

## **Role of Market Yard Infrastructure Facilities on Agricultural Producers: A Case Study of Kurnool Market Yard**

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**Abstract:** *It was envisaged that the regulatory marketing structure provides physical facilities and an institutional environment to the farmers, traders, processors and other market functionaries for conduct of their trading activities and thereby offering best prices to the producer-sellers. In this connection the role of Agricultural Produce Marketing Committee (APMC) is pivotal in promoting the agricultural marketing. This study is confined to Kurnool market yard of Andhra Pradesh. The main objectives of study were to identify the arrival pattern of certain produce and their values in to the APMC market; to find out the perceptions of the farmers on overall marketing infrastructure support; to identify the problems faced by farmers while using this infrastructure.*

**Keywords:** *Agriculture marketing, Agricultural Market Infrastructure, Regulated Markets.*

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### **1. INTRODUCTION**

Agriculture sector plays a vital role in the development of India with over 60 per cent of the country's population deriving their subsistence from it. Most of the industries also depend upon the agriculture sector for their raw materials. The rapid growth of agriculture is essential not only for self-reliance but also for meeting the food and nutritional security of the people, to bring about equitable distribution of income and wealth in rural areas as well as to reduce poverty and improve the quality of life (Agriculture Sector in India, 2011).

Agriculture and allied sector contributed 13.7% of India's GDP (Table 1). Significant strides have been made in agriculture production during the last 64 years of independence. This sector witnessed a growth of 5.8 per cent in 2007-08, 0.1 per cent in 2008-09, 0.8 percent in 2009-10, 7.9 per cent in 2010-11 and 3.64 per cent in 2011-12 at 2004-05 prices. Thus the average annual growth witnessed in agriculture and allied sector during the 11th Plan period is 3.6%.

From the welfare point of view of farmers, consumers and middlemen, agricultural marketing plays a crucial role. Producer's share in the consumer's rupee for a commodity is based on the development of marketing system in the economy. Higher their share, greater would be the welfare to the producers. This depends up on the marketing system, market information and marketing facilities available in the country over time and space. Consumers get maximum welfare through marketing activity. Hence, an efficient marketing system should always direct towards bringing the welfare to all these categories. The wide experience of many countries recommends that in the absenteeism of an efficient marketing system policy for agricultural development cannot go very far to encourage production (KhaloN & George, 1985).

### **2. THE ADVENT OF REGULATED MARKETS**

Current agricultural marketing system in India is the outcome of several years of government intervention. (GOI, 2011). With a view to coping up with the need to handle increasing agricultural

production, the number of regulated markets have also been increasing in the country. While by the end of 1950, there were 286 regulated markets in the country. There are in all 6534 wholesale markets in the country. Besides, the country has 21,238 rural primary markets, about 20% of which function under the ambit (Acharya S. S., 2006)of regulation. The advent of regulated markets has helped in mitigating the market handicaps of producers/sellers at the wholesale assembling level.

### **3. APMC AND BOARDS**

Agricultural Produce Marketing Committees (APMC) are corporate bodies established under the respective State Agricultural Produce Marketing Regulations Acts. The Shankerlal Guru Expert Committee (GOI, 2011) states that the State Agricultural Marketing Departments, Marketing Boards and Market Committees are like the vertices of a triangle which are vital and important for sustainable growth of the marketing sector. The state Governments are empowered to initiate the process of setting up of a market for certain commodities, which are regulated and for certain areas, in which the Regulation is enforced. Another important structural characteristic of market structure for agricultural commodities is the institutional infrastructure created/promoted by the government for improvement of marketing system. (Acharya S. S., 1997b).

### **4. THE STATUS OF AGRICULTURAL MARKETING IN ANDHRA PRADESH**

Andhra Pradesh is endowed with abundant natural and human resources amid competitive socio-economic advantages. The state has a geographical area of 275.04 lakh hectares accounting for 8.37% of the Country's area constituting the 4th largest State in the country. With a projected population of 8.47 Crores as on 1st March, 2011, the state accounts for 7.16% of country's population making it the 5th most populous State. The State, situated in a tropical region and has the 974 km long coastline and stands as the 2nd longest in the country having rich potential for marine fisheries.

Andhra Pradesh is one of the agriculturally rich and food grains surplus states of the country. The state is the largest producer of rice in India and it makes its surplus rice available for consumption in other states. It is also the leading producer of cash crops like Tobacco, Groundnut, Chillies, Turmeric, Oilseeds, Cotton, Sugar and Jute. Pulses of all kinds are also widely sown in the state. The state enjoys a position of pre-eminence in respect of crop production (Govt. of A.P., 2011).

Comprehensive market legislation came into force in 1966 covering the entire state called the Andhra Pradesh (Agricultural Produce and Livestock) Markets Act 1966 (Govt. of A.P, 2006), after integration of the Hyderabad Agricultural Produce and Livestock Markets Act, 1930 and the Madras Commercial Crops Act, 1933. The salient features of the Act are:

M.S. Jairath & Bob Baulch (2002) noted that, the enforcement of market regulation in the State provided a stimulus for ensuring orderly marketing of agricultural produce. The government initiated proceedings to bring existing agricultural produce markets under the regulatory provisions. M.S. Jairath and Bob Baulch (2002) noted that in a case study of Rajasthan State Agricultural Marketing Board, in a competitive market, there need to be large number of effective buyers and market functionaries although mere presence of large number of functionaries in the market may not guarantee for fair competition. It has been observed that before the establishment of the Board and many traders and commission agents were handling number of commodities. After the formation of Board, these traders started in specializing in selected commodities and new type of specialized market functionaries started to emerge. This trend enhanced the availability of effective number of bidders for individual lots.

### **5. OBJECTIVES OF THE STUDY**

The following are the main objectives of the study are:

- To assess the key commodity arrivals and their values over the years.
- To find out the farmer's perceptions on overall infrastructure facilities.
- To identify the problems faced by farmers while using this infrastructure.

### **6. METHODOLOGY**

The study is confined to Kurnool market yard only, and is based on both primary and secondary data. The primary data is collected from the selected farmers through structured interview schedule and secondary data from APMC records, various journals and periodicals. The reason for selecting this

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market yard is due to the fact that it has an easy access to various important marketing centers both within and outside the state. The convenience sampling method is adopted for the study. The total sample size of the study is about 156 farmers those who are the customers of Kurnool market yard. Care has been taken while choosing the respondents in such a way that, three consecutive days in a week, spread over 2 consecutive months.

### 7. THE STUDY AREA

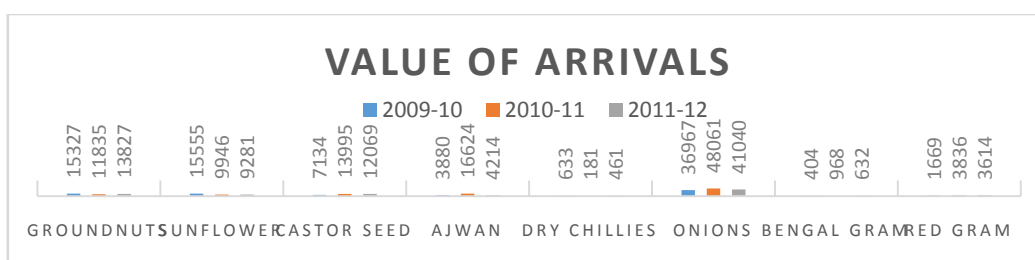
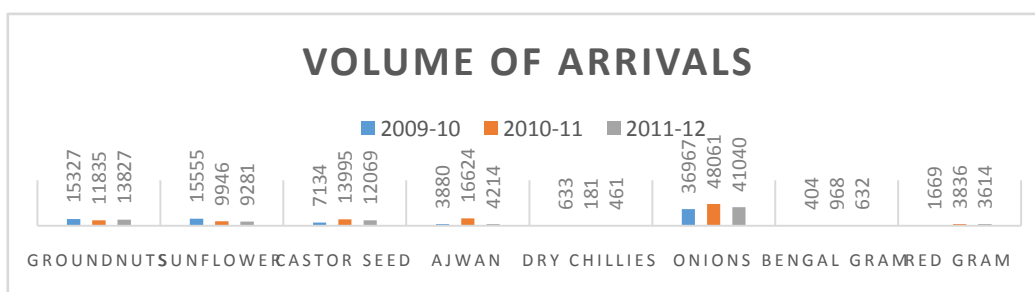
Agriculture is one of the dominant occupation of the people of Kurnool and its surroundings. It is not only the main source of livelihood of the overwhelming majority, but also a tradition and a way of life that moulds the socio-economic status of the people. There are 12 Agricultural Market Committees in Kurnool District. Out of 12 Agricultural Market Committees, the Agricultural Market Committee, Kurnool, Adoni and Yemmiganur are the Regulated Market Yards. The Agricultural Market Committee, Kurnool constituted under the A.P.(Agricultural Produce & Live Stock) Act 1966 and started functioning in the year 1969. This is the one of the biggest market committee in A.P. while transacting and regulating number of agricultural commodities including vegetables and spices. The commodities transacted in the market yard are chiefly Groundnut, Sunflower, Red gram, Bengal Gram, Dry chillies, Ajwan, Onions, Cotton.

The Assistant Director of Marketing of the District is the representative of the Commissioner and Director of Agricultural Marketing, Government of Andhra Pradesh. The role of the Assistant Director of Marketing in the district is to monitor the activities of the Agricultural Market Committees, Communication of the Government orders, circulars and instructions of the Department Higher authorities to the Agricultural Market Committees and review of the functioning of the Agricultural Market Committees, motivation of the Secretaries, to improve the Agricultural Market Fee Collections and implementation of the schemes of the Department.

### 8. DATA ANALYSIS AND INTERPRETATION

**Table1.** Volume of Transactions for the years 2009 to 2012.

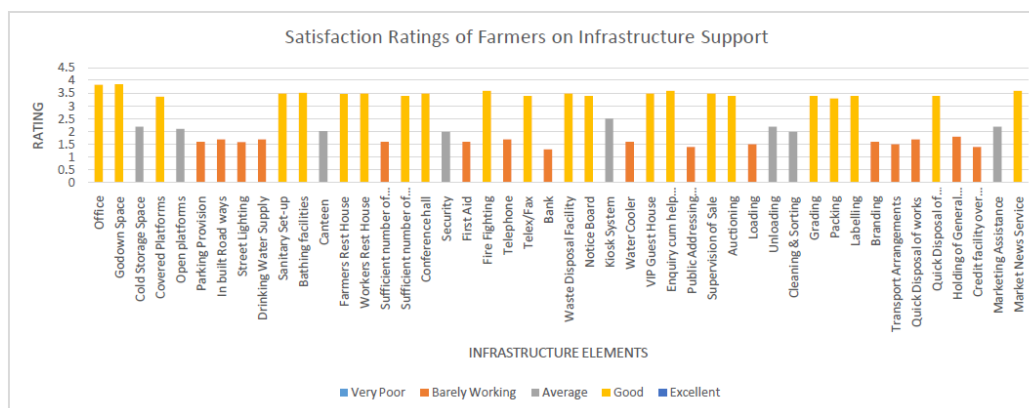
S.No	Commodity	2009-10 Arrivals in (M.Tonnes)	Valuation (Rs. in Crores)	2010-11 Arrivals in (M.Tonnes)	Valuation (Rs. in Crores)	2011-12 Arrivals in (M.Tonnes)	Valuation (Rs. in Crores)
1	Groundnuts	15327	44.40	11835	46.78	13827	51.29
2	Sunflower	15555	11.37	9946	37.09	9281	13.94
3	Castor Seed	7134	74.78	13995	40.36	12069	11.15
4	Ajwan	3880	06.82	16624	18.60	4214	43.11
5	Dry Chillies	633	02.02	181	01.05	461	02.73
6	Onions	36967	36.15	48061	36.36	41040	30.30
7	Bengal gram	404	38.07	968	49.03	632	02.04
8	Red gram	1669	04.18	3836	04.00	3614	11.15



Figures-1 and 2 indicates the summary of arrival of various commodities, their quantities and values over three years. Arrivals of Onions and volume of business is significantly high in all the Years, which shows a successful picture. Arrivals of Dry chillies and Bengal gram are very low and no significant contribution in value terms over the years. Arrival of Onions is dominant among the rest. We can observe in all the commodity arrivals and their values which show a similar pattern that volume and value are in steady rate. The above data of secondary information collected at Kurnool market yard gives a picture of business progress over a period of three years.

### 9. INFRASTRUCTURE SUPPORT TO FARMERS

The perceptions of farmers over the infrastructure support at Kurnool market yard has been shown below in figure 3. Farmer’s perceptions over various infrastructural elements have been assessed on a scale of five and their ratings are mapped here under.

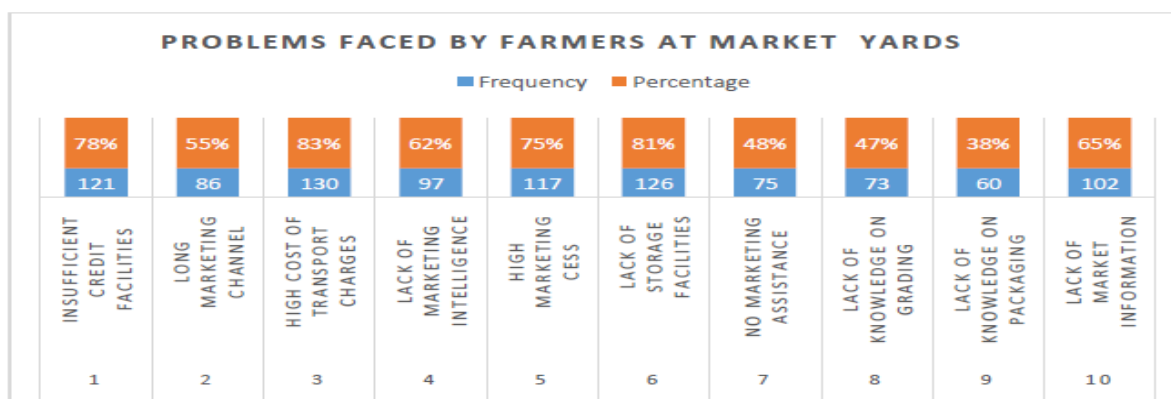


The overall satisfaction rate is assessed as average (Taking scale of five levels of ratings). This shows that present marketing infrastructural support is not sufficient to progress further and to extend support to farmers.

### 10. PROBLEMS FACED BY FARMERS

The constraints faced by farmers while using the marketing system of market yards are collected and presented below in table 2.

SNo.	Problems	Frequency	Percentage
1	Insufficient credit facilities	121	78%
2	Long marketing channel	86	55%
3	No proper assistance in processing	108	69%
4	High cost of transport charges	130	83%
5	Lack of marketing intelligence	97	62%
6	High marketing cess	117	75%
7	Lack of storage facilities	126	81%
8	No marketing assistance	75	48%
9	Lack of knowledge on grading	73	47%
10	Lack of knowledge on packaging	60	38%
11	Lack of market information	102	65%



\*Multiple Responses.

Table 2 and Figure 4 shows the Problems faced by farmers. The study revealed that High transportation charges (83%), Lack of storage facilities (81%), insufficient credit facilities(78%) and high marketing cess (75%) are the major constraintsexpressed by majority of farmers.65% farmers faced lack of marketing information which makes them to losswhiletrading goods.Lack of marketing intelligence (62%) either from their own behalf or from staffis another problem encountered each time at the market yard. Lack of long marketing channel isconsidered by 55 per cent of farmers and 48% and 47% of the farmersfaced ‘no marketingassistance’ and ‘lack knowledge on grading’ respectively the constraints. Lack of knowledge on packaging (38%) is also another problem expressed by farmers.

## **11. CONCLUSION**

National Commission on Agriculture (NCA) in its XIII report observed that agricultural marketing involves all aspects of agricultural market structure and system, i.e. both functional and institutional aspects based on technical and economic considerations and include post-harvest operations, assembling, storage, transportation, distribution, etc. It was envisaged that the regulatory marketing structure provides physical facilities and an institutional environment to the farmers, traders, processors and other market functionaries for conduct of their trading activities and thereby offering best prices to the producer-sellers.

A proper market yard should have located in an accessible location, with necessary physical facilities, flexible procedures, service orientation, application of modern technology, integration of markets and best practices to regulate the market. A farm producer can enter such a market with confidence, offer his produce for sale on his own terms and get maximum return from it. Awareness on various provisions that are available at these market yards and satisfaction over the facilities among farmers and intermediaries are paramount to the effective utilisation of these facilities. The adequacy of such marketing system get reflects in selection of the crops for growing by farmer community, regularity of arrivals at market yards, stable and remunerative price and economic security to the farmers.

Though the present performance of the Kurnool APMC is satisfactory, but there is need for providing certain facilities needed for the further improving the performance. Proper storage facility should be provided to the farmers, the measures has to be taken to improve the transportation facilities, farmers need further flexible credit support. The state government has to make provision for imposition of single point levy of market fee on the sale of notified agricultural commodities in any market area.

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