

An Evaluation of Marketing of Groundnut and Sunflower in Bagalakot District of Karnataka State

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Abstract

Agricultural marketing is now being considered as an integral part of production process. The various aspects of marketing of groundnut and sunflower have been studied in six talukas of Bagalkot district of Karnataka state taking a sample size of 240 respondent that is around 40 respondent farmers from each taluka. An effort has been made to evaluate and examine the problems in the various functional areas of marketing of groundnut and sunflower crops pertaining to assembling, storage, packing, grading, insurance, transportation, channel of distribution, obtaining market information, pricing of product. It was found that the government as well as private warehouses and Agricultural Produce Market Committee (APMC) warehouses were used by the grower for storage. The responses indicated that they preferred sales at APMC yard. Grading was generally done by the farmers themselves with the help of expert laborers. The farmers did not insure their produce before it was sold and the main sources of market information was obtained from commission agents, APMCs, newspapers, radio and Television. All the farmers were not satisfied with the present system of price fixing for their produce and have affirmed that the price they obtained from the buyers is arbitrary.

Keywords :Marketing, respondents, farmers, storage, warehouse, pricing.

Introduction

India is predominantly an agricultural country and land of villages with 80% of population residing in about 6, 32,000 villages, spreading throughout its length and breadth. Agriculture and other allied activities contribute significantly to the Gross Domestic Product (GDP), accounting for nearly 16 per cent of the total GDP. It provides employment to around 64 per cent of the total work force while contributing 18 per cent of the total export. Thus agriculture forms the backbone of Indian economy, which contributes 32 percent to the national income about 68.8 percent populations depends on agriculture for their livelihood.

Agricultural marketing is now being considered as an integral part of production process itself. The development of the country is closely linked with the development of agriculture. The development of agriculture is dependent upon the facilities available for marketing of goods supplied by agriculture. For over a decade, farmer suicides in India has been a serious public policy concern. Agricultural marketing is expected to promote the welfare of the farmers' class in particular and that of the consumers in general. However, over the period, Indian agricultural marketing is criticized for its operational and pricing inefficiencies. Some of the inadequacies associated with the marketing of agriculture produce have been overcome in the post independence period. Important development in this direction relate to the enactment of regulated markets, linking of credit to marketing through cooperative marketing, grading, standardization of weights and measures, provision of weights and measures, provision of ware housing facilities, regulation of forward contract, fixing of floor prices, market intelligence and market news service and state trading of food grains. These and other measures and improvements have placed the farmer in the Bagalkot district in bargaining position but there is a need remove the intervention of middleman and to ensure him a greater share in the consumers' rupee.

Methodology

Study Area

The study covers Bagalkot district comprising of six talukas viz., Badami, Bagalkot, Bilagi, Hungund, Jamakhandi and Mudhol. The area has dry climate and has vast stretch of black and red soil suitable for growing groundnut and sunflower.

Choice of Respondent Farmers

A sample size of 240 respondent farmers growing Groundnut and Sunflower have been chosen for the study from a population of 5000 farmers by random sampling method. From each taluka 40 farmers were chosen for obtaining the data. The 40 farmers include 10 large farmers, 20 medium farmers and 10 marginal farmers to give proper representation to the three groups of farmers from each taluka. The actual selection of the farmers and their location is done on a random sampling basis by taking into account the area under Groundnut and Sunflower cultivation.

Type of Data Collection

The study is based on primary data. Primary data is collected from the 240 respondent farmers growing Groundnut and Sunflower in the 6 talukas of the district. The data is collected by focused group interview and using structured questionnaire on major marketing areas.

Data Analysis and Interpretation:

The data collected from the primary sources are presented in suitably planned statistical tables. Appropriate conclusions and inferences are derived from the statistical tables which are prepared from the data collected.

Objectives of the Study

The main objective of the study is to evaluate and examine the problems in the various functional areas of marketing of groundnut and sunflower crops pertaining to assembling, storage and packing, grading, insurance and transport, channel of distribution, market information and pricing.

Results and Discussions

Assembly:

The first important step in the marketing of the Groundnut and Sunflower crops produce relate to proper assembling it in suitable premises. The farmers have been following the practice of assembling the produce in specially designated storerooms or in their residential places. The responses have been identical from all the 40 respondents each in all the six talukas of the Bagalkot district covered by the study.

The details furnished in Table 1 indicate uniformity in the practice of assembling the Groundnut and Sunflower crops after the harvesting is completed. This is first preparatory stage before marketing the agriculture production.

Storage

The next step in the process of marketing the Groundnut and Sunflower crop is moving the assembled produce to marketing centers from the local villages and store them in suitable places in coordination with middle men. The storage options for the farmers are the Government warehouses, private warehouses and APMC warehouses. The farmers have indicated more than one option since they could not avail of only one of the options of storage due to inadequacy of space and the details are furnished in Table 2.

It is clear from Table 2 that all the respondent farmers used storage facilities of APMC. All the 40 respondents each in Bilagi, Hungund, Jamakhandi and Mudhol have used APMC warehouse facilities in case of both Groundnut and Sunflower crops. But few respondents in Badami and Bagalkot taluka have used Government warehouse for Groundnut and Sunflower crops respectively. However, no respondent have used the private warehouse.

Location of sales

The respondent farmers have exercised two options of locations for the sale of Groundnut and Sunflower crops. Sales have been taking place locally as well as at APMC yards. The local sales take place due to prior commitment of the farmers with the local merchants based on prior advances received by the farmers. Some farmers sell locally due to transport or personal financial difficulties. Farmers who are able to wait for a better price and whose stock of Groundnut and Sunflower crops is of large volume take their produce to APMC yards. The responses of the 40 farmers each selected in six talukas have resorted to sell part of their produce locally and the rest at the APMC yards.

Reasons for Local sales of Groundnut crop:

The respondent farmers in the six taluka of Bagalkot district have advanced more than one reason for the local sales

of their produce. It is evident from the details furnished in Table 3 reveal that all 40 respondents each in the six talukas of Bagalkot district have indicated that the need for immediate cash compelled them to sell their produce locally. Similarly repayment of old debt to merchants and moneylenders also compelled all the 40 respondents each in the six talukas to sell their produce locally. The third reason that compelled them to sell locally was to avoid the transport cost in carrying the produce to APMC. The study also revealed that the local sales of Groundnut and Sunflower crop by them were due to the small quantity of production and storage difficulties of the produce.

Preference for sales at APMC:

The responses obtained from the 240 farmers in the 6 talukas indicate that they preferred sales at APMC yard for some specific reasons.

Table 4 furnishes a consensus about the reasons for preference to sell their produce at APMC Yard. The reasons are relating to better price to the produce, storage facilities, grading facilities and weighing have been considered useful and are responsible for preferring sales at APMC Yards.

Channel of Distribution

Channel of distribution refers to the course taken in the transfer of the title to commodity. The respondents engaged in production and marketing of Groundnut and Sunflower crops, sell their produce through commission agents and cooperative marketing societies. The responses indicate complete unanimity among all the farmers selected for the study. There is a divided opinion about the satisfaction among the respondents regarding the channel of distribution.

It is evident from the details in the Table 5 that majority of 221 respondents are satisfied with the channel of distribution in their sales of Groundnut crop. 19 respondents are not satisfied with the channel of distribution. All the 40 selected farmers each in Badami, Bagalkot and Hungund are satisfied with the channel. However the opinion of 40 respondents in Bilagi taluka is divided since majority of 36 of them are satisfied, while 4 of them are not satisfied with the channel of distribution. Similarity was found in Jamakhandi taluka that majority of 30 respondents are satisfied and 10 respondents are not satisfied and in Mudhol taluka majority of 35 respondents are satisfied and 5 respondents are not satisfied.

Grading of the product:

Grading is the division of products into classes made up of units possessing similar characteristics of size and quality. It is sorting of individual specimens of a product to predetermined standard grades or classes to which they belong. Grading is generally done by the farmers themselves with the help of expert graders. The groundnut and sunflower is graded by the private graders and also by the APMC nominated graders.

Insurance of the product:

The respondents have asserted that they did not insure their produce before it was sold. Hence they did not incur any cost on insurance. The respondents suggested that the cost of insurance was high and hence they have not opted for insuring the Groundnut and Sunflower crop. However, all the respondents affirmed that they get crop insurance benefit for loss of crop before harvesting as provided by the state Government under Crop Insurance Scheme.

Transport of the product:

The respondent farmers have been using tractors, trucks, and carts for transporting their produce. The farmers are using own vehicles and hired ones for transportation of the product. It is found that a majority of 198 farmers have hired vehicles while only 42 farmers have used their own vehicles for transporting of their produce. Table 6 furnishes the details of transportation of groundnut and sunflower crops.

From Table 6 it is clear that all the 40 respondents in Badami, Bilagi and Hungund taluka depended on hired vehicles for their transporting but in Bagalkot 28, Jamakhandi 24, and Mudhol 26 respondents used the hired vehicles. However, 12 farmers in Bagalkot, 16 farmers in Jamakhandi and 14 farmers in Mudhol had their own vehicles for the transportation of agricultural products.

Market information

Market information refers to any information about the marketing of the products traded in the market. The

information pertains to demand and supply conditions of the product, price conditions, transport and warehousing conditions, channel of distribution, competition and facilities of infrastructure like banking insurance, grading etc. The sources of market information are market intermediaries like wholesalers and retailers, etc.

Sources of Market Information:

Information obtained through personal interview with the farmers revealed that the main sources of market information were commission agents, APMC newspapers Radio and TV.

The details furnished in the Table 7 indicate uniformity in responses from all the 40 respondents from six talukas of Bagalkot district. A significant revelation from the discussion with the respondents reveal that none of them incurred any expenditure in obtaining the market information from the above-mentioned sources. However a very interesting fact that was emerged from the discussion with the respondents was that they did not get any benefit from the market information obtained from those sources.

Marketing finance

The farmers required finance for different marketing operations like storage, grading, transport, packing etc. The responses of the 240 respondents in the study area indicate that they require finances for the marketing of their Groundnut and Sunflower crops. There has been complete unanimity among all the respondents regarding this aspect.

The respondents have indicated that they have relied on their own funds and bank loans for their marketing expenditures. There is again a complete unanimity of opinion among all the respondents.

Table 8 furnished the information on requirements of finance and the funds used by them for the marketing operations. The study reveal that 126 respondents used 20-40% of their own funds for meeting the financial needs while 114 of them relied on 40-80% of their own funds for the marketing purposes. However, maximum of 172 respondents used 40-80% of the bank loans to meet their financial needs for marketing their produce.

Pricing of the product

Price is the value of product attributes expressed in monetary terms which a buyer pays or is expected to pay in exchange and anticipation of the expected or offered utility. Pricing is a marketing function and it is the most important variable next only to product which affects the success or failure of business.

Pricing of Groundnut and Sunflower crops in the study area

The farmers are faced with market conditions, more close to monopolistic competition. Numerous sellers of the Groundnut and Sunflower crops are faced with a comparatively smaller number of buyers who may be wholesalers, retailers or mill units. The prevalent market conditions determine the prices. The role of a few merchants influences the price of Groundnut and Sunflower crops. The market supply and demand influence the price of Groundnut and Sunflower crops. However some imperfections in the market influence the prices greatly. As mentioned earlier the local merchants and money lenders who advance cash to small farmers and exploit them through quoting lower prices compared to market prices. The Groundnut and Sunflower crops seller like other farmers is forced to become a price taker rather than a price maker. The influence of APMCs is still not fully felt in villages because of the local sales taking place due to financial limitations of growers.

The respondents clearly indicated that they are not satisfied with the present system of price fixing for their produce as furnished in Table 9. All the respondents' in each 6 taluka of Bagalkot district have affirmed that the price they obtained from the buyers of Groundnut crop is not commensurate with cost of production and is arbitrary. Similarly all the 40 respondents in each of the 6 talukas have opined that the pricing is influenced by the middlemen and is not influenced by the government's price support policy.

The details furnished in the Table 10 reveals that all the 40 respondents have favored organization of cooperative marketing societies for sales of their produce. Similarly all of them have urged that the APMC should play more active role in getting better price for Groundnut and Sunflower crops. The 30 respondents in Bagalkot, 40 each in Jamakhandi and Mudhol talukas have suggested for a direct sale of their produce to mills so that the share of middlemen could be avoided for getting a better price for their produce.

Findings

The analysis has resulted in the emergence of the following findings in the study area:

1. The process of agricultural marketing deals with: assembling; storage; packing; insuring; transporting; obtaining marketing information; channel distribution and pricing of products. Farmers have been assembling their Groundnut and Sunflower in specially designated store rooms or in their residential premises.
2. Most of the respondents in Bilagi, Hungund, Jamakhandi and Mudhol have used APMC warehouse facilities in case of both Groundnut and Sunflower crops. Very few respondents in Badami and in Bagalkot talukas have used Government warehouse facilities for storing Groundnut and Sunflower crops. However, no respondent have used the private warehouse.
3. All the respondents have suggested that sale of Groundnut and Sunflower take place at their local places and at APMC Yard. The need for immediate cash for the farmers has been one of the major reasons for local sales of their produce. The other two major reasons relate to the repayment of old debts to merchants and money lenders and to avoid transport cost in carrying their produce to APMC Yard. Local sales result in selling at prices dictated by the local merchants and money lenders which are generally unreasonable.
4. The respondents opinioned that it is beneficial to sell their produce through APMC, which ensures better price for their produce. They reasons being APMC provided better facilities for storage, grading and proper weighing of the produce. The study found that APMC provides market information to the farmers. Despite these advantages of selling at APMC premises the farmers are forced to sell their produce locally due to prior financial commitment with the local merchants and money lenders.
5. The channel of distribution for the farmers growing Groundnut was through commission agents and cooperative marketing societies.
6. The respondents have adopted the system of grading their produce before selling the same. The responses suggest that private expert graders and graders nominated by APMC do the grading. The farmers have mentioned that grading creates better demand for their products.
7. The respondents have not insured their produce before it was sold. The reason was the higher insurance cost.
8. All the respondents have used trucks, tractors and carts for the transportation of their products.
9. Market information is obtained from Commission Agents, APMC, Newspapers and Radio/TV. The responses of the farmers indicated that there was no expenditure in obtaining market information and were not benefitted by the same.
10. The farmers needed finances for their marketing operation. The purposes for which marketing finances were used related to storage, grading, transportation and packing.
11. The groundnut price is generally fixed by oil mills, wholesale merchants or commission agents. The respondents are naturally unhappy on the present pricing system and they are exploited by middlemen and that the pricing is not influenced by government price support policies.
12. All the respondents have suggested for organising cooperative marketing society to obtain better price for their produce. The study found that there is a need for a more active role by the APMC in ensuring better price for the products.

Conclusion

Marketing problems of Groundnut and sunflower relate to various issues such as higher cost of storage, packing, insurance, transportation, agents' commission etc. The other problems identified were: inadequate market information; faulty weighing: large quantity of samples collected from the farmers; faulty pricing and delayed payment by buyers such as oil mills and marketing societies etc. The government agencies and the APMCs should try to provide greater facilities at lower cost. The growers should get current market information. However there is a need for effective enforcement of market regulation and use of technology for marketing of products declaring the crop as a notified commodity.

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Table 1. Assembling of Groundnut and Sunflower crops

Taluka	No. of Farmers Ground Nut		No. of Farmers Sunflower	
	Storeroom	Residential Premises	Storeroom	Residential Premises
Badami	-	40	-	40
Bagalkot	04	36	-	40
Bilagi	-	40	-	40
Hungund	-	40	-	40
Jamakhandi	02	38	08	32
Mudhol	-	40	02	38
Total	06	234	10	230

Source : Field Survey

Table 2. Storage of Groundnut and Sunflower crops.

Taluka	No of Farmers									
	Govt. Ware house		Private ware house		APMC Ware house		Others		Total	
	Ground Nut	Sun-flower	Ground Nut	Sun-flower	Ground Nut	Sun-flower	Ground Nut	Sun-flower	Ground Nut	Sun-flower
Badami	01	03	-	-	39	37	-	-	40	40
Bagalkot	02	01	-	-	38	39	-	-	40	40
Bilagi	-	-	-	-	40	40	-	-	40	40
Hungund	-	-	-	-	40	40	-	-	40	40
Jamakhandi	-	-	-	-	40	40	-	-	40	40
Mudhol	-	-	-	-	40	40	-	-	40	40
Total	03	04	-	-	237	236	-	-	240	240

Source : Field Survey

Table 3. Reasons for Local Sales of Groundnut and Sunflower Crops (No. of Farmers)

Sl. No.	Reasons	Badami	Bagalkot	Bilagi	Hungund	Jamakhandi	Mudhol	Total
1	Need for Immediate Cash	40	40	40	40	40	40	240
2	To repay old debts to merchants moneylenders etc	40	40	40	40	40	40	240
3	To avoid transport cost to carry the produce to APMC	40	40	40	40	40	40	240
4	Quantity of produce is small	40	40	40	40	40	40	240
5	Storage Difficulties	40	40	40	40	40	40	240

Source: Field Survey

Table 4. Preference for sales of Groundnut and Sunflower Crops at APMC (No. of Farmers)

Sl. No.	Reasons	Badami	Bagalkot	Bilagi	Hungund	Jamakhandi	Mudhol	Total
1	APMC Ensures better price	40	40	40	40	40	40	240
2	APMC provides facilities for storage	40	40	40	40	40	40	240
3	APMC provides facilities for grading	40	40	40	40	40	40	240
4	APMC provides facilities for proper weighing	40	40	40	40	40	40	240
5	APMC provides facilities for better market information	40	40	40	40	40	40	240
6	APMC provides best arbitrary decisions in case of quarrels between the farmers and the buyers in respected of quality color, size etc.	--	--	--	--	--	--	--

Source: Field Survey

Table 5. Opinion regarding the Present Distribution Channel By Commission agents and Co-operative marketing societies (No. of Farmers)

Taluka	Satisfied	Not Satisfied	Total
Badami	40	-	40
Bagalkot	40	-	40
Bilagi	36	04	40
Hungund	40	-	40
Jamakhandi	30	10	40
Mudhol	35	05	40
Total	221	19	240

Source: Field Survey

Table 6. Own and Hired Vehicles for Transportation of Groundnut and sunflower crops (No. of Farmers)

Taluka	Own vehicles	Hired vehicles	Total
Badami	-	40	40
Bagalkot	12	28	40
Bilagi	-	40	40
Hungund	-	40	40
Jamakhandi	16	24	40
Mudhol	14	26	40
Total	42	198	240

Source: Field Survey

Table 7. Various Sources of Market Information (No. of Farmers)

Sl. No.	Source	Badami	Bagalkot	Bilagi	Hungund	Jamakhandi	Mudhol	Total
1	Whole sales Merchants	-	-	-	-	-	-	-
2	Commission Agents	40	40	40	40	40	40	240
3	APMC	40	40	40	40	40	40	240
4	News paper	40	40	40	40	40	40	240
5	Radio - TV	40	40	40	40	40	40	240
6	Friends and Relatives	-	-	-	-	-	-	-

Source: Field Survey

Table 8. Finance needed for Marketing (No. of Farmers)

Sl. No.	Taluka	Own Funds (Percentage)			Bank Loans (Percentage)		
		20-40	40-80	80 and Above	20-40	40-80	80 and Above
1	Badami	20	20	-	12	28	-
2	Bagalkot	15	25	-	15	25	-
3	Bilagi	10	30	-	26	14	-
4	Hungund	40	-	-	-	40	-
5	Jamakhandi	22	18	-	05	35	-
6	Mudhol	19	21	-	10	30	-
	Total	126	114	-	68	172	-

Source: Field Survey

Table 9. Reasons for Dissatisfaction about Present system of Pricing (No. of Farmers)

Sl. No.	Reasons	Badami	Bagalkot	Bilagi	Hungund	Jamakhandi	Mudhol	Total
1	Price is not commensurate with cost of production	40	40	40	40	40	40	240
2	Price is arbitrary	40	40	40	40	40	40	240
3	Price Indicates the exploitation of middlemen	40	40	40	40	40	40	240
4	Price is not influenced by govt. price support policy	40	40	40	40	40	40	240

Source: Field Survey

Table 10. Suggestions for Better Price of Groundnut and Sunflower crops (No. of Farmers)

Sl. No.	Suggestions	Badami	Bagalkot	Bilagi	Hungund	Jamakhandi	Mudhol	Total
1	Organizing cooperative marketing societies for sales of the produce	40	40	40	40	40	40	240
2	More active role for APMC in getting better price	40	40	40	40	40	40	240
3	Selling directly to mills and avoid middlemen	-	30	-	-	40	40	110

Source: Field Survey