



PROBLEMS OF RYTHU BAZAAR - A CASE STUDY

R Lakshmi

Research Scholar Rayalseema University Kurnool Andhra Pradesh

Presently working as Teaching Associate, SABM, PJTSAU, Rajendranagar, Hyderabad

ABSTRACT

Rythu bazaar is a farmers' market. The first market was established in January, 1999. This market was established for the small scale farmers with small landholdings, who sell their small produce directly to the consumers. This concept of market aimed at eliminating middlemen, who were exploiting both farmers and consumers alike. The vegetables cultivated on the farmer's small yard are reaching the final consumer directly, resulting in the farmer getting a better price, besides reduction of prices in other vegetable markets and vendors. This became economical for both the farmer and end consumer and ensured farm fresh quality besides reducing the cost of transport.

The strategy behind the concept of Rrythu bazaar is a generic strategy, as it is not industry or firm specific, but applicable and benefitting to all. It is a Niche or Focused Strategy. The farmers in a specific area are greatly benefited by this kind of business as they sell farm fresh produce directly to the customers of a particular area and need not pay any commission to the agents. Thus, they have become popular, as they are successful in creating a demand for the produce of small farmers.

It caught on well and the demand for such markets in Hyderabad and other parts of the state has increased. There are many rythu bazaars in the capital city of Telangana State, Hyderabad.

With the passage of time, there are many problems cropping up in these markets. In this paper, a humble attempt is being made to highlight the problems faced by the small farmers and the final consumers.

Key words: Rythu Bazar, Farmers' market, direct market, generic strategy, Niche

Introduction

Rythu bazaar is a farmers' market in Hyderabad. The first market was established in January, 1999. This kind of market was established by the Government for the small scale farmers with small landholdings, who sell their small produce directly to the consumers. This concept of market aimed at eliminating middlemen, who were exploiting both farmers and consumers alike. The vegetables cultivated on the farmer's small yard are reaching the final consumer directly, resulting in the farmer getting a better and fair price, besides reducing prices in other vegetable markets and vendors. This became economical for both the farmer and end consumer and ensured farm fresh quality besides reducing the cost of transport.

Thus, they have become popular, creating a demand for the produce of small farmers. It caught on well and the demand for such markets in Hyderabad and other parts of the state has increased. There are seven Rythu Bazaars in Hyderabad and Ranga Reddy district. They were at Kukatpally (KPHB colony), Alwal (near flyover and railway station), Mehdiptnam (crossroad), Kothapet, Vanasthaipuram, Erragadda and Qutullapur.

The strategy behind the concept of Rythu bazaar is a generic strategy, as it is not industry or firm specific, but applicable and benefitting to all. It is a Focused Strategy too. The farmers in a specific area are greatly benefited by this kind of business as they sell farm fresh produce directly to the consumers of a particular area and need not pay any commission to the agents. Thus, they have become popular, as they are successful in creating a demand for the produce of small farmers.

Statement of the problem

The concept Rythu bazaar is nearly 17 years old and it has been benefitting many small farmer families while it would have negatively affected some middlemen. During this one and half decades, rythu bazaar are not as attractive as they were and the middlemen must have come up with some alternative strategies to defame rythu bazaars and attract back and retain their consumers. In this process, the players in Rythu bazaars must be facing some problems arising from the alternatives developed by the middlemen. The problems faced by the small farmers in a rythu bazaar is an important issue calling for an empirical study. With this back drop, an

humble attempt is being made through this paper to study the problems faced by the small farmers in rythu bazaar.

The objectives of the study

The specific objectives of the present study are

- To identify and study the problems faced by the players in a Rythu bazaar
- To offer suggestions, based on the findings, for the improvement of management of Rythu bazaar;

Methodology

This is a case study. Survey method of research is adopted for collecting the required data. The data from primary sources is collected by interviewing different farmers coming to a Rythu bazaar. The secondary sources of data include the published data in various journals, magazines, websites, etc.,

Sampling

Due to some constraints, only 20 farmers could be interviewed on random basis at their convenience.

Geographical Area

The present study covers only the Rythu Bazaar located at Mehedipatnam in the city of Hyderabad. Even though several visits were made to rythu bazaar, due to time constraint and non-availability of respondents, this study is confined to Rythu Bazaar located at Mehedipatnam,

Limitations of this study

The present study suffers from some of the following limitations:

- Time was a major constraint. The respondents were not able to spare some time for sharing their responses to the questions of the interviewer.
- The bias of the respondents was another major constraint. All the respondents are not looking at a problem in the same way and intensity.
- During the interviews, the respondents become emotionally imbalanced and do not answer directly to the question.

- Some respondents were so ‘reserved’ thinking that the interviewer was a ‘spy’ of some people to collect all their secrets and pass them. They were also not willing to share their personal information and begging that their responses should not made public.

How does a Rythu Bazaar work?

A Rythu Bazar covers 10 to 15 villages and at least 250 farmers including 10 groups (self help groups) who are selected by a team consisting of Mandal Revenue Officers, Horticulture Officers and Agriculture Officers in the villages to operate in the bazaars. Joint Collectors of the concerned districts ensure that adequate transport facilities are arranged for transporting vegetable to Rythu Bazaars in consultation with State Road Transport Corporation. In addition, online information of prices and commodities movements is provided on the internet. More than 100 Rythu Bazaars are in existence benefitting 4500 farmers and large number of consumers. 40 per cent traders in the Rythu Bazaars represent Self Help Groups, setup under the government norms. The remaining are farmers, who are provided licence by MRO or VRO.

Mehedipatnam Rythu bazaar accommodates the farmers from surrounding villages, i.e., Tallapally, Chevella, Moinabad, etc., Every participating farmer should ascertain a Pass Book relating to the ownership of the land from concerned Mandal Revenue Office. Whoever ascertains this pass book, would be allowed into Rythu Bazaar at free of cost. Every farmer is also required to register with Mahila Swayam Sahayak Sangh in their area, who would be providing a sheltered slot in Rythu Bazaar on monthly rent. The rent per a slot is around Rs. 4,200 per month. Every rythu bazar would be managed by an official.

Some of the problems faced by the farmers in the rythu bazaar are:

- The base prices of different vegetables are fixed in Boinpally Rythu Bazaar and the participating farmers in all Rythu Bazaars would be allowed to vary their prices from Rs. 2 to Rs. 5 over the base price. The farmers would be penalized by Estate Officer of each Rythu Bazaar, if he charges more than Rs. 5 over the base price.
- Rythu Bazaars are intended to benefit farmers by providing them access to markets. Inadequate marketing support has been one of the major handicaps faced by the farming sector. The movement of produce from the farms to the ultimate retail outlets faces a number of constraints.

- The absence of adequate facilities for storage and preservation of their perishable goods, the farmers are forced to make distress sales.
- These market yards are mostly set up by the State Government. For setting up of these market yards, funds are sourced from National Bank for Agriculture and Rural Development (NABARD) through Rural Infrastructure Development Fund (RIDF) and National Cooperative Development Corporation (NCDC). Rythu Bazaar also serves as a platform to create infrastructure facilities to enable farmers to sell their products directly to retail consumers thereby ensuring that farmers realize better prices and consumers also receive fresh vegetable and fruits at reasonable prices and thus address the constraints in agri marketing infrastructure
- Andhra Pradesh is the second largest producer of fruits, vegetables and flowers in the country but the farmers do not really benefit as the marketing system for fruits and vegetables is mostly in the hands of middlemen. Middlemen exist at various levels between the farmer and the consumer and exploit through malpractices in weighing, handling and payments. The farmers' share in the consumers' rupee is estimated to be just 40 paise. In addition the estimated loss in handling of vegetables in the traditional channel of marketing is about 30 to 35 percent. Rythu Bazaars were established to address these issues
- In addition to carrot, yam, cola cassia and beans which are brought from outside the districts. Of late, other items like Palmolin oil, rice, wheat, eggs, milk and other household commodities have also been marketing in Rythu Bazar.

Some other Problems in Rythu Bazaar - Farmers point of view

- Transportation of the agri-produce is always a problem. Besides the cost of transportation is increasing.
- With the increasing costs the farmers are unable to break-even due to price-fixation
- Recent development of weekly mandies, organized at various locations in twin cities have reduced the inflow of customers into rythu bazaars.
- So called mobile rythu bazaars are reaching the door steps of the final consumers. They have also become major hazard to players of rythu bazaars.
- Construction of Fly-over near Mahedipatnam is a specific problem of the rythu bazaar under study has also hampered the inflow of consumers.

- The farmers cultivating only one vegetable in their fields, are buying other vegetables from other sources to get the advantage of diversification of their produce for survival and viability.
- Many small farmers are depending highly nature, i.e, rainfall, water from nearby tanks, purchasing water from the neighbouring big land lords, etc.,.
- The cost of providing packing is adding cost their operations and reducing the profit margin, if any.
- As the inflow of final consumer is decreasing, the farmers are forced to wait for a long time to sell their vegetables, in many cases, 12 hours or more, i.e., from 6 am to 8 pm.
- Wastage of vegetables in packing, transportation, loading and unloading forms around 10% to 20% of total produce, increasing burden on the small farmers.
- Lack of basic amenities, like, toilets, proper sanitation facilities, is another major problem faced by players in a rythu bazaar. The public toilets available around a rythu bazaar quite far and insufficient. Many farmers express their dissatisfaction about the availability of reasonably good sanitary facilities.
- Some customers have become health conscious and preferring the organic vegetables and nor preferring the vegetables grown with chemical fertilizers.

Customer's point of view

- Rythu Bazaar at Mehdipatnam has been witnessing a steep hike in prices, causing problems for customers. Rythu Bazaar at Mehdipatnam is the only Market, selling vegetables at a price prescribed by the government and the remaining goods are available at a premium of 20 per cent to 60 per cent, in spite of a huge board greets customers displaying official prices for the day at the Mehdipatnam Rythu Bazaar entrance every day.
- Though farmers are assured of 20 per cent profit, there seemed to be no mechanism to monitor price sought by farmers from customers at rythu bazaars in the city. On Sundays some vegetables are sold at higher price than the prescribed price.
- Regulated market yards for fruits and vegetables are functioning only at a few centers. The marketing system for fruits and vegetables is now in the hands of middlemen.

Middlemen exist at various levels between the farmers and the consumers and exploit through malpractices in weighing, handling and payments.

- Large number of small farmers are unable to effectively bargain for better price in the wholesale market. Inefficiencies in the wholesale markets result in a long chain of intermediaries, multiple handling, loss of quality and increase the gap between the producer and consumer prices.
- Large number of small retailers, each handling small quantities, create high overheads leading to high margin on produces.
- Also In the absence of adequate facilities for storage and preservation, the customers are not getting fresh vegetables.

Conclusion

Rythu bazaar was a great invention in rural marketing. Any great invention has to be sustained and protected from its anti forces by improving continuously with the time and needs of the stake holders. In this democratic political system and monopolistic competition, unless a proper regulatory system is in force in implementation of an innovative idea, any greatest invention would be a worst failure.

References

1. Asian Journal of Management Research Volume 3 Issue 1, 2012
2. Saibaba, Rudra, and Vadde, Suresh (2009), Consumer Satisfaction and Preferences towards Rythu Bazaar: A Study in Warangal District Andhra Pradesh, Indus Journal of Management & Social Sciences, 3(1), pp 52-63.
3. Savitha, B. (2003), Opinion of farmers about functioning of Rythu Bazaars, MANAGE Extension Research Review, 4, pp 53-57.