# REGULATED MARKETS AND THEIR WORKING IN ANDHRA PRADESH

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## ABSTRACT

The present study, is a modest attempt to examine the working of regulated markets and assess their role in facilitating an orderly marketing of agricultural produce in Andhra Pradesh. The study is based upon both primary as well as secondary data. The secondary data were obtained from the Annual Administrative Reports of the Directorate of Marketing, Government of Andhra Pradesh and the Annual Reports of the individual market committees. Agricultural marketing is a highly dynamic aspect of regional economy and its problems do not disappear with the regulation, rather they may become more intricate and complex, which needs proper attention and planning. Therefore, all these suggestions should be taken into consideration and priority given in formulation of development plans for regulated markets. Apart from the improvements already suggested, there are certain aspects, which require special attention. For long term development planning of regulated markets in the state, there is an urgent need for the preparation of a master plan.

## Introduction

Economic development is a continuous process, which in the long run, breaks down the vicious circle of poverty and unemployment and thereby leads a country to a stage of self-sustaining growth. The role and importance of agriculture in the economic development of a country depend upon the stage of economic development in which a nation finds itself and the point of time at which this development becomes a major social aspiration. Developed countries of today were once predominantly agricultural. In developing countries, agriculture contributes in a large measure to national income and output thereby demonstrating its potentialities for substantial capital formation.

Research in the area of agricultural marketing is woefully inadequate. The attempts made earlier are mainly confined either to micro-studies for the purpose of post-graduate or doctoral theses submitted to different universities and were probably never published or studies of macro nature mainly dealing with the individual commodities or problems of fluctuations in general price level. This was perhaps due to the fact that collection of information from

different functionaries in marketing is time consuming and strenuous and thus acts as disincentive to research. Agricultural marketing research in the country is dominated by descriptive rather than analytic orientation.  While such an orientation enables us to understand 'what' is about the system, it does not take us far in understanding also 'why' it is and thus the structural interrelationships among various variables of the system remain largely a matter of guess.  So far, no comprehensive study has been made on the organisation and working of regulated markets in Andhra Pradesh.  Study of reactions of grower-sellers, market functionaries, and committee officials regarding the different aspects of management of regulated markets is also felt to be necessary.  The present study, therefore, is a modest attempt to examine the working of regulated markets and assess their role in facilitating an orderly marketing of agricultural produce in Andhra Pradesh.

## Objectives of the Study

The objectives of this work are:

    a) to study the origin and growth of regulated markets in Andhra Pradesh;

    b) to show the market practices of agricultural products in the state;

    c) to analyse the financial aspects of regulated markets in the state; and

    d) To evaluate the marketing efficiency of selected regulated markets.

The sample chosen for the present study is relatively small. Therefore, it may not reflect all the genuine characteristics of the universe. All the limitations associated with the small samples exist in the present study. As the study is primarily based on the secondary data, all the limitations associated with secondary data are also present in the study.

## MATERIAL AND METHODOLOGY

The study is based upon both primary as well as secondary data.  The secondary data were obtained from the Annual Administrative Reports of the Directorate of Marketing, Government of Andhra Pradesh and the Annual Reports of the individual market committees.  In addition, publications of Directorate of Marketing and Inspection, Ministry of Agriculture, Government of India, and other publications on agricultural marketing have also been consulted. The primary data for the study have been collected by personal canvassing of questionnaires among growers, commission agents,

traders and committee officials selected in the concerned villages and markets. Four separate questionnaires have been prepared, one for each group of the respondents. The sample of respondents for the study consisted of 600 growers (from 30 villages), 90 commission agents, 60 traders and 60 committee officials selected in an equal number from the selected six markets. It took nine months for the collection of data.

By applying Acharya's method for measuring the efficiency it is found that regulated markets are more efficient than the unregulated markets in respect of three commodities, that is, paddy/rice, groundnut and jute. On the other hand, for coconut, unregulated market is more efficient than regulated market. However, this condition can be reversed if the number of middlemen functioning in the regulated markets for coconut is reduced.

## Sample Design

For the purpose of the study, agricultural produces are divided into four categories, such as: cereals, cash crops, oil-seeds and fibre crops. One important product from each category, viz., paddy from cereals, coconut from cash crops, groundnut from oil-seeds, and jute from fibre crops have been selected. The regulated markets dealing in these products as their main notified commodity are taken on the basis of highest volume of transactions for the purpose of the study. Accordingly, Jaggayyapeta RMC for paddy, Kothapeta for coconut, Repalli for groundnut and Vizianagaram for jute have been selected.

## Technique Applied for Analysis

The information collected from both primary and secondary sources are classified and tabulated for the purpose of analysis and interpretation. The analysis has been made with the sample statistical tools like ratios, percentages, coefficient of correlation along with following techniques to study, in particular, the market accessibility and the marketing efficiency of regulated markets.

## Marketing Accessibility

The more the density of markets the easier is the accessibility. On the other hand, if the geographical area served by a market is bigger due to the lesser density of the markets, accessibility is less easy. Therefore, accessibility is inversely related to the length of the radius of a market area. The bigger the radius the less easily is the accessibility.

Radius of the area of a particular type of market can be calculated by applying the following formula.

Market Area = $\pi \, r^2$

Where $\pi = 22/7$

r = radius of the market area

$$\text{Market area} = \frac{\text{Total Area of the State/District}}{\text{No. of Markets in the State/District}}$$

**Marketing Efficiency**

a) Conventional Method: (Ratio of Output to Input)

Efficiency of any activity or process is defined as the ratio of output to input.  If 'O' and 'I' are respectively output and input of the marketing system and 'E' is the index of marketing efficiency, then:

$$E = \frac{0}{I} \times 100$$

A higher value of 'E' denotes higher level of efficiency and a lower value of 'E' denotes less efficiency of the marketing system.

b) Shepherd's Method

This method suggests that the ratio of the total value of goods marketed to the marketing cost may be used as a measure of efficiency.

Formula        : $ME = \dfrac{V}{I} - 1$

Where; ME = Marketing Efficiency

V = Value of Goods (Consumer's Price)

I = Total Marketing Cost (.e. Cost + Margins)

The higher the ratio the higher is the efficiency and vice versa.

 (c) Acharya's Method:

This method, by far, is the most scientific method.  According to this method, the producer's share in consumer's rupee is the real measure of marketing efficiency.

Formula:        MME = FP/(MC + MM)

Where:        MME = Modified Measure of Marketing Efficiency

FP = Prices received by the Farmer

MC = Total Marketing Cost

MM = Net Marketing Margins

This method may be used to compare the marketing efficiency of alternative channels/markets. The marketing/channel sharing a higher MME is considered to be more efficient.

All the above three formulae have been applied to calculate and to make a comparative study of the marketing efficiency of the selected markets.

## Conclusions and policy Implications

Agricultural marketing is a highly dynamic aspect of regional economy and its problems do not disappear with the regulation, rather they may become more intricate and complex, which needs proper attention and planning. Therefore, all these suggestions should be taken into consideration and priority given in formulation of development plans for regulated markets. Apart from the improvements already suggested, there are certain aspects, which require special attention. For long term development planning of regulated markets in the state, there is an urgent need for the preparation of a master plan.

1. Each regulated market is unique in it and has its own problems, which need proper attention at their own level. Therefore directives should be issued to each AMC to prepare a development plan keeping in view the present and prospective problems and the availability of resources. This will not only help in its planned development but also help in proper utilisation of resources.

2. The present system of agricultural marketing, specially the auction system, is a time consuming system and during peak season farmers have to wait for three to ten days to auction their lot. This waiting period is a great loss for farmers who often bring their produce in three or four rounds due to lack of transport facilities. Therefore, this system should be changed for quick disposal of agricultural produce. An alternative to this system is that auction should be done at a central place/central hall in which samples are displayed with lot numbers. Proper grading at farmers level also helps in efficient marketing and therefore, grading should be made compulsory.

3. In agricultural marketing, mechanisation may be introduced at three stages i.e. movement of goods from the production point to the

market; buying and selling operations; and movement of the produce from market to consumers.

4. The use of mechanical driers and cleaners should be popularised among producers for quick drying and cleaning of the produce at the farm itself.  For weighing, loading and unloading, mechanisation devices should be installed at market yards.  The Mandi Committee may impose a small levy for devices such as weighing-bridge, bucket elevators, belt conveyors, mechanical graders, etc.

5. The present system of market intelligence and information is not adequate and therefore there is a need to develop proper market information system.  Now days it is necessary to collect reliable information, on a regular basis, about market prices and specific and general factors governing them from time to time.  Apart from arrangements for collecting intelligence about the day-to-day behaviour; it is also necessary to institute a system of wide dissemination of market news, so as to keep the farmer informed of the changing market conditions and thus assist him in orderly marketing of his produce.

6. The market information should be comprehensive, accurate, and be given in time, especially to farmers.  Although, there is a provision of daily broadcast of market prices of various commodities, this information is neither does complete nor does it reach the poor illiterate farmers.  Those who are aware of them are ignorant of the benefits of regulated marketing.  There should be wider publicity of the usefulness of regulated marketing and the officials should dispel doubts or suspicions of farmers towards regulated markets.

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