic representation such as (a) line graph, (b) multi-bar diagrams, (c) circular diagrams, (d) pyramids, (e) pie-diagrams and (f) 3-Dimensional graph. The opinion of the farmers and employees on the functioning of Regulated Agricultural Market, Kurnool are, however, analysed on five-point opinion scale.

LIMITATIONS OF THE STUDY

1. Owing to time and financial constraints the study has been confined to examine the organizational structure, physical, financial and operational performance of regulated agricultural market yard, Kurnool only.

2. The farmer-respondents and employees are purposefully selected and their responses formed the basis for analysis and inferences.
REFERENCES


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