



## AGRICULTURAL MARKETING SYSTEM IN TELANGANA STATE – A STUDY

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### Introduction

Agriculture plays a crucial role in the economic development of a nation. There are two phases in the development of agriculture viz., increased production and productivity and role played in marketing. A marketing system which protects the interests of both producers and consumers is the key to agricultural development. The vital role played by efficient marketing system in the planned economy needs no emphasis. The success of any agricultural development programme rests ultimately on the efficiency of the marketing system. Since agricultural marketing is considered as an important component of agricultural production programme, the government has been taking several measures in this direction.

Regulated markets facilitate the farmer in getting remunerative price for his farm produce. It will protect the farmer from exploitative practices of trading. It forms an important infrastructural support for agricultural development. The farmer can avail the facilities and services like grading, storage, financing under the Rythu Bandu Scheme (Pledge Finance) market information. The role they play in accelerating the pace of agricultural development is of vital importance. An establishment of regulated markets and investment in it facilitate the centralization of trade. The mere establishment of regulated markets may not solve the problems of agricultural marketing, unless means are devised to ensure their operational efficiency. An important issue in agricultural marketing is on marketing efficiency, but there is little empirical research on which to evaluate the issue.

### **Need of the Study**

Agricultural Marketing involves all operations and processes essential to move the raw material from the farm sector to ultimate consumer. This system which is designed to meet the purpose must be such that it pays proper return or reward for the efforts of the tiller of the soil. Unfortunately in Indian Scenario, the Agri-Marketing is defective, ineffective and inelastic to the ill-luck of farmers and consumers. In this backdrop, there is need to study the agricultural production and agricultural marketing system in India. In Telangana state there are number of farmers who sell their agricultural commodities to the regulated markets. The reason for the arrivals of agricultural products in regulated markets is most important factor for analysing the study. Therefore present study is undertaken to make an analysis of the area of production and productivity, regulated markets and their problems and prospects.

**Objectives of the Study:** the following are the main objectives of the study

1. To present the an overview of Telangana State,
2. To analyse the Agricultural area of production and Productivity in Telangana State and
3. To study the Agricultural marketing system in Telangana State and

### **Scope of the Study**

The study is concerned to analyse the Telangana state agricultural area of production and productivity. Food grants area of production and productivity and cropping intensity are analysed in the study. This study also presents the number of agricultural market Committees (AMCs), Functional markets, Seasonal markets, Cattle markets, Check Posts, and Rythu Bazars. This study also presents the problems and prospects of agricultural marketing system in Telangana State.

### **Telangana State – An Overview**

The state of Telangana has been carved out of the erstwhile state of Andhra Pradesh and is formed on 2<sup>nd</sup> June 2014 as the 29<sup>th</sup> State of the Indian Republic. The geographical area of the state is spread over 1, 14,840 Sq Km which makes it the 12<sup>th</sup> largest State in the country. The State comprises of 10 districts viz., Adilabad, Nizamabad, Karimanager, Warangal, Nalgonda, Knammam, Rangareddy, Mahaboobnagar, Medak and Hyderabad. The state has 464 mandals and 1071 villages. Nine districts in the Telangana state are covered under the Backward Regions Grant Fund (BRGF). As per 2011 census the population of

Telangana State is 3.52 crore which is 2.97% of the total country's population. The density of the population is 307 persons per square kilometer in 2011.

The state economy is mainly driven by agriculture. Two important rivers of India, the Godavari and Krishna, flow through the state, providing irrigation. Other rivers include Bhima, Dindi, Kinnerasani, Manjeera, Manair, Penganga, Taliperu etc. Rice, cotton, maize, pulses, and millets form the major agriculture crops. Horticulture crops like Mango, Papaya, Citrus, Sapota, Tomata, Okra, Loose flowers etc. are also important crops. Recently, crops used for vegetable oil production such as sunflower and peanuts have gained favour. The state is endowed with variety of soils, ranging from highly fertile alluvial to very poor sandy soils. The Normal annual rainfall of state is 906 mm. it receives 80 percent of rainfall through south-west monsoon.

The geographical area of the state is 114.84 lakh hectares, of which 43% is under Net Area Sown (49.61 lakh hectares), 24% is forest and (27.43 lakh hectares), 8% is current fallow lands (9.60 lakh hectares), 7.80% land is put to Non-Agricultural uses (8.95 lakh hectares), 5% is barren and uncultivable land (6.15 lakh hectares) and 6% falls under other fallows (7.17 lakh hectares) and remaining 5% is under cultivable waste, Permanent pastures and other grazing lands, and Land under miscellaneous tree crops and groves are not included in the Net Area Sown (5.93 lakh hectares) in 2013-14. The average size of land holdings in the state has marginally declined to 1.11 hectares during 2010-11 from 1.30 hectares in 2005-06. The number of holdings has increased from 48.28 Lakhs in 2005-06 to 55.54 Lakhs in 2010-11.

Overall, economy of the state could attain an average growth rate of 10.2% during the 11<sup>th</sup> plan (2007-08 to 2011-12) that is higher than the national average of 8.04% . The GSDP at constant (2004-05) prices, for the year 2013-14 (Provisional Estimates) is estimated at ` 2, 07,069 crore as against `1, 96,182 crore for the year 2012-13 (First Revised Estimates) indicating a growth of 5.55%. The corresponding sectoral growth rates are 4.58% in Agriculture sector, 2.70% in industry sector and 7.15% in the services sector. As per the Provisionsnal Estimates of 2013-14, the per capita income of the State at current prices increased to Rs. 93,151 from ` 83,020 in 2012-13 registering a growth of 12.20 percent. During the same period the All India Per Capita Income increased from ` 24,143 to Rs. 74,380.

### **Agricultural Productivity in Telangana State:**

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 food grains, there is a desirable shift in the cropping pattern from food to nonfood crops in the state. In this backdrop, the details of crop production, productivity of major crops in the state for the year 2014-15 are presented in table – 1.

The total food grains production area is 28.35 lakh per hectare and the productivity is 82.42 lakh tonnes out of this, rice production area is 14.18 lakh per hectare and the annual productivity is 46.48 lakh tonnes, coming to Maize production area is 6.63 lakh per hectare and the annual productivity is 29.44 lakh tonnes and Pulses production area is 6.11 lakh per hectare and annual productivity is 4.91 lakh tonnes. The Groundnut production area is 1.87 lakh per hectare and the annual productivity is 3.35 lakh tonnes. The cotton production area is 18.19 lakh per hectare and annual productivity is 40.57 lakh tonnes. 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. Hence, there is need to analyze the last ten years ( i.e., 2003-04 to 2013-14) food grants productivity in state. The relevant data collected and presented in Table – 2. There are fluctuations in area and production of food grains in the past decade due to seasonal conditions like drought, floods and heavy rains. It can be observed that in years of low rainfall the net area sown, gross irrigated area, area under food crops and production of food grains is low.

### **Cropping Intensity**

The cropping intensity (the ratio of gross cropped area to net cropped area) is one of the indices of assessing efficiency of agriculture sector. The relevant data has collected district wise and tabulated in Table – 3. The cropping intensity for the year 2013-14 increased to 1.27 from 1.22 in 2012-13. The cropping intensity is highest in Nizamabad District (1.63) and lowest in Adilabad district (1.07) .

### **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 them and 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 sub yards. In these 150 Agricultural Market Committees, Functional markets are 64, Seasonal markets are 16, Cattle markets are 19, Check Posts 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 6.19 Lakh MTs. The main objective of the Act is to regulate the purchase and sale of Agricultural Commodities.

Telangana MARKFED reconstituted in June 2014 after the formation of Telangana State covers nine district Cooperative Marketing Societies that undertake procurement and marketing of agricultural produce enabling the farmers to get remunerative prices. These Societies had a business turnover of Rs. 201.48 crores in 2013- 14 compared to Rs.59.17 crore in the previous year. It has only one feed mixing plant in Karimnagar and one cotton ginning plant in Adilabad.

### **Problems and Prospects of Agricultural Marketing System in TS**

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.

The globalization has brought drastic changes in India across all sectors and it is more so on agriculture, farmers and made a deep impact on agricultural marketing. It is basically because of majority of Indians are farmers. It has brought several challenges and threats like uncertainty, turbulence, competitiveness, apart from compelling them to adapt to changes

arising out of technologies. If it is the dark cloud there is silver lining like having excellent export opportunities for our agricultural products to the outside world.

**Conclusion:**

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 food grains, there is a desirable shift in the cropping pattern from food to nonfood crops 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.

**Table – 1: Crop Production Area and Productivity in Telangana State**

<b>Crop</b>	<b>Area of Production (Lakh hectare)</b>	<b>Productivity (Lakh Tonnes)</b>
Rice	14.18	46.48
Maize	6.63	29.44
Pulses	6.11	4.91
<b>Total food grains</b>	<b>28.35</b>	<b>82.42</b>
Groundnut	1.87	3.35
<b>Total Oilseeds</b>	<b>5.08</b>	<b>8.07</b>
Cotton	18.19	40.57
<b>Total Cropped Area</b>	<b>54.52</b>	<b>151.42</b>

*Source: State Focus Paper for Telangana State- 2015-16.*

**Table – 2: Food Grants Area of Production and Productivity**

<b>Years</b>	<b>Area (in Lakh Hectares)</b>	<b>Productivity (in Lakh Tonnes)</b>
2004-05	24.97	41.68
2005-06	31.31	75.29
2006-07	30.81	65.21
2007-08	30.09	81.34
2008-09	31.7	82.48
2009-10	26.49	51.9
2010-11	34.44	92.6
2011-12	31.09	75.01
2012-13	28.36	82.42
2013-14	34.54	106.88

*Source: Directorate of Economics and Statistics, Hyderabad*

**Table – 3: District Wise Cropping Intensity**

Sl. No.	Districts	Cropping Intensity
1	Mahbubnagar	1.11
2	Rangareddy	1.10
3	Medak	1.26
4	Nizamabad	1.63
5	Adilabad	1.07
6	Karimnagar	1.37
7	Warangal	1.34
8	Khammam	1.12
9	Nalgonda	1.19
<b>Telangana State</b>		<b>1.27</b>

*Source: Directorate of Economics and Statistics, Hyderabad*

**Table – 4: Market Committees in Telangana State**

<b>Number of Agricultural Market Committees(AMCs)</b>	<b>150</b>
Number of main Markets Yards	<b>147</b>
Number of Sub-Markets Yards	<b>101</b>
Check Posts	<b>264</b>
Rythu Bazars	<b>26</b>
Total land owned by the Market Committees	<b>2574</b>
	<b>Acres</b>
Number of Godowns Constructed ( Capacity of 6.19 Lakh Million Tonnes)	<b>640</b>

*Source: Directorate of Economics and Statistics, Hyderabad*

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