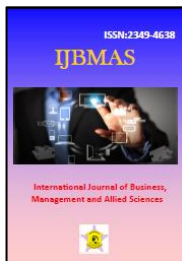

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**PROS AND CONS OF AGRICULTURAL MARKETING WITH SPECIAL REFERENCE TO
KRISHNA DISTRICT, ANDHRA PRADESH**

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ABSTRACT

Agro based industry is regarded as the sunrise sector of the Indian economy in view of its large potential for growth and likely socio economic impact specifically on employment and income generation. Some estimates suggest that in developed countries, up to 14 % of the total work force is engaged in agro-processing sector directly or indirectly. Agro-based industries are comparatively easy to establish and provide income in the rural areas with less investment. India has seen agriculture as a precious tool of economic development as other sectors of production depend on it. Efficient backward and forward integration with agriculture has led to globally competitive production system in terms of cost and quality. Cooperatives seem to be well positioned to coordinate product differentiation at the farm level and to integrate forward into value added processing activities. Indian agriculture can be balanced and made efficient through proper and better management practices. The conclusions drawn from the study reveals that agro-based industries need special attention for further development in Krishna district of Andhra Pradesh. Advanced management and marketing methods should be introduced in agro-based industries which cater to the export demand.

INTRODUCTION

More than three-fifths of India's population draws their livelihood from agriculture that adds just one-fifth to its GDP. There should be obvious serious concerns about efficient functioning of this sector both in terms of its output / productivity and its marketing. While output and productivity are supply side factors, markets provide an intermediate link between producers and final demand by consumers. Efficiently functioning markets add to welfare of producers as well as consumers. Interventions in domestic agricultural markets can affect the efficient allocation of resources negatively thus making domestic agricultural sector less competitive in international markets. There continues to be the recognition that agro-industrial development, even at the small and cottage industry levels, is critically important to the expansion and diversification of the agricultural sector in the Caribbean community. In Dominica, agro-industrial development could make a significant contribution to the transformation of agriculture and, by extension, rural and national development. Vibrant agro-industrial activities can expand the markets for primary agricultural products, add value by vertically integrating primary production and food processing systems and minimize post-harvest

losses. In addition such activities would reduce seasonality of consumption of a range processed foods, increase the viability, profitability and sustainability of production systems through their impact on increasing farm incomes, rural employment and foreign exchange earnings, while reducing marketing risks. However, with few exceptions, the agro-industrial sector remains rudimentary, underdeveloped and largely without significant institutional, technical and financial support. Thus being mindful of the pitfalls and obstacles to agro-industrial development, it may thus be instructive to re-examine some of the problems and constraints which have continued to plague this sectorⁱ.

Regulated markets are managed by Agricultural Produce Market Committees or APMCs, though in some states they may be given different names such as Agricultural Market Committees (AMCs) in Andhra Pradesh, Regulated Market Committees (RMCs) in West Bengal and so on. To promote direct interactions of producers with consumers in fresh produce, there have been farmers' markets in India in the form of Apni Mandis in Punjab, Rythu Bazaars in Andhra Pradesh. Rythu bazaars in Andhra Pradesh have been established in the state of Andhra Pradesh in year 1999 with prime objective to provide direct link between farmers and consumers in the marketing of fruits, vegetables and essential food items. There are presently 106 numbers of Rythu Bazaars in the State. Both producers and consumers are benefited from Rythu bazaars as producer's share in consumer's rupee is more by 15 to 40 per cent as compared to other markets and consumers get fresh vegetables, fruits and food items at 25-30 per cent less prices than the prevailing prices in nearby markets. Further, marketing costs are at minimum level as middlemen are completely eliminated from marketing activities in Rythu bazaars. Market fee is exempted for the transactions in Rythu Bazaars.

Review of Literature

Archana Skukla (2008)ⁱⁱ in her article „analysis of the problem of fruits and vegetables processing industry in India“ stated that the country is the second largest production of fruits and vegetables in the world. However, only 1.78 percent of the total production is commercially processed which is below the level in comparison to many developed and developing countries such as Malaysia, Philippines, Brazil and U.S.A. Syed Alag Jain (1971)ⁱⁱⁱ had studied the system of agricultural marketing and made a comprehensive review of practices prevailing in India for the marketing of agricultural produce. He made a thorough study of factors affecting the general level of prices of agricultural commodities and the specific prices in different markets over different time periods. His analysis into the various factors determining the extent of marketing costs and their impact on profitability of agricultural operations provides an excellent theoretical framework for enquiries into this important aspect of marketing. Prabhakara Rao (1985)^{iv} had studied the marketing of agricultural products in Guntur district in Andhra Pradesh. His study includes a thorough review of existing arrangements for marketing, an appraisal of their effectiveness and suggestions for enhancing their efficiency. His study comprises an exhaustive appraisal of the functioning of regulated markets in the district. Radhakrishnan (1993)^v had reviewed the Indian agriculture and the efforts of the government over the last 50 years. He studied the impact of such efforts on the income of farmers in different regions of the nation. In addition, his analysis also includes a study of the impact of such initiatives on employment in the agricultural sector and the availability of food of the general public. He called for decentralisation in agricultural planning in view of the bio-diversity prevailing in the country and stresses the need for a more locality-specific approach to planning. Choudary and Prasad Rao (1999)^{vi} have attempted an evaluation of the policy guidelines of the Government of Andhra Pradesh as enunciated in Vision 2020 with reference to the agricultural sector and the likely impact of the Government decisions on the prices of agricultural products and profitability of agriculture in the state.

OBJECTIVES OF THE STUDY This study has been undertaken with the following objectives:

- To outline Agriculture in India in general and Agriculture in Andhra Pradesh in particular.
- To Depict Agricultural Marketing, its problems and prospects.
- To study the formation and salient features of Regulated Markets in Krishna District.
- To examine the role of regulated markets in Agri-Marketing in Andhra Pradesh in general and Krishna District in particular.
- To analyse the pattern and trends of Arrivals of Agri-produce in selected regulated market yard.

- Finally to suggest suitable measures for the improvement of regulated markets in general and also measures for the selected regulated market.

METHODOLOGY

Period of the Study

The period of the study has been taken as one decade of 2010-2012. It is felt that a period of two years will provide sufficient information to allow the pertinent analysis, help in drawing the relevant conclusions and be sufficient to study the main features and trends relevant to the objectives of the study.

Sample Design

The stratified Random Sampling Technique is adopted for selecting farmers and traders, taking notified area Vijayawada as the Primary Unit and farmers and traders as ultimate units. In Vijayawada, 75 farmers and 25 traders were taken as sample of respondents for the study which covers nearly 75% of the farmers and traders enrolled in the market.

Sources of Data

The primary data relating to arrivals of agri-products, disposing them, administration and financial aspects are collected from records of selected regulated market. Two questionnaires consisting queries on important issues were drafted separately for turmeric farmers and traders, which was translated into local vernacular (Telugu) at time of questioning. The researcher visited the selected regulated market and elicited information from respondent farmers and traders who were assured of confidentiality. Wherever necessary the assistance of the supervisors at trade was taken in order to overcome the problems arising out of hesitance of farmers in answering the queries. Thus in such a way the additional required information for analysis and tabulation has been collected from the respondent sample of farmers and traders with the help of the questionnaire. The data so collected was edited for internal inconsistencies and reliable data was collected and classified. Secondary data was collected from Government Publications, Circulars, Departmental orders, letters, circulars, government orders, compliance reports and appraisal reports submitted by the officers of the market yard.

Limitations of the Study

Proximity, convenience and requirement of the situation compelled the researcher to confine the study to a single regulated market. However, the limitation is supported with the fact that it was a sequel to an in-depth micro study of single regulated market. The researcher has not taken up a firsthand study of farmer-operations at the farm level. The researcher has relied on statements made by the farmers with reference to farm operations.

HYPOTHESES

1. That the current agricultural marketing strategies and systems continue to exhibit traditional features like forced sales at village, unremunerated prices, lack of transportation and storage facilities.
2. That the institutional support to the farmers in marketing the agricultural produce is of little help to farmers.
3. That Regulated market is one means to remedy the problem.
4. That Regulated market is suffering with some constraints in operation and is providing little help to the intended farmer community.

RESULTS AND DISCUSSION

Marketing problems relate to competition cost of production sales demand brand acceptability, mass media expenditure etc. Distributions of units on the basis of marketing problem they face are given table 1. The most important marketing problem common to all sample Agro-Processing Industrial units face competition from other units within the same industry from large scale units from multinational companies and also from other units which produce substitute for Agro-Processing Industrial units as a whole suffer from this problem (Table 1). The proportion of units facing this problem varies from 77.14 % in rice mills of 28% fruit and vegetable processing and curry powder processing 52 %. However table shows that this problem is serious in the rice mills 77.14 %, coconut oil mills 60 %, milk processing 70%, fruit and vegetables 28%. Table 1 shows that 60.83% of Agro-Processing Industry unit as a whole have reported it as the second most serious marketing problem. This problem is found to be several in case of many industries namely rice mills 68.57%,

milk processing 70%, fruit and vegetable processing 48%, curry powder processing 52%, coconut oil mill 66.66%. 40% of Agro-Processing Industrial units as a whole have reported facing financial problems. Industry wise analyse shows that 34.29% of rice mills, 30 per cent milk processing, 48 per cent curry powder manufactory, 56% of fruits and vegetable processing and coconut oil mill processing 40%.

The third most important marketing problem controlled by Agro-Processing Industries is credit sale of the product; Industrial Units are competition to sell their product to retailer on credit. Credit sales require industries to keep on producing without realizing the sale proceeds with in a reasonable period of time. This long with others factors market most of the industrial units impossible either to devote themselves entirely to production activities or to finding out alternative outlets of market, or to the task of improving the quality of their products and raising their productivity (Table 1). 53.33% of the total agro-processing industrial units as a whole have reported it to be the next important marketing problem. This problem is severe in industries like milk processing 80%, rice mills 71.42%, curry powder processing 56 per cent, fruit and vegetable processing 28 %, and coconut oil mill processing 13.33 %. Stiff competition, desire to expand sales volume and profit have been reported as reasons attributable to this problem. Another marketing problem which the units have reported to be facing is the lack of brand goodwill. It implies that their product brand have not received much public acceptance (Table.1). 39.16 % of agro processing industries as a whole are facing this problem. This problem has been reported by 42.85% of rice mills, 60 % milk processing, 40% curry powder processing, 33.33% coconut oil mill processing and 20% fruit and vegetable processing. The units have attributed it to inadequate publicity through mass media. 37.5% of agro-processing units have reported that inadequate publicity through mass as a marketing problem.

Mass media exposure is an essential ingredient for the smooth growth of an industry. It helps entrepreneurs to plan their activities in accordance with market trends, introduce goods to suit consumers' tastes and get consumers informed of their product through advertising (Table 3). 37.5% of agro-processing industrial units as a whole have reported inadequate publicity through mass media as a marketing problem. This problem is faced by 45.71 % of rice mills, 60% of milk processing's, 40 % of curry powder processing, 26.66 % of coconut oil processing, 12% of fruit and vegetable processing units. Distribution of units on the basis of others problems affecting operation Agro-Processing Industry is an excess of revenues from total sales over associated expenses for an industry. A good rate of profitability is necessary for smooth running and growth of an industry. However an important problem affecting the operation of Agro-Processing Industry units is low level of profitability. This problem is adversely affect the reinvestment capacity of the entrepreneurs.

Table 1: Distribution of Units by Market Problems

Industry	Total Units	Competition	High Cost of Product	Credit sale	Lack of Brand Goodwill	Inadequate Publicity through mass Media	Lack of Differentiated Product	Low Demand	Heavy Taxes	Lack of Storage facilities
Rice Mills	53	41	36	38	23	24	14	3	6	0
Milk Processing's	30	21	21	24	18	18	0	0	0	0
Fruit and Vegetable Processing	38	11	18	11	8	5	0	0	24	0
Curry Powder Processing	38	20	20	21	15	15	8	0	8	0
Coconut Oil Mill Processing	23	14	15	3	8	6	0	6	0	0

Source: Survey Data

Problems and challenges

There are several problems and challenges involved in marketing of agricultural produce. Limited access to the market information, low level of literacy among the farmers. There are also many imperfections in the

marketing system of agricultural commodities in India. So much has been done to improve the agriculture sector of India, but still it is facing a lot of problems. Some of these can be listed as below.

- Fiscal and Political instability is threatening Agricultural Policies, as there is Political disagreement and fiscal comprehension in agriculture.
- Rising domestic demand for food due to rise in population, restricting our exports.
- Developing people and developing markets.
- Private market intermediation.
- Natural calamities, drought and uneven rainfall in the country
- Subsistence farming to commercial farming.
- Supply driven technology to demand driven.
- Minimization of land holdings.
- Lack of proper physical communication.
- Infrastructural weakness.
- Inadequacy of institutional markets.
- Multiplicity of market changes and malpractices.
- Lack of technical training etc.

Conclusion

There is an eminent need for the Agri-marketing initiatives to be large and organized. The present market must cover two aspects of marketing network and actual regulation of the conduct of market. The need to strength the regulated market system arises from changing nature of linkages between agriculture and markets. It has been observed that better and easy market access and efficient information flow can bring much desired market orientation of the production system. Indian agriculture, moving from commoditization to commercialization drives it towards market orientation. India can claim to have largest network of agri-business cooperatives in the world, engaging in performing manufacturing, procurement and marketing of agricultural produce. These have proven to occupy important place in our economy. However it has a significant place in Krishna District in relation to agriculture production. Therefore, it has great scope for development in the district. Hence it must be promoted extensively; existing units in this sector are found facing many problems which affect their operation. In this context the recommendation are much help to the policy makers of the state who are engaged in framing Agro Processing Industrial policies.

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