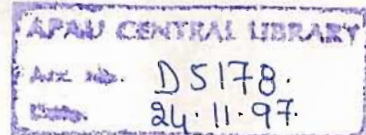


"PERFORMANCE OF REGULATED MARKETS IN GUNTUR DISTRICT  
WITH SPECIAL REFERENCE TO COTTON"



By

D. MOSES SHYAM B.Sc.(Ag)

THESIS SUBMITTED TO THE  
ANDHRA PRADESH AGRICULTURAL UNIVERSITY  
IN PARTIAL FULFILMENT OF THE REQUIREMENTS  
FOR THE AWARD OF THE DEGREE OF

MASTER OF SCIENCE

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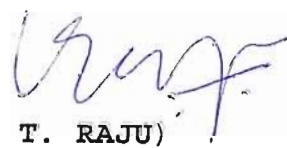
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**CERTIFICATE**

Mr. D. MOSES SHYAM has satisfactorily prosecuted the course of research and that the thesis entitled "PERFORMANCE OF REGULATED MARKETS IN GUNTUR DISTRICT WITH SPECIAL REFERENCE TO COTTON" submitted is the result of original research work and is of sufficiently high standard to warrant its presentation to the examination. I also certify that the thesis or part thereof has not been previously submitted by his for a degree of any University.

  
(Dr. V. T. RAJU)  
MAJOR ADVISOR

## CERTIFICATE

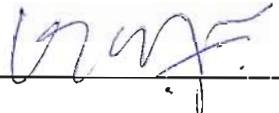
This is to certify that the thesis entitled "PERFORMANCE OF REGULATED MARKETS IN GUNTUR DISTRICT WITH SPECIAL REFERENCE TO COTTON" submitted in partial fulfillment of the requirements for the degree of Master of Science in Agriculture of Andhra Pradesh Agricultural University, Hyderabad is a record of the bonafide research work carried out by Mr. D. MOSES SHYAM under my guidance and supervision. The subject of the thesis has been approved by the Student's Advisory Committee.


No part of the thesis has been submitted for any degree or diploma. The published part has been fully acknowledged. All the assistance and help received during the course of the investigation have been duly acknowledged by the author of the thesis.


  
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## CONTENTS

Chapter	Title	Page No.
I	INTRODUCTION	
II	REVIEW OF LITERATURE	
III	MATERIALS AND METHODS	
IV	AGRO-ECONOMIC FEATURES	
V	RESULTS AND DISCUSSION	
VI	SUMMARY AND CONCLUSIONS	
	LITERATURE CITED	

## LIST OF TABLES

Table No.	Title	Page No.
4.1	Demographic features of Guntur district.	
4.2	Literacy status of Guntur district.	
4.3	Rainfall pattern in Guntur district.	
4.4	Sources of irrigation for Guntur district.	
4.5	Abstract of different crops grown in Guntur district.	
4.6	Land utilisation pattern in Guntur district.	
4.7	Livestock population Guntur district.	
5.1	AMC's in Guntur district along with their notified markets.	
5.2	Growth of AMC's in Guntur district.	
5.3	Growth of Regulated markets in Guntur district.	
5.4	Staff position of selected regulated markets in Guntur district.	
5.5	Commodities actually dealt with in the regulated markets along with peak marketing season.	
5.6	Commodities notified and number of commodities centralised in markets of Guntur district.	
5.7	Market functionaries in selected markets.	
5.8	Average annual arrivals of commodities per functionary in the selected markets.	
5.9	Provision of amenities and facilities in selected markets.	

List of tables contd.

Table No.	Title	Page No.
5.10	Marketing of important agricultural commodities in AMC's of Guntur district.	
5.11	Month wise marketing of cotton in selected markets of Guntur district.	
5.12	Marketing of cotton in Guntur district.	
5.13	Compound growth rates for arrivals and valuation of cotton in selected regulated markets of Guntur district (1991-92 to 1995-96).	
5.14	Educational background of farmers.	
5.15	Major occupation among farmers.	
5.16	Farmers size of holding.	
5.17	Length of experience of farmers with regulated markets.	
5.18	Nature of road convenience from villages to market.	
5.19	Mode of transportation by producer-seller in the market areas.	
5.20	Problems of transportation in selected market yards.	
5.21	Farmers perception of the purpose of setting up of market yards.	
5.22	Number of weighmen in the selected market yards.	
5.23	Opinion of producer-seller on weighment practices.	
5.24	Godowns in the selected regulated markets of Guntur district.	
5.25	Problems of producer-seller in selling the produce in the selected market yards.	

List of tables contd.

Table No.	Title	Page No.
5.26	Important media of market information in the selected markets.	
5.27	Farmers rating of services in selected markets of Guntur district.	
5.28	Model prices of cotton in selected markets.	
5.29	Correlation coefficient for model prices of cotton to find out degree of spatial integration between markets.	
5.30	Price spread of cotton in Channel I of selected regulated markets.	
5.31	Price spread of cotton in Channel II of selected regulated markets.	
5.32	Indices of market efficiency in selected markets.	

## LIST OF FIGURES

Figure No.	Title	Page No.
4.1	Map of Guntur District.	
4.2	Map of Chilakaluripet Mandal.	
4.3	Map of Sattenapalli Mandal.	
4.4	Map of Piduguralla Mandal.	
4.5	Map of Tadikonda Mandal.	
5.1	Monthly model prices of cotton in the selected markets of the year 1995-96.	
5.2	Trends in arrivals of cotton for the year 1995-96.	
5.3	Trends in valuation of cotton for the year 1995-96.	
5.4	Trends in arrivals of cotton for the year 1991-92 to 1995-96.	
5.5	Trends in valuation of cotton for the year 1991-92 to 1995-96.	

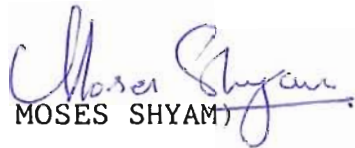
## LIST OF ABBREVIATIONS

MC	-	Market committee
AMC	-	Agricultural Market Committee
%	-	percentage
LDC	-	Lower Divisional Clerk
UDC	-	Upper Divisional Clerk
ADM	-	Assistant Director of Marketing
DDM	-	Deputy Director of Marketing
CCI	-	Cotton Corporation of India

## DECLARATION

I, D. MOSES SHYAM, hereby declare that the thesis entitled "PERFORMANCE OF REGULATED MARKETS IN GUNTUR DISTRICT WITH SPECIAL REFERENCE TO COTTON" submitted to Andhra Pradesh Agricultural University for the degree of Master of Science in Agriculture is the result of original research work done by me. I also declare that any material contained in the thesis has not been published earlier.

Date: 7.10.96

  
(D. MOSES SHYAM)

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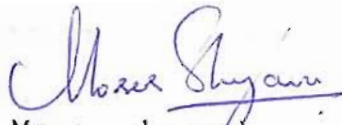
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Date: 7.10.96

  
(D. Moses shyam)

## ABSTRACT

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AUTHOR : DAVALA MOSES SHYAM

TITLE OF THE THESIS: "PERFORMANCE OF REGULATED MARKETS  
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REFERENCE TO COTTON".

DEGREE TO WHICH IT : MASTER OF SCIENCE IN AGRICULTURE  
IS SUBMITTED

FACULTY : AGRICULTURE.

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MAJOR ADVISOR : Dr. V.T. RAJU

UNIVERSITY : ANDHRA PRADESH AGRICULTURAL  
UNIVERSITY

YEAR OF SUBMISSION : 1996

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This study was aimed at to study the performance of regulated markets mostly on farmer point of view. The specific objectives are to study the growth, organisational structure and performance of regulated markets in the Guntur district, to assess the price spread for cotton in the Guntur district and to identify the structural bottlenecks and functional problems in marketing of cotton and to suggest suitable remedial measures.

Chilakaluripet, Sattenapalli, Piduguralla and Tadikonda were selected to study the different aspects of cotton marketing through regulated markets along with growers, commission agents, local whole-salers and ginners. The tools of analysis include working out of growth rates,

arrivals and valuation cotton into the selected regulated markets and coefficient of correlation for determining the strength of integration among selected markets and market efficiency index to determine the efficiency of market channels.

Two market channels were identified through which cotton marketing was undergone viz., Producer - Local wholesaler - Ginner - Textile mill and Producer - Primary wholesaler - <sup>ginner</sup> ----- Textile mill. The producer share in consumer's rupee was highest in Chilakaluripet market over the other markets in both the channels.

The major problems identified were wide price fluctuations, lack of transportation facilities, indifferent attitude of market officials and uncertainty of purchase in the regulated market for the producer.

The study revealed that producer indebtedness to private money lenders which results in distress sales. This suggests the need for marketing finance.

2010-2011  
2011-2012  
2012-2013  
2013-2014  
2014-2015

# INTRODUCTION

## CHAPTER I

### INTRODUCTION

In India, agriculture is the largest sector of economic activity. Despite the rapid strides of progress made in industrial sector, agriculture continues to play a predominant role in economic progress of the country.

As agriculture plays a predominant role, marketing of agriculture produce is as important as production itself. It not only stimulates the production and consumption but also increases the pace of economic development with increased marketable surplus and increased demand from urban population which in turn increases existing marketing system.

However the structure of market system in India is suffering from certain physical, financial and technological deficiencies . On the other hand, onset of technological revolution and introduction of money economy increased the size of the market and marketing of agricultural produce has become a very complicated process beyond the comprehension of the illeterate and ignorant producer-seller.

Under these circumstances, market intermediaries occupying a strategic position between producer-seller and consumer, acquired a considerable market power and introduced procedures and practices to their advantage and

against the interests of the producer. Therefore, there <sup>is</sup> every need for creating a situation where the cultivator will have greater confidence and being able to sell his produce in the market without being exploited.

The most effective and direct measure to improve the conditions of the agricultural markets was taken up by government through regulating the markets by legislation. 'Karanya' was the first regulated market to be established in 1886 under 'Hyderabad Residency Order'. Subsequently the 'Royal Commission on Agriculture', appointed in 1928, recommended the establishment of regulated markets at all important centres.

Food and clothing is the order of primary requirements of man. Cotton is the foremost among the fibre crops of the world to fulfil the requirements for clothing. Despite increasing production of artificial fibre, it still retains its importance. The word 'cotton' was derived from Arabic word 'QUTUN' or 'KUTUN'. The first reference in literature to cotton so far as is known at present is to be found in Rig Veda. It appears that not only the Indians grew cotton and used it in making cloth from ancient times as early as 3000 years or more and India was the first principal centre of cotton industry.

Cotton cultivation in Guntur district of Andhra Pradesh was started only in 1970's. Since seventies tobacco growers started shifting to cotton cultivation. During the

fifth Five Year Plan, the Government selected Guntur district under the Intensive Cotton District Programme to give fillip to cotton cultivation and gave incentives to growers to produce long staple cotton, use of high yielding varieties and improved technology. As a result acreage under cotton cultivation in Guntur district increased from 78 ha to 1,86,876 ha in 1995-96 and production increased from 280 bales to 7,10,000 bales which made Guntur district to be first in the place among all districts in Andhra Pradesh.

The agricultural producer in India was said to suffer by way of not getting the due price for his produce. The disparity between final price paid by the consumer and the initial price realised by the farmer was considered to be large. And in this process the farmer appears to be the great loser whereas the middleman to be the gainer. This problem of agricultural marketing was discussed in great length by the Royal Commission on Agriculture in 1928.

The difference in price paid by the consumers and received by the producers has been related to the existing organisational structure of agricultural produce markets including the systems of information, transportation and storage. Traditionally most farm products tend to be sold in the village itself to small traders. The farmers often without information about the prices prevailing in primary or terminal markets are bound to have sold for a much lower

price than warranted by prevailing terminal or primary market conditions. Even in primary markets information under unregulated conditions have been, inadequate or absent. Prices were negotiated not in open auction system leading to inadequate information to producer-sellers about prevailing prices. This in addition to cheating in weights and measures and wilful deductions by trader contributes to a widening of price gap. Another circumstance leading to wide price difference was attributed to excessive seasonal fluctuations in price. It has often been stated that most farmers, with poor stocking ability and urgent need of cash sell their produce immediately after harvest, when the price becomes very low because of glut in the market. Besides these, there are several other factors like grading, poor communication and transport facility which were said to account for this wide price differential.

The system of regulated market was therefore derived to improve the organisational structure of the primary markets, by making information open and free, including open auctions and also regulating actions by traders in weights and measures and routine charges and deductions.

But the vows of producer-sellers were not improved even after establishment of regulated markets. There are still some lacunae like upper hand of the trading community, indifferent nature of market officers, lack of pledge

5  
finance, quick dissemination of meaningful market intelligence and market news, price fluctuations, lack of efficient and mechanised transportation facilities which were making the situation even worse. Hence, to know the actual problems faced by farmer it was felt desirable to probe into marketing aspects of cotton in Guntur district which has a large potential to increased cotton marketing.

### **OBJECTIVES**

The specific objectives of the study are :

1. To study the growth, organisational structure and performance of regulated markets in Guntur district.
2. To compare the spatial price integration for cotton among selected markets in Guntur district.
3. To work out the price spread for cotton in Guntur district.
4. To identify the structural bottlenecks and functional problems in marketing of cotton by the growers in Guntur district and to suggest suitable remedial measures.

### **SCOPE OF THE STUDY**

The present study was aimed at bringing out the problems of marketing faced by the growers at the regulated markets. Further, to evaluate the opinion of producer-sellers, market functionaries and Committee Officials

6

regarding working and management of regulated markets adequate information was collected from the above mentioned respondents. Suitable measures for the problems expressed by them have been formulated. For the market policy makers, this study would be useful to locate the bottlenecks in the marketing structure. So that they may be overcome by making suitable policies to protect the interests of the producer.

#### LIMITATIONS

The present study suffers from certain inherent limitations, as a result of inadequate pre-recorded information through the official records and accounts which otherwise were the most efficient sources of information. Further the enquiry was based on survey method, through personal interviews using pre-tested questionnaires. All the primary data was based on the recall memory of the respondents, which would definitely have a bias. though steps were taken by frequent cross checkings to minimise the errors of recall bias. Further because of regional variations in production prices and marketable surplus, the results cannot be generalised and mostly applicable to the region of the study and localities of similar conditions that exist. Secondary data was collected from more than one source.

## PLAN OF THE THESIS

7

The thesis is presented in six chapters.

1. The first chapter brings out need of the study, besides indicating objectives of the study, scope and limitations of study.
2. In the second chapter literature pertinent to the present study was reviewed.
3. The third chapter deals with the methodology adopted in the study.
4. The fourth chapter presents account of agro-climatic features of the district, mandals and villages selected for the study.
5. In the fifth chapter results of present study was presented and discussed.
6. The sixth chapter Summary and Conclusions brings together the conclusions that emerged from the study and offers necessary suggestions for the improvement in the performance of regulated markets in the district.



Keeping the object  
review of literature has been

Cultural studies  
literary studies  
**REVIEW**

**OF**

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**LITERATURE**

## CHAPTER II

### REVIEW OF LITERATURE

Keeping the objectives of the study in view, the review of literature has been presented under the following heads.

- 2.1 Studies on marketing structure and marketing of agricultural products.
- 2.2 Studies on regulated markets.
- 2.3 Studies on market integration and marketing efficiency.
- 2.4 Studies relating to price spread and marketing channels of agricultural products.
- 2.5 Studies on cotton marketing.

#### 2.1 STUDIES ON MARKETING STRUCTURE AND MARKETING OF AGRICULTURAL PRODUCTS.

Lavanya (1966) revealed that the problems of marketing could be met only by cooperative marketing services and by establishment of regulated markets. Incidentally some of the developments like land reforms, beneficial to producers, have effected adversely the flow of marketable surplus.

Agarwal and Pathak (1971) in their studies on transport, processing and storage that traditional marketing systems operated competetively, given suitable conditions

that improved transport facilities and market information could add substantially to market efficiency. There was evidence in some areas that traditional marketing systems could expand rapidly with little or no increase in costs, since increased production placed greater demands on the system. In other areas, however, major improvements were needed in the system.

Lele (1977) opined that, for a long time agricultural marketing was a neglected subject in India. Later, studies have been conducted on a few facts of marketing of agricultural commodities and developed a systematic and scientific methodology for analysing the economic performance of the marketing system. It was further added that in a free trade system with regional price spreads were generally commensurate with the costs of movement between primary and terminal markets.

Jayaram (1984) studied market structure, conduct and performance of Bidi tobacco markets in Nipani area of Karnataka state. The analysis of data revealed that top 5 dalals at Nipani controlled not less than 30 per cent of the business transacted. Due to adoption of new technology and higher holding power of the cultivators, the market arrivals tended to become more stable over time. He stated that different prices prevailed among different groups of village markets. due to differences in availability of

infrastructural facilities such as storage, transport facilities, absence of market intelligence.

Subbarao (1984) studied marketing structure of tobacco in Andhra Pradesh. He stated that tobacco marketing in Andhra Pradesh consists of primary, secondary and tertiary markets. He also studied the role of different agencies like private agencies, Guntur District Tobacco Growers and Government agencies like Market Committee - Guntur, State Trading Corporation, Tobacco Board etc., in marketing of tobacco in Andhra Pradesh.

Narayana et al. (1985) attempted to explain market structure of cardamom by employing a tabular analysis indicating number of registered estates, total area under cultivation, production, number of auction centres, average auction prices, number of exporters, unit export price, estimated cost of export and exporters, trade margins (as percentage of export value per kg).

Sharma (1991) studied marketing of apricot in Jammu and Kashmir. He stated that the production of apricot was increased only due to increase in area under apricot and not due to increase in yield. He suggested that immediate attention should be paid towards orderly marketing, improving infrastructural facilities, preservation techniques and setting up of agro-based industries in potential producing areas.

Acharya and Agarwal (1992) stated that the term market structure refers to the size and design of market. It also includes the manner of the operation of the market. They stated that market structure has 5 components viz., concentration of market power, degree of product differentiation, conditions for entry of firms in the market, flow of market information and degree of integration which together determine the conduct and performance of a market.

Singh et al. (1994) stated the Agricultural marketing plays an important role not only in stimulating production and consumption, but also in accelerating the pace of economic development. Market competition and existence of adequate facilities play an important role in improving the market structure conduct and performance, thereby economic status of the cultivators.

## 2.2 STUDIES ON REGULATED MARKETS

Natarajan (1961) stressed the point that, in the interest of primary producer, regulated markets and market practices need more emphasis on problems of marketable surplus in Indian agriculture. He further said that, regulated markets promote fair market practices and save the cultivator seller from the arbitrary deductions and other malpractices.

Chaudary (1970) in his study, Marketing Institutions and Economic Development, opined that (i) Govt. departments and cooperatives stabilize producers income as a part of their price control policy, (ii) regulated markets have greatly helped the transfer from subsistence to commercial farming in India and Pakistan have encouraged a high degree of competition in such areas, (iii) less developed countries need traders for the time being and (iv) cooperative markets are not so successful in less developed countries as in Europe.

Sivaramaprasad (1985) studied working of regulated markets in Andhra Pradesh by selecting six markets on sample basis. The study made an attempt to measure the operational efficiency in quantitative terms.

Subbarao (1986) studied functioning of Agricultural Market Committees in Andhra Pradesh. He found that the Agricultural Market Committee should realise the vital role they have to play in the storage of agricultural produce arriving into the market. He also studied the physical and financial performances of the regulated market yard, Guntur.

Subbarao (1986) reported from the study of commodities notified by the Agricultural Market committees of Guntur district revealed that such notifications of commodities were issued by Market committees not based on any survey of acreage production and marketing pattern of

these commodities. Moreover though notified on an average 20 commodities could hardly centralise the trade of only one commodity.

Patnaik (1987) studied the impact of market channels on farm decisions and stated four-fold prime objectives in enforcing market regulation in India agriculture, viz.,

- (a) to stabilize price movements for agricultural products.
- (b) to increase producer's share in consumer's rupee.
- (c) to provide ethical environment for proper trade practices.
- (d) to arrange a common place for the seller and the buyer to meet.

Narasimhamurthy (1988) studied the growth, organisational structure and performance of regulated markets in Andhra Pradesh and in Warangal district. He also made an attempt to study the spatial price differentials and inter-temporal price differentials among selected markets in Warangal district.

Bhattia and Rai (1989) suggested that regulation of markets is essential in Jammu and Kashmir, as various intermediaries and market functionaries are reaping higher benefits and the present marketing system is highly

unorganised. To overcome these, the answer lies in <sup>14</sup>the establishment of regulated markets under the management and supervision of Market Committee by enacting and implementing the "Agricultural Produce Markets Act, 1937" in the state.

Biswas and Parasher (1989) studied the development of agricultural produce markets in India. They concluded that agricultural produce markets can be regarded as focal points around which other facilities planned and a composite town-ship emerged which could take care of the needs of farmers and sellers on one hand and various functionaries on the other.

Jain and Jain (1991) studied the differences between regulated and unregulated markets. They studied the differences in terms of weighing, cleaning, hamali and other facility charges. They also found that in unregulated markets Dalals/Brokers were charges 50 paise per hundred rupee worth of grain, where as in regulated markets they were not paid such charges. They also studied organisation structure, physical facilities of these two markets and concluded that regulated markets are more superior, both structurally and functionally over the unregulated markets.

Narasimhan (1991) studied the development of rural markets in India. He mentioned that about 50 per cent of the marketable surplus is being handled by the present regulated markets, both main and sub markets. He concluded that these rural markets can serve as an effective

instruments only when they are developed in a systematic manner taking into consideration the importance of local needs.

Basavaraja and Murthy (1993) studied the impact of market infrastructural development on market arrivals in 5 selected regulated markets of Karnataka. He stated that the rate of growth in market arrivals was marginal in markets, where heavy investments were made compared to low invested markets. The rate of growth in the production of selected commodities in the selected markets during pre-investment period was mainly due to significant growth in area rather than growth in productivity. Finally they concluded that market developemnt has positive impact on market arrivals.

Prasad (1993) stated that regulation of markets by Government brought good change in the traditional marketing system. But these changes are mainly related to sale and purchase activities of urban wholesale markets. He briefly reviewed the functioning and performance of agricultural markets in Bihar and mentioned that the construction of new wholesale agricultural markets is not sufficient to inject competitive environment into the marketing system of agricultural produce. So he suggested that the Government should reorient the regulatory measures in favour of rural markets by providing marketing and credit facilities.

Raju and Rao (1993) studied the role of regulated markets in marketing the cultivator's produce in Andhra Pradesh. They selected two major regulated markets of Guntur district i.e. Guntur and Duggirala. They stated that these two regulated markets had done a commendable work in terms of attracting cultivators produce for chillies and turmeric more quantity than the production in the district and also from other districts. They also suggested that supervision by market officials should be improved so that the operation of unauthorised agents can be checked.

Jain (1993) studied the structural and functional aspects of regulated markets in Damoh district of Madhya Pradesh. The study reveals that the regulated market of Damoh would not attract the producers in broader way as the market has no proper infrastructural facilities. Special attention should be given to provide better storage, transport, processing, financing and standardisation facilities to all the functionaries. He further stated that regulated market can play a vital role in developing the economic status of producers as well as other functionaries, if proper attention is given to eradicate the constraints affecting the market.

Basavaraja and Murthy (1994) concluded that the percentage change in market arrivals was marginal in markets where huge investments were made when compared to markets with low investments. With respect to markets with low

investments, the impact of investment was observed by way of enhanced market arrivals. Hence, they suggested that there is a need to give top priority for less developed or under developed markets for investments purpose or possibilities.

Ravikumar and Raju (1995) studied the organisational set-up of regulated markets in Visakhapatnam district of Andhra Pradesh and they found that properly and balanced organisational facilities both management and operation of enterprise. They stated that a good administration is one which enables the group to achieve its objectives with minimum expenditure of resources and effort and least interference with other worthwhile activities.

Upendra (1995) observed that sales made by large cultivators in Huzurabad market yard were substantially higher than those made by them within the village. The reasons were expectations of higher prices, less chances for any malpractices and availability of transport facilities. The prices paid to sample farmers were found to be higher than that of the prices paid by other purchasing agencies.

Pandirajan and Manoharan (1996) opined that majority (about three fourth) of the participant and non-participant farmers of regulated markets use bullock carts to transport their farm produce to market places. 20 per cent of participants sold their produce fully through regulated markets and remaining 80 per cent partially through regulated markets. Among participants 16.67 per

cent sold their produce immediately after harvest, 46.66 per cent after initial storage and 36.67 per cent were found to sell their produce at the prevalence of high price in the market.

### 2.3 STUDIES ON MARKET INTEGRATION AND MARKETING EFFICIENCY

Raju and VonOppen (1975) described the marketing channels as the chains of intermediaries through which various commodities pass between producers and consumers. The actual expenses incurred in the marketing process is not only the cost of performing various functions, but also taxes and other assessments as well. They opined that the inefficiency exists, where marketing costs exceeds or equal to market margins, but they are excessive because of physical and other bottlenecks.

Raju and VonOppen (1982) concluded that on the basis of estimates made on marketing costs and margins, three selected regulated markets i.e. Warangal, Khammam and Thandur in Andhra Pradesh were operationally efficient for all ICRISAT crops viz.. Sorghum, Pearlmillet, Pigeonpea, Chickpea and Groundnut. According to them pricing efficiency is measured in terms of correlations of price movements of the same product in separate markets. Such correlations give indications of the degree of integration between the markets.

19

Raju and Kakadia (1984) conducted a study on marketing of groundnut in Rajkot district of Gujarat State. The marketing costs for farmers was higher at Goandal market (Rs.5.07/quintal) compared to Rajkot market (Rs.4.99/quintal). The marketing cost for traders was also more at Goandal market (Rs.9.49/quintal) compared to Rajkot market (Rs.9.24/quintal).

Muniyandi (1988) studied pricing efficiency of groundnut markets in Tamilnadu. He stated that markets were operating efficiently over time, space and form in the district and there was no evidence of collusion among the oil millers in the region. He concluded that such existence of ideal marketing situation could be ascribed to the effective implementation of the market regulation procedures.

Patnaik (1988) studied the intermarket integration and intramarket integration of groundnut markets in Rayalaseema region of Andhra Pradesh. He stated that market integration should be viewed through inter and intra markets simultaneously and he found that with the development of markets and government intervention in the form of regulation, the groundnut producers are participating in a significant way and their transactions are usually in pods.

Bhat (1989) stated two methods for efficient functioning of regulated markets. One administration should

be improved so that farmers are attracted to regulated markets and on the other the target group should be educated and awakened to make proper use of the institutions which were set-up for their service. The latter attempt was more effective because any attempt towards regulation of markets will be less effective because unless the farmers realise and understand the necessity of such an institution and cooperate with it . it will become hard for successful functioning.

Usha et al. (1989) studied about different functions of regulated markets and opined that market charges in past regulated markets were low compared to pre-regulated market.

Jayaraj (1992) worked out correlation analysis for both absolute price series and residuals of price series. The correlation coefficients for absolute price series indicate that price movements in regulated markets are strongly associated and coefficients for residuals of price series indicate that markets are interdependent for price formation and degree of dependence is indicated by absolute value of coefficients.

Singh (1994) stated that Agricultural Marketing in India is characterised today by the involvement of a large number of functionaries and duplication of functions in the process of distribution of produce from producers to

consumers. Depending upon the geographic situation, pattern of production and the level of development in the country, the intensity of problems at various stages of marketing vary to a greater extent. Hence, there is greater need to undertake adaptive research in future which will aim at vertical and horizontal integration of marketing functions and functionaries so as to reduce the cost of marketing and thereby ensure a fair price to the growers and consumers alike.

#### 2.4 STUDIES RELATING TO PRICE SPREAD AND MARKETING CHANNELS OF AGRICULTURAL PRODUCTS

According to Agarwal (1949) producer's share in consumer's rupee depends upon a number of factors such as transport facilities, specialisation of production, number of market intermediaries, state regulation of markets, turnover and finally the value of the produce.

Sayanna (1949) opined that price spread was the margin between the actual cost of production and retail price of consumer goods. Further, he revealed that chain of middlemen were wider in respect of processed and manufactured goods as compared to the other food stuffs and raw materials.

Roy (1965) observed two general problems. They are establishment of comparable physical units as the product undergoes changes in form, composition, processing,

shrinkage etc. and securing of appropriate prices<sup>22</sup> at different levels of price structure of food economy.

Shah (1965) proposed two methods of calculating price spreads (a) following any specific consignment through the marketing system and then assembling costs involved at each stage - time log method (b) comparing prices at different levels of market at the same point in the time concurrent method and deriving gross and net margins.

Raju et al. (1985) used concurrent method to estimate marketing costs, margins and price spread. The results of the study indicated that in the selected regulated markets of Gujarat, the share of farmers in the consumer's rupee varied from 72-81 per cent. Among different channels, millers obtained the higher margins (4-8 per cent) followed by wholesale trader (2.4 per cent) and retailers (1.4 per cent).

Mishra (1987) studied the marketing of wheat and gram in the regulated markets of Jabalpur and Narsinghpur districts of Jabalpur division, Madhya Pradesh as Jabalpur has the highest area under wheat and Narsinghpur has the highest area under gram. He stated that the cost of marketing for wheat and gram decreased as the number of intermediaries in the marketing channels increased. As the number of intermediaries in the marketing channels increased, the producers share in the consumers in the

23

consumer's rupee decreases and the cost of marketing in the consumer's rupee increased for both the commodities. There was no definite relationship between the margins of wholesalers, retailers and marketing cost. The margins of intermediaries for wheat were lower than that of gram.

Naidu et al. (1988) opined that producer get the highest share (19.07 per cent) in channel I (Producer - municipal market consumer) as compared to 15 per cent in channel II (Producer - retailer consumer) and further concluded that channel I is more efficient than channel II.

Naidu and Hanumanthaiah (1988) computed price spread for chillies in the Guntur district and opined that net price received by the grower in consumer rupee was found to be 31.39 per cent of all marketing costs. packing and transportation was found to be highest. Retailer margin was abnormally high i.e., 40 per cent of consumers rupee. The marketing efficiency was found to be 0.46.

Reddy (1993) studied the costs and returns of various market intermediaries and the price spread for potato marketing in Chikkaballapur Taluk of Kolar district, Karnataka. He stated that selling of the produce through commission agent was the most beneficial since the producers realised the highest net price through this channel.

Rajan (1994) found that the producers share in consumers rupee was 31.21 and 34.32 per cent in channel I

(Producer - Village merchant - oil miller - oil wholesaler<sup>24</sup>  
oil retailer - consumer) and Channel II (Producer - oil  
miller - oil retailer - consumer) respectively in marketing  
of soybean in Guntur District of Andhra Pradesh.

Patnaik (1995) stated that the share of groundnut arrivals at the market yards is determined by the package of market practices, competitive conditions and buyers' willingness at the market yard. These decision variables would help to build up the confidence among the producers to divert the disposal of the produce from the production centre to the market yards. He further stated that the share of the market yards in groundnut arrivals can be increased if the government enforces the marketing regulation in all markets.

## 2.5 STUDIES IN COTTON MARKETING

Parskar and Radhakrishna (1971) observed that farmer's share in cotton prices is as high as 90 per cent and that it is almost stable at that level. The share of the trader on the other hand is not more than 3 per cent and is more fluctuating.

Singh et al. (1979) observed that the arrivals of desi cotton were highest in the months of November and December in all the markets and decreased from January onwards. The arrivals of American cotton, however, start late and were maximum in the months of December and January and were lower in February.

Rao (1979) noticed that contrary to traditional belief there was no difference in normal price of cotton per se received by various categories of farmers. However, in terms of deductions of poor quality, differed payments without interest, a small portion of small and marginal farmers is at a slight disadvantageous stage compared to big farmers on account of small amount of marketable surplus with them.

Bhatia (1984) opined that state intervention through sector agencies like cotton corporation of India, had helped the producers through reasonable prices which were generally higher than the minimum support prices.

Harris (1984) opined that record of Cotton Corporation of India has been disappointing. Not only it has confined its purchases mostly to regulated markets. It has allowed itself to be dominated by organised members.

Narasimhan (1984) opined that in case of Varalakshmi cotton the distribution of irregular variations of free market prices and CCI prices were positively skewed. In absence of Cotton Corporation of India bidding, the irregular variations in the market prices were negatively skewed.

Prabhakar Rao (1985) opined that the pressing charges were recorded maximum for Narasaraopet (Rs. 80.00) and uniform in the case of both Guntur and Chilakaluripet (Rs. 70.00). The pressing charges were high at Narasaraopet because it had only two presses and consequently there was no competition.

Prabhakar Rao (1985) opined that CCI in Guntur district was not appreciated much by cotton growers and they were not even aware of its existence. The farmers were feeling that the sale procedure of corporation was cumbersome and time consuming. Delay in resolving grading and other disputes did mar to some extent the purchase operations of the corporation.

Rao (1987) observed that during 1984-85 and 1985-86 the cotton growers were in helpless condition due to the

27

failure to get remunerative prices for cotton as well as adverse seasonal conditions. The views of the growers for support price was not encouraging and it was felt that the support price fixed were far from real situations. The cotton loose price as many traders and institutional agencies were reluctant to lift all the arrivals reaching the market.

Mann and Gill (1988) identified three important channels in study area of Abohor market of Punjab.

- i. Farmer- Ginner (through Katcha Arhatiya) -- Spinner (through broker)--Textile mill (Consumer).
- ii. Farmer- Trader(through Katcha Arhatiya) -- Spinner--- Textile mill (consumer).
- iii. Farmer- Itinerant merchant-- spinner-- Textile mill (consumer).

Bhupal (1989) opined that large portion of marketable surplus of cotton is sold in the villages by almost all the size groups of holdings, mainly because of inordinate delay in selling of cotton in regulated markets. In the regulated markets farmers are facing problems like inadequacy of space, improper storage facilities, unfeasibility of taking the produce back to home and lack of retentive capacity.

Sreenivasacharyulu (1989) mentioned that marketing efficiency exists in channel I in both markets at Sattenapalli and Tadikonda. when compared to channel II as

net price received by the producer is little bit more in case of channel I.

Bramaiah et al. (1989) observed that 83.34 per cent of the sample farmers were following the traditional method of marketing of cotton. This is due to forced sales, lack of proper transport facilities, meagre amount of marketable surplus, uncertainty of fetching remunerative prices in the market, lack of proper storage facilities and collusion of prices of CCI with private traders.

Ratna reddy and Reddy (1991) in their study in Guntur district on cotton observed that the state intervention in marketing of cotton in the form of CCI has failed to achieve its objectives of ensuring better and stable prices to the growers. The CCI failure to attract the farmers may be due to the following reasons. i) Low prices with high variations. ii) Considerable time and expenses coupled with uncertainty involved in the entire operation of taking cotton to market yards and iii) It is uneconomical to take smaller quantities of output at a time especially for small and marginal farmers to regulated markets.

Raji reddy (1995) observed that there was no proper regulation of timings in Guntur market. The weighment is prolonged even upto 10 p.m. in peak arrival season of cotton.

The details regarding methodology adopted in

chapter,

PERIOD OF  
STUDY  
Area, and Dry, 1941-42 on the soil collected  
in the vicinity  
of some soil

# MATERIALS AND METHODS

**CHAPTER III**  
**MATERIALS AND METHODS**

The details regarding methodology adopted in selection of markets, villages, farmers and method of collection and concepts adopted etc., form the subject matter of this chapter.

**3.1 PERIOD OF STUDY**

The study was conducted during the months of April, May, June, and July of 1995-96 and the data collected pertaining to the agricultural year 1995-96. Regular visits were made every week during the period April to June, to minimise the errors. For working out the spatial price integration among the selected markets, the data pertaining to the period 1995-96 was selected.

**3.2 SAMPLING PROCEDURE**

Cotton is the important cash crop grown in Guntur district from which cotton is marketed and exported, hence the same is considered for indepth study.

In Guntur district, all the AMCs transacting cotton were listed out (Table 5.10) and top four AMCs were selected. From these four AMCs regulated working under, were listed out and famous and top market from each AMC was selected. Thus, four regulated markets one from Chilakaluripet AMC, i.e., Chilakaluripet market, From Sattenapalli AMC, Sattenapalli market, from Piduguralla AMC, Piduguralla market and from Tadikonda AMC, Tadikonda market were selected, for in depth study.

All the farmers selling cotton in the regulated market yard were listed out and 20 farmers from each market are selected at random, thus making a total sample size to 80 farmers as shown below.

Name of the Market	Farmers
Chilakaluripet	20
Sattenapalli	20
Piduguralla	20
Thadikonda	20

For studying the marketing aspects in detail, 14 commission agents, 13 ginners, 13 local wholesalers were selected from each market. Thus, a total of 80 farmers and 40 market intermediaries were selected for the indepth study.

**3.3 COLLECTION OF DATA**

All the necessary information pertaining to the agricultural year 1995-96 was collected through survey method, by personally interviewing the farmers using a pre-tested questionnaire.

The primary data collected from the farmers were based on the recall memory. At producer's level, data regarding various marketing costs incurred by them, price realised by them for their produce in the year 1995-96 were obtained.

31

Data regarding the channel of marketing of cotton was collected from M.C. officials of Chilakaluripet, Sattenapalli, Piduguralla and Tadikonda. Data regarding number of registered intermediaries, cotton arrivals, prices etc., were also collected from the M.Cs. Among different categories of intermediaries, adequate number of intermediaries (as specified earlier) were interviewed personally. Data regarding marketing costs incurred by them were obtained. An opinion survey was carried out to identify various marketing problems of cotton. The respondents selected earlier were made to respond for this opinion survey also.

Though the study is mainly based on primary data, reliance on secondary data has also been found necessary. Secondary data were obtained from the Annual Administration Reports of Committees of selected regulated markets.

#### **3.4 TOOLS OF ANALYSIS**

##### **3.4.1 Coefficient of correlation to find out the degree of spatial price integration among selected markets.**

Correlation coefficients were worked out to find out the degree of spatial integration among selected markets for the year 1994-95 and for the decade 1985-86 to 1994-95.

The formula used:

$$r = \frac{\left[ \sum xy - \frac{\sum x \cdot \sum y}{n} \right]}{\left[ \sum x^2 - \frac{(\sum x)^2}{n} \right] \left[ \sum y^2 - \frac{(\sum y)^2}{n} \right]}$$

where,

- r = correlation coefficient
- x = model prices of cotton (Rs./Qtl.) in Guntur regulated market
- y = model prices of cotton (Rs./Qtl.) in regulated market.
- n = number of observations.

Significance test.

't' test was used to test the significance of correlation coefficient.

$$t = \frac{r \sqrt{n-2}}{\sqrt{1-r^2}}$$

A higher degree of the correlation coefficient indicates a greater degree of integration between the markets and vice versa. Uma Lele (1977) is of the opinion that a correlation coefficient of 0.90 or more is a high degree of intermarket price relationship between the markets.

## MARKETING EFFICIENCY

33

The ratio of total value of goods marketed to the marketing cost is used as a measure of marketing efficiency (Acharya and Agarwal, 1992). The higher the ratio, the higher the efficiency and vice versa.

The formula is;  $ME = V/I - 1$

where, ME = Marketing efficiency

V = Value of goods sold (consumer's price)

I = Total marketing cost.

### 3.5 TERMS AND CONCEPTS USED IN THE STUDY

#### MARKET

Market is an Organisation by which the exchange of goods is effected. This may be an association of private individuals or an organised institution governed by written rules or by conventions or by state regulations.

#### MARKET COMMITTEE

Market committee is set up to maintain and manage efficiently the related market in its charge according to the provisions of the Act, the Rules, the Bye-laws and directions of Directorate of Marketing/Agriculture.

## **MARKET YARD**

34

It is a place where transaction between the buyers and sellers takes place. Prospective participants meet here to purchase or dispose their produce.

## **AGRICULTURAL MARKETING**

According to National Commission on Agricultural, "Agricultural Marketing" is a process which starts with a decision to produce a salable farm commodity and it involves all aspects of market structure or system, both functional and institutional, based on technical and academic considerations and includes pre and post-harvest operations, assembling, grading, storage, transportation and distribution.

## **MARKET STRUCTURE**

Market structure refers to those organisational characteristics of a market which influences the nature of competition and pricing, and affect the conduct of business firms.

## **MARKET PERFORMANCE**

According to Marion and Handy, 'Market performance' is the appraisal of the extent to which the interactions of buyers and sellers in a market as influenced by market rules and institutions, stimulate results that are consistent with social purposes.

## **MARKET CHANNEL**

According to Moore et al., the chain of intermediaries through whom the various commodities pass from producers to consumers constitutes their marketing channels.

## **MARKETING COSTS**

This includes various costs incurred in moving of the product from the point of production, until it reaches in the hands of consumer. That means it includes various costs which are paid by producer, marketing agencies, and purchasers at different stages.

## **PRICE SPREAD**

In the marketing of agricultural commodities, the difference between the price paid by consumer and the price received by the producer for an equivalent quantity of farm produce is often known as Farm-Retail price or Price spread.

## **PRICE MARGIN**

Price margin refers to the difference between the price paid and received by a specific marketing agency.

## MARKET INTERMEDIARIES

Different types of agents who figure between producer and consumer in marketing of a commodity were referred to as market intermediaries.

Ex. Commission agents, Wholesalers etc.

## PRODUCER'S SHARE IN CONSUMER'S RUPEE

It is the price received by the farmer expressed as a percentage to the retail price (price paid by the consumer). If  $P_r$  is the retail price and  $P_f$  is the producer's price, the producer's share in consumer's rupee ( $P_s$ ) may be expressed as follows:

$$P_s = (P_f / P_r) \times 100$$

## COMMISSION AGENT

'Commission agent' means a person who, on behalf of another person and on consideration of a commission makes or offers to make a purchase or sale of any agricultural produce, livestock, or products of livestock does or offers to do anything necessary for completing or carrying out such purchase or sale and includes Adatya.

## HAMAL

Hamal is a "person licenced by a market committee to render service on wages in handling of a notified commodity in the market and includes woman labourer. They

**MARKET INTERMEDIARIES**

Different types of agents who figure between producer and consumer in marketing of a commodity were referred to as market intermediaries.

Ex. Commission agents, Wholesalers etc.

**PRODUCER'S SHARE IN CONSUMER'S RUPEE**

It is the price received by the farmer expressed as a percentage to the retail price (price paid by the consumer). If Pr is the retail price and Pf is the producer's price, the producer's share in consumer's rupee (Ps) may be expressed as follows:

$$P_s = (P_f / P_r) \times 100$$

**COMMISSION AGENT**

'Commission agent' means a person who, on behalf of another person and on consideration of a commission makes or offers to make a purchase or sale of any agricultural produce, livestock, or products of livestock does or offers to do anything necessary for completing or carrying out such purchase or sale and includes Adatya.

**HAMAL**

Hamal is a "person licenced by a market committee to render service on wages in handling of a notified commodity in the market and includes woman labourer. They

38  
handle the produce for loading and unloading, cleaning, stocking, filling the bags etc.

#### **WEIGHMAN**

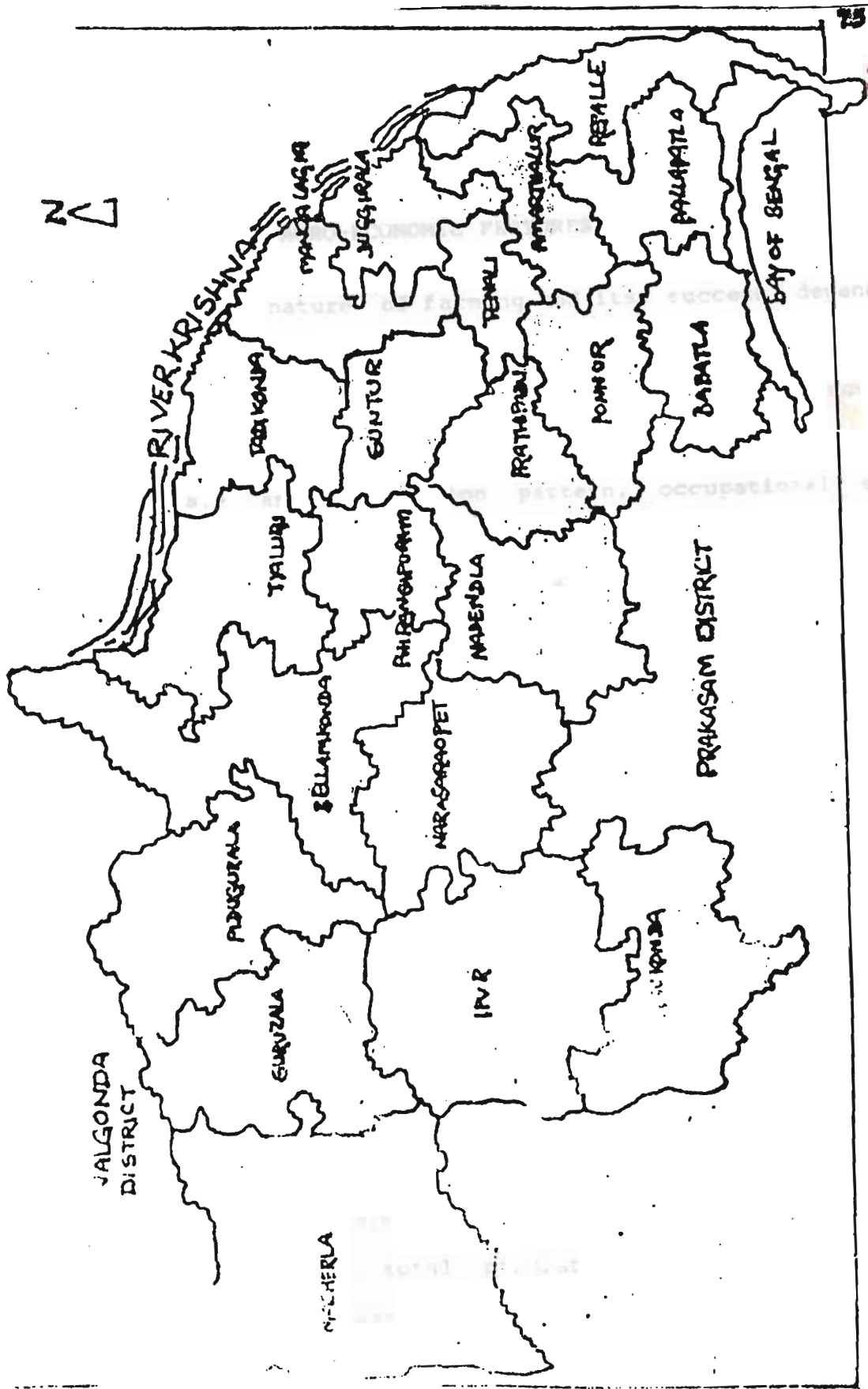
'Weighman' means a person who weighs or counts a consignment of the notified agricultural produce, livestock or products of livestock. The weighman is an important functionary. On his honesty and integrity depends the correct assessment of the weight of goods.

#### **WHOLESALE**

Wholesalers are those merchant middlemen who buy and sell the commodities in large quantities. They may buy either directly from farmers or from other wholesalers. They sell to retailers or other wholesalers. They do not sell significant quantities to ultimate consumers.



# AGRO-ECONOMIC FEATURES



## CHAPTER IV

### AGRO-ECONOMIC FEATURES

The nature of farming and its success depend to large extent on the agro-climatic factors of the region economic conditions of the farmers. The agro-economic features of the study area give a picture of the demographic features, land utilisation pattern, occupational status etc., of the population in the district. This is useful to understand the socio-economic characters of the study area.

#### GUNTUR DISTRICT

Guntur district lies between  $15^{\circ}18'$  and  $16^{\circ}80'$  of the North latitude and  $79^{\circ}10'$  and  $80^{\circ}55'$  East latitude. It is bound by Krishna and Nalgonda districts on the North, Bay of Bengal on the East. On the South, Guntur is adjoined by Prakasam district, in the West lies Mahaboobnagar district. It consists of 57 mandals with a total geographical area of 11,377 sq. km.

#### POPULATION

Demographic trends in the district are presented in Table 4.1. The total population of the district is 41,06,999 (1991 Census) comprising of 20,22,519 females and

20,84,480 males. The rural population in the district is 29,20,299. Density of population per sq. km. worked out to be 361. There are 970 women per 1000 men in the district.

Table 4.1 Demographic features of Guntur district.

Particulars	Population in 1981	% to total	Population in 1991	% to total
Males	18,72,760	50.7	20,84,480	50.75
Females	14,34,307	49.3	20,22,519	49.25
Rural	21,80,800	75.05	29,20,299	71.10
Urban	7,26,276	24.98	11,86,700	28.89
Total	29,07,067	100.00	41,06,999	100.00
Density/ sq. km.	0.256	--	361	--
Females/ 1000 males	974	--	970	--

Source : Chief Planning Office, Guntur.

#### LITERARY STATUS

Out of the total population above 7 years age of the district 46.35% is the literacy rate. It is evident from Table 4.2 that out of it male literates were 10,03,130 (56.54 per cent) and female literates were 6,17,243 (35.85 per cent). In rural population 50.8 per cent of males and 29.28 per cent of females are literate. Under the urban population the male literates are 3,63,523 (76.56 per cent) and female literates are 2,60,770 (51.74 per cent).

Table 4.2 Literacy status of Guntur district.

Particulars	Persons	Males	Females
Total	16,20,364 (46.31%)	10,03,130 (56.54%)	6,17,234 (35.85%)
Rural	9,96,111 (40.22%)	6,39,607 (50.80%)	3,56,504 (29.28%)
Urban	6,24,253 (61.26%)	3,63,523 (70.56%)	2,60,730 (51.74%)

Note : Figures in parentheses indicate % to total.

Source : Census 1991, Government of India.

#### PHYSIOGRAPHY

The interesting features of Guntur district are hills, rivers, sea coast and plains. The sea coast is fringed by plains and ridges of brown sand 5-6 miles in length. Generally the land is rising gently from sea level through undulating plains to an average altitude of 1,500 feet in the hills. The monotony is broken only by the numerous scattered small hill systems that rise abruptly against the skyline. Barring these hills, Guntur district is a flat open plain of black and few red soils. The district can be divided into 4 distinct regions viz., (i) the delta, (ii) the stony upland of the west, (iii) the black cotton plains and (iv) the eastern sea coast.

## CLIMATE AND RAINFALL

The climate is generally very warm. The heat is very severe on the upland tract. The total number of rainy days were 57 during the agricultural year 1995-96.

Table 4.3 Rainfall pattern in Guntur district

Year	Month	No. of rainy days	Amount of rainfall (mm)
1995	June	10	71.9
	July	15	174.7
	August	20	227.3
	September	25	88.0
	October	15	250.1
	November	20	14.0
	December	5	0.1
1996	January	--	--
	February	8	1.8
	March	--	--
	April	4	11.0
	May	2	16.6

Source : Chief Planning Office, Guntur.

## SOILS

Broadly the soils of Guntur district can be classified into three categories viz., (i) black cotton

soils (70%), (ii) red loamy soils (24%) and (iii) coastal sands (6%). It can be observed that most of the soils are black cotton soils.

#### IRRIGATION

Guntur district gets water from Krishna delta system for irrigation. In uplands, rainfall is supplemented by flow irrigation from tanks and lift irrigation from river banks. In the coastal belt the soils are sandy and the level of water table will be very high i.e., 2-3 feet in winter and 4-6 feet in summer, below the surface. Irrigation wells are deep in other areas ranging from 15-40 feet. The vast stretch of sands in the coastal belts has a peculiar system of irrigation through splash watering. The details of sources of irrigation in Guntur district were given in Table 4.4.

Table 4.4 Sources of Irrigation for Guntur district.

Source of irrigation	Area	Area planted (1995-96) ha	% content
Krishna water delta	1,70,000	1,69,000	57.77
Nagarjunasagar project	1,02,000	99,900	34.15
Guntur channel	7,150	6,850	2.34
Other sources (MI & LI Schemes)	18,850	17,650	6.03
Total	2,98,000	2,92,500	

Source : Chief Planning Office, Guntur.

## CROPPING PATTERN

45

This gives an idea of the crops grown in the area. The details are given in Table 4.5. It is evident from the Table that among the various food crops grown, rice occupies prime place and accounts for 51.4 per cent of the area. The total food crops amount to nearly 57.8 per cent of gross sown area. While non-food crops account for 42.2 per cent.

Table 4.5 Cropping pattern in Guntur district (1995-96)

Crop	Area (ha.)	% to gross cropped area
Paddy	2,78,973.06	32.98
Maize	5,919.95	0.70
Other cereals and millets	1,629.73	0.19
Greengram	13,478.53	1.59
Blackgram	1,77,772.56	21.02
Redgram	24,031.09	2.84
Bengalgram	2,138.03	0.25
Groundnut	8,542.03	1.01
Other oil seeds	16,007.91	1.89
Cotton	1,92,481.17	22.76
Turmeric	4,644.17	0.55
Surgarcane	3,401.50	0.40
Fruits	9,977.47	1.18
Chillies	24,330.97	2.88
Vegetables	11,190.76	1.32

Table 4.5 Contd.

Crop	Area (ha.)	% to gross cropped area
Others	71,329.75	8.42
Gross cropped area .	8,45,784.14	100.00

Source: Hand book of Statistics, Guntur district, 1995-96.  
Chief Planning Officer, Guntur.

#### LAND UTILISATION PATTERN

Analysis of land use in any location is very important as it gives a wide picture of land use, available fallows and net area sown and consequent economics contributing to the economic growth of the zone. The land utilisation pattern in Guntur district is presented in Table 4.6.

Table 4.6 Land utilisation pattern in Guntur district.

S. No.	Classification	Area (ha)	% to total
1.	Forests	1,54,288	14
2.	Barren and uncultivable land	41,582	4
3.	Land put to non-agricultural use	1,47,597	13
4.	Permanent pastures & other grazing lands	25,492	2
5.	Miscellaneous trees	41,014	4

Table 4.6 Contd.

47

S. No.	Classification	Area (ha)	% to total
6.	Cultivable waste	49,266	4
7.	Other fallow lands	25,468	2
8.	Current fallows	47,357	4
9.	Net area sown	5,87,460	53
10.	Total geographic area	11,19,705	100
11.	Area sown more than once	2,45,240	

Source: Hand book of Statistics, Guntur district, 1995-96.

#### LIVE-STOCK POPULATION

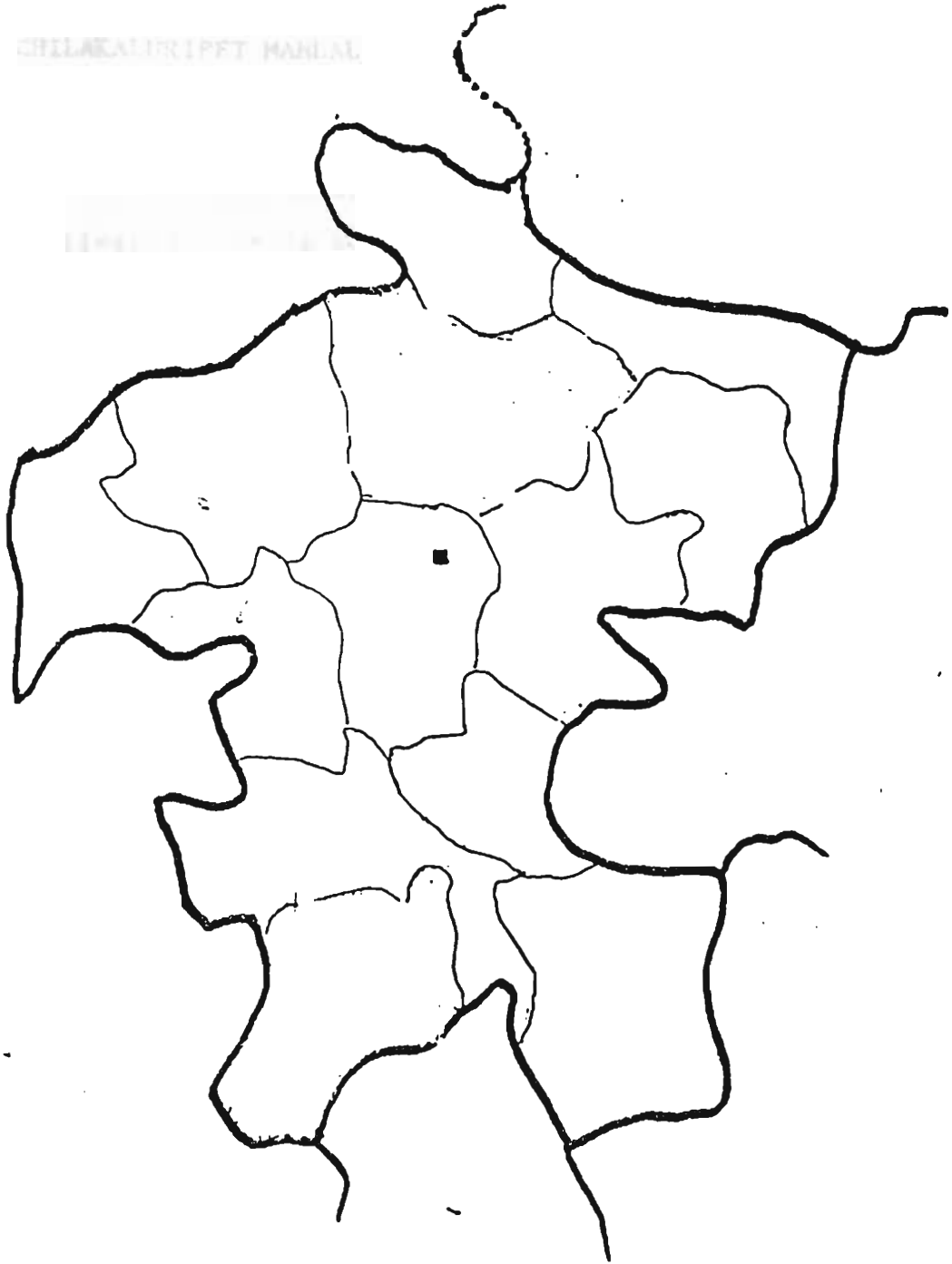
The total live-stock population in the district stands at 30,97,029 as per 1987 live-stock census. The Table 4.7 reveals that buffaloes occupy 27.67%, cattle 6.14%, sheep 8.78% and fowls occupied 59.95% respectively.

Table 4.7 Live-stock population in Guntur district

Particulars	Population	% to total
Cattle	1,90,265	6.14
Buffaloes	8,56,876	27.67
Sheep	2,72,023	8.78
Goat	1,37,215	4.30
Horses & ponies	517	0.02
Donkeys	336	0.01



MAP OF CHILAKALURIPET MANDAL



CHILAKALURIPET MANDAL

CHILAKALURIPET MANDAL

CHILAKALURIPET

OF SELECTED MARKETS

CHILAKALURIPET MANDAL

The Chilakaluripet mandal in Guntur district is famous in the district for number of commercial crops cultivated. It is surrounded by Narasaraopet on the North, Edlapadu on the West, Addanki in the East and Medarmetla on the South.

The total population of Chilakaluripet mandal as per 1991 census was 1.54 lakhs whereas female population constitutes 49.8 per cent. The females per 100 males were 99.20.

Regarding occupational pattern of mandal, number of cultivators accounted for 5.16 per cent (7955) to total population whereas the agricultural labourers constitutes 10.77 per cent (16598).

Total geographical area of the mandal was 18562 hectares and net area sown was to an extent of 14963 hectares and gross cropped area was about 16745 hectares.

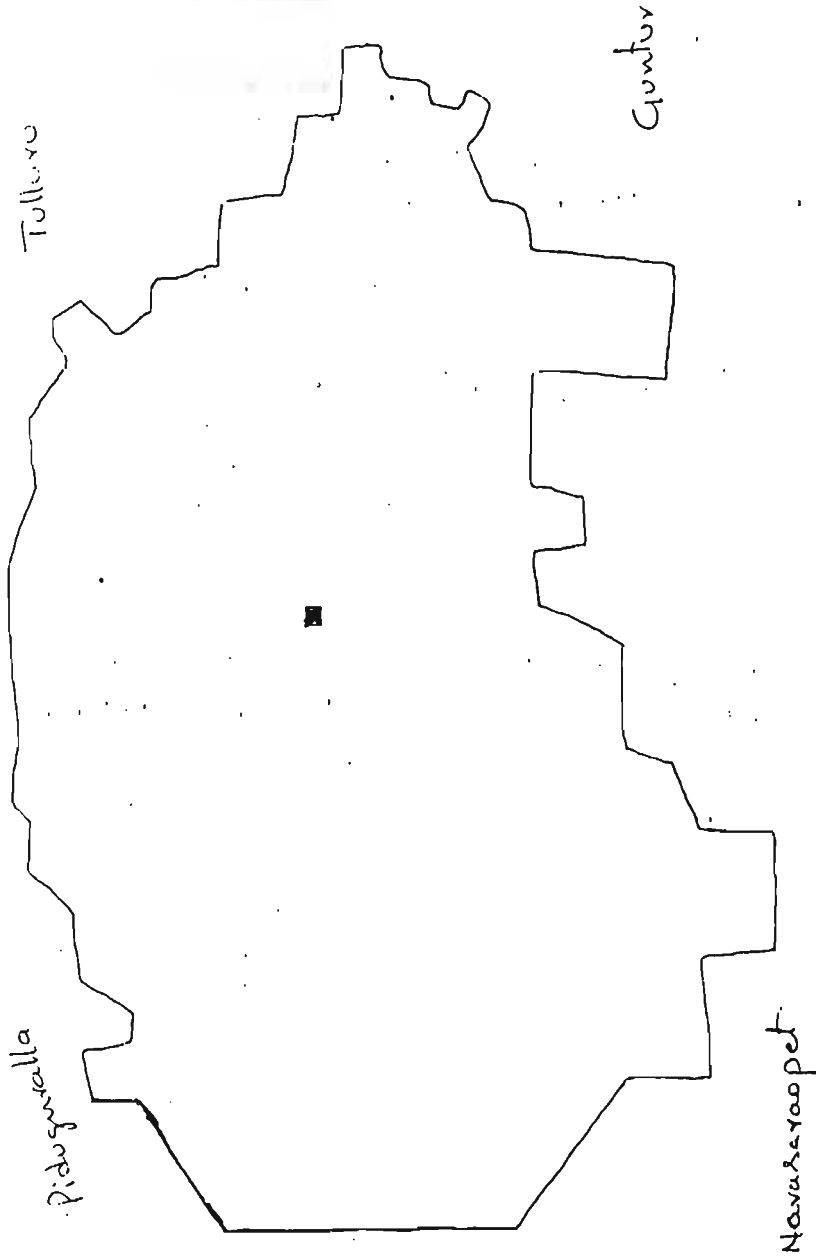
The salient features of the Mandal cropping pattern were other than cotton, paddy was grown in 1907 hectares, Maize 2514 hectares, sunflower 814 hectares,

1925 SECRETARY.

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redgram 1925 hectares, tobacco 4279 hectares and chillies <sup>51</sup> 2989 hectares etc.

#### **SATTENAPALLI MANDAL**

Sattenapalli is also an important mandal in cotton growing tracts, surrounded by Macharla on the North, Narasaraopet on the East, Tulluru on West and Guntur on South. Predominant soils were black soils.

The total population of Sattenapalli Mandal as per 1991 census was 1.12 lakhs of which male population accounted for around 60,198 and female 52,641.

The details regarding the Mandal wise occupational patterns were, the number of cultivators 4.65 per cent (9,356) and agricultural labourers 11.92 per cent (23,975) and others accounted 2.7 per cent (5,572) to total population.

The total geographical area of Mandal was 59,145 hectares, the net area sown was to an extent 38,976 hectares and gross cropped area was about 4,675 hectares.

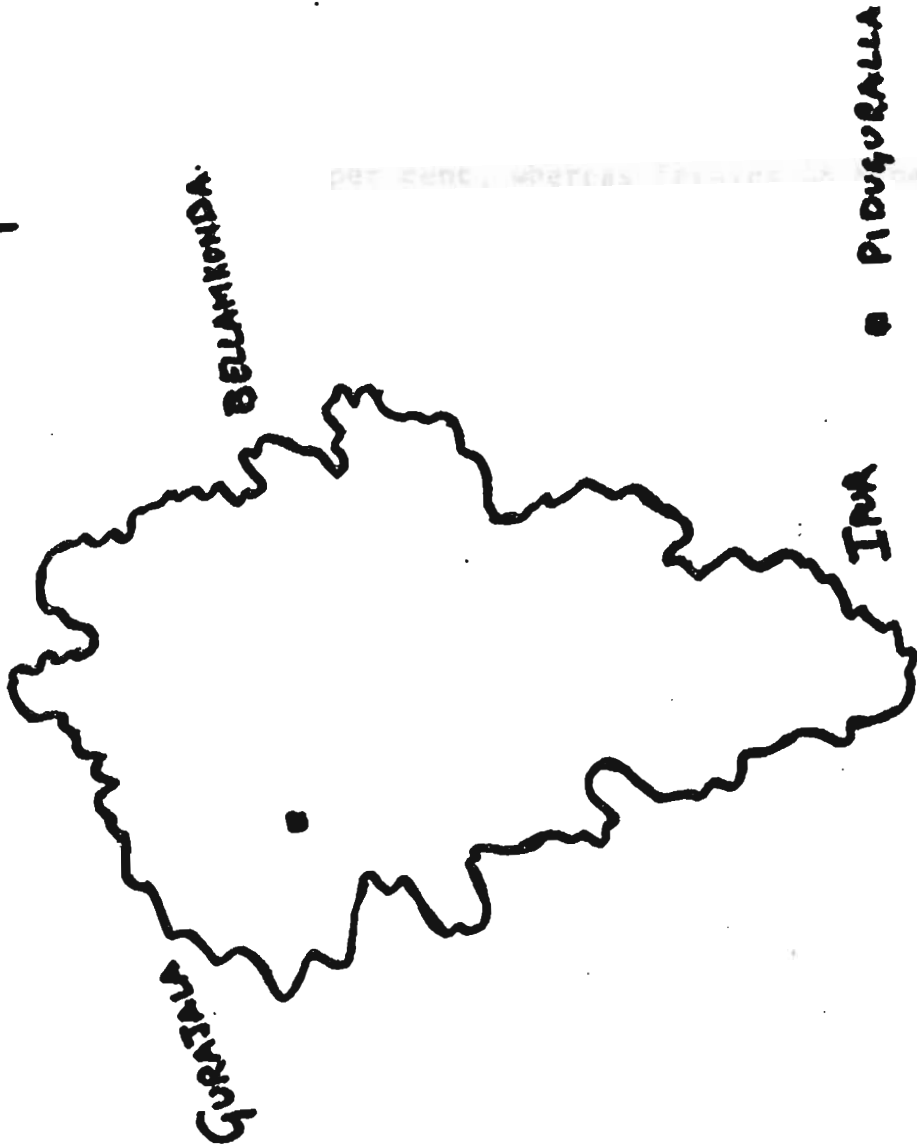
Mandal's cropping pattern was paddy raised in 4,601 hectares, maize 30 hectares, blackgram 3,295 hectares, turmeric 29 hectares and redgram in 4039 hectares.

...

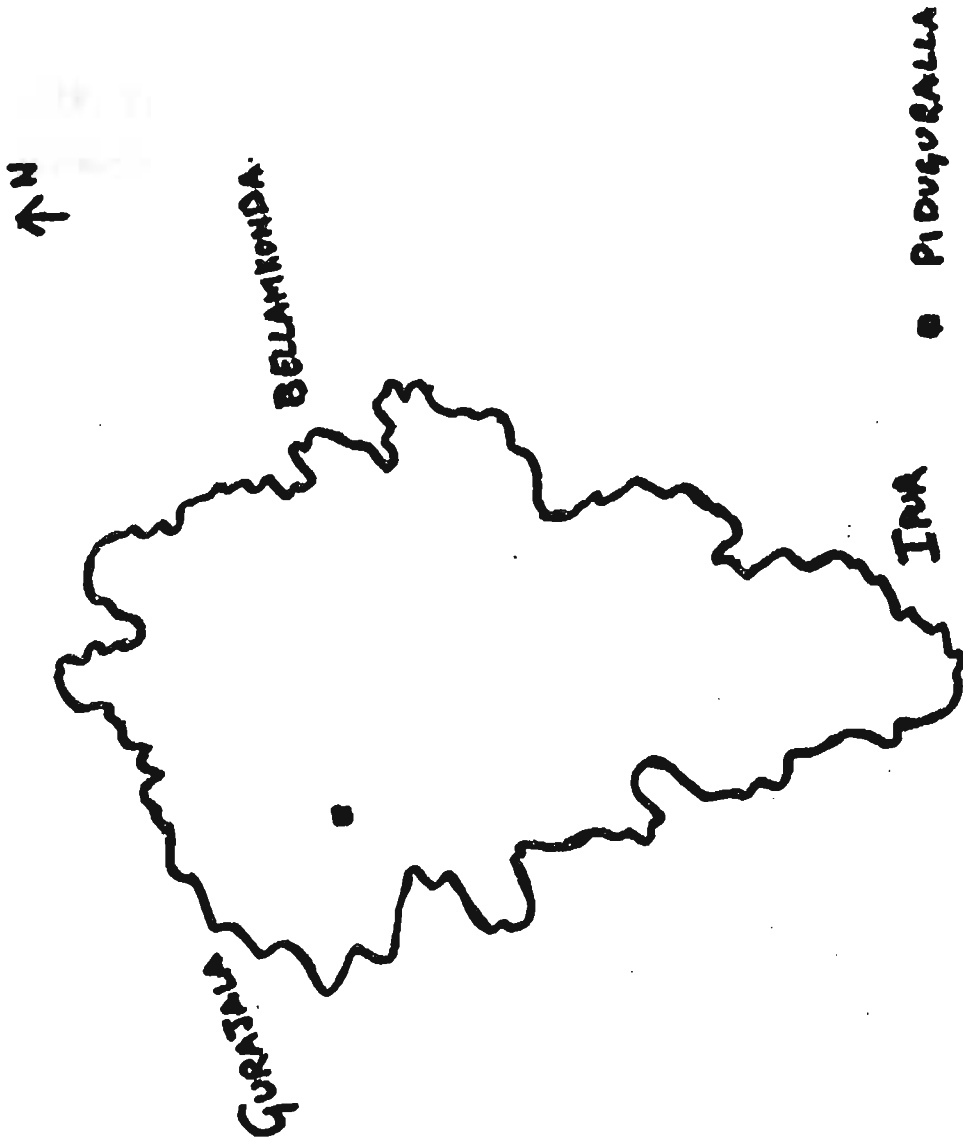
... Mandel. Most of the soils are ...  
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MAP OF PIDUGURALLA MANDAL



MAP OF PIDUGURALLA MANDAL



## PIDUGURALLA MANDAL

53

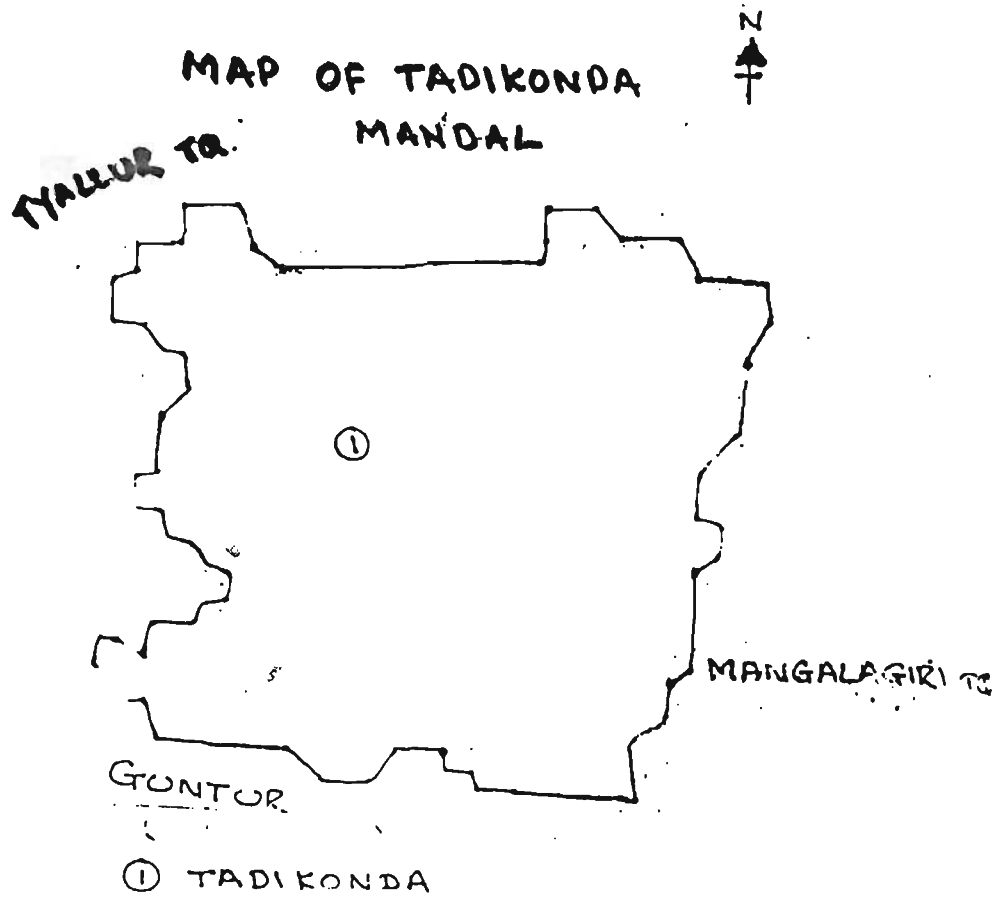
Piduguralla Mandal is one of the important cotton growing Mandal. Most of the soils were predominantly black soils. Mandal was surrounded by Gurajala on East, Ipur on South, Bellamkonda on West and Krishna river on North.

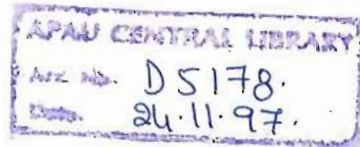
The total population of Piduguralla Mandal was 2.38 lakhs by 1991 census. The total male population accounted for 51.2 per cent, whereas females 48.8 per cent to total population.

The number of cultivators to total population 3.2 per cent (7,750) and agricultural labourers were 9.51 per cent (22,651).

The total geographical area of the Mandal was 1,76,661.01 hectares. The net area sown was to an extent of 31,593.02 hectares and gross cropped area was about 39,375.98 hectares.

The cropping pattern of Mandal reveals that paddy was grown in more acreage than cotton. Paddy was raised in 6,569 hectares. Other crops were maize 50 hectares green gram 386 hectares redgram in 2,765 hectares etc.





## TADIKONDA MANDAL

Tadikonda Mandal is surrounded by Tulluru on North, Mangalagiri on West, Guntur on South, Sattenapalli on East.

The total population of Tadikonda Mandal was 1.22 lakhs by 1991 Census. The total male population accounted for 50.8 per cent where as females 49.2 per cent to total population. The females per 100 males were 96.84.

The number of cultivators to total population were 6.1 per cent (7,452) and agricultural labourers were 18.6 per cent (22,736).

The total geographical area of the Mandal was 18.65 thousand hectares. The net area sown was to an extent of 9.80 thousand hectares and gross cropped area was about 15.06 thousand hectares.

From the cropping pattern particulars, it was revealed that other than cotton major crops were paddy 3.98 thousand hectares. Black gram 1.66 thousand hectars. Green gram 1314 hectares. Jowar 198 hectares and bengal gram 1,650 hectares. Gingelly in 250 hectares.

## MARKETING

58

There are fifteen AMCs in the Guntur district with 36 notified markets. These fifteen AMCs with headquarters are Guntur, Tenali, Repalle, Mangalagiri, Chilakaluripet, Sattenapalli, Tadikonda, Piduguralla, Vinukonda, Macherla, Bapatla, Ponnur and Narasaraopet. Table 5.1 shows the AMCs along with their notified markets. Of these 36 notified markets Chilakaluripet, Sattenapalli, Piduguralla and Tadikonda regulated market yards were selected as they are famous for cotton marketing and top the rankings in quantum of arrivals in all AMCs of Guntur district.

### PROFILE OF SELECTED REGULATED MARKETS IN GUNTUR DISTRICT

It was now proposed to present the profiles of selected regulated markets in the district to serve as a back drop for discussion on their performance.

Chilakaluripet was considered as an important trade centre in Andhra Pradesh particularly for cotton. It is located at a distance of 36 km from headquarters of the district. It was regulated on 01.01.1982. It has been famous for trade for last 10 years. The growth of trade facilitated by National Highway. The cotton purchased here was exported to Tamilnadu, Karnataka, Kerala, Maharashtra and West Bengal.

57

The notified markets coming under AMC Chilakaluripet are Chilakaluripet and Edlapadu. Chilakaluripet regulated market was housed in an area of 5.1 acres. Mostly cotton was transacted in the market yard. The nearby villages from which farmers come and do business are Edlapadu, Elluru, Rajapet, Boppudi, Ramachandrapuram, Uppumagulluru, Ganapavaram, Kovvuru, Govindapuram and Turlapadu.

Principal crop being raised in Chilakaluripet mandal is cotton with an area of 14475 acres and production of 276472.5 quintals. Other crops grown are tobacco, sunflower, groundnut and millets.

Sattenapalli and Piduguralla are also important regulated markets featuring cotton arrivals. They are located 36 km and 64 km from district headquarters, respectively.

Sattenapalli market was notified on 20.09.1976 and Piduguralla on 01.01.1976. Sattenapalli market yard was housed in an area of 3.51 acres and Piduguralla in 8.01 acres. Notified markets coming under AMC, Sattenapalli are Sattenapalli and Phirangipuram and under AMC, Piduguralla; Piduguralla, Rentachintala, Dachepalli, Gurajala and Karampudi. In these market yards also cotton is the only commodity where concentration of trade was taking place. Other commodities where trading was undergoing were

groundnut, paddy, redgram, blackgram, greengram, gingelly alongwith cotton.

The principal crop cotton was raised in an area of 18669 acres with production of 363380 quintals in Sattenapalli and 12325 acres with production of 232942.5 quintals. The nearby villages for Sattenapalli from where farmers come and do business are Nandigam, Gudipudi, Macherla, Sattenapalli mainly along with Krosuru, Kantipudi, Korrpadu, Dhulipadu, Dodlerru etc. and for Pidiguralla major villages from where farmers come and do business are Tummurukota, Pidiguralla, Dommalapadu, Addigopala, Machavaram, Dharmavaram, Macherla etc.

Tadikonda market yard which is presently housed in 5.1 acres is 17 km away district headquarters. It was recently notified in the year 15.03.1994. Notified market committee under Tadikonda AMC are Amaravathi and Tadikonda. This the only market among the four selected regulated markets where trading was taken place for more than ten commodities viz.. rice, maize, banana, greengram, redgram, blackgram, groundnut, gingelly, castor seed, bengalgram, eggs and others along with cotton.

The principal crop cotton raised in an area of 11224 acres with 212133.6 quintals of production. Major villages coming under purview of market yard are Tadikonda, Peddaparima, Ponnekallu, Amaravathi, Tulluru etc.

CHAPTER

RESULTS AND DISCUSSION

EVOLUTION AND PROGRESS OF REGULATED MARKETS

MONTHLY OBJECTIVE

ANALYSIS OF THE

**RESULTS**

**AND**

**DISCUSSION**

**CHAPTER V**  
**RESULTS AND DISCUSSION**

The results of the study alongwith discussion are presented in this chapter under the following sub-heads.

- 5.1 EVOLUTION AND PROGRESS OF REGULATED MARKETS IN GUNTUR DISTRICT.
- 5.1.2 ORGANISATIONAL SET UP OF REGULATED MARKETS IN THE GUNTUR DISTRICT.
- 5.2 COMMODITIES ACTUALLY DEALT IN THE SELECTED MARKET YARDS OF GUNTUR DISTRICT.
- 5.3 MARKET FUNCTIONARIES IN THE SELECTED MARKET YARDS OF GUNTUR DISTRICT.
- 5.4 PROVISION OF AMENITIES AND FACILITIES IN THE SELECTED MARKET YARDS OF GUNTUR DISTRICT.
- 5.5 BUSINESS IN THE SELECTED REGULATED MARKETS OF GUNTUR DISTRICT.
- 5.6 FARMERS PERCEPTION ABOUT THE PERFORMANCE OF SELECTED REGULATED MARKETS OF GUNTUR DISTRICT.
- 5.7 SPATIAL PRICE INTEGRATION FOR COTTON AMONG SELECTED REGULATED MARKETS OF GUNTUR DISTRICT.
- 5.8 PRICE SPREAD FOR COTTON IN THE SELECTED REGULATED MARKETS OF GUNTUR DISTRICT.
- 5.9 PROBLEMS OF MARKETING COTTON (KAPAS) IN THE SELECTED REGULATED MARKETS OF GUNTUR DISTRICT.

In this chapter, an attempt was made to discuss the evolution, organisation and working of regulated markets in Guntur district and also spatial price integration and price spread between the selected regulated markets was computed. An attempt was made to know the problems of marketing cotton by farmers in selected markets.

The organisation of regulated markets in the district consists of AMCs under the supervision of ADM Office. Here, the organisational set up of ADM Office and AMC's were discussed.

An attempt was made to review the working of regulated markets with secondary data available at the ADM Office and AMC's in the district. Here, aspects like, commodity and area coverage of markets, trends in arrivals and valuation, market functionaries, grading and storage, market intelligence were examined along with the perception of farmers. To know the strength of integration correlation coefficient was computed and also an attempt was made to know the marketing costs and margins by calculating the price spread.

Finally an attempt was made to know the problems faced by the farmers while marketing through questionnaire.

## 5.1 EVOLUTION AND PROGRESS OF REGULATED MARKETS IN GUNTUR DISTRICT

Before regulation of markets, there were no market yards in Guntur district which gave scope for the traders to reap the benefits from exploitation. Most of the market functions were not at all present before the regulation leaving most of the transactions into the hands of traders or commission agents and the farmers were not paid in money terms but most cases barter system payment was done. The growers were deprived of legitimate share in the price paid by the consumer for their surplus produce. Absence of market legislation and enforcement of regulation were the basic drawback responsible for weak market.

Keeping in view of the above situation Royal Commission of Agriculture (1928) recommended regulation of markets. Guntur market was first brought under regulation in 1939, under the Madras Commercial Crops Act, 1933, in the name of the Tobacco Market Committee. Later it was redesignated as Guntur Market Committee. This act has been replaced by Integrated Act viz., Andhra Pradesh (Agricultural Produce, Livestock) Markets Act, 1966. Under Section 3(3) of the above Act Sattenapalli, Mangalagiri and Guntur taluks have been declared as its jurisdiction. In view of the policy of the government to constitute a market committee for each taluk, Sattenapalli and Mangalagiri

Table 5.1 : AMCs in Guntur district along with their notified markets.

Sl.No.	A.M.C.	Notified markets
1.	Guntur	Guntur, Pratipadu
2.	Tenali	Tenali, Chebrolu, Vemuru Amruthaluru.
3.	Narasaraopet	Narasaraopet, Nakarikallu
4.	Bapatla	Bapatla, Manthenavaripalem
5.	Palnadu (HQ Piduguralla)	Piduguralla, Rentachinthala, Dachepalle, Gurajala, Karam- chedu.
6.	Vinukonda	Vinukonda, Ipur.
7.	Macherla	Macherla, Durgi.
8.	Repalle	Repalle, Cherukupalle, Nizampatnam, Bhattiprolu.
9.	Sattenapalle	Sattenapalle, Phirangipuram
10.	Mangalagiri	Mangalagiri
11.	Ponnur	Ponnur, Pedanandipadu
12.	Chilakaluripet	Chilakaluripet, Edlapadu, Satuluru
13.	Emani (HQ Duggirala)	Duggirala, Kollipara.
14.	Krosuru	Krosuru
15.	Tadikonda	Tadikonda, Amarthaluru

Source: ADM office, Guntur.

Table 5.2 : Growth of AMCs in Guntur District.

Sl. No.	A.M.C.	Date of constitution	No. of notified markets
1.	Guntur	02.06.1969	2
2.	Tenali	03.06.1969	4
3.	Narasaraopet	02.06.1969	2
4.	Bapatla	18.02.1974	2
5.	Sattenapalli	20.09.1976	2
6.	Repalle	21.09.1976	4
7.	Vinukonda	02.08.1976	2
8.	Piduguralla	01.01.1976	5
9.	Mangalagiri	15.10.1979	1
10.	Macherla	27.12.1979	2
11.	Ponnur	06.11.1980	2
12.	Chilakaluripet	01.01.1982	3
13.	Emani (Duggirala)	25.10.1984	2
14.	Krosuru	22.12.1993	1
15.	Tadikonda	15.03.1994	2
Total			36

Source: ADM office, Guntur.

taluks were separated and separate market committees <sup>64</sup> were constituted for these two taluks with effect from 29th September 1976 and 15th October 1979 respectively. At present there were 15 AMCs in Guntur district with 36 notified markets which were listed out in Table 5.1 along with their notified markets.

It can be seen from the Table 5.1 there are 15 MACs with 36 notified markets under their jurisdiction. Of these AMCs Palnadu AMC ranks first comprising 5 notified markets followed by Tenali and Repalle (4 notified markets each).

#### 5.1.1 GROWTH OF REGULATED MARKETS IN GUNTUR DISTRICT

At present there are 15 AMCs with 36 regulated markets in the district. The growth of these market committees is shown in the Table 5.2. It can be observed from the Table 5.2 that most of regulation of markets was completed before 1980's viz., 10 AMCs were formed before 1980. Fifty per cent of the markets were notified between 1960 and 1970 and only twenty five per cent before 1960.

From Table 5.3 it can be observed that in case of regulated markets the growth was constant. So, it is clear that even before the formation of mandals in 1986 the regulation was constant in case of notification of markets. But still there is a need for some more notification of markets on the production was increasing day by day but

Table 5.3 : Growth of Regulated Markets in Guntur District. 65

Year	No. of Regulated Markets
1969-79	14
1980	14
1981	14
1982	14
1983	18
1984	18
1985	21
1986	21
1987	21
1988	25
1989	25
1990	28
1991	28
1992	32
1993	32
1994	36
1995	36
1996	36

Source: ADM office, Guntur.

Agricultural marketing is unable to keep pace with ~~60~~ the production.

#### ORGANISATIONAL SET-UP OF THE AMC GUNTUR

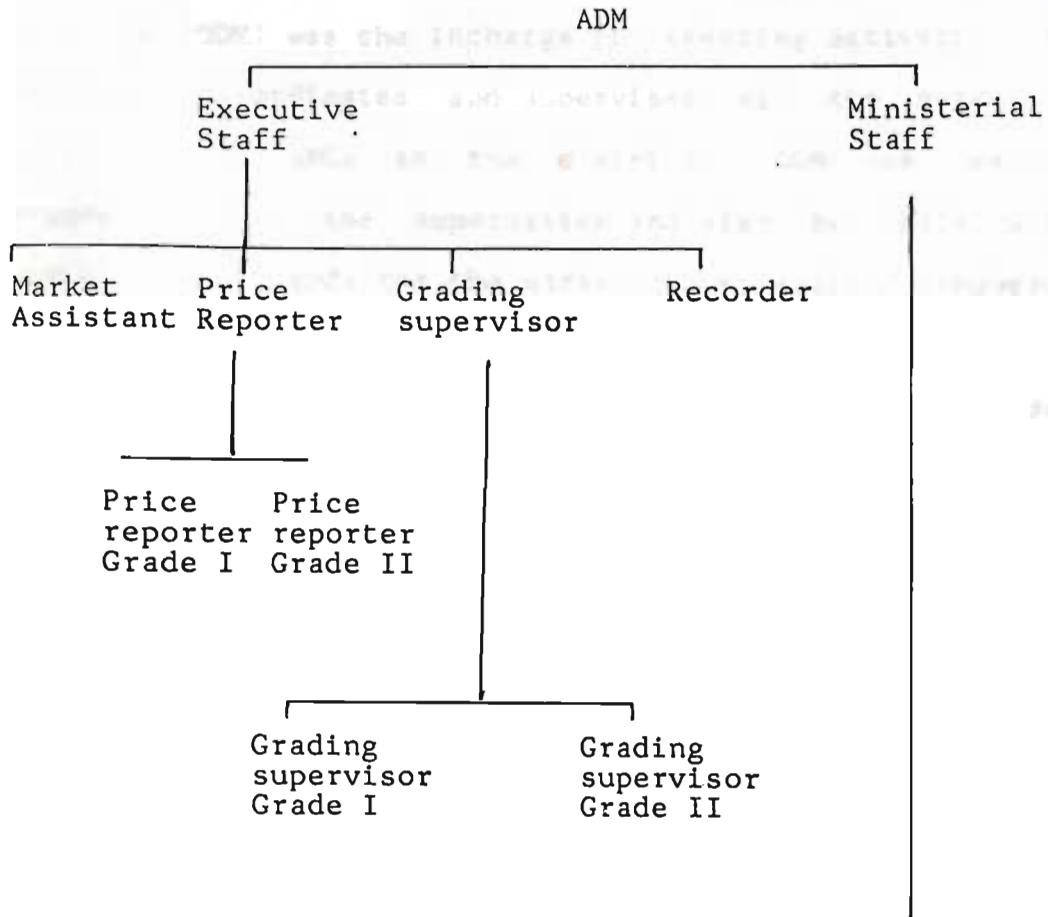
It is clear from the Table 5.3 that even before formation of mandals in Andhra Pradesh in 1986 the progress was there and after that there was a slow progress. After formation of mandals only two committees were established viz., Krosuru, Tadikonda markets were regulated. So still there is a great need of regulation of markets to meet the needs of the farmers.

Regulated markets coming under AMCs of selected markets were Chilakaluripet, Edlapadu and Satluru under AMC Chilakaluripet, under AMC Sattenapalle, Sattenapalle and Phirangipuram regulated markets, under AMC Pidiguralla Piduguralla, Rentachintala, Dachepalle, Gurajala and Karamchedu and under Tadikonda AMC Tadikonda and Amaravathi are the regulated markets.

#### 5.1.2 ORGANISATIONAL SET-UP OF REGULATED MARKETS IN GUNTUR DISTRICT

A properly designed and balanced organisation facilitates both management and operation of the enterprise. A sound and effective administration is essential for the successful operation of any organisation either with profit or service motive. So after studying the evolution and progress it was felt essential to study the organisational set up of AMCs in the district.

ORGANISATIONAL SET-UP OF THE ADM, GUNTUR



1. Senior Assistant
2. Junior Assistant
3. Typist
4. Attender
5. Watch-man
6. Driver

Source : ADM office, Guntur.

## ZONAL AND DISTRICT ORGANISATIONAL SETUP

At the apex level of district Deputy Director of Marketing (DDM) was the incharge of marketing activity. He controls, co-ordinates and supervises all the marketing activities of AMCs in the district. DDM was mainly responsible for the supervision and also he deals with acquisition of lands for the markets. He is also empowered to conduct enquiry or to take disciplinary actions in the cases of malfunctions of the markets. DDM is assisted by one upper division clerk on administration side and Deputy Executive Engineer (Marketing) on technical side. He helps DDM in constructional works of market committee.

At the district level administration (Chart I) Assistant Director of Marketing (ADM) is the incharge. The important functions of ADM are inspection and supervision of markets, acquisition of lands/sites for the markets in the district as an assistance to DDM, scrutinising the annual budgets of MC's, collection of price statistics, conducting market surveys, dissemination of market intelligence and organising grading activities in the district.

Market Assistant is an another important person who assists the ADM in the district level. The important function of Market Assistant are given below :

1. For price spread of various commodities he conducts market surveys.
2. Collecting data for cost of cultivation.
3. Relating to regulation of trade he collects data..
4. Publicity and market intelligence functions will be taken up.
5. He assists the ADM in land acquisition, development of markets and regulation.

These are the functions of Market Assistant. For this he takes the help of Price Reporter and Grading Supervisor. Price reporter helps in collecting information regarding prices and cost of cultivation. Grading supervisor was the incharge of grading activities and also organises programmes for propagation of grading of agricultural commodities.

At the office level, a senior assistant, a junior assistant and a typist will assist ADM in administration and correspondence work.

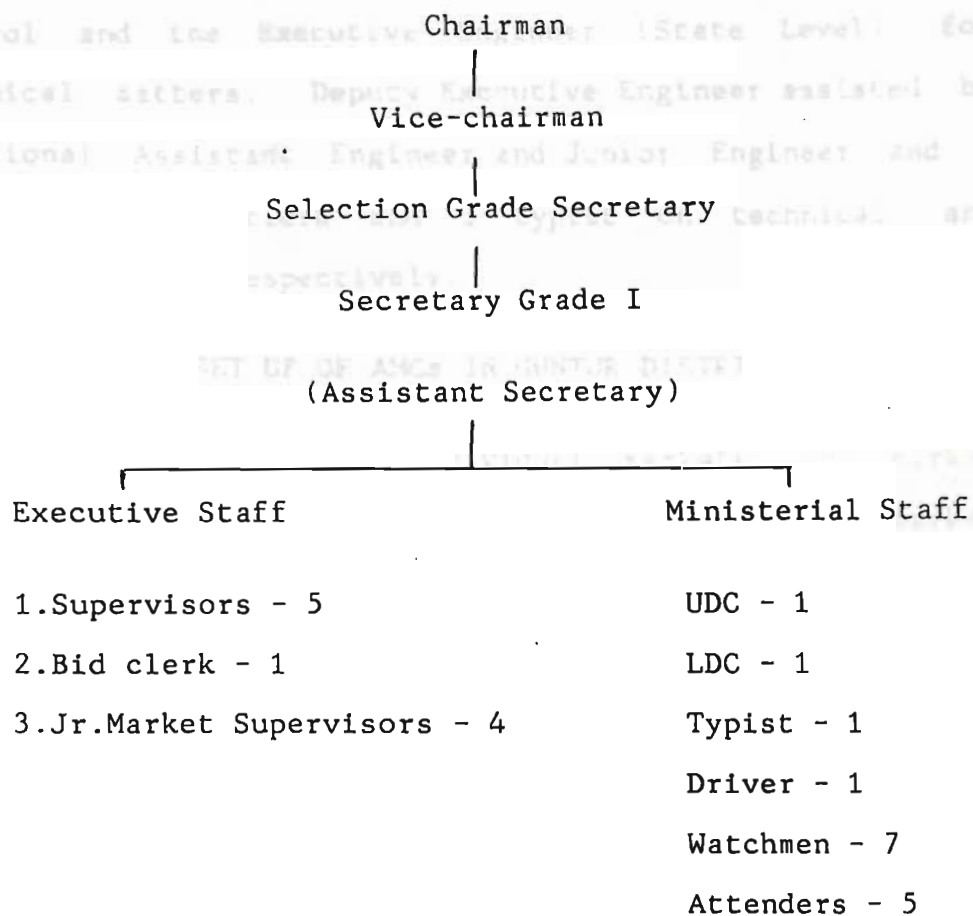
**ENGINEERING UNIT**

The Engineering unit of marketing department was meant for constructional work of MCs. This unit renders technical guidance and supervision for execution of works of market committees. Preparation of plants, layouts and estimates of works were some of the chief functions of Engineering unit.

CHART II

70

ORGANISATIONAL SET UP OF AMC - CHILAKALURIPET



Source: Annual Administrative Reports, AMC.

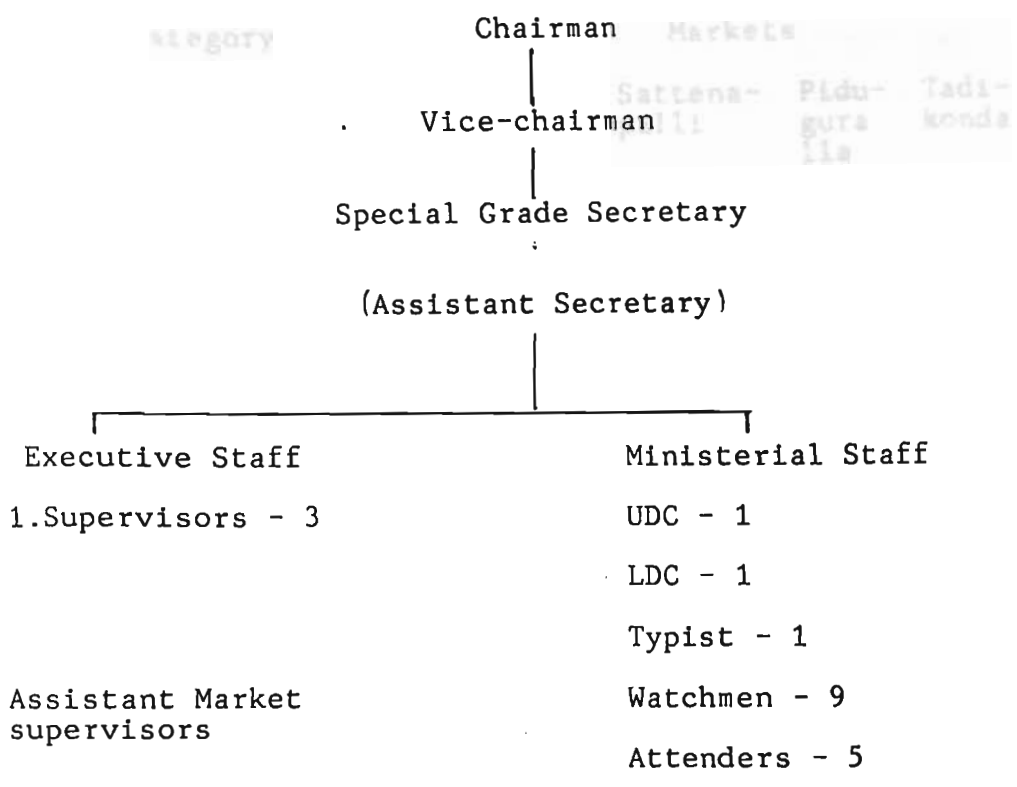
The engineering unit was headed by Deputy Executive Engineer who works under the DDM administrative control and the Executive Engineer (State Level) for technical matters. Deputy Executive Engineer assisted by Additional Assistant Engineer and Junior Engineer and a lower division clerk and a typist on technical and ministerial side respectively.

#### **ORGANISATIONAL SET UP OF AMCs IN GUNTUR DISTRICT**

In respect of individual markets, the market committee was the administrative authority. A market established under the Markets Act was entrusted with the responsibility of enforcing within the notified areas. Even though the features of organisational set up were same for all in the market committees of district staffing pattern varies from market to market based on the income generation of the markets. Hence, here an attempt was made to describe the organisational set up of AMCs in Guntur district.

Chilakaluripet and Mangalagiri AMCs were taken as model AMCs to others in the district and it is shown in Chart II and III. Market Committee has the responsibility of implementing the different provisions of the Act, the rules and the bye-laws framed thereunder. It should also provide facilities which may include competitive conditions for the sale and purchase of agricultural commodities, storage facilities, arrangements for weightment promote payment and

CHART III  
ORGANISATIONAL SETUP OF AMC, Mangalagiri



Source: Annual Administrative Reports, AMC.

Table 5.4 : Staff position of selected regulated market  
in Guntur district.

S.No.	Category	Markets			
		CH Pet	Sattena- palli	Pidu- gura lla	Tadi- konda
1.	Selection Grade Secretary	1	1	1	-
2.	Secretary Grade-I	1	-	1	-
3.	Secretary Grade-II	-	-	1	1
4.	Assistant Secretary	2	1	-	1
5.	Supervisors	5	4	6	-
6.	Assistant Market Supervisors	1	3	4	3
7.	Bid Clerks	1	1	1	-
8.	UDC	1	1	1	-
9.	LDC	1	1	-	1
10.	Typist	1	1	1	-
11.	Watchman	7	5	10	-
12.	Attender	5	4	1	3
13.	Driver	1	1	-	-
14.	Grader	-	-	1	-

Source : AMC's of selected markets.

provision of amenities. So, a market committee was therefore the pivot of whole mechanism designed to improve the standards of marketing within its jurisdiction. The MC was headed by Chairman who was the Chief Controlling and Supervision authority of both management and administrative side of the MC. The Chairman was assisted by Vice-Chairman who performs such duties delegated by Chairman and in his absence he presides over the MC meetings.

Market committee was managed by a group of 11 members. Five farmers, three traders, chairman, vice-chairman and market secretary constitute the 11 member committee. Chairman is the head of the committee and he will preside over the meetings of the committee and will take the crucial decisions. He was nominated by the Government. Farmers and traders trading in the market with good experience were selected as members. The board will take decisions on issuing licences effective regulation imposing penalty and direct prosecution. But the board is name-sake as chairman has no adequate powers except to cancel the licence.

The executive authority of MC was Special Grade Secretary in higher income generating markets (more than 20 lakhs) and Selection Grade Secretary in less income generating (less than 20 lakhs) markets. There are no special norms in selection and classification of executive authorities of MC. On the administrative side market

Table 5.5 : Commodities actually dealt with in the Regulated  
 markets of Guntur district with their  
 peak market season.

Year	Peak marketing season
Dry chillies	April-June
Cotton	Dec-Feb
Turmeric	Feb-May
Gingelly	Sept-Oct
Paddy	Jan-April
Redgram	Dec
Blackgram	Dec
Greengram	Jan
Groundnut	Oct-Nov
Castor seed	Dec
Maize	Mar-May

Table 5.6 : Commodities notified and number of commodities centralised in markets of Guntur district.

Name of the market	No. of commodities notified	No. of commodities centralised
1. Guntur	20	2
2. Tenali	12	2
3. Narasaraopet	20	-
4. Sattenapalli	21	1
5. Pidiguralla	22	1
6. Repalle	11	1
7. Vinukonda	21	1
8. Bapatla	23	-
9. Mangalagiri	21	1
10. Macherla	22	-
11. Ponnur	19	-
12. Chilakaluripet	18	1
13. Duggirala	---	1
14. Krosuru	18	-
15. Tadikonda	20	2

Source : AMC's, Guntur district.

Secretary was assisted by Assistant Secretaries. <sup>77</sup> Market Supervisors, Assistant Market Supervisors, Graders and Bid Clerks and UDC, LDC and other staff members. For the remaining MC's organisational pattern was same except for the variation in size of staff.

The staff employed in the market committees of selected markets was shown in Table 5.4. It can be inferred from the Table that increase in staff can be attributed to the needs and volume of the market.

## 5.2 COMMODITIES ACTUALLY DEALT IN THE SELECTED MARKET YARDS OF GUNTUR DISTRICT

The Table 5.5 shows the list of Agricultural Commodities actually dealt in the regulated markets along with their peak season.

As per the Agricultural Produce and Livestock Act, 1966 70 commodities were notified, but in Guntur district on an average 20 agricultural commodities were notified and of these 20 commodities transaction of only one or two commodities was centralised. In the selected regulated markets centralisation of trade was around cotton only. This can be observed from the Table 5.6. From Table 5.6 it was clear that there was a wide gap between number of notified commodities and number of commodities centralised and transacted. Attempts were not made by market committees

Table No.5.7 : Market functionaries in selected market.

Name of the Functionary	Chilakaluripet		Sattenapalli		Piduguralla		Tadikonda		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
A Class	154.00	65.50	78.00	26.09	65.00	43.90	20.00	6.69	317.00	28.30
B Class	3.00	1.30	-	-	-	-	-	-	3.00	0.03
C Class	12.00	5.10	-	-	-	-	3.00	1.00	15.00	1.43
D Class	-	-	56.00	18.73	68.00	23.50	21.00	7.02	145.00	13.00
E Class	-	-	120.00	40.14	113.00	39.10	192.00	64.21	425.00	37.91
Weightmen	7.00	3.00	4.00	1.33	4.00	1.40	4.00	1.34	19.00	1.70
Hamalies	59.00	25.10	41.00	13.71	38.00	13.10	59.00	19.73	197.00	17.60
Total	235.00	100.00	299.00	100.00	288.00	100.00	299.00	100.00	1121.00	100.00

to regulate the trade of other notified commodities and centralise the transaction to the yard.

### 5.3 MARKET FUNCTIONARIES IN THE MARKETS OF GUNTUR DISTRICT

A regulated market was essentially a service organisation with an objective of ensuring orderly marketing of agricultural commodities. It performs certain functions in order to realise this objective because farmers may not have much knowledge in marketing of his produce individually. Hence, for the movement of his produce to consumers, he has to make use of market intermediaries, like Commission agents who negotiate on his behalf to settle the sale transaction with the buyer.

Trader was also an important representative in market function. He was essential for the successful working of any market committee. Besides these two functionaries other functionaries like hamals and weighmen assist in the marketing process. Marketing can take place even if they are not active but the efficiency of system increases when they engage in business.

Table 5.7 shows number of different functionaries working in selected market yards during 1995-96. Both Sattenapalli and Tadikonda markets stand first with 299 functionaries each.

Table 5.8 : Average annual arrivals of commodities per functionary in the selected markets.

Sl. No.	Markets	Average Annual Arrivals (Quintals)	No. of functionaries	Average Annual arrival per functionary
1.	Chilaka-luripet	38956.06	235	165.77
2.	Sattena-palli	63397.15	299	212.03
3.	Pidiguralla	48349.45	288	167.88
4.	Tadikonda	70289.88	299	235.08

81  
Table 5.7 shows number of different functionaries in selected regulated markets during 1995-96. Of the total number of functionaries 28.3 per cent of functionaries constitute A class licencees i.e., commission agents. The next important functionary was trader (holders of 'B' to 'E' licencees) who constitute 52.4 per cent of the total number of functionaries. The licencees were issued taking business turnover into criteria. For 'A' class licencee's the business turnover of 3 lakh rupees, for 'B' class licencees it was 1-3 lakh rupees, for 'C' class 51-000 to 1 lakh rupees, for 'D' class 15,000 to 50,000 rupees and for 'E' class 1,000 to 15,000 rupees. Of the two categories of labourers, hamals were in grater number i.e., 197 (17.6 per cent) as against 19 weighmen (1.7 per cent).

From the Table 5.7 it can be observed that majority of total per cent was constituted by 'A' - 'E' class licencees i.e., 80.7 per cent. If these two classes (commission agents and traders) increases in number competitive condition among the buyers will increase. This was likely to favour the interests of the farmer-seller. This would also help to increase the volume of sales in the regulated market.

Total number of functionaries in each selected market may be examined in relation to the corresponding volume of arrivals. Table 5.8 gives the information relating to average annual arrivals, number of functionaries

Table 5.9 : Provision of amenities and facilities in selected markets.

Sl. No.	Amenities	Chilakaluripet	Sattena-palli	Piduguralla	Tadikonda
1.	Own site	Yes	Yes	Yes	Yes
2.	Own office building	Yes	Yes	Yes	Yes
3.	Compound wall	Yes	Yes	Yes	Yes
4.	Auction plat forms	Yes	Yes	Yes	Yes
5.	Internal pucca roads	Yes	Yes	Yes	No
6.	Lighting facilities	Yes	Yes	Yes	Yes
7.	Sanitary arrangements	Yes	Yes	Yes	Yes
8.	Commission agent block	No	No	No	No
9.	Drinking water	Yes	Yes	Yes	Yes
10.	Canteen	No	No	No	No
11.	Post Office	No	No	No	No
12.	Ryot Rent house	Yes	Yes	Yes	Yes
13.	Telephone	Yes	Yes	Yes	Yes
14.	Fire prevention devices	Yes	Yes	Yes	Yes
15.	Parking place	Yes	Yes	Yes	Yes
16.	Cattle shed	No	No	No	No
17.	Godowns	Yes	Yes	Yes	Yes
18.	Radio sets & loud speakers	No	Yes	No	No
19.	Weighbridge	No	No	No	No

Source : AMC's, Selected regulated markets.

83

and average annual arrivals per functionary. An average of five years i.e., 1991-92 to 1995-96 was taken into account. Since the arrivals fluctuated from year to year. But in case of Tadikonda an average of two years 1994-95 to 1995-96 arrivals was taken into account because it was established recently in the year 1994.

It can be observed from the Table 5.8 that average annual arrivals per functionary was more in Tadikonda market compared to others because here in this market, transaction of more number of agricultural commodities were taking place. Whereas in others trading was centralised mostly on cotton.

#### 5.4 PROVISION OF AMENITIES AND FACILITIES IN THE SELECTED MARKETS OF GUNTUR DISTRICT.

Provision of amenities and facilities in the market yards was the basic responsibility of AMCs. For the purpose of examining the amenities provided in the selected markets of Guntur district the details are presented in Table 5.9.

It was clear from the Table 5.9 that almost all the basic amenities were provided in the selected market yards. Important amenities like sanitary arrangements, cattle shed, water troughs, ryot guest house, telephone were well provided and maintained in all the markets. Godown facilities for storing were also provided in the market yard

Table 5.10 : Marketing of important agricultural commodities  
in AMCs of Guntur district  
(Arrivals in Qtls and Valuation in Lakh rupees)

84

S.No	Market	Groundnut		Cotton		Turmeric		Gingelly	
		Arrivals	Valuation	Arrivals	Valuation	Arrivals	Valuation	Arrivals	Valuation
1.	Narasaraopet	831.00	11.06	9008.90	168.86	680.00	343.00	4912.00	88.16
2.	Chilakaluripet	-	-	69937.06	1072.80	-	-	-	-
3.	Macherla	-	-	6.00	0.09	-	-	-	-
4.	Mangalagiri	3896.00	32.85	11388.00	207.89	268.70	23.00	1009.00	15.83
5.	Sattenapalli	30.00	3.50	2971.90	542.52	351.00	11.76	1304.00	22.63
6.	Ponnur	-	-	-	-	-	-	-	-
7.	Vinukonda	-	-	7890.30	136.25	-	-	-	-
8.	Bapatla	834.00	0.11	-	-	-	-	-	-
9.	Tenali	303.00	0.30	-	-	-	-	-	-
10.	Rapalle	5154.00	66.22	-	-	-	-	-	-
11.	Krosur	8447.00	15.73	-	-	-	-	-	-
12.	Tadikonda	248.00	2.53	13400.00	217.84	-	-	687.74	11128.00
13.	Piduguralla	3287.00	36.56	70000.00	979.98	-	-	-	-
14.	Duggiralla	-	-	-	-	2130.00	198.30	-	-
15.	Guntur	-	-	2984.00	51.52	-	-	-	-

Table 5.10 : Contd.

85

S.No	Market	Paddy		Redgram		Blackgram		Dry chillies	
		Arrivals	Valuation	Arrivals	Valuation	Arrivals	Valuation	Arrivals	Valuation
1.	Narasaraopet	699862.00	3695.35	2775.00	39.21	4825.70	738.90		
2.	Chilakaluripet								
3.	Macherla	192550.00	770.00						
4.	Mangalagiri	115975.00	502.41	1603.00	28.10	2705.90	134.86		
5.	Sattenapalli	75300.00	276.35	6100.00	106.93	696.00	8.12		
6.	Ponnur	99720.00	450.88						
7.	Vinukonda	321285.00	1287.13	29321.00	469.16	15225.00	277.44		
8.	Bapatla	75445.00	345.50			15156.00	268.00		
9.	Tenali	94720.00	398.19						
10.	Rapalle	99209.00	396.30			82112.00	1576.32		
11.	Krosur	962220.00	4311.16	1122.25	44.08	16156.00	2966.00		
12.	Tadikonda	31314.00	155.20	8993.00	147.09	33446.00	470.21		
13.	Pidiguralla	37216.00	136.08	1603.00	29.34	152.25	27.74		
14.	Duggiralla	10842.87	38.90						
15.	Guntur							703244.00	219.97

Source : AMCs, Guntur district.

but farmers are not using them properly. Another lacuna was lack of radio/speaker facility for announcing the market news and intelligence and any other information. At present market prices are displayed on notice boards which was kept at office buildings.

Thus on the whole, the amenities provided in the market yards were met the needs and they were properly maintained. But, still there was some gap which arised out of insufficient financial resources to provide a few more required amenities.

**5.5 BUSINESS IN THE SELECTED REGULATED MARKETS OF GUNTUR DISTRICT.**

Having studied the commodities notified and dealt in the selected markets, their administration and amenities, facilities and various market practices in the preceeding chapters, it was thought appropriate to study the volume and structure of marketing activity in each of the selected markets. An attempt was made to analyse the business in the markets in terms of the quantity and value of arrivals.

The arrivals and value of commodities brought to the regulated markets in Guntur district was shown in Table 5.10 during April 1995 - March 1996.

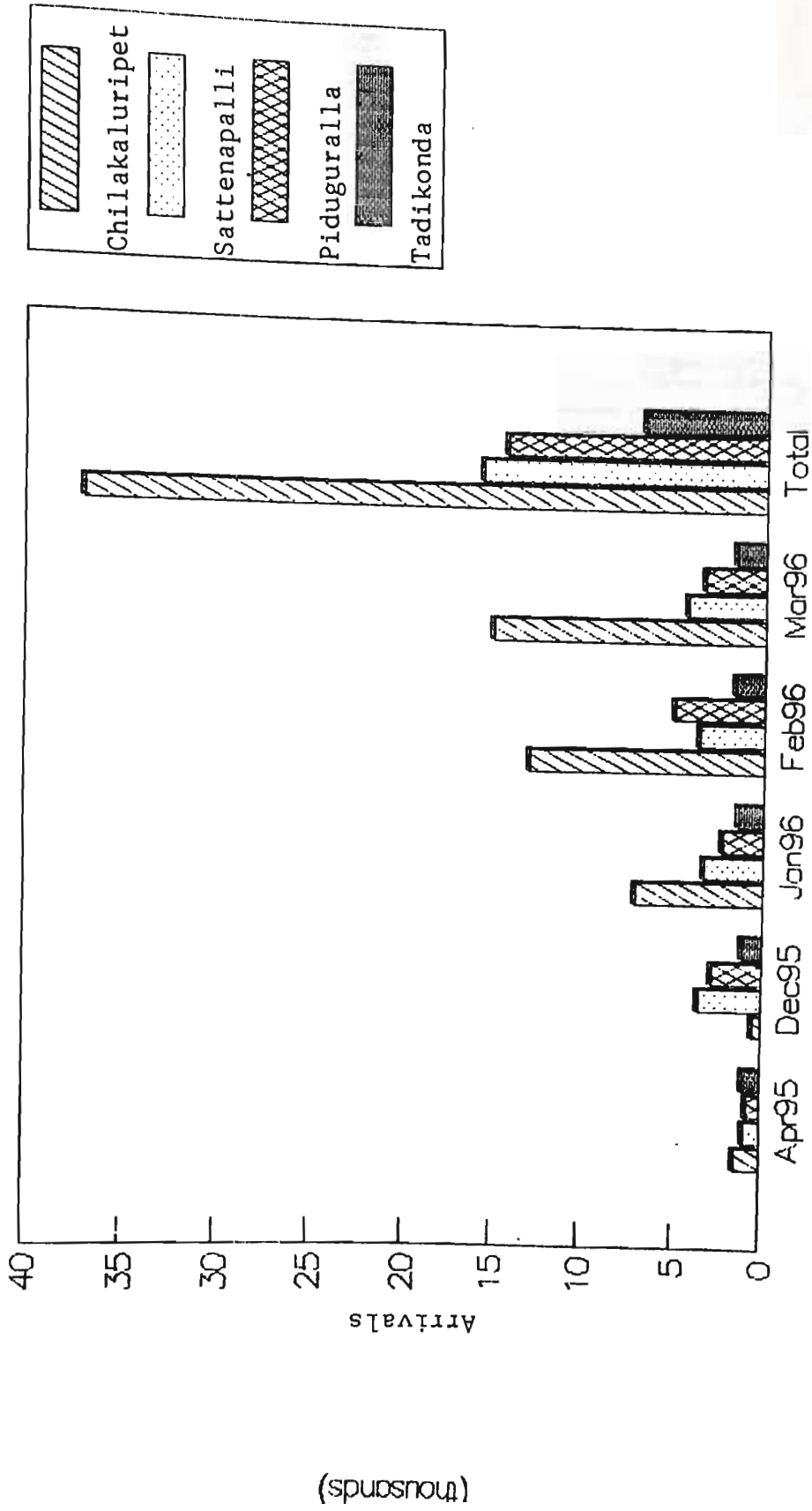
It can be observed from the Table 5.10 that except in Chilakaluripet paddy was the only commodity that was

Table 5.11 : Month wise marketing of cotton in selected markets of Guntur District. (1995-96) (Rs/Q1)

Year Month	Chilakaluripet		Sattenapalli		Piduguralla		Tadikonda	
	Arrivals	Valuation	Arrivals	Valuation	Arrivals	Valuation	Arrivals	Valuation
1995								
April	1408.25	3016963.10	830.00	1750470.00	749.74	1592072.89	924.61	1959886.57
December	437.36	823074.50	3575.30	6704960.00	2787.15	5221323.90	1082.92	1886664.02
1996								
January	7166.24	13656810.52	3298.04	6169000.00	2296.18	4271990.72	1424.61	31987.32
February	12944.91	23477784.75	3628.66	5174529.13	5068.53	9021020.37	1619.36	2241987.32
March	15048.30	26337220.64	4393.00	8569000.00	3424.40	6670057.39	1642.18	3065985.65
Total	37005.06	67311853.51	15725.00	21777400.00	14326.00	23741481.00	6866.00	11761693.29

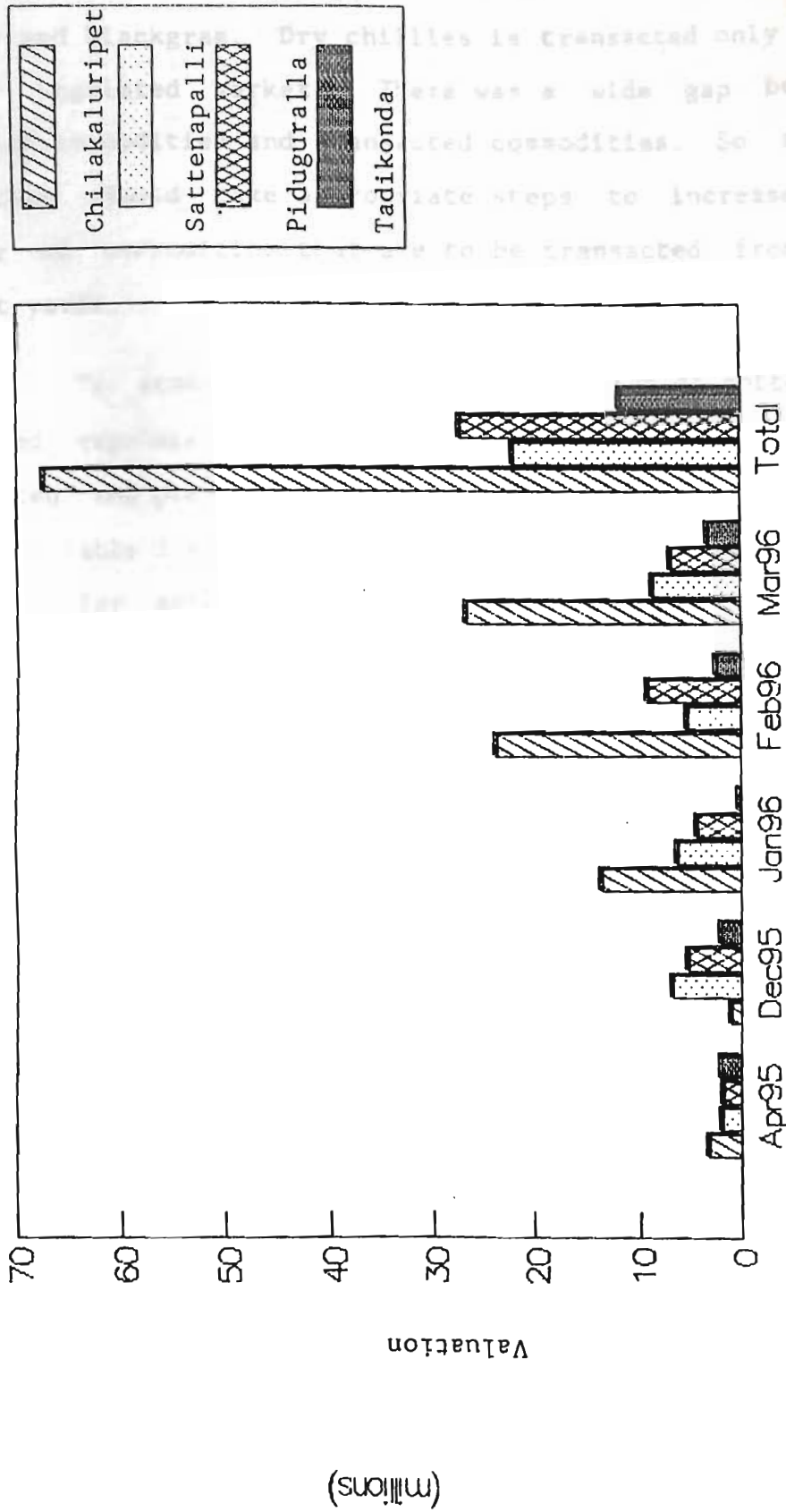
Source : Annual Administrative Reports, AMCs.

Figure 5.2 Trends in arrivals of cotton for the year 1995 to 1996.



(thousands)

Figure 5.3 Trends in valuation of cotton for the year 1995 to 1996.



marketed from all the regulated markets. Next was the cotton and blackgram. Dry chillies is transacted only from Guntur regulated market. There was a wide gap between notified commodities and transacted commodities. So market officials should take appropriate steps to increase the number of commodities that are to be transacted from the market yards.

To study the arrivals and valuation of cotton in selected regulated markets arrivals and their values were collected and presented in Table 5.11 for the year 1995-96 and in Table 5.12 arrivals and valuation of 5 years were taken. For more than 5 years data was not available because of cyclone in 9 May, 1990 due to which all the records were spoiled and only data for 2 years arrivals and valuation were taken for Tadikonda as it was established in the year 1994.

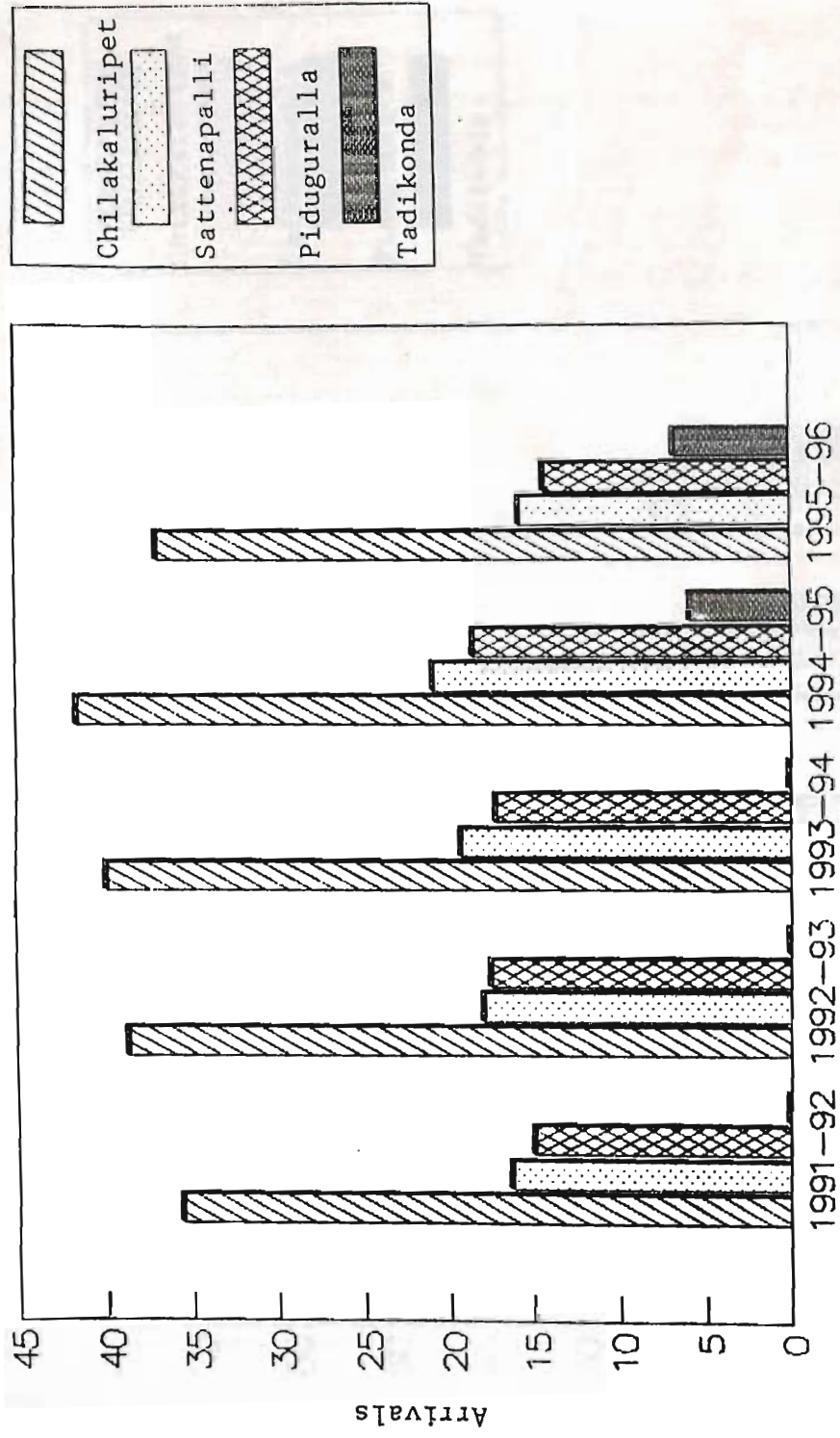
It is clear from the Table 5.11 that the peak season for cotton was January to March. Arrivals starts entering into the market in December and starts declining from April. Between these April and December trading was done outside the market yards as it was more convenient for farmers. Regarding the valuation highest price for kapas can be observed in the month of April. Price decrease was observed between the months of December and March as fresh arrivals come into the market and at the end of the season again price rise was observed. It was observed that there

Table 5.12 : Marketing of cotton in the selected markets of  
Guntur district (1991-92 to 1995-96) (Rs/Qtl).

Year	Chilakaluripet		Sattenapalli		Piduguralla		Tadikonda	
	Arrivals	Valuation	Arrivals	Valuation	Arrivals	Valuation	Arrivals	Valuation
1991-92	35609.78	62315750.00	16235.35	25576555.00	14852.00	23763200.00		
1992-93	38659.92	65315750.00	17876.47	27982758.00	17452.00	28795800.00		
1993-94	39847.00	70927660.00	19252.97	29952595.00	17186.07	28958410.00		
1994-95	41611.46	71061774.00	20960.75	39418420.80	18452.00	29058800.00	5906.42	10989382.00
1995-96	37005.06	67311853.00	15725.06	21777400.00	14326.00	23741481.00	6866.00	11777400.00

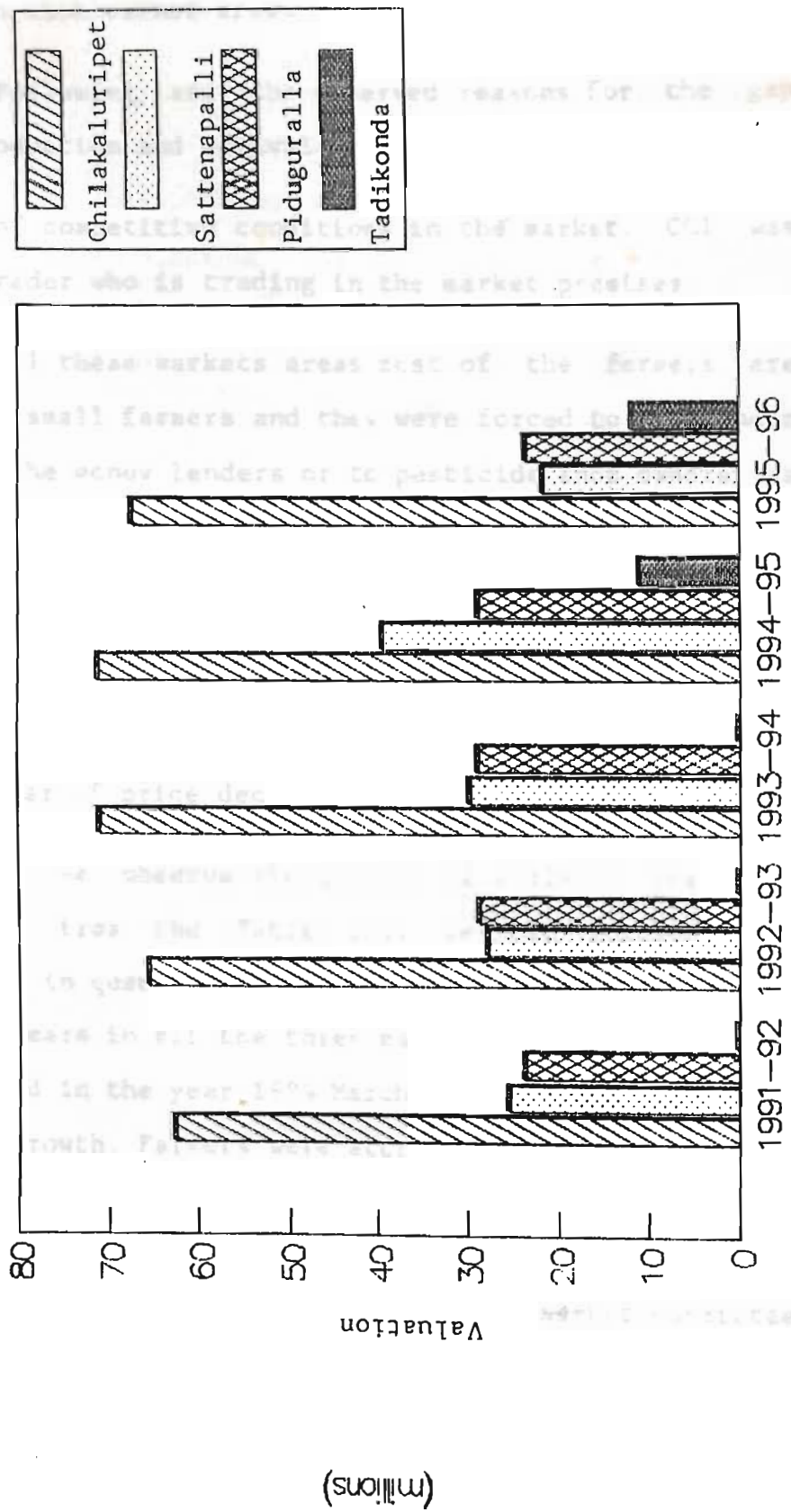
Source : Annual Administrative Reports, AMCs.

Figure 5.4 Trends in arrivals of cotton for the years 1991-92 to 1995-96.



(in thousands)

Figure 5.5 Trends in valuation of cotton for the years 1991-92 to 1995-96.



was a great difference between the production and the arrivals in each market area.

Following are the observed reasons for the gap between production and arrivals.

1. Lack of competitive conditions in the market. CCI was the only trader who is trading in the market premises.

2. In all these markets areas most of the farmers are marginal or small farmers and they were forced to sell their produce to the money lenders or to pesticide shop owners as they lend money from them.

3. Some other reasons are :

1. Less marketable surplus.
2. Inadequate or higher costs of transportation.
3. Fear of price decline.

If we observe the quantum of arrivals for past five years from the Table 5.12 we can observe the fluctuations in quantum of arrivals and their value. In the first four years in all the three markets (Tadikonda market was regulated in the year 1994 March.) There was an upward trend of growth. Farmers were attracted more towards the village traders than to market in regulated markets. This was mostly due to the time consuming and cumbersome process in regulated markets, indifferent nature of market committee

officials who were joined with the traders and encouraging them to do outside trading and zero business.

In case of valuation the prices fell drastically due to lack of export demand. The cyclone occurred during the month of October 1995 not only affected the arrivals but also the quality. Since CCI was acting on commercial lines they were reluctant to buy cotton at the prices more than prices prevailed in the market. Since Government of India has not permitted CCI to export cotton it has purchased selectively on par with private traders. Another important reason for this is the liquidity crunch faced by textile mills. Hence, a glut like situation prevailed in the district.

In the above scenario the prices fell sharply and the farmers resorted to agitation methods like 'rail roko' and 'ratha roko' in Guntur district to bring this grave situation to the notice of State Government and Central Government. Realising the gravity of situation the State Government ordered MARKFED to buy 28,000 bales of cotton, at the same time Central Government also permitted to export 1,00,000 bales of cotton through CCI.

So this was the situation of cotton growers and the interests of the farmers to sell their produce through regulated markets was declining and they are opting for the safe side so they can at least survive.

Table 5.13 : Compound growth rates for arrivals and valuation of cotton in selected regulated markets of Guntur district (1991-92 to 1995-96)

Name of the Market	Compound Growth Rates	
	Arrivals	Valuation
Chilakaluripet	1.01** (2.78)	1.53 NS (1.32)
Sattenapalli	1.08** (2.87)	1.01 NS (1.34)
Pidiguralla	1.19** (2.85)	1.18 NS (1.34)

Figures in parenthesis indicate 't' calculated value.

NS : non-significant

\*\* : Significant at 5 per cent.

Steps should be taken to ensure that farmers and to check about the purpose for which the market yards and yards have been setup.

There should be no political intervention in the affairs of MCAs.

## GROWTH OF ARRIVALS

Efficient functioning of a regulated market is indicated by the rate of growth in the market arrivals with a view to study the growth pattern of arrivals and valuation of cotton, compound growth rates were worked out for the selected markets of the district. The results are shown in Table 5.13.

The Table 5.13 reveals that there was an increasing trend for market arrivals (significant) of cotton into all the four markets. Also in case of valuation (non-significant) they shown an increasing trend. This non-significance was due to highly fluctuating nature of prices of cotton.

Both the arrivals and valuation shown a steady and slow growth rate. But still the rate of growth has to increase. For a good growth rate following steps were suggested.

1. Steps should be taken to educate to farmers and to impress them about the purpose for which the market yards the market yards have been setup.
2. There should be no political intervention in the affairs of MCs.

3. To give good propaganda to the 'Ryot Bandhu' Scheme so that most of the farmers can be released from the clutches of traders.

4. Competitive conditions should be improved in the market yards by providing basic amenities and facilities.

#### 5.6 FARMERS PERCEPTION ABOUT THE PERFORMANCE OF SELECTED REGULATED MARKETS OF GUNTUR DISTRICT

Any activity is getting inter-linked with the socio-economic conditions of the people. Same was the case in marketing of agricultural produce which was highly influenced by the socio-economic conditions of the farmer and performance of market depends mostly on the farmers conditions. So an enquiry was made in the selected market yards on the socio-economic conditions of the farmers.

Bhatt (1989) made an attempt on the impact of education on target group in making proper use of market yards which was set up for their service. He observed that when majority of the farmers were not aware of the working of regulated markets, educating them in this regard will go a long way in reducing the village sales and in improving the working of regulated markets. With this in mind the educational background of the farmers in the selected market areas has been enquired and shown in Table 5.14.

Table 5.14. Educational Background of Farmers

Educational Background	Chilaka luripet	Sattena palle	Pidugu ralla	Tadi konda	Total	
					No	%
1. Illiterates	8(40%)	11(55%)	12(60%)	14(70%)	47	58.75%
2. Literates without formal education	8(40%)	5(25%)	6(30%)	5(25%)	22	27.50%
3. Matriculation	2(10%)	3(15%)	2(10%)	1(5%)	8	10.00%
4. Graduates	2(10%)	1(5%)			3	37.50%

Table 5.15. Major occupation Among Farmers

Occupation	Chilaka luripet	Sattena palle	Pidugu- ralla	Tadi- konda	Total	
					No	%
1. Cultivation	14	12	14	15	55	68.75%
2. Agricultural Labour	3	6	5	3	17	21.25%
3. Others	3	2	1	2	8	10.00%

From the Table 5.14 it could be found <sup>100</sup> that majority (60 per cent) of the farmers in Chilakaluripet areas were literates and in remaining three markets most of them were illiterates i.e., 55 per cent in Sattenapalle, Peduguralla 60 per cent and in Tadikonda 70 per cent per cent. The percentage of farmers with matriculation and graduation was more in Chilakaluripet market area (20 per cent) compared to others. This reveals that illiteracy rate was more in Sattenapalle, Tadikonda and Piduguralla market areas. This is the section which was vulnerable to the market imperfections and there was every need to educate them.

Major occupation of farmers not only indicates degree of attachment but also dependence of farmers on regulated markets. So the major occupation of farmers was presented in Table 5.15.

From the Table 5.15 it was clear that cultivation was the major (68.75 per cent) among all. Agricultural labour constitutes 21.25 per cent who are mostly small farmers. The percentage of other farmer in other occupation (10 per cent) was less.

The size of holdings of the farmers which influences the marketable surplus and their demand for market services was given in Table 5.16.

Table 5.16. Farmers Size of Holding

Size of holding	Chilaka luripet	Sattena palle	Pidugu ralla	Tadi konda	Total No.	%
<= 2 ha	10	8	13	15	46	57.50%
2.1 - 4 ha	4	9	5	2	20	25.00%
4.1 - 6 ha	3	2	1	2	8	10.00%
6.1 - 8 ha	3	1	1	1	6	7.50%

Table 5.17. Length of Experience of Farmers with Regulated Markets

Experience	Chilaka luripet	Sattena palle	Pidugu ralla	Total Number	%
upto 5 years	10	10	14	34	56.67%
6 - 10 years	8	8	5	21	35.00%
10 - 20 years	1	2	1	4	6.67%
above 20 years	1			1	1.66%

From the Table 5.16 it was clear that the highest percentage (57.5 per cent) had land holding below 2 ha in the selected market areas. The farmers with land holdings between 2.1 to 4 ha constituted only 25 per cent. The farmers with land holdings greater than 6 ha were very few (7.5 per cent).

As most of them were small farmers who were having less marketable surplus and poor bargaining capacity, the market committee officials should provide facilities to the small farmers to improve their economic conditions.

The experience of farmers with regulated markets influences their attitude and relations and as length of experience increases, these two will have a profound impact on the farmers perception about regulated markets.

The Table 5.17 indicates that nearly 91.67 per cent of the farmers in the selected market areas had experience upto 10 years with the regulated markets. Tadikonda market was not included in the study because it was recently formed in the year 1994 by separating it from Mangalagiri AMC. It was observed that the length of experience with regulated market increases the arrivals as they were well known about the benefits of the regulated markets.

Transport was an indispensable marketing function. For the development of trade in any commodity or in any area

Table 5.18. Nature of Road Convenience from Villages to Markets.

Road Convenience	Chilaka luripet	Sattena palle	Pidugu ralla	Tadi konda	Total No	Total %
Katcha Road	6	7	7	17	37	46.25%
Pucca Road	14	13	13	3	43	53.75%
Railway Line						
Total					80	100.00%

Table 5.19. Mode of Transportation by Producer-Seller in the Selected Market Areas.

Road Convenience	Chilaka luripet	Sattena palle	Pidugu ralla	Tadi konda	Total No	Total %
1. Bullock Cart	12	16	14	17	59	73.75%
2. Tractor	7	3	6	3	19	23.75%
3. Lorry	1	1			2	2.50%

Villages to Markets

Table 5.18. Nature of Road Convenience from

Road Convenience	Chilaka luripet	Sattena palle	Pidugu ralla	Tadi konda	No	Total %
Katcha Road	6	7	7	17	37	46.25%
Pucca Road	14	13	13	3	43	53.75%
Railway Line					80	100.00%
Total						

Table 5.19. Mode of Transportation by Producer-Seller in the Selected Market Areas.

Road Convenience	Chilaka luripet	Sattena palle	Pidugu ralla	Tadi konda	No	Total %
1. Bullock Cart	12	16	14	17	59	70.75%
2. Tractor	7	3	6	3	19	23.75%
3. Lorry	1	1			2	2.50%

transport was a sine quo non. Trade and transport go <sup>104</sup>side by side; the one reinforces and strengthens the others. The utility of regulated markets was more influenced by availability of transport facilities from villages to the market yard. For this availability of transport facilities to the farmers has been studied and presented in Table 5.18.

It was clear from the Table 5.18 that from the villages to market yards either pucca road facilities or katcha road facilities are present. Even though railway facility can be used by Sattenapalli and Piduguralla farmers it was not because of due to inconvenience. Whereas in case of Tadikonda yard only katcha road facility was present and it was posing a lot of inconvenience to the producer-seller particularly in rainy season.

It was felt needy to study the methods of transportation in view of importance of transportation and was presented in Table 5.19.

It can be seen from the Table 5.19 that 73.75 per cent of the farmers in the selected markets used "Bullock Cart" while 23.75 per cent used "tractor" and only 2.5 per cent used "lorry" for transportation of their produce.

Like any other, transportation was also associated with some problems. Business is a highly uncertain one and any problem in transportation which is the heart of the business, upsets the normal functioning of the market and

Table 5.20. Problems of Transportation in the Selected Market Yards.

Problem	Chilaka	Sattena	Pidugu	Tadi	Total	
	luripet	palle	ralla	konda	No	%
1.Means of Transportation not readily available	8	8	10	8	34	42.50%
2.Abnormal cost of Transportation in busy season	7	5	7	8	27	33.75%
3.Risk in Transportation	4	5	3	4	16	20.00%
4.No Problem in Transportation	1	2			3	3.75%

Table 5.21. Farmers Perception of the Purpose of Setting up of Market Yards.

Problem	Chilaka luripet	Sattena palle	Pidugu ralla	Tadi konda	Total No	%
1.To Facilitate Farmers for conditions for disposal of their produce	15	12	10	6	43	53.75%
2.To Help Trading Community	5	7	7	12	31	38.75%
3.Can't Say		1	3	2	6	7.50%

also the price of the produce. Table 5.20 gives the problems faced by producer-seller in the selected markets.

Of the total number of respondents 96.25 per cent have complained some problems or the other in transportation of their produce. 42.5 per cent of farmers complained that "means of transportation not readily available", while 33.75 per cent of them reported that "cost of transportation was abnormal", 20 per cent of them reported "risk". Only 3.75 per cent of the respondents were happy with transportation facilities.

The regulated markets were set up with an aim to eliminate the unhealthy and unscrupulous practices, reducing marketing charges and providing facilities to the producer-seller in the market. But this can be achieved fully only when producer-seller knows the purpose of setting up of the regulated markets. Hence an enquiry was made and results were presented in the Table 5.21.

It can be seen from the Table 5.21 a little more than 50 per cent of farmers (53.75 per cent) of all the four markets were aware of the fact that the market yards were setup, to facilitate the farmers to secure better conditions and easy disposal of their produce. However, there are few farmers constituting 7.5 per cent in the selected market who were unable to say anything.

It was unfortunate that farmers in selected market areas were having different perception about the market yards. Steps, therefore, need to be taken to educate the farmers and to impress upon them the actual purpose for which the market yards have been set up.

#### 5.6.2 GRADING FACILITIES

Grading is a marketing function which facilitates the movement of produce. Without grading confusion and unfairness prevails. So in 1937 Agricultural Produce (Grading and Marketing) Act has been developed in order to have produce of good quality both for export and for use in internal consumption. What was observed in all the four markets was, no grading practices were followed by farmers and also no grading was done in market yards. Only cleaning of the produce before selling was carried out. But, instead of grading adulteration of produce by mixing inferior quality cotton with superior quality cotton and by spraying water on cotton kapas. This practice was followed by both farming and trading community.

It was unfortunate that most of the farmers do not know about the grading. This emphasises the need for educating the farmers about grading practices and its importance in protecting the consumers and producers through the establishment of standards of quality. This also helps them in fetching more price and in exporting their produce.

Table 5.22. Number of Weighmen in the Selected Markets

(as on May 1996)

Market Number of Weighmen

Chilakaluripet 7

Sattenapalle 4

Pidiguralla 4

Tadikonda 4

Source : Annual administrative reports of selected regulated markets.

Table 5.23. Opinions of Producer-Seller on Weighment Practices.

Opinion	Chilaka luripet	Sattena palle	Pidugu ralla	Tadi konda	Total No	Total %
Proper Weighment	13	17	9	14	53	66.25%
Improper Weighment	7	3	11	6	27	33.75%

### 5.6.3 WEIGHMENT FACILITIES

110

Weighment is an important aspect in market functionary since it influences the actual earnings of the farmer. There is every scope for the malpractices associated with weighment which will be a heavy loss to the producer-seller like faulty weights and scales, conventional and marginal over weighment and excess weight allowances as per the diction of buyer.

From the Table 5.22 it was clear that number of licensed weighmen were more in Chilakaluripet (7) compared to other markets. However, the number of licensed weighmen is determined by size of the market, the frequency and scale of commodity arrivals etc.

The opinion of producer-seller on weighment practices in the selected markets are shown in Table 5.23.

It can be observed from the Table 5.23 that 66.25 per cent of the respondents stated that weighment was proper, improper weighment was reported by a few respondents. Though their percentage was less, malpractices can be checked if there was effective supervision by the authorities of the market at the time of weighment.

In addition to the check ensured by the market authorities, the farmers should also be diligent and meticulous, without which loss on this account may be sizable. It was therefore necessary for the farmers to

weigh their produce before it was sent to the market. The habits of the farmer when studied about the weighment it was observed that no one in these market areas weigh their produce before bringing into the market yard. Instead of that they used to wet the kapas with water to get more weight. When it was brought to the notice of market officials, they said that it was a usual practice and can be observed in any cotton market area. They were doing so because, not only for high weighment but also to minimise the loss of kapas during transportation.

So it was clear that farmers have not realised the importance of weighing the produce before it was sent to the market.

#### 5.6.4.1 STORAGE FACILITIES IN THE SELECTED MARKETS

Provision of adequate storage facilities at nominal cost in the regulated markets is an important aspect of regulation. To have an storage facilities provided in the selected markets of Guntur district, the details of godowns and their capacity are presented in the Table 5.24.

In the Chilakaluripet market yard there are 3 godowns with a total capacity of 2720 m.t. Sattenapalle yard has owned 2 godowns with a storage capacity of 1200m.t. Even though it was not sufficient for storing the commodities, market committee officials stated that only few farmers store their produce in the godowns. Most of the

Table 5.24. Godowns in the Selected Regulated Markets of Guntur District

Item	Chilaka luripet	Sattena palle	Pidugu ralla	Tadi konda
Number of Godowns	3	2	3	4
Capacity (in metric tonnes)	2720	1200	1800	2400

Table 5.25. Problems of Producer-Seller in Selling the Produce in the Selected Markets

Problem	Chilaka luripet	Sattena palle	Pidugu ralla	Tadi konda	No	Total	%
1. Lack of Minimum Facilities	2	2	4	4	12	15.00%	
2. Delay in Disposal of Produce	1	1	2	3	7	8.75%	
3. Indifferent attitude of Market committee officials	8	5	6	9	28	35.00%	
4. Uncertainty in Sale	9	12	8	4	33	41.25%	

produce was sold and taken out on the same day. Same was the case of Pidiguralla market yard. It was also having 3 godowns with 1800 m.t. capacity. Tadikonda market yard have 4 godowns with a capacity of 2400 m.t. and it was sufficient to store the commodities brought under as in most cases day to day arrivals were taken away on the same day.

#### 5.6.4.2 OPINION OF FARMERS

Farmers opinions were elicited regarding the storage practices adopted by them. It was observed that in most cases sale of produce was done on same day and also farmers were not interested in storing the produce in regulated market yards due to fear of theft. Even though committee officials were providing storage facilities at free of cost in first week and later with nominal charges.

An interview with respondents made an idea that storage facilities are adequate in the two markets and inadequate in Sattenapalli and Piduguralla market yards.

#### 5.6.6 METHOD OF SALE IN SELECTED MARKETS

The views of farmers in selected markets have been elicited to open auction method of sale because it ensures fair dealing to all parties and because of farmer brings superior quality produce receive a higher price. One more reason for the preference of open auction method of sale was

most of the farmers are illiterates they suspect malpractices in other methods of sale.

But in case of cotton, CCI was the only trader trading in premises of market yards. So farmers have to sell their produce at the price offered by CCI. But in most cases the price offered was more than the price paid by the traders.

Having studied the preference of farmer for a particular method of sale it was felt need to enquire about the problems in selling the produce in the selected market yards and the results are shown in Table 5.25.

From the Table 5.25 it was clear that over 15per cent of the farmers in selected markets expressed the problem of "lack of minimum facilities", while 41.25per cent of farmers expressed the "uncertainty of purchase". The problem in "delay in disposal of produce" was expressed by 8.75per cent of the farmers, "Indifferent attitude of market committee officials" has been expressed by 35per cent of total farmers selected.

From the point of view of individual markets "indifferent attitude of market officials" and "uncertainty of purchase" has been reported by highest percentage of farmers in all the markets.

It was due to the fact that CCI was the sole purchaser in all these regulated markets, it purchases a

limited quantity that too according to the Government orders and orders it get from traders. This high percentage of uncertainty in purchase makes them to think before they come. Second one was the indifferent attitude of market officials. They were joining with the trading community and allowing them to do zero business which was a loss to government and misleading the farmers regarding the purchases and prices. They were also complaining for the process they have to undergo before they actually sell their produce.

Thus, it may be concluded that the farmers in selected markets are facing various problems in marketing their produce in the market yards to a greater degree. Therefore, it was suggested that the market officials may take note of this and should take necessary steps to eliminate these problems faced by the producer-seller.

#### 5.6.7 MEDIA OF MARKET INFORMATION IN SELECTED MARKET AREAS

Market information is an important marketing function which ensures the smooth and efficient operation of the marketing system. Accurate, adequate and timely availability of market information facilitates decision about when and where to market products. Market information creates a competitive market process and checks the growth of monopoly or profiteering by individuals. It was the life

Table 5.26. Important Media of Market Information in the Selected Markets

Media of Market Information	Chilaka luripet	Sattena palle	Pidugu ralla	Tadikonda	Total No	%
Occasional Visits to the Market	8	3	5	5	21	26.25%
Through Other farmers	5	10	6	13	34	42.50%
Through Traders and Commission Agents	4	4	7	2	17	21.25%
Radio	1	1	1		3	3.75%
News papers	2	2	1		5	6.25%

of a market. Everyone engaged in production and in the buying and in selling of products was continuously in need of market information. This was more true where agricultural products are concerned, for their prices fluctuate more widely. Such an information was needed mostly by farmer because trader was always in upper hand over farmer and will be in superior bargaining power. To overcome this farmer should be provided with upto date, reliable and meaningful market news. It keeps the farmer on par with the trading community regarding the information about market trends. It may be seen from the Table 5.26 that in selected markets under study, a highest percentage of respondents 42.5per cent obtain information through co-farmers, 26.25per cent of respondents mentioned that they would secure market information through "occasional visits to the markets". Those who stated "traders and commission agents as a source of market information constitute 21.25per cent, while "Radio and Newspapers" were mentioned by very small group (10 per cent).

Considering individual sources, market information received from co-farmers forms the major source followed by occasional visits to market yards.

#### **5.6.8 PERFORMANCE OF SELECTED MARKET YARDS IN GUNTUR DISTRICT - FARMERS POINT OF VIEW**

The main objective of regulated markets is to protect the interests of farming community, as they are

Table 5.27. Farmers Rating of Services in Selected Markets in Guntur District.

Name of the Market	Responses				
	Very good	Good	Not Bad	Bad	Very Bad
Chilakaluripet	3.00	10.00	4.00	2.00	1.00
Sattenapalle	2.00	10.00	6.00	1.00	1.00
Pidiguralla	2.00	5.00	12.00	1.00	
Tadikonda		2.00	13.00	4.00	1.00
Total %	8.75%	33.75%	43.75%	10.00%	3.75%

... were asked reasons for that ...  
 ... the performance of markets as ...  
 ... practices have improved ...  
 ... with the past. For the ...  
 ... the reasons are inadequate ...  
 ... in peak season.

... that despite certain

119  
considered as the main beneficiaries. Farmers being the important section in the marketing process they are in a better position to judge the performance of selected markets. Therefore, it was proposed here to present the views of the farmers on the functioning of selected regulated markets in the district. The views of respondents were presented in the Table 5.27.

The Table reveals that 8.75 per cent of the respondents rated the performance as "very good" and in between "good" and "not bad" the percentage of respondents were very high (77.5 per cent). "Bad" and "very bad" accounted to 13.75 per cent.

So, it can be inferred that majority of the respondents were just satisfied with the performance. They were still unhappy due to the wide gap between promises and performance made.

When the respondents were asked reasons for their ratings, those who considered the performance of markets as good felt that the market practices have improved considerably when compared with the past. For the respondents who rated "not bad" the reasons are inadequacy of existing facilities especially in peak season.

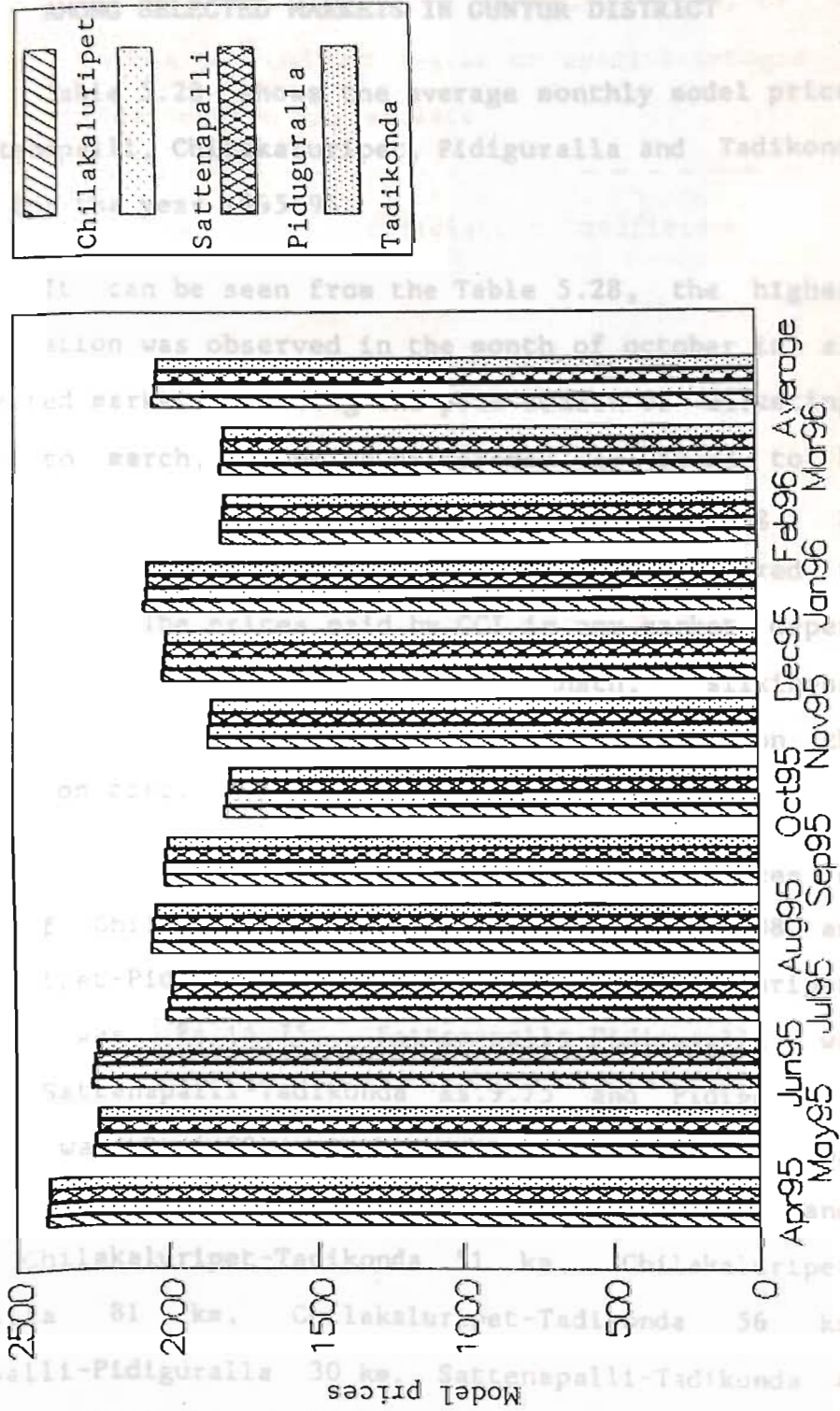
However, it was felt that despite certain differences regulated markets were able to function reasonable good within its limits.

Table 5.28. Model prices of cotton in selected regulated markets (Rs/Qtls).

Month	Chilaka- luripet	Sattena- palli	Pidugu- ralla	Tadi- konda	Range of Variation of Model Prices between 4 Markets					
					Chilaka- luripet	Chilaka- luripet	Chilaka- luripet	Satte- napalle	Satte- napalle	Pidugu- ralla
					Satte- napalle	Pidugu- ralla	Tadi- konda	Pidugu- ralla	Tadi- konda	Tadi- konda
April '95	2400.00	2395.00	2392.00	2390.00	5.00	8.00	10.00	3.00	5.00	2.00
May '95	2250.00	2240.00	2235.00	2235.00	10.00	15.00	15.00	5.00	5.00	0.00
June '95	2250.00	2245.00	2240.00	2235.00	5.00	10.00	15.00	5.00	10.00	5.00
July '95	2000.00	1990.00	1980.00	1978.00	10.00	20.00	22.00	10.00	12.00	2.00
August '95	2050.00	2045.00	2040.00	2035.00	10.00	10.00	15.00	5.00	10.00	5.00
Sept '95	2000.00	2000.00	1995.00	1985.00	5.00	5.00	15.00	5.00	15.00	10.00
Oct '95	1800.00	1790.00	1780.00	1775.00	0.00	20.00	25.00	10.00	15.00	5.00
Nov '95	1850.00	1845.00	1840.00	1835.00	10.00	10.00	15.00	5.00	10.00	5.00
Dec '95	2000.00	1995.00	1990.00	1985.00	5.00	10.00	15.00	5.00	10.00	5.00
Jan '96	2060.00	2050.00	2045.00	2045.00	5.00	15.00	15.00	5.00	5.00	0.00
Feb '96	1800.00	1800.00	1790.00	1785.00	10.00	10.00	15.00	10.00	15.00	5.00
Mar '96	1800.00	1790.00	1790.00	1785.00	10.00	10.00	15.00	0.00	5.00	5.00
Average	2021.67	2015.42	2009.75	2005.67	7.08	11.92	14.75	5.67	9.75	4.08

Source : Annual Administrative Reports, AMCs.

Figure 5.1 Monthly model prices of cotton in the selected markets for the year 1995 - 1996.



### 5.7.1 SPATIAL PRICE INTEGRATION FOR COTTON

122

#### AMONG SELECTED MARKETS IN GUNTUR DISTRICT

Table 5.28 shows the average monthly model prices in Sattenapalli, Chilakaluripet, Pidiguralla and Tadikonda markets for the year 1995-96.

It can be seen from the Table 5.28, the highest price variation was observed in the month of October in all the selected markets. During the peak season of marketing, December to March, the price difference was found to be comparatively small. The prices prevailing in Chilakaluripet market were found to be higher compared to other markets. The prices paid by CCI in any market depend mainly upon the quality, staple length, silkiness, maturity, cleanliness, colour of cotton and also on the transportation cost.

The average difference in the model prices of markets of Chilakaluripet and Sattenapalli was 7.08 and Chilakaluripet-Pidiguralla was Rs.11.92, Chilakaluripet-Tadikonda was Rs.14.75, Sattenapalli-Pidiguralla was Rs.5.67. Sattenapalli-Tadikonda Rs.9.75 and Pidiguralla-Tadikonda was Rs.4.08. So highest price variation was observed between Chilakaluripet-Tadikonda. The distance between Chilakaluripet-Tadikonda 51 km, Chilakaluripet-Pidiguralla 81 km, Chilakaluripet-Tadikonda 56 km, Sattenapalli-Pidiguralla 30 km, Sattenapalli-Tadikonda 42 km. Pidiguralla-Tadikonda 72 km. The cost of transportation

Table 5.29 : Correlation coefficient for model prices of Cotton to find out degree of spatial integration between the markets.

Markets	Correlation Coefficient
Piduguralla - Sattenapalle	0.9996 (80.29)
Piduguralla - Chilakaluripet	0.9998 (80.29)
Piduguralla - Tadikonda	0.9992 (80.29)
Sattenapalle - Tadikonda	0.9997 (80.29)
Sattenapalle - Chilakaluripet	0.9998 (80.29)
Chilakaluripet - Tadikonda	0.9994 (80.29)

Figures in the paranthesis indicates 't' calculated value.

and transfer costs per quintal of cotton are collected from traders and transport agencies through personal enquiry. This method has to be followed to compute the transportation cost, as no authentic data was available and this accounts Rs.15/QH. Since average price difference between any two markets of the four markets was less than transportation cost they were spatially integrated.

**5.7.2 DETERMINATION OF STRENGTH OF INTEGRATION BETWEEN THE FOUR MARKETS.**

In order to determine the extent/strength of integration between the four selected markets, coefficient of correlation has been worked out for the year 1995-96 and the results are shown in the Taable 5.29.

From the Table 5.29 it is clear that for the year 1995-96, the value of correlation coefficient for all the four markets was found to be 0.999 which are highly significant. Thus the correlation between the prices of the commodity in the four selected markets was very high. This indicates the greater degree of spatial price integration between the four markets of the district.

**5.8 PRICE SPREAD FOR COTTON IN SELECTED MARKETS OF GUNTUR DISTRICT**

The study of marketing of any commodity is incomplete if it does not cover the cost factor involved in



125  
the marketing of that commodity. The cost of marketing assumes a focal point of interest in the marketing of most of commodities since marketing costs directly affects the net returns to producers as well as consumer satisfaction.

There are various methods to measure market efficiency one important method in this context is to examine price spreads in important marketing channels for a commodity. The price spread is the difference between the price recovered by the producer-seller and price paid by the consumer. It includes costs borne by various agencies involved and the net margins retained by them.

The study of price spreads is specially important in these commodities where multi-stage processing is involved before the commodity is consumed fully. This will help to see the justification of margins retained by different intermediaries as compared to the services rendered by them at different points.

In the present study costs and margins for cotton were worked out separately for each of the four selected markets. For calculating price spreads textile mill was considered as the ultimate consumer.

The two major channels found in cotton marketing in the four selected markets were

Channel I : Producer -- Village Trader --  
Ginner -- Textile Mill.

Table 5.30. Price spread of cotton in Channel I of Selected Regulated Markets (Rs/Qtl)

Educational Background	Piduguralla		Sattenapalle		Chilakaluripet		Tadikonda	
I (a) Net Price received by producer	1860.00	(86.94)	1862.00	(86.99)	1871.00	(87.00)	1852.00	(86.73)
(b) Expenses incurred by the Producer								
i) Grading & cleaning	2.85	(0.13)	2.25	(0.11)	2.25	(0.10)	2.50	(0.11)
ii) Storage charges	1.15	(0.05)	0.97	(0.05)	1.10	(0.06)	0.87	(0.01)
iii) Miscellaneous	3.75	(0.18)	3.35	(0.16)	3.52	(0.16)	3.42	(0.16)
Total	7.75		6.57		6.87		6.79	
II (a) Price received by Farmer or Purchase Price of Ginner/ Village Trader	1867.75		1868.57		1877.87		1858.78	
(b) Expenses incurred by Ginner								
i) Commission	18.60	(0.87)	18.62	(0.87)	18.71	(0.87)	18.50	(0.85)
ii) Weighing	2.25	(0.11)	2.50	(0.12)	2.00	(0.09)	2.75	(0.12)
iii) Labour charges	3.25	(0.14)	3.65	(0.17)	3.75	(0.18)	4.00	(0.18)
iv) Loading & Unloading	1.75	(0.08)	1.50	(0.05)	1.65	(0.07)	1.70	(0.07)
v) Transportation charges	13.25	(0.62)	12.75	(0.60)	12.50	(0.58)	13.00	(0.60)
vi) Miscellaneous	4.35	(0.21)	4.47	(0.21)	4.67	(0.22)	4.97	(0.22)
Total	43.45		43.49		43.28		44.92	
III (a) Total Price of Cotton/Qtl at Mill Gate	1913.72		1912.11		1921.15		1903.70	
(b) (i) Ginning and Pressing costs and other expenses incurred by Village trader/Ginner	140.00	(6.54)	137.00	(6.40)	135.00	(6.28)	148.00	(6.92)
(ii) Wastage and losses during Ginning of raw cotton	33.75	(1.58)	34.50	(1.61)	35.82	(1.67)	33.77	(1.57)
(iii) Handling and stock	1.25	(0.05)	1.50	(0.07)	1.75	(0.08)	1.80	(0.08)
(iv) Transportation charges	8.58	(0.40)	8.78	(0.41)	8.32	(0.39)	9.52	(0.43)
(v) Miscellaneous	2.91	(0.14)	2.95	(0.14)	3.12	(0.14)	2.36	(0.11)
Total	186.49		184.73		184.01		195.45	
IV Ginners cost/Qtl of cotton								
V Ginners Margin	41.85	(1.96)	43.75	(2.04)	45.27	(2.11)	39.59	(1.84)
VI Ginners Selling Price/Qtl of ginned cotton	2139.54	(100.00)	2140.54	(100.00)	2150.43	(100.00)	2135.33	(100.00)

Channel II : Producer -- Primary Wholesaler

(C.C.I) -- ginner  
----- -- Textile Mill

It was found that some of the farmers were selling their produce to village traders. So it was taken as Channel I and some in the market yards where CCI was the only trader. So it was taken as Channel II.

From the Table 5.30 it was clear that net price received by producer was more in Chilakaluripet (Rs.1871/-) followed by Sattenapalle (Rs.1862/-), Pidiguralla (Rs.1,860/-) and Tadikonda (Rs.1,852/-). But the producers share in consumer rupee was almost same in all the four markets (nearer to 87 per cent). Producers are getting highest price to their produce in Chilakaluripet because of good quality lint and also due to the awareness of farmers in that area. The cost incurred to producer was more in Pidiguralla market compared to other three. The producer of Piduguralla was altogether was spending more on grading, cleaning, storage and other miscellaneous expenses. Ginner was incurring more expenses in Tadikonda market. The expenditure of ginner in Tadikonda was more on ginning and pressing and on transportation. This was due to the fact that ginning and pressing mills were newly established so they were charging more and it was almost a rural area transportation cost was also more. Ginner's margin was more in Chilakaluripet 45.27 (2.11 per cent) when compared to

Table 5.31. Price spread of cotton in Channel II of Selected Regulated Markets (Rs/Qtl)

Educational Background	Piduguralla	Sattenapalle	Chilakaluripet	Tadikonda
I (a) Net Price received by producer	1864.00 (86.56)	1868.00 (86.84)	1877.00 (86.92)	1860.00 (86.14)
(b) Expenses incurred by the Producer				
i) Cost of Baram & filling	15.50 (0.72)	15.75 (0.73)	14.00 (0.70)	15.00 (0.69)
ii) Storage charges	1.10 (0.01)	0.98 (0.05)	1.01 (0.04)	0.88 (0.01)
iii) Loading & Charges	6.90 (0.32)	6.28 (0.30)	6.95 (0.32)	6.80 (0.31)
iv) Transportation charges	7.80 (0.40)	7.75 (0.40)	7.55 (0.35)	7.33 (0.34)
v) Miscellaneous	3.50 (0.20)	3.25 (0.15)	3.78 (0.17)	3.23 (0.15)
Total	34.80	34.01	33.29	33.24
II (a) Price received by Farmer/Purchase price of Primary Whole Saler(CCI)	1898.80 (88.18)	1902.01 (88.43)	1910.29 (88.43)	1893.24 (87.68)
(b) Expenses incurred by Primary Whole Saler(CCI)				
i) Market Fee	18.98 (0.90)	19.02 (0.90)	19.08 (0.89)	18.93 (0.90)
ii) Weighing	1.75 (0.08)	1.58 (0.07)	1.78 (0.08)	1.32 (0.06)
iii) Labour charges	4.50 (0.21)	4.15 (0.20)	4.25 (0.21)	4.00 (0.20)
iv) Transportation charges	10.50 (0.49)	10.15 (0.50)	10.75 (0.50)	10.32 (0.50)
v) Storage	1.75 (0.08)	1.28 (0.06)	1.48 (0.07)	1.56 (0.07)
vi) Miscellaneous	1.78 (0.08)	1.58 (0.07)	1.15 (0.05)	1.25 (0.06)
Total	39.26	37.75	38.49	37.37
III (a) Total Price of Cotton/Qtl at Mill Gate	1938.60	1939.76	1948.78	1930.61
(b)Ginning and Pressing charges incurred by Primary Whole Saler				
(i) Ginning and Pressing charges	143.00 (6.64)	138.00 (6.42)	138.00 (6.40)	150.00 (6.95)
(ii) Handling and stocking	2.75 (0.12)	2.15 (0.01)	2.50 (0.20)	2.20 (0.10)
(iii) Depreciation on Gunny bags	3.50 (0.16)	3.25 (0.15)	3.75 (0.18)	3.90 (0.18)
(iv) Stocking of Bales	2.50 (0.16)	2.75 (0.12)	2.15 (0.01)	2.55 (0.11)
(v) Loading Charges	4.75 (0.21)	4.58 (0.21)	4.78 (0.22)	4.35 (0.20)
(vi) Transportation cost	13.50 (0.65)	13.50 (0.65)	13.25 (0.61)	14.70 (0.68)
(vii) Miscellaneous	0.84 (0.04)	0.89 (0.04)	0.85 (0.04)	0.95 (0.04)
Total	170.84	165.37	165.28	178.65
IV Primary Wholesalers cost of one Qtl of cotton	2108.90	2105.13	2114.06	2109.26
V Primary Wholesalers Margin	44.50 (2.06)	45.75 (2.13)	45.35 (2.10)	50.00 (2.31)
VI Primary Wholesalers Selling Price	2153.34 (100.00)	2150.88 (100.00)	2159.41 (100.00)	2159.26 (100.00)

others. The ultimate consumers price was more 1.20) Chilakaluripet Rs.2150.43 followed by Sattenapalli Rs.2,140.54, Pidiguralla Rs.2,139.54 and finally Tadikonda Rs.2,135.33.

#### PRICE SPREAD IN CHANNEL II

From the Table 5.31 it was clear that net price received by producer-seller was more in Chilakaluripet market (Rs.1,877) and percentage share of producer in consumer rupee was also more for producer-seller of Chilakaluripet market (86.92 per cent) followed by Sattenapalli (86.84 per cent), Pidiguralla (86.56 per cent) and Tadikonda (86.14 per cent). Expenses incurred by the producer was also more in Piduguralla (Rs.34.80). Ginning and pressing charges incurred by primary whole-saler were more for Tadikonda market Rs.178.65) followed by Piduguralla (Rs.170.84), Sattenapalli (Rs.165.37) and Chilakaluripet (Rs.165.28). Primary wholesalers margin was more in Tadikonda market Rs.50/- (2.31 per cent) followed by Sattenapalle Rs.45.75 (2.13 per cent), Chilakaluripet Rs.45.35 (2.1 per cent) and Pidiguralla Rs.44.50 (2.06). Finally consumers purchasing price was greater for Chilakaluripet market ginned cotton Rs.2,159.41.

#### COMPARISON OF CHANNELS OF COTTON IN SELECTED MARKETS

Net share of farmer in consumer rupee was almost equal in both the channels. But if we take individual

Table 5.32. Indices of market efficiency in selected markets.

Particulars	Markets			
	Chilaka- luripet	Sattena- palli	Pidugu- ralla	Tadikonda
	Channel I			
Value of the goods sold (v)	2150.43	2140.54	2139.54	2135.33
Marketing cost	279.43	278.54	279.54	286.75
Index of Market efficiency	7.72	7.68	7.65	7.44
	Channel II			
Value of the goods sold (v)	2159.41	2150.88	2153.34	2159.26
Marketing cost	282.41	282.88	289.4	299.26
Index of Market efficiency	7.64	7.60	7.44	7.21

131

market wise there was a slight difference in net share of farmer in consumer rupee in markets of one channel to another. This difference was due to more number of market intermediaries in Channel II. It was observed that cost incurred by farmer was low in Channel I (Rs.7) compared to Channel II where it was between Rs.33 and Rs.35. This was due to market fee, transportation, loading and unloading and others for which farmer had to pay in market yards. Ginner's margin in Channel I (CCI in Channel II) was comparatively less than Channel II. In Channel I it was below Rs.45 and in Channel II the margin was above Rs.45. From the foregoing discussion it can be inferred that about 13per cent of consumers rupee was absorbed in Channel I as market intermediaries and 14 per cent in Channel II.

Market efficacy index was calculated to know the efficacy of markets and also to bring the comparison of markets in Channel wise values were presented in Table 5.32.

From the table 5.32 it can be inferred that in Channel I efficiency of marketing was more for Chilakaluripet market and in Channel II also Chilakaluripet market have shown higher market efficiency index. In both the Channels Tadikonda market efficiency was low. It was due to higher marketing costs and margins which indicates the inefficiency. If we draw a comparison of market efficiency index between the Channels, efficiency index of

marketing for Channel I was more comparatively (even if we take the marketwise in each channel) than Channel II.

#### 5.9 PROBLEMS OF MARKETING IN SELECTED MARKET YARDS OF GUNTUR

Due to direct and indirect intervention of public, the nature of cotton marketing in India has been changed to some extent. The share of producer in the price of lint and seed was the main concern today. Cotton lobby was vertically killing the competition in cotton markets, state assault on cotton marketing system were adding fuel to the fire. In addition to these there were several problems which now farmers were encountered was studied through opinion survey. Each respondent were asked separately for his own problems and the different opinions expressed by them were given below one by one.

1) About 67 per cent of farmers cannot wait for the remunerative price and they were selling their produce within a few days after harvesting due to following reasons.

- a. Pressure from creditors.
- b. Pressure of domestic needs.
- c. Need for further investments in farms for further pickings.
- d. Fear of slump in prices in future.

2) Price instability was the major concern of the farmer. The price fluctuations in cotton were quite high affecting

the growers keeping them in dilemma. The farmers are deprived of better prices for their produce due to unscrupulous practices of middlemen who do not pay as per the grades and standards.

3) In the selected regulated markets, grading of produce is not taken up. Even the existing staff was not employed for grading the commodities in the yard. It was suggested that grading should be undertaken by market committee to ensure premium prices to the farmers.

4) In all the selected markets covered platforms were not provided in adequate number. It is suggested that there should be sufficient covered platforms in order to avoid sun exposure and unexpected rains in the yard which the concerned MCs should take immediate steps for the construction of adequate number of platforms in the market yard.

5) There was no proper regulation of market timings in selected markets. Because of inadequate number of weighmen and other supporting staff. The weightment was prolonged even upto 10:00 P.M. in peak arrival season. This situation is giving scope for thefts, imbalance in weightment and other malpractices etc. In order to control this tendency the MC should appoint temporary weighmen and other assisting staff during the peak marketing seasons of commodities. Further, it was suggested that timings should be fixed as per the

134

convenience of farmers and traders. They must be strictly implemented.

6) In peak seasons, the MC officials were not able to supervise sales effectively. The market staff generally show indifferent attitude towards irregularities in the market. It was suggested that market secretary must ensure strict supervision of sales in the yard.

7) The farmers were not getting right prices for their produce. Farmers were complaining about secret understandings and collusion among traders. As such farmers were not getting better prices even under open auction systems. It was suggested that MCs should try to involve public procurement agencies to purchase commodities wherever market prices fall below minimum price level.

8) The payment is not prompt particularly in peak seasons. Farmers have to visit the trader many times to receive money due to them. It was suggested that market secretary should persuade commission agents to make prompt payment.

9) Even after regulation of markets the MC were not able to control unauthorised deductions in various farms. These charges impose more burden on the farmer. It was suggested that market authorities should take strict measures to prevent unauthorised deductions.

## SUMMARY AND CONCLUSIONS

The present study is a subject article to highlight performance of selected regulated markets. The marketing practices and their influence on marketing costs and margins were studied and the marketing problems in the region were identified. The prospective thus gained laid the basis for suggesting a frame work for improving marketing in the region.

The present study has the following specific objectives:

To study the growth, expansion and performance of regulated markets in the region.

To compare the marketing practices of regulated markets in the region.

To work out the price spread for cotton in the region.

To identify the structural bottlenecks and functional gaps in the marketing of cotton by the farmers in the region and to suggest suitable remedial measures.

For studying marketing aspects in detail 14 extension agents, 13 ginners and pressers, 13 wholesalers and 13 farmers were selected.

# SUMMARY AND CONCLUSIONS

## SUMMARY AND CONCLUSIONS

The present study is a modest attempt to highlight the performance of selected regulated markets. The marketing practices and their influence on marketing costs and margins were studied and the marketing problems in the region were identified. The prospective thus gained provided the basis for suggesting a frame work for improving cotton marketing in the region.

The present study has been conducted with the following specific objectives.

1. To study the growth, organisational structure and performance of regulated markets in Guntur district.
2. To compute spatial price integration for cotton among selected markets in Guntur district.
3. To work out the price spread for cotton in Guntur district.
4. To identify the structural bottlenecks and functional problems in the marketing of cotton by the farmers in the Guntur district and to suggest suitable remedial measures.

For studying marketing aspects in detail 14 commission agents, 13 ginners and pressers, 13 wholesalers were selected. Correlation coefficients were worked out to find out the degree of spatial integration for cotton among selected markets for the year 1995-96.

Following were the conclusions that have emerged from the entire study.

1. The growth of AMC's shown a very slow growth rate. After Mandal formation in the 1986, only two AMC's were notified. In case of regulated markets it was observed a slow and constant growth this shows there was a great need to notify markets so as to meet the demand.

2. Office of the Deputy Director of Marketing is under staffed. Same is the case of ADM office. Therefore it was suggested that staff may be strengthened and adequate powers may be delegated so that they may discharge their duties effectively.

Trained staff like price reporters, graders should be employed in every market committee because, they were not employed in any committee which was a very unfortunat thing.

Farmers role in all the market committees was limited. They were only elected for nominal sake and they have not given any powers nor can they raise their voice. So Government should take appropriate steps to strengthen the position of farmers.

3. Commodities notified and dealt in. It was observed that trading was concentrated mostly on one or two commodities eventhough on an average twenty commodities were

notified in Guntur district. So attempts should be made by MC's to regulate the trade of other notified commodities and should educate the farmers on the benefits of trading through markets yards.

4. Market functionaries. It was found that except in Tadikonda in all other three market yard average annual arrival per functionary was less. It was due to centralisation of trade around one or two commodities; where as in Tadikonda, transaction of more than ten commodities was taking place.

5. Market amenities and facilities. On a whole the amenities provided in the market yard met the needs and were properly maintained. Only lacunae in lack of proper disseminating system for market information. MC's were mainly complaining about lack of financial resources.

6. Farmers in the selected market. Socio-economic conditions of farmers will have a profound influence on functioning of any market. Nearly 41.25 per cent of selected farmers were found to be literates. So there is every need to educate them for the effective functioning of the market. Cultivation had been occupied the first position as a major occupation. Land holding two hectares was the major group. Majority of farmers (91.67 per cent) were having less experience with regulated markets. Means of transportation was mostly (73.75 per cent) through

bullock carts. Of the total respondents (96.25 per<sup>138</sup>cent) complained some problems in transportation of their produce. Major (42.50 per cent) problems was "means of transportation not readily available". Half of the farmers do not know about the purpose of setting up of regulated markets which emphasises the need to educate the farmers. Grading and weighing the produce before selling was not at all observed. This elicits the greater need by the Government in educating the farmers regarding grading aspects and to employ a trained staff to safeguard the interests of farmers. Media of market information was mostly (42.50 per cent) through co-farmers. Role of MC's in dissemination of market information was minute, giving scope for wide irregularities. MC's should take appropriate steps so that quick and correct market information will be available to the farmers in time.

7. It was observed that majority rated (77.50 per cent) performance of regulated as a mediocre. This was mainly due to a wide difference between promises and performance. So still there was a great scope to improve the conditions and working of regulated markets.

8. A study on inter-market price differentials has revealed that by and large prices were spatially integrated. Price differentials in many cases were within the limits of transportation cost. Correlation analysis used to measure

the strength of integration has revealed that there <sup>139</sup> was a high degree of correlation between all the four markets.

9. The producer share in consumer rupee was almost same in both the channels. But producer was receiving high price in channel II. Based on the conditions channel I is operationally efficient.

10. Price instability. Lack of good transportation system, lack of adequate facilities, excessive dependence on middlemen, no proper regulation of timing indifferent attitude of committee officials were main problems projected by the farmers in marketing of cotton, which mostly to be solved by the committee officials and government.

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