

**A CASE STUDY :**

# An analysis of private vegetable market *vis-à-vis* public vegetable market in Karnataka – A study in Kolar district of Karnataka state

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**SUMMARY :** The present study was conducted in Mulbagal taluk of Kolar district. The study analysed the factors influencing farmers' preference for private vegetable market [Mahatma Gandhi – 6 Fruits and Vegetables Wholesale Market (India) Private Limited] and public vegetable market (Mulbagal APMC) and the constraints faced by farmers and market intermediaries in marketing their produce. The primary data were collected from 50 farmer respondents participating in MG-6 market and another 50 farmers participating in Mulbagal APMC market, resulting in a total sample size of 100 farmers. In the case of both markets, realization of remunerative price by the farmers was the major factor which influenced their preference for a particular market. Poor management of market was the main constraint faced by farmers in MG-6 market while in the case of Mulbagal APMC market, lack of infrastructural facilities and poor maintenance were the main constraints faced by farmers. In the case of market intermediaries, poor management of market was the main constraint faced by them in MG-6 market while inadequate supply of vegetables was the main constraint faced by them in Mulbagal APMC market.

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## **BACKGROUND AND OBJECTIVES**

India is basically an agrarian society where sole dependence has been on agriculture since time immemorial. Agricultural sector is of great significance in the socio-economic development of people of India as about 68 per cent of the population lives in rural areas and virtually all of them depend on agriculture for their livelihood. In the olden days, the agricultural produce was fundamentally bartered by nature where

farmers exchanged goods for goods and also against services. Gradually, the scenario changed with the changing times and sale of agricultural produce began with an element of commercial value. Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. India is the second largest producer of vegetables in the World next to China (George and Singh, 2002). With the gradual development of commercialized agriculture;

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marketing of farm products has assumed greater importance in recent years. In a developing country like India, marketing of vegetable commodities has become important, bigger, complex and more advanced than production, for better performance and diversification of agriculture (Basu, 2002).

Fruits and vegetables produced in India are marketed mostly either through regulated markets (APMCs) or totally unregulated local fruit and vegetable markets. Marketing through these traditional channels is characterized by very little attention to grading, sorting and storage with improper regulation, poor handling during loading, unloading and transport resulting in loss of 30-40 per cent of the total production. Organized marketing of agricultural commodities has been promoted in the country through a network of regulated markets. These regulated markets are established as per the provisions of the Marketing of Agricultural Produce Acts' of State Governments. To cope with the need to handle increasing agricultural production, the number of regulated markets has been increasing in the country. By the end of 1950, there were only 286 regulated markets in the country. This number has increased and as on 31<sup>st</sup> March 2014, the number stood at 7,114, consisting of 2,483 principal markets and 4,631 sub-market yards.

The private sector is that part of the economy, sometimes referred to as the citizen sector, which is run by private individuals or groups, usually as a means of enterprise for profit and is not controlled by the State. In addition to the efforts of the Government, there also have been some initiatives by the private sector with regard to organized marketing of agricultural commodities. One such initiative has been Delhi-based Premium Farm Fresh Produce Ltd. established in 2009 at Nasik, Maharashtra. In Karnataka, one similar initiative is Mahatma Gandhi-6 (MG-6) Fruits and Vegetables Wholesale Market (India) Private Limited established on 19<sup>th</sup> July 2013 by Mr. Gangi Reddy and Mr. M. Gopal in Mulbagal taluk of Kolar district. This is the first private fruits and vegetables market established in Karnataka with modern infrastructural facilities for the wholesale marketing of fruits and vegetables.

## RESOURCES AND METHODS

The present study was carried out in Mulbagal taluk of Kolar district of Karnataka state in the year 2014-15. Mulbagal taluk was purposively selected for the study

due to presence of both private and public vegetable markets in the taluk. Mulbagal APMC market and MG-6 Fruits and Vegetables Wholesale Market (India) Private Limited were selected for the study. For the study, 50 farmer respondents each participating in MG-6 market and Mulbagal APMC market, resulting in a total sample size of 100 farmers were randomly selected. In addition, 10 wholesalers and five commission agents were also selected for the study.

### Garrett's ranking technique :

Garrett's ranking technique was used to rank the factors influencing the farmers' preference for MG-6 market and Mulbagal APMC market and the constraints faced by farmers in MG-6 market and Mulbagal APMC market based on their importance. The order of the merit given by the respondents was converted into per cent position using the formula.

$$\text{Per cent position} = 100 * \frac{(R_{ij} - 0.50)}{N_j}$$

where,

$R_{ij}$  = Rank given for  $i^{\text{th}}$  item by  $j^{\text{th}}$  individual

$N_j$  = Number of items ranked by  $j^{\text{th}}$  individual

The per cent position of each rank was converted to scores by referring to the table given by Garrett and Woodworth (1969). Then, for each factor, the scores of individual respondents were summed up and divided by the total number of respondents for whom scores were gathered. The mean score for all the factors were ranked, following the decision criteria that higher the value, the more important is the order of preference by respondents.

## OBSERVATIONS AND ANALYSIS

The findings of the present study as well as relevant discussion have been presented under following heads.

### Factors influencing farmers' preference for MG-6 market and Mulbagal APMC market :

Tables 1 and 2 present the factors influencing the farmers' preference for MG-6 market and Mulbagal APMC market, respectively. In both MG-6 and Mulbagal APMC markets, realization of remunerative price by the farmers was the major factor which influenced their preference for a particular market. It was observed that farmers with larger quantities of produce generally preferred MG-6 market to dispose off their produce while those with

smaller quantities of produce sold their produce in APMC market. This was because smaller quantities of produce were not accepted in MG-6 market while it was not the case in APMC market. Hence, acceptance of produce in smaller quantities in APMC market was the second important factor which influenced the farmers' preference for APMC market. However, in the case of MG-6 market, availability of good infrastructural facilities was the second important factor which influenced the farmers' preference for MG-6 market. This was because MG-6 market is well equipped with the best state-of-the-art facilities.

The third important factor which influenced the farmers' preference for MG-6 and APMC markets was reasonable market charges and immediate payment, respectively. This was because the market charges were relatively less in MG-6 market when compared to those in APMC market while the payments for the produce sold were relatively quicker in APMC market when compared to that in MG-6 market.

**Table 1: Factors influencing farmers' preference for MG-6 market (n=50)**

Sr. No.	Factors	Mean score	Rank
1.	Remunerative price	68.04	I
2.	Infrastructure facilities	62.06	II
3.	Reasonable market charges	53.36	III
4.	Proximity	41.52	IV
5.	Immediate payment	39.66	V
6.	Competitive environment	35.36	VI

**Table 2: Factors influencing the farmers' preference for Mulbagal APMC market (n=50)**

Sr. No.	Factors	Mean score	Rank
1.	Remunerative price	67.92	I
2.	Small quantities are accepted	60.04	II
3.	Immediate payment	54.16	III
4.	Reasonable market charges	39.98	IV
5.	Proximity	37.14	V
6.	Competitive environment	32.79	VI

### Constraints faced by farmers in MG-6 market and Mulbagal APMC market :

Tables 3 and 4 present the marketing constraints faced by farmers participating in MG-6 market and Mulbagal APMC market, respectively.

In the case of MG-6 market, poor management of market was the major constraint as opined by the farmers. It was observed that sharing of profit between the proprietors was an unresolved issue which has led to the

**Table 3: Marketing constraints faced by farmers in MG-6 market (n=50)**

Sr. No.	Factors	Mean score	Rank
1.	Poor management of market	71.30	I
2.	Delayed payment	49.16	II
3.	Lack of competition	40.42	III
4.	Low price	39.12	IV

**Table 4: Marketing constraints faced by farmers in Mulbagal APMC market (n=50)**

Sr. No.	Factors	Mean score	Rank
1.	Lack of infrastructure facilities and poor maintenance	67.86	I
2.	Poor administration	53.76	II
3.	Lack of competition	42.32	III
4.	Low price	36.06	IV

poor management of market. However, in the case of Mulbagal APMC market, lack of infrastructural facilities and poor maintenance were the major constraints faced by farmers. This was because the APMC market was equipped with very poor infrastructure.

Delayed payment was the second important constraint faced by farmers participating in MG-6 market. This was because though the management had promised immediate payment to the farmers, it had failed to keep up its promise due to lack of capital. However, in the case of Mulbagal APMC market, poor administrative was the second important constraint faced by farmers. This was because the administration of APMC market was under the control of State Government and it was found to be poor in nature. Patel *et al.* (1999) in their study on marketing of cabbage and cauliflower grown in Banaskantha district of North Gujarat also reported delay in payment as one of the problems faced by the farmers.

The third important constraint faced by farmers participating in both MG-6 and APMC markets was lack of competition. This was because the number of buyers participating in these markets was relatively less when compared to markets of similar nature.

### Constraints faced by market intermediaries in MG-6 and Mulbagal APMC markets :

Tables 5 and 6 present the constraints faced by market intermediaries in MG-6 market and Mulbagal APMC market, respectively.

In the case of MG-6 market, poor management of the market was the major constraint faced by market

intermediaries. As mentioned earlier, sharing of profit between the proprietors was an unresolved issue which

**Table 5: Constraints faced by market intermediaries in MG-6 market (n=8)**

Sr. No.	Factors	Mean score (n=8)	Rank
1.	Poor management of market	66.63	1
2.	Inadequate supply of vegetables	45.25	2
3.	Non-commissioning of cold storage	38.13	3

**Table 6: Constraints faced by market intermediaries in Mulbagal APMC market (n=7)**

Sr. No.	Factors	Mean score	Rank
1.	Inadequate supply of vegetables	58.14	1
2.	Lack of storage facilities	47.29	2
3.	Inadequate infrastructural facilities and poor maintenance	44.57	3

has led to poor management of market. However, in the case of APMC market, inadequate supply of vegetables was the major constraint faced by market intermediaries. This was because farmers participating in APMC market generally brought produce in smaller quantities and moreover it was relatively inferior in nature.

In the case of MG-6 market, inadequate supply of vegetables was the second important constraint faced by market intermediaries. This was because the MG-6 market being a new market requires adequate awareness / publicity on the part of the farmers in the region. However, in the case of APMC market, lack of storage facilities was the second important constraint faced by market intermediaries. This was because in APMC market, though the storage facilities are available they are not in good condition for storage of vegetables such as potato, onion, garlic, etc., especially when the arrivals are more. Nagaraj and Chandrakanth (1992) in their study on fruit and vegetable marketing in India reported lack of storage facilities as one of the problems faced by the farmers. Patel *et al.* (1999) in their study on marketing of cabbage and cauliflower grown in Banaskantha district of North Gujarat and Chauhan and Mehta (2002) in their study on problems and constraints in vegetable marketing in Himachal Pradesh; also reported lack of storage facilities as one of the problems faced by vegetable farmers.

The third important constraint faced by market intermediaries in MG-6 market was non-commissioning of cold storage. This was because though the cold storage

facility of 250 MT capacity has been established it is not yet functional due to technical snags. However, in the case of APMC market, lack of inadequate infrastructural facilities and poor maintenance was the third important constraint faced by market intermediaries. As mentioned earlier, the APMC market was equipped with very poor infrastructure.

### Conclusion :

In the case of both MG-6 and Mulbagal APMC markets, realization of remunerative price by the farmers was the major factor which influenced their preference for a particular market. Therefore, both the markets may further the market environment so as to enhance the producer's price. Poor management of market was the main constraint faced by farmers in MG-6 market. In the case of Mulbagal APMC, lack of infrastructural facilities and poor maintenance were the main constraints faced by farmers. In the case of market intermediaries, poor management of market was the main constraint faced by them in MG-6 market while inadequate supply of vegetables was the main constraint faced by them in Mulbagal APMC market. The proprietors of MG-6 market may solve their differences regarding profit sharing so that the market can be managed more effectively and thereby serve better the farm economy. The infrastructural facilities at Mulbagal APMC market may be strengthened and better maintained by the APMC in order to provide better facilities / services to the farming community as well as market functionaries in order to improve the overall efficiency of the market.

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