

STUDY OF PERFORMANCE OF THE RYTHU BAZARS IN THE HYDERABAD CITY: AN ECONOMIC PERSPECTIVE

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Abstract: The present study entitled was conducted in the Greater Hyderabad city, capital of Andhra Pradesh. Primary data were collected from the selected sample by using pre-tested schedule of questions developed for the study. Price spread, producer's price, producer's share in consumer rupee, marketing margin, total marketing cost and marketing efficiencies were calculated to compare various Rythu bazars and the local market.

Key words: Rythu bazars, marketing efficiency, producer's share in consumer rupee.

Introduction: Indian farmers get a very low remuneration from the traditional marketing system because of various factors like presence of middlemen in the marketing channel, high marketing costs, poor regulation of the markets and various kinds of cheating from the system of marketing. Direct marketing models have played a significant role in the history of agricultural marketing. Direct marketing ensures elimination of the middlemen from the marketing chain and thereby providing higher share of the consumer's price to the producers. Rythu bazars are one of the most successful implementation of the direct marketing models in India.

Justification/ Motivation of the study: A study on the marketing in the Rythu Bazars will help various group of the society.

It will be helpful to the policy makers for formulating better plans and policies for the Rythu Bazars. It will help the organising body of the Rythu Bazars in quick review of the functioning of the Rythu Bazars and the existing faults and gaps in functioning of the Rythu Bazars. The study will be ultimately helpful for the farmers, who are the main aspect of development in Indian situation.

Objectives of the study:

1. To study marketing of selected vegetables in the Rythu bazars vis-à-vis local market.
2. To identify benefits and constraints in the Rythu bazars.

Materials and methods: The selected Rythu Bazars for the present study are Mehedipatnam and Falaknuma from Hyderabad district; Erragada and Vanasthalipuram from Ranga Reddy District.

Gudimalkapur wholesale market was selected purposively for the present study. Two vegetables namely, tomato and bhendi were selected to study the marketing of vegetables in the Rythu bazars as compared to the local market.

Producers share in consumers' rupee: It is the price received by the farmer expressed as per cent of the price paid by the consumer (retail price).

$$P_s = (P_f \div P_r) \times 100 \dots\dots\dots (1)$$

Where,

P_s = Producers share in consumers' rupee,

P_f = Producers' price

P_r = Retail price

Marketing efficiency (ME): Shepherd (1965), suggested that the ratio of total value of goods marketed (retailer's sale price or consumer's purchase price) to the marketing cost may be used as measure of marketing efficiency.

An alternative measure was suggested by Acharya which includes,

- a) Total marketing costs (MC)
- b) Net marketing margins (MM)
- c) Net prices received by the farmer (FP)
- d) Price paid by the consumer

Results and discussions:

Comparison of marketing costs incurred by the farmers: Table 1.1 represents various costs incurred by the farmers in the Rythu bazars and table 1.2 shows various costs incurred by the local market farmers. We will discuss the costs crop wise in various Rythu bazars.

Tomato: Gross price received by the tomato growers in all Rythu bazars was Rs.500 per quintal in the month of February, 2013. Total marketing costs for the tomato crop was 23% of gross price in Mehedipatnam; 23% of gross price in Erragada; 29.95% of gross price in Falaknuma and 22.72% of gross price in Vanasthalipuram per quintal of the produce. Total marketing cost was highest in Falaknuma and least in Vanasthalipuram Rythu bazar. Transportation cost was most important cost having largest share in total marketing cost. Cost of transportation was 44.94%, 43.71%, 47.45% and 46.45% of total cost in Mehedipatnam, Erragada, Falaknuma and Vanasthalipuram Rythu bazars respectively. This shows that transportation cost was almost half of total costs in all Rythu bazars. Total cost incurred by the farmers in the local market was Rs. 97.33/ Qt. Transportation cost accounted to be most important cost in local market which was 39.71% of the total cost. Tomato farmers paid 11.95% commission and 3.88% market fee out of total marketing cost.

Bhendi: Per quintal price of bhendi in all the Rythu

bazars was Rs. 2400 and Rs. 1917.50 in the local market. Total marketing costs in the Rythu bazars were 5.89% of gross price received in Mehedipatnam, 5.83% of gross price received in Erragada, 5.94% of gross price received in Falaknuma and 5.44% of gross price received) in Vanasthalipuram per quintal of bhendi. Cost of transportation was again the main cost component. In the total cost, it accounted for 48.28% in Mehedipatnam, 42.18% in Erragada, 44.12% in Falaknuma and 43.45% in Vanasthalipuram Rythu bazar. Farmers of local market spent a huge total marketing cost of Rs. 182.86 per quintal of bhendi. Market commission to the commission agents has highest share in total cost of 31.46% followed by transportation cost (25.73% of total costs). 10.49% of

total marketing cost was spent as market fee by the farmers in the local market.

Farmer’s price, price spread, marketing margins and producer’s share in consumer rupee Tomato:

Tomato farmers selling in the Rythu bazars received a gross price of Rs. 500 per quintal in all the Rythu bazars. After meeting the marketing costs, farmers realized a net return of Rs. 3804.30 (76.86% of the price paid by the consumers) in Mehedipatnam, Rs. 383.55 (76.71% of the price paid by the consumers) in Erragada, Rs. 375.25 (75.05% of the price paid by the consumers) in Falaknuma and Rs. 386.40 (77.08% of the price paid by the consumers) in Vanasthalipuram Rythu bazars. Net realization by the farmers in Rythu bazars were quite high when compared to Rs. 290.18 (36.85% of the price paid by the consumers or the retail price) in the local market

Table 1.1: Costs of Marketing incurred by the farmers of selected vegetables (Rs. / Qt.) in Different Rythu Bazars

Sl. No.	Particulars	Tomato				Bhendi			
		M	E	F	V	M	E	F	V
1.	Gross price received by producer	500	500	500	500	2400	2400	2400	2400
2.	Marketing cost incurred by the producer								
A	Transportation cost	52.00 (44.94)	50.90 (43.71)	59.20 (47.45)	53.35 (46.96)	68.20 (48.28)	59.05 (42.18)	62.85 (44.12)	56.75 (43.45)
B	Spoilage loss	21.45 (18.54)	24.00 (20.61)	18.50 (14.83)	21.00 (18.48)	31.80 (22.51)	41.40 (29.57)	35.40 (24.85)	36.60 (28.02)
C	Hamali charges	12 (10.37)	12.00 (10.30)	16 (12.82)	12 (10.57)	10.00 (7.08)	10.00 (7.14)	10.00 (7.02)	10.00 (7.66)
D	Miscellaneous expenses	30.25 (26.14)	29.55 (25.37)	31.05 (24.89)	27.25 (23.99)	31.25 (22.13)	29.55 (21.11)	34.20 (24.01)	27.25 (20.87)
3.	Total marketing cost	115.70 (100)	116.45 (100)	124.75 (100)	113.60 (100)	141.25 (100)	140.00 (100)	142.45 (100)	130.60 (100)
4.	Net price received by the producer	384.30	383.55	375.25	386.40	2258.75	2260.00	2257.55	2269.40

M = Mehedipatnam; E = Erragada; F = Falaknuma; V = Vanasthalipuram Source: Primary data. Values in parentheses show are percentage of total cost incurred by farmers.

Bhendi: Bhendi farmers received a gross price of Rs. 2400 per quintal of bhendi in all the Rythu bazars as compared to Rs. 1917.50 in the local market. Net price received by the farmers was 94.11% of the price paid by the consumers in Mehedipatnam, 94.17% of the price paid by the consumers in Erragada, 94.06% of the price paid by the consumers in Falaknuma and 94.56% of the price paid by the consumers in Vanasthalipuram as compared to only 67.49% of the price paid by the consumers (or the retail price) in the local market.

Price spread and producer’s share in consumer rupee : Producer’s shares in consumer rupee for all the selected crops were highest in Vanasthalipuram Rythu bazar (77.28% for tomato and 94.56% for bhendi). In local market farmers received much less than what was paid by the consumers. Price spread was Rs. 400 for tomato and Rs. 652.50 for bhendi per quintal of the produce. Producer’s share in consumer rupee was 36.85% for tomato, 51.71% for brinjal, 62.47% for green chilli and 67.49% for bhendi in the local market

Sl. No.	Particulars	Tomato	bhendi
1	Gross price received by the farmer	387.50	1917.50
2	Marketing costs incurred by farmer		
I	Transportation	38.65 (39.71)	47.05 (25.73)
ii	Commission to commission agent	11.63 (11.95)	57.53 (31.46)
iii	Wastage due to transportation and handling	19.38 (19.91)	28.76 (15.73)
iv	Hamali and weighments	5.80 (5.96)	6.35 (3.47)
V	Market fees	3.88 (3.99)	19.18 (10.49)
Vi	Miscellaneous expenditures	18.00 (18.49)	24.00 (13.12)
3	Total cost incurred by farmers	97.33 (100)	182.86 (100)
4	Net price received by farmer/ producer(1-3)	290.18	1734.64
5	Farmer's sale price to wholesaler	387.50	1917.50
6	Marketing costs incurred by wholesaler		
I	Transportation	31.60	40.20
ii	Loading and unloading	9.32	33.90
iii	Transportation and storage losses	18.63	45.20
iv	Market fee	6.21	22.60
V	Miscellaneous expenditures	12.40	20.50
6	Total cost incurred by wholesaler	78.16	162.40
7	Wholesaler selling price to retailer	621	2260.00
9	Marketing costs incurred by retailer		
I	Transportation	42.50	42.40
ii	Spoilage losses	15.75	38.55
iii	Miscellaneous expenditures	7.60	15.80
10	Total cost incurred by the retailer	65.85	96.75
11	Retailer's sale price/ Consumer' price	787.50	2570.0

Table 1.3: Total marketing Cost (in Rs. /Qt.), farmer's price (in Rs. /Qt.), Price Spread (in Rs. /Qt.), Producer's Share in consumer (%) rupee and marketing efficiency in different Rythu Bazar

Sl. No.	Particulars	Tomato				Bhendi			
		M	E	F	V	M	E	F	V
1	Gross price received by producer	500	500	500	500	2400	2400	2400	2400
2	Total marketing cost	115.70 (23.14)	116.45 (23.29)	124.75 (24.95)	113.60 (22.72)	141.25 (5.89)	140.00 (5.83)	142.45 (5.94)	130.60 (5.44)
3	Net price received by the producer	384.30 (76.86)	383.55 (76.71)	375.25 (75.05)	386.40 (77.28)	2258.75 (94.11)	2260.00 (94.17)	2257.55 (94.06)	2269.40 (94.56)
4	Producer's share in consumer rupee	76.86	76.71	75.05	77.28	94.11	94.17	94.06	94.56
5	Marketing efficiency-Shepherd's approach (1/2)	4.32	4.29	4.01	4.40	16.99	17.14	16.85	18.38
6	Marketing efficiency-Acharya approach (3/2)	3.32	3.29	3.01	3.40	15.99	16.14	15.85	17.38

M = Mehedipatnam; E = Erragada; F = Falaknuma; V = Vanasthalipuram
Values in parentheses show percentage of price paid by consumer for respective crops.

Table 1.4: Total marketing Cost, farmer's price, Marketing margin, Price Spread, Producer's Share in consumer rupee and marketing efficiency in the Local Market			
Sl. No.	Particulars	Tomato	Bhendi
1.	Gross price received by the farmer (in Rs. /Qt.)	387.50 (49.21)	1917.50 (74.61)
2.	Total cost incurred by farmers (in Rs. /Qt.)	97.33 (12.36)	182.86 (7.11)
3.	Net price received by farmer/ producer (1-2) (Rs. Qt.)	290.18 (36.85)	1734.64 (67.49)
4.	Farmer's sale price to wholesaler (in Rs. /Qt.)	387.50 (49.21)	1917.50 (74.61)
5.	Total cost incurred by wholesaler (in Rs. /Qt.)	78.16(9.93)	162.40 (6.32)
6.	Wholesaler selling price to retailer (in Rs. /Qt.)	621.00 (78.86)	2260.00 (87.94)
7.	Wholesaler's margin{6-(4+5)} (in Rs. /Qt.)	155.34 (19.73)	180.10 (7.01)
8.	Total cost incurred by the retailer (in Rs. /Qt.)	65.85(8.36)	96.75 (3.76)
9.	Retailer's sale price/ Consumer' price (in Rs. /Qt.)	787.50 (100)	2570.00 (100)
10.	Retailer's margin{9-(6+8)} (in Rs. /Qt.)	100.65 (12.78)	213.25 (8.30)
11.	Total marketing cost (2+5+8) (in Rs. /Qt.)	241.34 (30.65)	442.01 (17.20)
12.	Price spread (9-1) (in Rs. /Qt.)	400.00	652.50
13.	Producer's share in consumer Rupee (%)	36.85	67.49
14.	Marketing efficiency- Shepherd's approach (9/11)	3.26	5.81
15.	Marketing efficiency- Acharya approach {3/ (11+7+10)}	0.58	2.07

Values in parentheses show percentage of price paid by consumer for respective crops.

Comparison of marketing efficiency:

Shepherd's approach: By this approach marketing efficiency is calculated by dividing the gross price received by the farmer with the total marketing cost. Marketing efficiency for tomato was 4.32, 4.29, 4.01 and 4.40 in Mehedipatnam, Erragada, Falaknuma and Vanasthalipuram respectively and 3.26 in local market. For bhendi efficiencies were respectively 16.99, 17.14, 16.85, 18.38 and in local market 5.81.

Acharya approach: Here net price received by the farmers is divided by the total marketing costs plus net marketing margins. Marketing efficiencies, were 3.32, 3.29, 3.01, 3.40 and 0.58 in Mehedipatnam,

Erragada, Falaknuma, Vanasthalipuram and local market respectively for tomato and for bhendi they were 15.99, 16.14, 15.85, 17.38 and 2.07 respectively. This revealed that all the Rythu bazars are much more efficient than the local market because farmers received more net price for the products in Rythu bazars and total marketing cost is quite high in the local market than the Rythu bazars.

Analysis of benefits and constraints:

Benefits: Benefits received by the sellers/ farmers as well as the consumers are tabulated in Table 1.5 and 1.6.

Table 1.5: Benefits of selling the produce in the Rythu Bazars (total number of respondents is 20 for each crop from each Rythu Bazar) (T= Tomato,Bh. = Bhendi.)

Particular	Mehedipatnam		Erragada		Falaknuma		Vanasthalipuram		Total
	T	Bh	T	Bh	T	Bh	T	B	
Higher price	20(100)	20(100)	19 (95)	19 (95)	20(100)	20(100)	19(95)	18 (90)	155(96.88)
Direct selling	13 (65)	15(75)	11 (55)	12 (60)	9 (45)	9 (45)	10(50)	11(55)	90 (56.25)
No market commission	19(95)	20(100)	20(100)	20(100)	20(100)	20 (100)	20 (100)	20 (100)	159 (99.38)
No intervention by intermediaries	19(95)	18 (90)	19 (95)	19 (95)	18 (90)	18(90)	20 (100)	18 (90)	149 (93.13)
Assured place for sale	9 (45)	11 (55)	14 (70)	12 (60)	14 (70)	13(65)	10(50)	8 (40)	91 (56.88)
Assured customer	12(60)	11 (55)	11 (55)	11 (55)	13 (65)	14(70)	9 (45)	8 (40)	89 (55.6)
Proper market regulation	14(70)	11 (55)	13 (65)	13 (65)	11 (55)	12(60)	10(50)	9 (45)	93 (58.13)
Can meet the market officials directly	11(55)	12 (60)	10 (50)	11 (55)	15 (75)	15(75)	9 (45)	11 (55)	94 (58.75)
Getting helps regarding cultivation practices	8 (40)	9 (45)	7 (35)	7 (35)	8 (40)	8 (40)	10 (50)	11 (55)	68 (42.50)
Other facilities	15(75)	15 (75)	20(100)	20(100)	16(80)	16(80)	19(95)	18 (90)	139(86.88)

Figures in parentheses are the percentage of total number of respondents.

As per the farmers' point of view absence of market commission (which is paid by the farmers selling in the local market) was the most important benefit as perceived by 99.38% of the farmers in all the markets. From consumer' point of view the most

important benefit was best price for the produce (87.50%) followed by fresh quality product, parking facility, clean market place, no cheating from the farmers.

Table 1.6: Benefits to consumers for coming to the Rythu bazars (total number of respondents is 10 for each crop from each Rythu Bazar)

Particulars	M	E	F	V	Total
Best price of the produce	9 (90)	8 (80)	9 (90)	9 (90)	35 (87.50)
Fresh quality	7 (70)	8 (80)	9(90)	8 (80)	32 (80)
Clean market place	6 (60)	7 (70)	4 (40)	6 (60)	23 (57.50)
Direct contact with the farmers	4 (40)	6 (60)	5 (50)	7 (70)	22 (55.00)
Parking facility	9 (90)	10 (100)	4 (40)	5 (50)	28 (70.00)
No cheating from the farmers	7 (70)	5 (50)	6 (60)	6 (60)	24 (60.00)

Figures in parentheses are percentage of total number of respondents, Source: Primary data

Table 1.7: Constraints of selling the produce in the Rythu Bazars (total number of respondents is 20 for each crop from each Rythu Bazar)									
Particular	Mehedipatnam		Erragada		Falaknuma		Vanasthalipuram		Total
	T	Bh	T	Bh	T	Bh	T	Bh	
To avail selling point	17 (85)	18 (90)	12(60)	12(60)	17(85)	16(80)	9(45)	10(50)	105(65.62)
Price not profitable	7(35)	1(5)	12(60)	1(5)	12(60)	2 (10)	11 (55)	4 (20)	50 (31.55)
Poor bargaining power	11 (55)	9 (45)	7(35)	9(45)	13(65)	13(65)	8(40)	6 (30)	76 (47.50)
Clean market yard	14 (70)	9 (45)	7(35)	8(40)	8 (40)	8 (40)	3(15)	5 (25)	62 (38.75)
Unavailability of cold storage	19 (95)	20 (20)	20 (100)	20 (100)	18 (90)	17 (85)	20 (100)	19 (95)	153 (95.73)
Unavailability of seeds from Rythu Bazars	14 (70)	16 (80)	15 (75)	14 (70)	19 (95)	19 (95)	16 (80)	15 (75)	128 (80.00)
Place shortage	18(90)	16(80)	1(5)	0	14(70)	14(70)	10 (50)	8 (40)	81 (50.63)

T= Tomato, Bh. = Bhendi, Source: Primary data

Constraints: Unavailability of cold storage was the most problematic issue faced by the farmers in the Rythu bazars as perceived by 96% of the farmers because this led to loss of unsold produce in terms of quality and quantity. The other major problems were unavailability of seeds from the Rythu bazars, availing a good selling point, place shortage, poor bargaining power etc.

Conclusions: The above findings clearly reveal that the Rythu bazars are performing well as per the rules and regulation mandatories. The Rythu bazar model of Andhra Pradesh can be adopted by the various states of India for raising the quality of life as well as to benefits the consumers by providing a reasonable prices and quality fresh farm products.

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