

AGRICULTURAL MARKETING STRATEGIES FOR KURNOOL DISTRICT OF ANDHRA PRADESH

B. RENUKA RANI¹ & M.N. REDDY²

¹Assistant Director, National Institute of Agricultural Extension Management,
MANAGE Rajendranagar, Hyderabad, Telangana, India

²Director (Retd.), (AE&C), National Institute of Agricultural Extension Management,
MANAGE, Rajendranagar, Hyderabad, Telangana, India

ABSTRACT

Agricultural Marketing in a broader sense is concerned with the marketing of farm products produced by farmers and of farm inputs required by them in the production of these products. Agriculture sector in Kurnool district is blessed with good resources. About three-fourths of the soils are black cotton soils with good moisture retention capacity. Crops like paddy, sunflower, Bengal gram, ground nut and red gram have good scope for further development. The research stations and agricultural college in the district are providing technology support for the growth of agricultural sector in the district. Irrigation sources are diversified and they are being further developed under the Jalayagnam program of the state government. In this atmosphere, one can hope for rapid growth in agricultural productivity. However, Marketing is one of the important aspects to the farming community. The economy of the farmers directly depends on market price which farmers get for their produce. In Kurnool district, there are 12 Market committees existing but few of them are catering to the marketing needs of farming community. It has 27 sub yards in the district. At this juncture it becomes imperative to prepare agricultural marketing strategies for improving the marketing system suitable to that particular geographical area based on information collected by using participatory methodologies including Participatory Rural Appraisal (PRA).

KEYWORDS: Heavy Village Sales of Agricultural Commodities, Multiplicity of the Market Charges, Institutional Marketing Infrastructure, Producers' Organizations, Agriculture Market Committees, Marketing Problems of Agriculture and Allied Sectors, Potential Marketing Opportunities

INTRODUCTION

Marketing is as critical to better performance in agriculture as farming itself. Therefore market reform ought to be an integral part of any policy for agriculture development. Although a considerable progress has been achieved in technological improvements in agriculture by the use of high-yielding variety seeds and chemical fertilizers, and by the adoption of plant protection measures, the rate of growth in farming in India has not attained the expected levels. This has been largely attributed to the fact that not enough attention has been devoted to the facilities and services which must be available to farmer if agriculture is to develop.

The purpose of restructuring agricultural services is to empower producers and rural communities to become competitive and able to take advantages of the emerging market opportunities through more effective service delivery and market linkages. Improved service delivery would prompted through the introduction of decentralized strategic plan with the active participation of commodity based groups and other stake holders, more effective operational coordination between line departments, fastening business oriented producers organization, promotion of market focused extension

approach in a coordination with productivity and emerging public/private partnerships in service delivery and supply chain development by developing production and marketing strategies of the district.

At this juncture it becomes imperative to prepare agricultural marketing strategies for Kurnool district based on information collected by using participatory methodologies including Participatory Rural Appraisal (PRA).

Agriculture sector in Kurnool district is blessed with good resources. About three-fourths of the soils are black cotton soils with good moisture retention capacity. Crops like paddy, sunflower, Bengal gram, ground nut and red gram have good scope for further development. The district is developing in to an important seed production center. The research stations and agricultural college in the district are providing technology support for the growth of agricultural sector in the district. Irrigation sources are diversified and they are being further developed by governmental programs of the state.

Marketing is one of the important aspects to the farming community. The economy of the farmers directly depends on market price which farmers get for their produce. In Kurnool district, there are 12 Market committees existing but a few of them are catering to the marketing needs of farming community. It has 27 sub yards in the district. The most important farmer friendly program is designed by government named RythuBandhuPathakam, which provides facility for storing the farmers' produce, besides providing 75% of the value of produce as loan. Agricultural growth can be achieved through intensification, diversification and competitiveness of agricultural production system and crop management pattern, coupled with technology transfer.

OBJECTIVE

Strategies are being prepared based on the main principle of *"It is not enough to produce a crop or an animal product; it must be satisfactorily marketed."* The overall objective of the study is to analyze the present marketing situation, understand the constraints and opportunities for increasing farmers' incomes and to develop overall strategies for diversification and intensification of production and marketing systems.

DISCUSSIONS

The details of service centre selling seeds, fertilizers, pesticides, irrigation systems, farm machinery etc are given below. There are 2420 service centres supplying agricultural inputs to the farmers. The highest number of them is at the district head quarters, Kurnool. Nandyal and Nandikotkur Assistant Director of Agriculture (ADA) circles occupy the next spots in the number of service centres. Alur, Koilakuntla and Pattikonda Assistant Director of Agriculture ADA circles have relatively less number of service centres. 618 of them sell seeds to the farmers. Fertilizers of sold by 759 of them. While Kurnool has more number of seed shops, Nandyal has more number of fertilizer shops. The highest number of shops deals with pesticides in the district. Kurnool and Nandyal ADA circles lead in them. 108 shops supply irrigation systems. These are spread out throughout the district. Shops supplying farm equipment and machinery are only 15. Nine of them are located at Kurnool itself. There are no service centres offering either agricultural consultancy or diagnostic services in the district.

The agriculture market infrastructure is very much skewed in its distribution and its functions vary from AMC (Agricultural Market Committee) to AMC and among the market yards. The markets are still very much out of reach of small and marginal farmers and they continue to be under the influence of commission agents, traders, and money lenders.

Weighments, grading, primary processing, packaging to add value to produce eludes farmers because of aberrations in infrastructure, resources and knowledge base of the farmers.

Like the other parts of the state rather country; a majority of the farmers in the district are selling large part of their produce in villages, which results in low returns for their produce. There is a difference in the prices prevailing at different levels of marketing, i.e. the village, the primary wholesale market, the secondary wholesale and retail levels. The extent of village sales varies from area to area, commodity to commodity and also with the status of the farmer. The village sale is 20 to 60 percent in food grains, 35 to 80 percent in cash crops and 80 to 90 percent in perishable commodities including dairy and fish products. A few of the reasons for village sales include: Agriculture indebtedness, poor retention power, lack of storage and processing units, lack of accessible agriculture markets, lack of entrepreneurship, transport bottlenecks, mal practices in the markets by buyers and commission agents in the market, poor agriculture market infrastructure, existence of many middleman and multiplicity of the charges, etc.

Majority of the farmers in the district are not happy with the existing marketing facilities available in the district. And they are also not happy with the way of functioning of the existing markets. Lack of facilities in the markets, lack of drying platforms and basic amenities, poor access to markets, less number of trades, delay in payments by local traders, mal practices by the staff, hamalis, agents and traders in the markets are few areas of concerns affecting agriculture marketing in the district. The same situation is prevailed in all kinds of markets like agriculture, horticulture and livestock.

Based on the field experiences, it is observed that the establishment of Hub Markets in selected locations to market different types of farm produce including field crops and horticultural crops, livestock, livestock products namely milk and meat and fisheries and aquaculture products and establishment of Procurement Centres (PCs) / Collection Centers (CCs) at the village level together helps to energize the agriculture marketing infra structure and functioning in the district to benefit the small and marginal farmers including livestock and fisheries sectors. The activity will improve the agri-marketing of specially different commodities including field crops – rice, pulses, ground nut, maize, sunflower and castor, fruit crops - mango, spice and condiments chillies, turmeric and vegetable crops tomato and onion. The reasons for targeting these agricultural crops are that the cultivated area under these crops saves exhibited constant increase over the past five years and the prices have exhibited wide variations in the markets. In fact, for some of the crops like mango, chillies, onion, the prices have even been volatile and unstable.

The demand for vegetables is increasing and higher prices can attract more farmers to make investments in vegetable cultivation. With the government willing to subsidize the supply of hybrid seeds, farmers can easily increase the yields of vegetable crops by 30 to 40 per cent. The growing demand for flowers may attract more farmers towards it to realize higher profits. Besides horticulture, aqua culture can continue to be a good growth sector. With virtually no demand constraint for fish, there is a good scope for increasing the area under ponds as well as to increase their productivity. By stocking the reservoirs like Srisailam and Velugoduand in Rainfed water harvesting structures with adequate fish seed, the fish production can be increased at a fast pace. It should not be difficult to achieve more than 6 per cent growth in fisheries sector. Animal husbandry has made rapid strides in the recent years and it has still got a potential to remain a good growth sector because of constantly increasing demand for milk, meat and eggs. It can achieve a growth rate exceeding 7 per cent per year.

Presently, the district is covered under 12 notified agricultural market committees. Each AMC, on an average, covers four mandals, 76 villages, 79112 ha and three notified market yards. Farmer-producers are discouraged from

accessing existing market yards as farmer is supposed to incur huge transportation costs for transportation of produce to markets at 15 to 25 km, whereas the national average is 5 to 7 km. Therefore, there is a need to undertake decentralized market operations near farm gate/village clusters to enhance market access to farmer-producers. To this end, it is this report is proposing to organize procurement/ collection centres near the farm gate or village clusters identified by local AMCs as ‘spoke’ markets within the notified markets of the AMC which is the ‘Hub’ market.

The regulated markets suffer from location disadvantages and lack the needed infrastructural (support) facilities, barring three or four markets which are located strategically. Regulating transactions ‘outside’ the market yard is a herculean task due to in-built traditional relations between farmers and traders. Breaking such traditionally and functionally strong links existing between traders and growers from ‘outside’ regulation of trade is fraught with the danger of disturbing the base without an assured alternative on a sustained basis.

In addition to the above, the complaints from farmers in the existing market yards center round traditional ways of weighing, unscientific way of grading and irrational ways of declaring prices for the commodities through auction/tender system. To overcome this problem, it is proposed to use electronic weighing machines, moisture meters and other post harvest support technology including storage space and drying plat form, duly placing the services of trained graders/sorters among educated youth who are well settled in cultivation near the proposed village markets.

In process of decentralized farmer-centric activities, it is also proposed to take up core market activities such as processing and grading by using standardization techniques, including storage, weighment and certification be performed at the farm or village level to ease out congestion in regulated markets. The approach is not a new idea but revival of market extension activity re-oriented with appropriate technological support.

There is a great revolution in the field of information technology and the government of Andhra Pradesh has taken many steps to utilize this technological advantage for the benefit of rural people, especially for farming community, which is more than 60 per cent of Indian population. The Marketing department personnel need focused attention to train them to be responsible to contribute towards loss prevention, value addition, grading, processing and proper handling of produce. Public-Private partnership on mutual profit sharing basis without causing economic loss to the primary producers may be a better alternative for which pragmatic policy and its implementation initiatives are needed.

FARMERS VIEW OF THE NEED FOR IMPROVEMENTS IN MANDI OPERATIONS

Since there are several problems like lack of facilities in the markets, in proper functioning of markets lack of drying platforms and basic amenities, poor access to markets, less number of trades, delay in payments by local traders, mal practices by the staff, hamalis, agents and traders, farmers are expressing the following areas regarding crop wise marketing and AMC functionality to be addressed for assuring proper functioning of existing markets, establishment of new markets and strengthening of existing markets:

SUGGESTIONS FOR THE IMPROVEMENT OF EXISTING AMCS

- Evolving transparent and hassle free system of selling of produce and buying of inputs in the market assuring and opportunity for direct seller –buyer interactions and to avoid middle men/commission agents
- Strict enforcement of minimum support price (MSP) in all existing markets
- Promotion and encouragement for Direct Sales System, which removes commission agent’s role in the marketing

- Establishment of Spoke and village marts to address the issue of accessibility
- Creation of enabling environment to farmers to ensure access to credit at nominal interest rates through public sector banks
- Establishment of efficient information centers to provides information on outside markets
- Measures to handle the rat problems in the warehouses
- Establishment of out let for selling seeds and fertilizers
- Providing facilities for cleaning, grading, drying and storage
- Establishment of cold storage facilities
- Introduction of measures for the proper functioning of sub market yards
- Establishment of auction halls
- Establishment of covered sheds
- Proper maintenance of rest houses
- Activities to reduce intermediaries in supply chain system of marketing
- Introduction of measures to counter price fluctuations of sensitive commodities like tomato, onion etc.
- Establishment of processing units at various strategic locations in the district
- Formation of farmer produce /produce specific groups for easy access of marketing
- Capacity building of commodity interest groups on aspect of grading and quality aspects to get better prices
- Upgrade the roads for easy accessibility to markets
- Improvement in existing supply chain management
- Initiation of efforts for the proper functioning of non functional markets
- Awareness training to farmers on quality standards/specifications
- Awareness on post harvest management practices and establishment of processing units
- Evolve direct sale marketing system like CIG (Commodity Interest Groups) and women Self-help groups(SHG), etc.
- Establishment of computers, internet facility, web site for market information and dissemination

Overall Suggestions for Improvement of Marketing Strategies in Kurnool District

- Introduction electronic weighing machines made mandatory for weighment of Produce in market yards to avoid malpractices in weighing.
- Provision of Internet connectivity to all AMCs for commodity arrivals and prices on daily basis.

- Establishment of farmer market information centers to get information on agriculture aspects as well as marketing information on various commodities.
- Producers groups to be encouraged to be active partners for marketing of agriculture produce without hassles and without involvement of middle men.
- Farmer should get proper facilities in the market yard for their stay and boarding by paying nominal charges.
- The existing infrastructure in AMC need to be modernized.
- Small and marginal farmers are under the influence of commission agents, traders and money lenders to be avoided for free marketing of their produce.
- Opportunities to be provided for processing, grading processing for value addition to get remunerative for their produces.
- The infrastructure facilities in the most regulated market are in adequate particularly for cleaning, grading, drying, storing of the produce amenities in the market yards.
- Awareness and training programs to be conducted for farmers, Hamalies, Weigh men, traders, etc.
- Auction system at regulated market need to be more transparent to avoid any manipulation of prices by the traders.
- There is need for substantial increase in marketing credit; credit availability is needed to eliminate distress sales.
- All AMCs are increase direct sale method and to be taken care of for improvement of rural periodic markets which are the first contact point for farmers.

CONCLUSIONS

In process of decentralized farmer-centric activities, it is also proposed to take up core market activities such as processing and grading by using standardization techniques, including storage, weighment and certification be performed at the farm or village level to ease out congestion in regulated markets. The approach is not a new idea but revival of forgotten market extension activity re-oriented with appropriate technological support, strengthening of rural credit will facilitate the adoption of new technologies.

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