



A Case Study on Vegetable marketing of Mangalagiri [SLNS Temple] Rythu Bazar of Guntur District [AP]

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ABSTRACT

This study was taken-up to generate empirical information on marketing costs, marketing margins and price-spread in vegetables, in Mangalagiri (SLNS Temple) rythu bazar (farmers market) of Andhra Pradesh. The information on the problems of vegetable producers and consumers is also very crucial in framing suitable policies to safeguard their interests. The present study is an endeavor in this direction to examine the impact of rythu bazars mainly on the share of producers in the consumer's rupee. The findings of the study witness that the marketing costs for different vegetables were in the range of 7.00 to 14.66 per cent and the marketing margins were found to be in the range of 85.34 to 92.62 per cent (potato). The farmers price was found to be very high for ridge gourd (Rs.760/-) followed by Rs.600/- (tomato), Rs.560/- (brinjal and bhendi), and it was very low for bottle gourd (Rs.320/-). By direct selling of vegetables to the consumers, farmers are able to increase their income share, which otherwise goes to the middlemen. Of all problems faced by the farmers, the major ones are fear of shifting of rythu bazar and lack of permanent structure. On the other hand, the major problems of the consumers are; no difference between the rythu bazar prices and retail market prices and producers ignore pricelist. The suggestions offered by the farmers and consumers should be strictly considered for effective functioning of rythu bazar.

Key words :Marketing costs & margins, Producer's price, RMR, RBR,Rythu bazar, Vegetables.

Andhra Pradesh is the second largest producer of vegetables in the country. The predominantly grown vegetable crops are tomatoes, brinjal, bhendi, onion, beans and gourds. Regulated Market Yards for fruits and vegetables are functioning only at a few centers in the state. The marketing system for fruits and vegetables is in the hands of middlemen. Middlemen exist at various levels between the farmer and the consumer and exploit through malpractices in weighing, handling and payments. The farmer's share in the consumer's rupee is estimated to be very low. In addition, the estimated losses in handling of vegetables in the traditional channels of marketing are about 30 to 35 per cent. Large number of small farmers are unable to effectively bargain for a better price in the wholesale markets. Inefficiencies in wholesale markets result in a long chain of intermediaries, multiple handling and loss in quality and increase the gap between producer and consumer prices. Intermediaries and system inefficiencies come as disproportionate share of consumer prices. Large number of small retailers,

each handling small quantities, create high overheads claiming high margins on produce. Rythu bazar (RB) operates outside the purview of Agricultural Market Committees and managed by Estate Officers under the control of Joint Collectors. It has been felt necessary to evolve an alternate marketing strategy where both growers and consumers are benefited. Rythu bazars are thus planned for direct interface between the farmers and the consumers eliminating middlemen. Rythu bazars, if they function effectively, can act as price stabilization centres.

MATERIAL AND METHODS

The focal purpose of the study is to examine and analyze the price spread, marketing margins and costs in marketing of selected vegetables and the problems of both consumers and vegetable growers in selected rythu bazars. This has been examined with the following specific objectives: (1) To estimate the producer's share in consumer's rupee for vegetable crops in selected rythu bazars; and (2) To study the problems of

vegetable producers and consumers in rythu bazars. Keeping the above objectives in view, the empirical validity of the following hypothesis has also been tested. "The producer's share in consumer's rupee in rythu bazar is relatively high as compared to producer's share in the consumer's rupee in retail vegetable markets". Since the present study is confined to Mangalagiri (SLNS Temple) rythu bazar of Guntur district of Andhra Pradesh, this rythu bazar was selected on purpose from the district. A sample of 20 farmers and 20 sample consumers from the rythu bazar make a total of 40 persons are taken for collecting the cross section data for the present study. Apart from the primary data, the required secondary data were also collected from various reports, namely, functional manual of rythu bazars, rythu bazars in Andhra Pradesh, Status Report on rythu bazars for the council of ministers, daily and weekly averages, etc., brought out by the Directorate of Marketing, Government of Andhra Pradesh. The following vegetables have been considered for the study. (1) Tomato (2) Brinjal (3) Lady's finger (4) Green chillies (5) Bitter gourd (6) Bottle gourd (7) Ridge gourd (8) Cauliflower (9) Cabbage (10) Coccinia (11) Potato (12) Leafy vegetables. Producer's Price, marketing margins and costs are being analyzed for 12 vegetables. The farmers (producers) usually bear the cost of loading, transportation of vegetables to rythu bazars, unloading, packaging and other charges. The producer's share in consumer's rupee is worked out per unit (unit = bag/40kgs) as shown: $P_p = C_p - M / C_p * 100$. Where, P_p = the producer's share in consumer's rupee, C_p = consumer's price, M = marketing cost. The marketing margins and costs were being worked out as a share in the consumers' rupee. The results emerged would be very useful in understanding the producer's share in the consumer's rupee in respect of different vegetables and problems of both the producers and consumers. The study has been confined to the sample rythu bazar located at Mangalagiri.

RESULTS AND DISCUSSION

It is evident from the findings that in the selected rythu bazar, in respect of selected vegetable varieties, the producer's share in the consumer's rupee i.e., the price spread is 100 per

cent, because the producer is selling directly to the final consumer. Some part of the producer's price is incurred on marketing costs and the farmer in the form of marketing margin received the remaining share. The result of the study reveals that the marketing of the vegetables through rythu bazar is profitable to the farmers/producers. The findings of the study witness that by selling the vegetables directly to the consumers, the farmers are able to increase their income share (Subba reddy and raju 2002.).

Marketing Costs, Marketing Margins And Producer Price:

The table-1 represents marketing costs of selected vegetables in Mangalagiri (SLNS Temple) rythu bazar. It was found that the total marketing cost of tomato was 14.66 per cent where the marketing margin of the farmer was 85.34 per cent of the consumer price. This includes 9.09 per cent of market costs packaging charges, 5.68 per cent loading charges, 11.36 per cent transportation charges, 5.68 per cent unloading charges and 68.18 per cent losses due to spoilage. In case of marketing of brinjal, the marketing cost was 10.00 per cent and marketing margin of the seller was 90.00 per cent of the consumer price. This includes 14.29 per cent packaging charges, 8.93 per cent loading and unloading charges, 17.87 per cent transportation charges and it was found 50 per cent of the total cost was because of losses due to spoilage. Marketing of bhendi involves 14.29 per cent packaging charges, 9.09 per cent loading charges, 17.87 per cent transportation charges and 9.09 per cent unloading charges and 50.00 per cent losses due to spoilage. The total marketing costs was 10.00 per cent and the marketing margin of the farmer was 90.00 per cent of the consumer's price. In marketing of green chillies, the total marketing costs was 10.83 per cent and the marketing margin of the seller was 89.17 per cent of the consumer's price. This cost includes 15.39 per cent packaging charges, 9.62 per cent loading charges, 19.23 per cent transportation charges, 9.62 per cent unloading charges and 46.15 per cent losses due to spoilage. Marketing of bitter gourd involves 12.01 per cent total marketing costs and the marketing margin of the farmer was 87.99 per cent of the consumer's price. This includes 16.67 per cent packaging

Table 1. Marketing costs of selected vegetables at Mangalagiri [near SLNS Temple] rythu bazar.

	Tomato		Brinjal		Bhendi		Green chillies		Bitter gourd		Bottle gourd	
	% in	% in	% in	% in	% in	% in	% in	% in	% in	% in	% in	
	TMC	CP	TMC	CP	TMC	CP	TMC	CP	TMC	CP	TMC	CP
1 Packaging charges	9.09	1.33	14.29	1.43	14.29	1.43	15.39	1.67	16.67	2.00	18.18	2.50
2 Loading charges	5.68	0.83	8.93	0.89	9.09	0.89	9.62	1.04	10.42	1.25	11.37	1.56
3 Transportation charges	11.36	1.67	17.87	1.79	17.87	1.79	19.23	2.08	20.83	2.51	22.73	3.13
4 Unloading charges	5.68	0.83	8.93	0.89	9.09	0.89	9.62	1.04	10.42	1.25	11.37	1.56
5 Losses due to spoilage	68.18	10.00	50.00	5.00	50.00	5.00	46.15	5.00	41.67	5.00	36.36	5.00
Total	100	14.66	100	10.00	100	10.00	100	10.83	100	12.01	100	13.79
Consumer price in Rs.	600	-	560	-	560	-	480	-	400	-	320	-

TMC = Total Marketing Cost, CP = Consumer Price

Contd.....

	Ridge gourd		Cauliflower		Cabbage		Coccinia		Potato		Leafy vegetable	
	% in	% in	% in	% in	% in	% in	% in	% in	% in	% in	% in	
	TMC	CP	TMC	CP	TMC	CP	TMC	CP	TMC	CP	TMC	CP
1 Packaging charges	7.69	1.05	28.57	2.00	28.57	2.23	20.00	1.67	19.51	1.54	21.05	2.00
2 Loading charges	4.81	0.66	17.86	1.25	17.86	1.39	12.50	1.04	12.20	0.96	13.16	1.25
3 Transportation charges	9.62	1.32	35.71	2.50	35.71	2.78	25.00	2.08	24.39	1.92	26.32	2.50
4 Unloading charges	4.81	0.66	17.86	1.25	17.86	1.39	12.50	1.04	12.20	0.96	13.16	1.25
5 Losses due to spoilage	73.08	10.00	0.00	0.00	0.00	0.00	30.00	2.50	31.71	2.50	26.32	2.50
Total	100	13.69	100	7.00	100	7.79	100	8.33	100	7.38	100	9.50
Consumer price in Rs.	760	-	400	-	360	-	480	-	520	-	400	-

TMC = Total Marketing Cost, CP = Consumer Price

Table 2. Marketing costs, marketing margin, producer price comparison in Mangalagiri [SLNS Temple] rythu bazar.

Sl. No	Vegetable	Marketing cost	Marketing margin	Producers price
01	Tomato	88/- [14.66 %]	512/- [85.34 %]	600/-
02	Brinjal	56/- [10.00 %]	504/- [90.00 %]	560/-
03	Bhendi	56/- [10.00 %]	504/- [90.00 %]	560/-
04	Green chillies	52/- [10.83 %]	428/- [89.17 %]	480/-
05	Bitter gourd	48/- [12.01 %]	352/- [87.99 %]	400/-
06	Bottle gourd	44/- [13.79 %]	276/- [86.21 %]	320/-
07	Ridge gourd	104/- [13.69 %]	656/- [86.31 %]	760/-
08	Cauliflower	28/- [7.00 %]	372/- [93.00 %]	400/-
09	Cabbage	28/- [7.79 %]	332/- [92.21 %]	360/-
10	Coccinia	40/- [8.33 %]	440/- [91.67 %]	480/-
11	Potato	41/- [7.38 %]	479/- [92.62 %]	520/-
12	Leafy vegetables	38/- [9.50 %]	362/- [90.50 %]	400/-

Figures in parentheses shows per cent of Marketing Costs and Margins in producer price

Table 3. Comparison between local market rates and rythu bazar rates [Price per Kg].

	1	2	3	4	5	6	7	8	9	10	11	12
	Tomato	Brinjal	Bhendi	Green chillies	Bitter gourd	Bottle gourd	Ridge gourd	Cauliflower	Cabbage	Coccinia	Potato	Leafy vegetables
RMR	18	16	16	16	12	10	24	11	12	16	16	12
RBR	15	14	14	12	10	8	19	10	9	12	13	10
AD in %	-16.67	-12.50	-12.50	-25.00	-16.67	-20.00	-20.83	-9.09	-25.00	-25.00	-18.75	-16.67

Source: Weekly/daily price analysis, Directorate of Marketing, Government of Andhra Pradesh, Hyderabad, August and September 2011.

RMR = Retail Market Rate, RBR = Rythu Bazar Rate, AD in % = Absolute difference in per cent [per cent of consumer benefit].

charges, 10.42 per cent loading charges, 20.83 per cent transportation charges, 10.42 per cent unloading charges and 41.67 per cent losses due to spoilage. It was observed that the marketing cost of bottle gourd was 13.79 per cent and the marketing margin of the seller was 86.21 per cent of the consumer price. It includes 18.18 per cent packaging charges, 11.37 per cent loading charges, 22.73 per cent transportation charges, 11.37 per cent unloading charges and 36.36 per cent losses due to spoilage. In case of marketing of ridge gourd, the marketing cost was 13.69 per cent and the marketing margin of the seller was 86.31 per cent of the consumer price. It includes 7.69 per cent packaging charges, 4.81 per cent loading charges, 9.62 per cent transportation charges, 4.81 per cent unloading charges and 73.08 per cent losses due to spoilage. In marketing of cauliflower, it has been found that the total marketing cost was 7.00 per cent and the marketing margin of the producer was 93.00 per cent of the consumer's price. This includes 28.57 per cent packaging charges, 17.86 per cent loading charges, 35.71 per cent transportation costs, 17.68 per cent unloading charges and no losses due to spoilage. In marketing of cabbage, it has been observed that the total marketing cost was 7.79 per cent and the total marketing margin of the seller was 92.21 per cent of the consumer's price. It involved, 28.57 per cent packaging charges, 17.86 per cent for loading charges, 35.71 per cent transportation charges, 17.86 per cent unloading charges and there was no loss due to spoilage. In marketing of coccinia, it was noted that the cost for packaging charges was 20.00 per cent, 12.50 per cent for loading charges, 25.00 per cent for transportation charges and 12.50 per cent for unloading charges and 30.00 per cent for losses due to spoilage. The entire marketing cost was 8.33 per cent and the marketing margin of the seller was 91.67 per cent of the consumer's price. In case of marketing of potato, the total marketing cost was 7.38 per cent and the marketing margin was 92.62 per cent of the consumer's price. This cost is represented as 19.51 per cent for packaging charges, 12.20 per cent for loading charges, 24.39 per cent for transportation charges, 12.20 per cent for unloading charges and 31.71 per cent for losses due to spoilage. The marketing of leafy vegetables involved 21.05 per cent packaging charges, 13.16 per cent loading charges, 26.32 per cent transportation costs, 13.16 per cent unloading charges and 26.32 per cent losses due to spoilage of the total marketing costs. The marketing cost was 9.50 per cent and the marketing margin of the producer was 90.50 per cent of the consumer price.

Table - 2 shows that marketing costs for different vegetables were in the range of 7.00 per cent to 14.66 per cent. It was observed that the marketing margins were high (14.66 per cent) for tomato followed by (13.79 per cent) bottle gourd, (13.69 per cent) ridge gourd, and it was low for cauliflower (7.00 per cent). Likewise the marketing margins were found to be in the range of 85.34 per cent to 92.62 per cent (potato). The farmers price was found to be very high for ridge gourd (Rs.760/-) followed by Rs.600/- for tomato, Rs.560/- for brinjal and bhendi, and it was received very low for bottle gourd (Rs.320/-) (Malik *et.al.*).

Comparison between local market rates and rythu bazar rates

A comparison between RMR's and RBR's were given in Table - 3. It was found that the difference between the RMR's and RBR's for different vegetables were in the range of 9.09 per cent to 25.00 per cent. The RBR was 25.00 per cent less than the RMR for cabbage, coccinia and green chillies. Similarly the RBR was 20.00 per cent and 20.83 per cent lesser than RMR for bottle gourd and ridge gourd respectively. The same trend was observed for the other vegetables also (Ballappa and Hugar, 2002).

Problems and suggestions given by of producers and consumers

The study analyzed the problems faced by both the farmers and consumers in selected rythu bazar.

Table - 4.1 shows the problems of rythu bazar farmers which includes - fear of shifting rythu bazar (90 per cent), no permanent structure (85 per cent), lack of storage infrastructure (60 per cent), less number of consumers (55 per cent), bargaining and sorting of vegetables (50 per cent), stall space not sufficient (50 per cent), insufficient number of stalls (45 per cent), inconvenient mode of transportation (40 per cent), no canteen facility (30 per cent), no safe drinking water facility (25 per cent) and lack of toilet facility (20 per cent).

Table - 4.2 shows the suggestions offered by the farmers at Mangalagiri rythu bazar which includes, continuation of rythu bazar at existing location (90 per cent), need for a permanent rythu bazar structure (85 per cent), zero energy cooling chamber (60 per cent), publicity to attract more number of consumers (55 per cent), absence of bargaining, providing fixed rates and enough space for each stall (50 per cent), officials should provide more number of stalls (45 per cent), improvement in the transportation with low cost (40 per cent), canteen facility (30 per cent) as farmers stay for long time, (25 per cent) safe drinking water facility and toilet facility should be provided (20 per cent).

Table - 4.3 shows the problems faced by consumers in Mangalagiri rythu bazar which includes - not much difference between the rythu bazar rates and local market rates (45 per cent), farmers ignore price list (40 per cent), only a few vegetable varieties (35 per cent), no proper sanitation (30 per cent), farmers refuse to sell small

Table 4.1 Problems faced by the farmers in Mangalagiri [SLNS Temple] rythu bazar.

S. No	Problems of the Rythu bazar farmers	Number of respondents	per cent	Rank
1	Shifting the rythu bazar to a non-strategic location	18	90	I
2	No permanent structure of rythu bazar	17	85	II
3	Lack of storage infrastructure	12	60	III
4	Fewer number of consumers coming to rythu bazar	11	55	IV
5	Bargaining and sorting of vegetables by consumers	10	50	V
6	Stalls space not sufficient	10	50	V
7	Insufficient stalls	9	45	VI
8	Mode of transportation inconvenient and costly	8	40	VII
9	No canteen facility	6	30	VIII
10	No safe drinking water	5	25	IX
11	Lack of toilet facility	4	20	X

Table 4.2. Suggestions offered by the farmers for effective functioning of Mangalagiri [SLNS Temple] rythu bazar.

S. No	Problems of the Rythu bazar farmers	Number of respondents	per cent	Rank
1	Continuing rythu bazar in the existing location	18	90	I
2	An urgent need for a permanent structure	17	85	II
3	Provide zero energy cooling chamber	12	60	III
4	Publicity to attract more consumers	11	55	IV
5	No bargaining and sorting of vegetables	10	50	V
6	Enough space for each stall for smooth sale	10	50	V
7	Officials should provide more stalls	9	45	VI
8	Improve the transportation facilities with low cost	8	40	VII
9	Providing canteen facility	6	30	VIII
10	Safe drinking water facility	5	25	IX
11	Toilet facility	4	20	X

Table 4.3. Problems faced by the consumers in Mangalagiri [SLNS Temple] rythu bazar.

S. No	Problems of the Rythu bazar farmers	Number of respondents	per cent	Rank
1	Not much difference between RBR and RMR	9	45	I
2	Some farmers ignore price list	8	40	II
3	Only few vegetable varieties are sold	7	35	III
4	No proper sanitation	6	30	IV
5	Farmers refuse to sell small quantities	5	25	V
6	Lack of toilet facility	5	25	V
7	No safe drinking water facility	4	20	VI
8	Quality vegetables not available in the evening	3	15	VII
9	Lack of parking place	2	10	VIII
10	Lighting problem in the evening hours	2	10	VIII

Table 4.4. Suggestions offered by the consumers for effective functioning of Mangalagiri [SLNS temple] rythu bazar.

S. No	Problems of the Rythu bazar farmers	Number of respondents	per cent	Rank
1	RBR should be less than RMR	9	45	I
2	Farmers should follow price list	8	40	II
3	Ensuring availability of all kinds of vegetables	7	35	III
4	Maintaining proper sanitation	6	30	IV
5	Selling the vegetables in small quantity	5	25	V
6	Toilet facility should be provided	5	25	V
7	Safe drinking water facility	4	20	VI
8	Availability of quality of vegetables in the evening	3	15	VII
9	Providing parking place	2	10	VIII
10	To solve the electricity problem	2	10	VIII

quantity and lack of toilet facility (25 per cent), no safe drinking water (20 per cent), good quality vegetables are not available at evening [15 per cent], lack of parking place and lighting problem in the evening (10 per cent).

Table - 4.4 shows the suggestions of consumers in Mangalagiri rythu bazar includes - there should be difference in rythu bazar rates and retail market rates (45 per cent), farmers should follow price list (40 per cent), sale of variety of vegetables (35 per cent), proper sanitation should be maintained (30 per cent), toilet facility should be provided and the officials must see that farmers sell the quantity required by the consumer (25 per cent), safe drinking water facility (20 per cent), availability of fresh and good quality vegetables in the evening (15 per cent), providing sufficient area/ space for parking and solving the electricity problem in the rythu bazar in consultation with electricity department (10 per cent).

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