Examining the Methods Employed by Selected APMCs for Management Purposes, with Emphasis on Telangana State

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Abstract

Agriculture has played a significant role in India's history, serving as the largest employer in the country. However, farmers face challenges in profiting from their surplus due to the lack of a reliable and open agricultural marketing system. The liberalization of the current commercial environment is essential for farmers to benefit from rising consumer demand. With India's agricultural industry experiencing growth and change, it has become crucial to examine the state of the agricultural marketing system in Telangana State. This article aims to shed light on the challenges faced by buyers and sellers, assess the long-term potential of the sector since the post-independence era, and provide recommendations for expansion and increased productivity.

India's economy heavily relies on its agricultural industry, which boasts the world's second-highest output of agricultural goods. Consequently, the efficiency and output of agriculture significantly impact the overall health of the Indian economy. Marketing fresh produce plays a vital role in the agriculture sector. However, Indian agricultural producers encounter difficulties in marketing and selling their products due to complex distribution channels and market-based malpractices.

To assist farmers, Agricultural Product Marketing Committees (APMCs) were established to provide resources and protect their interests. These committees oversee the marketplaces in accordance with the APMC statute. This article explores farmers' perspectives on the effectiveness of price information usage by agriculturalists, their understanding and perception of the APMC legislation, and the limitations they face when selling various commodities.

Keywords: Markets, Commodities, Agriculture Marketing, Buyer-Sellers Problems, APMC, Indian Economy

Introduction

Access to accurate market data is crucial for farmers to effectively sell their produce. However, the lack of such information often forces farmers to accept prices offered by middlemen. The emergence of information technology has significantly altered this scenario in recent years. In response to

recommendations from the Royal Commission on Agriculture in 1928, new laws governing the sale of agricultural products have been enacted by the state legislature. The Hyderabad Agricultural Produce and Livestock Markets Act of 1930 regulated agricultural and livestock markets in the Telangana region. Although Agricultural Product Marketing Committees (APMCs) manage and regulate purchasing and selling activities at regulated agricultural marketing yards, there are inefficiencies in their operations under the Agricultural Produce Marketing Committee Act of 1964.

To address some of these issues, the APMC Act has been updated to prohibit anti-competitive behaviour. The revised act allows farmers the option to sell their goods directly to private firms, private market yards, or farmers-consumer markets, removing the compulsion to sell through APMC market yards. Inefficient market processes, characterized by lengthy supply chains, contribute to the escalating food costs in India. Small and medium-sized farmers, due to the distance to marketplaces, often prefer dealing with local middlemen when selling their goods. Consequently, middlemen play a crucial role in the agricultural food supply chain. The extended supply chain is largely attributed to the current state of infrastructure, and the various taxes and service costs paid at different stages significantly drive up the final price.

Brokers act as intermediaries between buyers and sellers in the agricultural marketing system and are compensated according to rates established by the APMC by laws and rules. India's population is projected to increase, and the economy is expected to become the world's third largest by 2030. Urbanization and a growing middle class have led to increased consumption, emphasizing the importance of agricultural production. Agriculture and associated activities contribute significantly to India's GDP and employ over half of the population. India is the second-largest producer of food grains, with total food grain output increasing over time. The National Commission on Farmers defines agricultural marketing as a comprehensive process involving market structure, pre- and post-harvest operations, and value creation for farmers.

Governments worldwide have a responsibility to ensure a stable food supply, which has historically been managed through various means such as developing markets, direct acquisition, and imports/exports. The goal of marketing should be profitability for all stakeholders involved, and understanding customer needs is crucial. The agricultural marketing system in Telangana reflects that of the rest of India, with farmers selling their produce through middlemen, commission agents, distributors, and retailers. Market committees appointed by state governments oversee designated market areas. However, the lack of competition in wholesale markets due to government regulations hinders the development of a competitive marketing system, limiting farmers' options for direct marketing, access to raw materials for agro-processing industries, and the adoption of new marketing systems and technologies.

Improvements in warehousing facilities, grading and standardization methods, logistics, fair trading practices, and access to market pricing and marketing information are needed to address the challenges faced by the agricultural marketing system in India. The perspectives of farmers and their experiences with APMC functioning and changing market dynamics are essential considerations. Efforts are being made by market committees to expand existing market yards for the benefit of farmers and consumers.

Review of Literature

Vigneshwara Varmudy's study (2011) highlights the overall challenges faced by farmers, including a poor marketing system, limited availability of disease-free and resistant varieties, lack of training on pre and post-harvesting practices, and insufficient cold storage facilities. While this study offers valuable insights, it does not focus specifically on the agricultural market in Telangana.

Zivenge and Karavina's study (2012) emphasizes the importance of collaboration, market intelligence, and transformative practices for farmers to enhance their bargaining power on prices. Although their recommendations hold relevance for the agricultural market, the study does not specifically address the challenges faced in Telangana's agricultural marketing zones.

Similarly, H. Adanacioglu and N. Adanacioglu's study (2016) discusses the challenges faced by farmers marketing directly to consumers, such as competition in a saturated market and labor-related issues. While these findings are valuable, they do not specifically focus on the agricultural market in Telangana.

Therefore, there is a research gap in comprehensively analyzing challenges faced by farmers in selling their agricultural products in the market

Objectives of the Study

1. To assess the impact of limited awareness and understanding of the APMC Act on farmers' participation and decision-making in the agricultural market of Telangana.
2. To identify and prioritize the key challenges faced by farmers in selling their agricultural products in the market, and propose strategies to address these challenges for improving farmers' income and market access in Telangana.

Research Gap

Despite the implementation of the APMC Act and proposed alternative marketing mechanisms, there is a need to examine the specific challenges faced by farmers and retailers in Telangana's agricultural market and the effectiveness of marketing committees in facilitating agricultural trade. Additionally, further investigation is required to understand the level of awareness and adoption of new policies and practices among market participants.

Research and Methodology

This study employs a primary data collection approach to identify and analyze the challenges encountered by farmers and retailers operating in the agricultural market of Telangana. The specific focus is on examining the difficulties faced within Telangana's agricultural marketing zones and assessing their impact on farmers and retailers.

The research is conducted within selected agricultural marketplaces in Telangana state, specifically targeting four distinct agricultural marketplaces located in Suryapet, Badepalli, Warangal, and Gadwal. These marketplaces are chosen as representative samples to capture the diversity of challenges faced across different regions.

A descriptive research strategy is adopted to fulfil the research objectives. A random sampling technique is used to select a sample of thirty farmers and retailers from each selected agricultural marketplace,

resulting in a total sample size of 120 participants. This ensures a comprehensive representation of perspectives from both stakeholders.

To gather insights into the challenges faced, a structured questionnaire is utilized. The questionnaire consists of both closed-ended and open-ended questions, addressing various aspects such as market infrastructure, marketing practices, access to resources, policy barriers, and competition. Personal information of participants is collected alongside their responses to contextualize the findings.

The data collection process employs a convenience sampling strategy, facilitating access to farmers and retailers within the selected marketplaces. Collected data is processed using statistical techniques such as mean scores and percentages. The data is then carefully tabulated, and analysis is conducted to identify recurring challenges and assess their impact on the agricultural market.

Furthermore, in-depth interviews are conducted with a subset of participants to gain a deeper understanding of their experiences and perspectives. These interviews provide qualitative insights and complement the quantitative analysis derived from the questionnaire responses.

The primary method of data collection throughout the study is the self-structured questionnaire, ensuring consistency and facilitating efficient data analysis. The findings are then used to identify key challenges faced by farmers and retailers in Telangana's agricultural market and provide recommendations for addressing these challenges.

Decisions and Results

The table below shows how well farmers know and understand the APMC legislation.

Sr. No.	Particulars	Options	No. of Respondents	Percentage of Respondents
1	Are you aware of the APMC Act?	Yes	11	9.17
		No	109	90.83
2	Are you aware of various procedure and regulations under the APMC Act?	Yes	10	8.33
		No	110	91.66

Awareness of APMC Act and Various Procedures and Regulations under the APMC Act
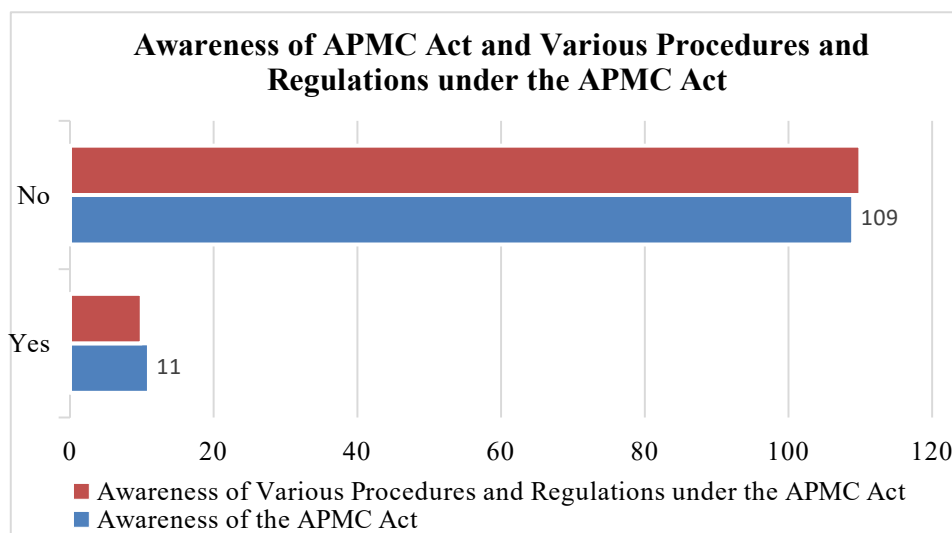
Awareness of the APMC Act

Among the respondents, only 9.17% (11 out of 120) indicated that they are aware of the APMC Act, while the majority of 90.83% (109 out of 120) reported a lack of awareness. These results indicate a significant gap in knowledge and understanding of the APMC Act among the participants.

Awareness of Various Procedures and Regulations under the APMC Act

Similarly, a mere 8.33% (10 out of 120) of the respondents reported awareness of the various procedures and regulations established under the APMC Act. In contrast, the vast majority of 91.66% (110 out of 120) were not familiar with these specific provisions.

The findings reflect a low level of awareness among the surveyed farmers and retailers regarding the APMC Act and its associated procedures and regulations. This indicates a potential research gap in understanding the APMC Act's provisions and their implications within Telangana's agricultural market.

Problems that Farmers Face while Selling their Goods in the Market

Table 3: Challenges that Farmers Face while Trying to Sell a Variety of Products

S. No.	Particulars	5	4	3	2	1	MPS	Rank
1	Lack of scientific storage at farm level	108	12	0	0	0	4.9	1
2	Distress sale	77	12	0	0	31	3.9	2
3	Exploitative practices by the traders in market	60	23	0	0	17	3.4	4
4	Lack of space of auction/sale of produce	0	0	0	4	116	1.0	9
5	Insufficient information about market prices and marketing charges	67	24	0	0	29	3.8	3
6	Undue charges by the traders	1	4	9	0	106	1.3	7
7	Malpractices adopted by trader in weighing	3	10	40	0	67	2.0	6
8	Delay in payment by the traders	15	25	10	14	56	2.4	5
9	Lack of transportation facilities in the market	8	0	0	0	112	1.3	8
Intensity Code: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree * MPS: Mean Perception Score								

Challenges Farmers Face When Trying to Sell a Variety of Products
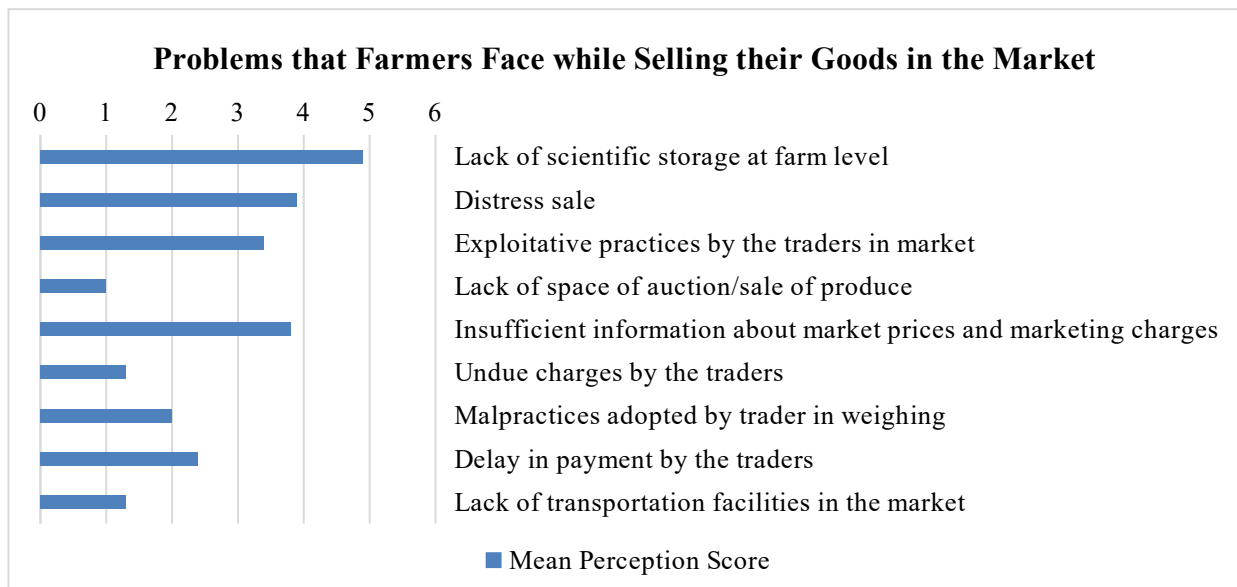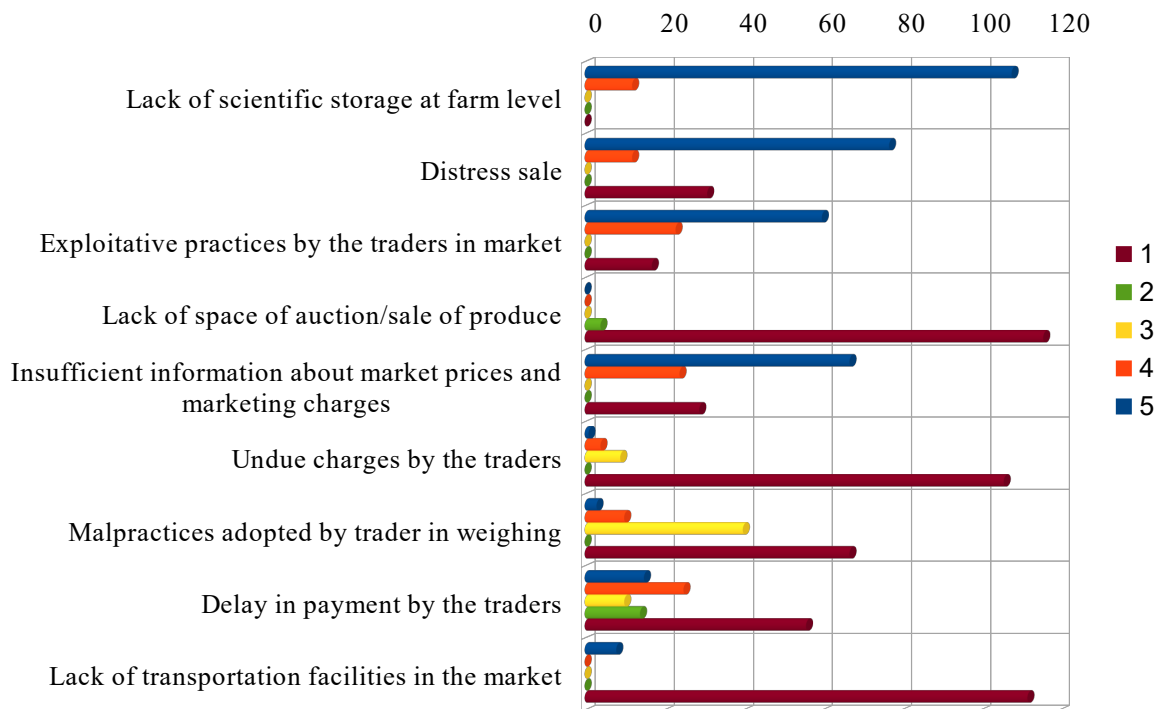
The above table presents the challenges faced by farmers when trying to sell a variety of products in the agricultural market. The responses from the participants were measured on a scale of 1 to 5, with 5 indicating the highest level of challenge. The Mean Perceived Score (MPS) and rank have also been calculated for each challenge.

Lack of Scientific Storage at the Farm Level
This challenge received the highest MPS of 4.9, indicating that farmers perceive it as the most significant obstacle they face. It highlights the lack of proper storage facilities at the farm level, which can lead to quality deterioration and reduced market value of agricultural produce.

Distress Sale

With an MPS of 3.9, distress sale is identified as the second most prominent challenge. It implies that farmers are compelled to sell their produce under duress or unfavorable circumstances, often resulting in lower prices and financial losses.

Exploitative Practices by Traders in the Market

This challenge received an MPS of 3.4, indicating the prevalence of exploitative practices by traders. It suggests that farmers face unfair treatment, such as price manipulation or unfavorable trade terms, from market traders.

Lack of Space for Auction/Sale of Produce

While this challenge received a relatively low MPS of 1.0, it still signifies a concern for farmers. It suggests that inadequate space is available for auctioning or selling agricultural produce, potentially limiting market access and transaction opportunities.

Insufficient Information about Market Prices and Marketing Charges

Farmers identified this challenge with an MPS of 3.8, highlighting the need for improved access to accurate and timely information on market prices and associated charges. Lack of information can hinder farmers' ability to make informed decisions and negotiate fair prices.

Undue Charges by Traders

This challenge received an MPS of 1.3, indicating that farmers experience unfair or excessive charges imposed by traders during transactions. It emphasizes the need for transparent and fair trade practices in the market.

Malpractices Adopted by Traders in Weighing

Farmers identified malpractices in weighing with an MPS of 2.0. It suggests that traders may engage in dishonest weighing practices, potentially leading to financial losses for farmers.

Delay in Payment by Traders

With an MPS of 2.4, delayed payments from traders emerged as a challenge for farmers. Delays in receiving payment can adversely impact farmers' cash flow and financial stability.

Lack of Transportation Facilities in the Market

This challenge received an MPS of 1.3, indicating that farmers face difficulties due to inadequate transportation facilities within the market. It highlights the need for improved infrastructure to facilitate the smooth movement of agricultural produce.

The interpretation of the data underscores the multitude of challenges faced by farmers in the agricultural market. The findings emphasize the importance of addressing these challenges through policy interventions, infrastructure development, and promoting fair trade practices. By addressing these issues, farmers can enhance their market opportunities, receive fair prices for their produce, and improve their overall economic well-being. Future research can explore effective strategies to mitigate these challenges and promote a more inclusive and transparent agricultural market ecosystem.

Telangana's Agricultural Market Situation
Markets Act of 1966 for Agricultural Products and Livestock
Each State's Market Committee also has its own set of bye-laws, which were drafted as part of the Act. The Markets Act was enacted to protect farmers from exploitative middlemen during the sale of their goods and to ensure a fair price for producers. After the formation of the state of Telangana, the law was renamed the Telangana (AP&LS) Markets Act. Telangana is home to a total of 189 Agricultural Market Committees, including 177 primary yards and 94 secondary yards. The state has 64 functional markets, 27 Rythu Bazars, 264 Check Posts, and 16 Seasonal Markets. The Market Committees collectively own 2574 acres of land, and there are 640 warehouses with a combined capacity to hold 6.19 lakh metric tons of goods. The Act was primarily enacted to standardize the trading of agricultural products. There is already an established network of 189 market committees across the state, providing services to residents. Additionally, there are 94 AMCs outside of the Principal Market Yards, classified based on their market revenue.

Conflicts in the Agricultural Market between Buyers and Sellers
The primary objective of agricultural marketing is the acquisition and distribution of agricultural goods. In the past, marketing agricultural goods posed no issues, as the village economy could sustain itself through cash and barter transactions between farmers and consumers. However, the market value of agricultural products fluctuates based on various factors, including supply and demand. Furthermore, processing is sometimes carried out in response to customer demand or for preserving product integrity.

Farmers aim for higher prices for their goods and protection against price fluctuations, as agricultural prices can be highly volatile due to weather conditions and harvest variations in distant locations. Farmers may also seek ways to expand their market reach, such as bypassing traditional distributors and directly approaching customers. Their goal is to maximize returns on their crops by obtaining the highest possible price for an unlimited supply. On the other hand, consumers typically seek a balance between product quality and pricing. It is evident that there are conflicting objectives at play in agricultural marketing. The sector serves several purposes:
Trading Activities: Buying, Selling, and Inventory Management
Physical Activities: Transportation, Processing, and Standardization
Supportive Roles: Financial Services, Risk Management, and Market Information

The importance of an efficient agricultural marketing system in India is underscored by the roles played by farmers, traders, retailers, consumers, and manufacturers in this sector. Currently, there are grading requirements for 181 agricultural and related commodities. Food companies strive to differentiate their products from competitors' in order to make a profit, which is why they focus on improving product quality. Agricultural products are typically produced and supplied at specific times of the year, making non-periodicity a factor to consider. Manufacturers place a premium on quality, timely delivery, and competitive pricing, while also seeking products that can be processed quickly and efficiently. Cost reduction is a constant objective for the manufacturing sector, and as such, the quality, pricing, and processing requirements of agricultural output significantly impact the agricultural marketing system.

Conclusion
This study aimed to assess the impact of limited awareness and understanding of the APMC Act on farmers' participation and decision-making in the agricultural market of Telangana. It also aimed to

identify and prioritize the key challenges faced by farmers in selling their agricultural products and propose strategies to address these challenges for improving farmers' income and market access.

The findings revealed a significant gap in knowledge and understanding of the APMC Act among the surveyed farmers and retailers. Only a small percentage of participants were aware of the Act and its various procedures and regulations. This highlights the need for increased awareness and education regarding the Act and its implications within Telangana's agricultural market.

The study also identified several challenges faced by farmers when selling their agricultural products. Lack of scientific storage at the farm level emerged as the most significant obstacle, followed by distress sales and exploitative practices by traders in the market. Other challenges included insufficient information about market prices and marketing charges, lack of space for auctioning/sale of produce, undue charges by traders, malpractices in weighing, delay in payment by traders, and lack of transportation facilities in the market.

These challenges underscore the need for policy interventions, infrastructure development, and the promotion of fair trade practices in Telangana's agricultural market. Addressing these issues can enhance market opportunities for farmers, ensure fair prices for their produce, and improve their overall economic well-being.

The study recommends that efforts be made to improve storage facilities at the farm level, provide farmers with timely and accurate market information, and establish transparent and fair trade practices. It also suggests the development of adequate market infrastructure, including auction spaces and transportation facilities, to facilitate smooth transactions and market access for farmers.

One significant factor contributing to sales problems for producers is the lack of adequate market infrastructure. This issue hampers efficient transactions and affects farmers' ability to sell their products effectively. Additionally, in Telangana, rice, maize, and cotton are the three major agricultural exports, accounting for over 68% of the total cultivated area. Challenges related to the global market price grading system, insufficient transportation facilities, and limited information about the international market impact both buyers and sellers in these commodities.

While the state's focus remains on grain production, there is a positive shift towards diversifying food crops. Telangana has shown higher average productivity compared to the national average, except for cotton. The state's agricultural output is greatly influenced by food assistance programs.

To address the challenges farmers face in the agricultural value chain, the eNAM (electronic National Agricultural Market) platform must play a crucial role in advancing the marketing system as a whole. Reforms to the state's APMC Act, along with stakeholder education, infrastructural development, institutional support, and effective governance mechanisms for online trading disputes are essential.

In addition to financial incentives, non-monetary incentives in the form of awareness-raising initiatives are crucial for promoting the eNAM platform and its flagship program. These measures will facilitate farmers' adoption of digital platforms and enable them to harness the benefits of online trading.

Overall, this research contributes to a better understanding of the challenges faced by farmers in Telangana's agricultural market and provides insights for policymakers, market committees, and other stakeholders to devise effective strategies for improving farmers' income and market participation. Further research can explore and evaluate the implementation of these strategies to create a more inclusive and transparent agricultural market ecosystem in the region. The necessary changes involve a focus on strengthening market infrastructure, improving information dissemination, promoting market reforms, diversifying crop production, and leveraging digital platforms to enhance the agricultural marketing system in Telangana.

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