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## Agricultural Marketing System in Telangana– A Study

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### **Abstract:**

*Agriculture is the backbone of Indian economy as the economic development of this country is very much relied upon the agricultural activities. Agriculture provides not only food for the nation's population but also provides opportunities for employment generation, saving, contribution to industrial goods market and earning foreign exchange. necessary to take up long-term policies to change the structural and technical conditions that are now prevailing in our agricultural set-up in order to increase the agricultural production as well as to improve the miserable conditions of rural peasantry. The present research paper tries to establish a linkage between the structural, technological and institutional policy reforms, which are responsible for the success of sustainable agriculture development. Although India has achieved a significant growth rate recently, it still suffers from agricultural distress. The agriculture sector of India is passing through a dynamic phase in the recent era of development. It provides 65% of employment opportunities for the working population of India. Since post-independence period, the Government of India has been initiating its policy framework for the structural, technological and institutional changes for agriculture. Hence this paper tries to reveal the present trend of agriculture marketing system in Telangana and its future prospects. Some secondary data have been collected to explore upon the realistic scene of agriculture and various policy initiatives made by the government. In this paper, with the analysis of secondary data and extensive literature review, some of the suggestions were given for the growth and productivity of this sector.*

**Key Words:** Agriculture, development, growth, reforms, trends

### **Introduction**

Agricultural marketing covers the services involved in moving an agricultural product from the Farm to the consumer. Numerous interconnected activities are involved in doing this, such as planning production, growing and harvesting, grading, packing, transport, storage, agro -and food processing, distribution advertising and sale. Some definitions would even include "the acts of buying supplies, renting equipment, (and) paying labour", arguing that marketing is everything a business does. Such activities cannot take place without the exchange of information and are often heavily dependent on the availability of suitable finance (Penn State College of Agricultural Sciences -Agricultural Marketing, 2012) Marketing systems are dynamic; they are competitive and involve continuous change and improvement. Businesses that have lower costs, are more efficient, and can deliver quality products, are those that prosper. Those that have high costs, fail to adapt to changes in market demand and provide poorer quality is often forced out of business. Marketing has to be customer-oriented and has to provide the farmer, transporter, trader, processor, etc. with a profit. This requires those involved in marketing chains to understand buyer requirements, both in terms of product and business conditions.

The organizational structure of agricultural marketing in Telangana has been broadly conforms to the all India pattern. The deficiencies in the present Indian agricultural marketing structure are lack of organisation among the farmers, sale of produce by farmers at an unfavorable time and terms and also the role of middlemen and their exploitation, existence of unregulated markets, payment of heavy market charges, lack of proper grading facilities, storage facilities and supply of accurate information of the present and future of price trends have been associated with the agricultural marketing system of India.

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## **Various Committees and Commissions on Agricultural Markets in India**

Various committees and Commission are instituted to strengthen the agricultural marketing system for effective sales promotion and to provide remunerative prices to the farm products in India. The government of India appointed various commissions and committees and enacted the Acts. The Royal Commission on Agriculture was appointed by the Government of India in 1926 to examine the prevailing conditions of agriculture and rural economy in India and to make recommendations for the improvement of agriculture to promote the welfare and prosperity of the rural population and submitted its report in 1928. The India Central Banking Enquiry Committee was appointed by the Government of India in July 1929. It endorsed the recommendations of the Royal Commission on Agriculture and the various provincial banking inquiry committees for improving and organizing agricultural marketing in India.

## **What Is Agricultural Marketing?**

The National Commission on Agriculture defined agricultural marketing as a process which starts with a decision to produce a saleable farm commodity and it involves all aspects of market structure of system, both functional and institutional, based on technical and economic considerations and includes pre and post-harvest operations, assembling, grading, storage, transportation and distribution. The Indian council of Agricultural Research defined involvement of three important functions, namely (a) assembling (concentration) (b) preparation for consumption (processing) and (c) distribution. Agricultural marketing can be defined as the commercial functions involved in transferring agricultural products consisting of farm, horticultural and other allied products from producer to consumer. Agricultural marketing also reflect another dimension from supply of produce from rural to rural and rural to urban and from rural to industrial consumers

## **Agricultural Marketing In India**

There are several challenges involved in marketing of agricultural produce. There is limited access to the market information, literacy level among the farmers is low, multiple channels of distribution that eats away the pockets of both farmers and consumers. The government funding of farmers is still at nascent stage and most of the small farmers still depend on the local moneylenders who are leeches and charge high rate of interest. There are too many vultures that eat away the benefits that the farmers are supposed to get. Although we say that technology have improved but it has not gone to the rural levels as it is confined to urban areas alone. There are several loopholes in the present legislation and there is no organized and regulated marketing system for marketing the agricultural produce. The farmers have to face so many hardships and have to overcome several hurdles to get fair and just price for their sweat

## **Need For Reforms**

The agriculture sector needs well-functioning markets to drive growth, employment and economic prosperity in rural areas of India. In order to provide dynamism and efficiency into the marketing system, large investments are required for the development of post-harvest and cold-chain infrastructure nearer to the farmers field. A major portion of this investment is expected from the private sector, for which an appropriate regulatory and policy environment is necessary. Also, enabling policies need to be put in place to encourage the procurement of agricultural commodities directly from farmers fields and to establish effective linkage between the farm production and the retail chain and food processing industries.

Accordingly, the state governments were requested to suitably amend their respective APMC Acts for deregulation of the marketing system in India, to promote investment in marketing infrastructure, thereby motivating the corporate sector to undertake direct marketing and to facilitate a national integrated market.

## **Terminal Markets**

The Department has recently taken the initiative to promote modern terminal markets for fruits, vegetables and other perishables in important urban centres in India. These markets would provide state-of- the art

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infrastructure facilities for electronic auction, cold chain and logistics and operate through primary collection centres conveniently located in producing areas to allow easy access to farmers. The terminal markets are envisaged to operate on a hub-and-spoke format, wherein the terminal market (the hub) would be linked to a number of collection centres (the spokes). The terminal markets would be built, owned and operated by a corporate/private/co-operative entity, either by itself, or through the adoption of an outsourcing model. The enterprise could be a consortium of entrepreneurs from agri-business, cold chain, logistics, warehousing, agri-infrastructure and/or related background. The enterprise would charge a user charge for the services provided. The total financial outlay for implementation of the above component during the Tenth Plan Period is Rs 150 crore. The proposed expenditure will be met from the budget outlay of the National Horticulture Mission. The operational guidelines of the scheme have been circulated to the state governments, which have amended their respective APMC Acts to allow the setting up of markets in the private sector.

### **Organizations Dealing With Agricultural Marketing**

The Department of Agriculture and Cooperation has three organisations dealing with marketing under its administrative control, namely, the Directorate of Marketing and Inspection (DMI), Faridabad; the Ch. Charan Singh National Institute of Agricultural Marketing (NIAM), Jaipur; and the Small Farmers Agri- Business Consortium (SFAC), New Delhi.

### **Grading and Standardisation**

The Agricultural Produce (Grading and Marking) Act, 1937 empowers the central government to fix quality standards, known as AGMARK standards, and, to prescribe terms and conditions for using the seal of AGMARK. So far, grade standards have been notified for 181 agricultural and allied commodities. The purity standards under the provision of the PFA Act and the Bureau of Indian Standards (BIS) Act, 1986, are invariably taken into consideration while framing the grade standards. International standards framed by Codex/International Standards Organization (ISO) are also considered so that Indian produce can compete in international markets.

### **Marketing Extension**

AGMARK quality control programmes as well as improvements in marketing practices and procedures are given wide publicity through mass media. The information is disseminated through documentaries, cinema slides, printed literature, exhibitions, conferences, seminars and workshops. Agricultural Marketing, a quarterly bi-lingual journal, is also published regularly.

### **Marketing Research and Information Network**

This is a central sector scheme that was launched by the Department of Agriculture and Cooperation in March 2000. The scheme aims at progressively linking important agricultural produce markets spread all over India and the State Agriculture Marketing Boards/ Directorates and the DMI for effective exchange of market information. The market information network, AGMARKNET ([agmarknet.nic.in](http://agmarknet.nic.in)), is being implemented jointly by DMI and NIC, using NICNET facilities available throughout the country. The objective of the scheme is to facilitate collection and dissemination of information for better price realisation. The scheme provides funds to state- and national-level institutions managing the markets and executing market-led extension activities and thus, has no separate gender-specific provisions under the scheme. The portal covers market, price, infrastructure and promotion-related information for efficient marketing.

### **Agricultural Marketing Infrastructure, Grading and Standardization**

The scheme for the development/strengthening of agricultural marketing infrastructure, grading and standardisation was launched on 20 October 2004. Under this scheme, a credit-linked investment subsidy is

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being provided on the capital cost of general or commodity-specific marketing infrastructure for agricultural commodities and for strengthening and modernisation of existing agricultural wholesale markets, and rural or periodic markets in tribal areas. The scheme covers all agricultural and allied sectors including dairy, poultry, fishery, livestock and minor forest produce. The scheme is reform linked and is being implemented in those states/UTs that permit the setting up of agricultural markets in the private and cooperative sector and allow direct marketing and contract farming.

### **Farmers Role in Marketing**

Direct marketing of the agricultural produce is the need of the hour. Efforts may be made to provide facilities for lifting the entire stock that farmers are willing to sell with incentive price. There should be provision for storing the stocks such as godowns and warehouses. It helps the farmers to hold the stocks till the prices are stabilized. Usually immediately just after the harvest the prices would be low and if the farmers are patient in holding the same for some time it would fetch better prices. The brokers play the games during the trading of the agricultural stocks which the farmers do not know and realize because of improper information about the market prices. The brokers without any investment and with their negotiation skills transfer stocks by buying at low prices and selling at higher prices to the other end. The farmers need to be educated in this regard. There should be all-round rationalization and standardization of the prices through legislative means. Presently there is vast gap between the marketing strategies of agricultural produce in India and abroad and the same needs to be bridge. Remove the various malpractices prevalent in the present system. There is need to set up marketing committees which has the representation of growers, merchants, local bodies, traders and nominees from the govt. There should be collective and integrative efforts and energies from all quarters for ensuring just and price for farmers.

### **Need For Agriculture Market Information System**

Principles of Marketing has stated that information is one key to increase marketing success for everyone. A market information system is an important tool used by modern management to aid in problem solving and decision making. Market Information System is a process of gathering, processing, storing and using information to make better marketing decisions and to improve marketing exchange. Subrahmanyam and Mruthyunjaya (1978) based on their study on marketing of fruits and vegetables in Bangalore suggested for proper dissemination of market intelligence and information through all possible means of communication, for improving the marketing efficiency of fruits and vegetables. In his conceptual analysis of Management Information System (MIS) and Management Science opined that though computers have of course a role to play in MIS, all computerized systems do not necessarily mean MIS or does MIS necessarily imply computerized processing of data to create information, reported that the growers received low prices in Bangladesh because of lack of market information which resulted in wide inter-market price variation.

Around 53% of the land has been brought under irrigation with areas of Punjab, Haryana giving very high per hectare yield. Over the years, due to growing industrialization and overall growth of tertiary sector, share of Agriculture has shown a little declining trend. But, it still continues to be the primary occupation in spite of numerous problems like High dependency on irregular Monsoon, lack of irrigation facilities and growing facilities.

### **Pressure of population on Agriculture:**

Despite increase in urbanization and industrialization, about 70% of population is still directly or indirectly dependent on agriculture.

### **Mechanization of farming:**

Green Revolution took place in India in the late sixties and early seventies. After more than forty years of Green Revolution and revolution in agricultural machinery and equipments, complete mechanization is still a distant dream

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## **Dependence upon Monsoon**

Since independence, there has been a rapid expansion of irrigation infrastructure. Despite the largescale expansion, only about one third of total cropped area is irrigated today. As a consequence, two third of cropped areas is still dependent upon monsoon. As you know, monsoon in India is uncertain and unreliable. This has become even more unreliable due to change in climate.

## **Variety of Crops**

Can you guess why India has a variety of crops? As mentioned in the beginning of the lesson, India has diversity of topography, climate and soil. Since India has both tropical and temperate climate, crops of both the climate are found in India. There are very few countries in the world that have variety comparable to that of India. You would realize that when we would discuss the different type of crops in detail. Look at the table No.1 to get an idea.

## **Predominance of Food Crops**

Since Indian agriculture has to feed a large population, production of food crops is the first priority of the farmers almost everywhere in the country. However, in recent years, there has been a decline in the share of land used for food crops due to various other commercially most advantageous uses of this land.

## **Seasonal Patterns**

India has three distinct agricultural/cropping seasons. You might have heard about kharif and rabi. In India there are specific crops grown in these three seasons. For example rice is a kharif crop whereas wheat is a rabi crop.

## **Evolution of Regulated Markets in Telangana:**

In Andhra Pradesh the first regulated market was established at Kharanja in 1886. Though, the first regulated market in the State was established in 1886 itself, the real momentum for regulated markets in the State were traced back to 1930 only, when the Hyderabad Agricultural Market Act was passed. Most of the provisions of this legislation were based on the recommendations of the Royal Commission on Agriculture.

In the Year 1930 the erstwhile Madras State Government passed The Madras Commercial Crops Act 1930. The first regulated market that was established in pursuance of the Hyderabad Markets Act 1930 was in Warangal in the year 1933. In 1935, another regulated market was established in Adilabad of Telangana region. Subsequently, a number of regulated markets were established in the erstwhile Hyderabad State.

The first regulated market in the Andhra region of the erstwhile Madras State was established in 1939 in Guntur. A number of other regulated markets were established in the Andhra region of the erstwhile Madras State. As a consequence of the States' Re-organisation Act 1956, the Andhra region in the erstwhile Madras State and the Telangana region in the erstwhile Hyderabad State were merged and one unified State of Andhra Pradesh was emerged. There were two separate legislative enactments in the matter of regulated markets in these two separate regions (The Andhra region of the Madras State and the Telangana region of the Hyderabad State).

The Andhra Pradesh Agricultural Produce and Livestock Markets Act was passed in 1966. This Act is now in operation throughout the State of Andhra Pradesh. The enactment of this legislation paved the way for implementing a uniform legislation throughout Andhra Pradesh State in the matter of regulation of agricultural marketing activities. A number of rules were also framed by the Government of Andhra Pradesh in the year 1969, which serve as supplementary and complementary safeguards or guidelines already provided in the Andhra Pradesh (Agricultural Produce and Livestock) Markets Act, 1966.

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## **Agricultural Marketing System in Telangana State**

The A.P.(Agricultural Produce and Livestock) Markets Act,1966 Markets Rules were framed under this Act called the A.P.(Agricultural Produce and Livestock)Markets Rules,1969 with Bye-laws for each Market Committee in the State. On creation of separate state of Telangana, the said Act is enacted as Telangana (AP&LS) Markets Act. The objective of the Markets Act is to protect the interests of farmers in the sale of agricultural produce and to ensure remunerative price to the man to protect them from the clutches of unscrupulous traders. There are 150 Agricultural Market Committees in the State consisting of 147 main yards and 101 subyards. In these 150 Agricultural Market Committees, Functional markets are 64, Seasonal markets are 16, Cattle markets are 19, Check Post are 264 and Rythu Bazars 26. The total land owned by the Market Committees is 2574 Acres.. The number of Godowns constructed is 640 with a capacity of 6.19LakhMTs.The main objective of the Act is to regulate the purchase and sale of Agricultural Commodities.

### **Suggestions**

- Indian industries should show greater enthusiasm in agri businesses and be more active to market the country's farm produce.
- Agricultural growth, particularly in staple crops, is among the best routes for achieving these and other development goals in developing countries.
- The world's agriculture and food systems must become more productive, more resource-efficient, more resilient, and less wasteful.
- There are multiple technology choices and paths for agriculture. Those resources must be exploited.

### **Conclusion**

The present study concluded that, the necessary reforms coupled with proper price discovery mechanism through regulated market system will help streamline and strengthen agricultural marketing. In order to avoid isolation of small-scale farmers from the benefits of agricultural produce they need to be integrated and informed with the market knowledge like fluctuations, demand and supply concepts which are the core of economy. In Telangana state the Rice, Maize and Cotton are the important crops that occupy more than 68% of the total gross cropped area. Mango and Tobacco are the other local crops of the state. Though the emphasis in the state continues to be on production of foodgrains, there is a desirable shift in the cropping pattern from food ton on foodcrops in the state. The average productivity of major crops of the state is quite high as compared to the national average except for cotton. The need is to adopt improved farm practices and usage of high yielding variety seeds to further enhancing productivity as well as production. The food grants are playing an important role in the agricultural production of Telangana state. Marketing of agriculture can be made effective if it is looked from the collective and integrative efforts from various quarters by addressing to farmers, middlemen, researchers and administrators. It is high time we brought out significant strategies in agricultural marketing with innovative and creative approaches to bring fruits of labor to the farmers.

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