*International Journal of Social Science and Economic Research*

ISSN: 2455-8834

Volume:03, Issue:11 "November 2018"

# A STUDY ON OIL SEED FARMERS MARKETING CHALLENGES IN TELANGANA STATE - A STUDY

Dr Y. Jahangir

Assistant Professor (Sr. Scale), DBM, Osmania University. Hyderabad.

**ABSTRACT**

Nowadays Telangana farming is in boom due to drastic favorable changes in the state administration in by policy and in action. After facing notorious political and environmental challenges, now the farmers are happily concentrating farming and yielding more craft. Unfortunately, after chasing environmental problems now the farmers are facing marketing challenges to market their farm and mediators are dominating the market. Groundnut is the third largest oilseed produced in the world and second largest in India. India occupies the second position in terms of production and first in terms of area. China is the single the largest producer as well as consumer of groundnut in the world. Groundnut is one of the most important cash crops of our country. It is a low priced commodity but a valuable source of all the nutrients. A wide range of oilseed crops is produced in different agro-climatic regions of the country. Three main oilseeds namely, groundnut, soybean, and rapeseed-mustard accounted for over 88 per cent of total oilseeds output during the year 2016-17. This paper is focusing on farmers problems while selling of their groundnut oil crop in various Telangana districts and suggesting some favorable measures to farmers in this regard.

**Keywords:** MSP, Mediator, Commission, Government

**Introduction:**

India is the second largest producer of groundnuts after China. Groundnut is the largest oilseed in India in terms of production.

Gujarat is the largest producer contributing 25 per cent of the total production followed by Tamil Nadu (22.48 per cent), Combined Andhra Pradesh (18.81 per cent), Karnataka (12.64 per cent) and Maharashtra (10.09 per cent) during 2006-07. Groundnut contains on an average 40.10 per cent of fat and 25.30 per cent of protein and is a rich source of calcium, iron and vitamin 'B' complex like thiamine, riboflavin, niacin and vitamin 'A'.

  

ISSN: 2455-8834

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**Literature:**

According to R. S. Paroda (2013) , by consideration a host of factors viz., domestic production, import dependency, trade buoyancy, pattern of per capita consumption, changes in dietary standards, growing trend of out-of-house consumption, the swiftly rising demand for vegetable oils for non industrial uses and production of biofuel; the projections have been made for the Indian vegetable oilseeds. The projections are based on the assumptions that the per capita consumption would be increasing annually at 3 per cent till 2015, followed by an increase at a declining rate of 2.5 per cent from 2015 to 1.75 per cent in 2020, with a further decline in the incremental consumption to negligible levels by the year 2050. The estimated per capita consumption is accordingly placed at 16.43, 17.52, 18.62 and 19.16 kg/annum for the year 2020, 2030, 2040 and 2050, respectively. A newer dimension of vegetable oil requirement for industrial use is estimated to grow by 15 per cent in 2020, 20 per cent in 2030 and 25 per cent post 2040, thus requiring around 3.57, 6.34, 9.69 and 10.61 million tonnes in 2020, 2030, 2040 and 2050 respectively (Table 3). The Indian trade industry, therefore, predicts much greater expansion. The total vegetable oil requirement is thus estimated at 25.26, 29.47, 34.27 and 35.90 million tones during 2020, 2030, 2040 and 2050, respectively, which is a gigantic task for the country to increase its domestic production. The contribution of vegetable oil availability from secondary sources including arboreal tree species (20 per cent) is estimated at 5.05, 5.89, 6.85 and 7.18 million tones during 2020, 2030, 2040 and 2050, respectively.

As per Status peper on Oil Seeds (2014) by Department of Agriculture Divison, explained Groundnut is covered under Minimum Support Price (MSP), which is announced well before the harvesting of crop. National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) is the Nodal agency to undertake procurement of groundnut under Price Support Scheme (PSS). Year wise details of MSP and Average Market Price of groundnut during last five years given in below table indicates that the price of groundnut falls below MSP many times mainly because of poor quality of produce brought to the market by the farmers.

  

ISSN: 2455-8834

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**DISTRICT-WISE AREA, PRODUCTION AND YIELD FOR THE YEAR 2015-16 & 2014-15**

**CROP: OIL SEEDS** **AREA** *(in Hectares)*

| SL. NO. | DISTRICT | KHARIF | | RABI | | TOTAL | |
|---|---|---|---|---|---|---|---|
| | | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| 1 | ADILABAD | 96812 | 106620 | 5816 | 6450 | 102628 | 113070 |
| 2 | NIZAMABAD | 109591 | 97453 | 8561 | 14860 | 118152 | 112313 |
| 3 | KARIMNAGAR | 9406 | 16634 | 10467 | 15877 | 19873 | 32511 |
| 4 | MEDAK | 26640 | 22474 | 8467 | 10330 | 35107 | 32804 |
| 5 | HYDERABAD | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | RANGAREDDY | 2110 | 1662 | 3840 | 7185 | 5950 | 8847 |
| 7 | MAHABUBNAGAR | 54972 | 55904 | 71967 | 93720 | 126939 | 149624 |
| 8 | NALGONDA | 3409 | 3760 | 9147 | 11877 | 12556 | 15637 |
| 9 | WARANGAL | 5237 | 6479 | 17369 | 20043 | 22606 | 26522 |
| 10 | KHAMMAM | 4284 | 3932 | 5421 | 4956 | 9705 | 8888 |
| TOTAL | | **312461** | **314918** | **141055** | **185298** | **453516** | **500216** |

*Source :* Directorate Of Economics And Agriculture Statistics, 2015-16, Pg 77.

National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) is the Nodal agency to undertake procurement of rapeseed & mustard under Price Support Scheme (PSS). Purchases under PSS are undertaken when the prices fall below the declared support prices for a particular year. A comparison of Minimum Support Price (MSP) and Average Market Price (AMP) of mustard of last 05 years given in Table 36 indicates that mustard price has invariably been much higher (28-42%) than MSP, which is a positive feature for encouraging rapeseed & mustard cultivation in the country.

As per ITC (2015) report on Edible Nuts- Ground Nuts, India is the second largest groundnut producer in the world after China (China is expected to produce 41% of the global output in 2015/16 and India 11%) and the leading exporter of shelled groundnuts (600,000 tons forecasted for 2015). Groundnuts account for about a quarter of all oilseeds produced in the country. The main producing States are, by order of importance, Gujarat, Andhra Pradesh, Tamil Nadu, Karnataka and Maharashtra. Production is highly vulnerable to rainfall deviations and displays huge fluctuations from year to year, as more than 90 % of the planted area is cultivated under rain fed condition. The remaining 10% of the groundnuts are cultivated under irrigation, as a summer crop, from January to May. This year, kharif groundnut sowing started by mid-May in the Rajasthan region (second largest peanut belt in India, in particular for Bold variety) under abundant rains.

  

ISSN: 2455-8834

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**Objectives:**

1) To find out different marketing practices followed by farmers with reference to Ground Nut oil seeds.
2) To study various marketing challenges faced by farmers in relation to Ground Nut oil seeds.
3) To analyze various factors causing price fluctuation with reference to Ground Nut oil seeds.

**Hypothesis:**

$H_{01}$**:** There is no association between age of the farmer and exploitation by mediators.

$H_{02}$**:** There is no significant association between farming experience and market awareness.

$H_{03}$**:** There is no relation between farmer education and government policies regarding crop price fixation.

**Methodology:**

**Sample & Sample Size:**

The Farmers who are cultivating Groundnut oil seeds in old ten Districts of Telangana and who got more than 3 years of Groundnut farming experience are considered as population. A sample of 511 oil seed farmer's opinion taken for the study through personal interview. Conversation mode of interview is conducted with all target respondents.

**Marketing Challenges:**

Some of the marketing challenges noted from the respondents during the interview.

1) Mediator

2) Transportation

3) Non availability of information

4) Not aware of grading

  

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**Analysis:**

**Factor Analysis (Marketing Challenges)**

**Table 1: KMO and Bartlett's values of Marketing challenges factors**

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .900 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 7899.532 |
| | df | 36 |
| | Sig. | .000 |

Bartlett's Test of Sphericity indicates a measure of the multivariate normality of set of variables (Sig. value is less than 0.05 indicates multivariate normal and acceptable for factor analysis). Both the sampling adequacy and Bartlet's values are statistically valid.

The below variance matrix indicating 94.11 % (statistically 65% variance valid) variance on tested variable, i.e 06 % of other factors are influencing on marketing challenges by farmers.

**Table 1.1: Total variance values of Markeitng challenges factors**

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 7.289 | 80.984 | 80.984 | 7.289 | 80.984 | 80.984 |
| 2 | 1.182 | 13.132 | 94.115 | 1.182 | 13.132 | **94.115** |
| 3 | .206 | 2.292 | 96.408 | | | |
| 4 | .118 | 1.307 | 97.714 | | | |
| 5 | .086 | .953 | 98.668 | | | |
| 6 | .043 | .475 | 99.142 | | | |
| 7 | .034 | .381 | 99.523 | | | |
| 8 | .028 | .311 | 99.834 | | | |
| 9 | .015 | .166 | 100.000 | | | |

Extraction Method: Principal Component Analysis.

  

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The filtered factors for the purpose of marketing challenges faced by farmers with respect to groundnut seeds.

**Table 1.2: Rotatede Component matrix values of Markeitng challenges factors**

| | Component | |
|---|---|---|
| | 1 | 2 |
| 23 C.Agent | .553 | .372 |
| 24 M.Information | .675 | .397 |
| 25 Malpractice | .515 | .327 |
| 26 Dallals | .415 | .281 |
| 27 Mediator | **.941** | .093 |
| 28 Fluctuations | -.906 | .211 |
| 29 Awareness | .751 | .423 |
| 30 Godown | .292 | **.811** |
| 31 Grading | .742 | .336 |

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

The first factor is *Mediator involvement* in price fixation i.e by making syndication of mediators / dallas will fix rate, and the second factor is *no proper godown facilities* to store harvested crop till minimum supporting price will get.

*$H_{01}$: There is no association between age of the farmer and exploitation by mediators.*

**Table 2 : Chi Square values of farmer age and mediator exploit**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 419.274[a] | 6 | .032 |
| Likelihood Ratio | 532.395 | 6 | .000 |
| Linear-by-Linear Association | 291.687 | 1 | .000 |
| N of Valid Cases | 508 | | |

  

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From the above table chi square is significant (sig. value is < 0.05), **Reject null hypothesis.** It means the different aged farmers have different type of experiences in the market throughout their life, the mediators will change their strategies accordingly as per his age.

*$H_{02}$**: There is no significant association between farming experience and market awareness.***

**Table 3: Chi square values of farmer experience and Market awareness**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 556.755[a] | 6 | **.021** |
| Likelihood Ratio | 637.072 | 6 | .000 |
| Linear-by-Linear Association | 330.316 | 1 | .000 |
| N of Valid Cases | 510 | | |

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 14.00.

From the above table chi square is significant (sig. value is < 0.05), **Reject null hypothesis.** It means the different experienced farmers may face different type of experience in the market, hence their level of awareness may vary with experience.

*$H_{03}$**: There is no relation between farmer education and government policies regarding crop price fixation.***

**Table 4: Chi square values of farmer Education and Govt. policy**

| | Value | df | Asymp. Sig. (2-sided) |
|---|---|---|---|
| Pearson Chi-Square | 14.840[a] | 3 | **.713** |
| Likelihood Ratio | 16.003 | 3 | .001 |
| Linear-by-Linear Association | .001 | 1 | .972 |
| N of Valid Cases | 510 | | |

From the above table chi square is not significant (sig. value is > 0.05), **accept null hypothesis**. It means, the farmer education level have no such impact on deciding government policies on farmers like minimum support price etc..

  

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**Discussion and Results:**

The farmers facing a lot of harassments in market yards by mediators and official in oil seed market and forcing them to sell their crop at some compromising price which is not at all accepted by farmer. The commission agent charges are very high and need to be paid more for less work. The updated market information not available for farmers to decide in which market yard they are paid reasonable price. This miscommunication leading to over crowded market with groundnut crop and in turn leads to sudden fall in prices.

The mediators are exploiting farmers and forcing them to sell their crop at their decided price. The grading for crop are deviated by traders. The filtered factors for the purpose of marketing challenges faced by farmers with respect to groundnut seeds. The first factor is *Mediator involvement* in price fixation i.e by making syndication of mediators / dallas will fix rate followed by *no proper godown facilities* to store harvested crop till minimum supporting price will get.

Post-harvest handling and quality control based on crop-wise details on maturity standards, grading standards. Research studies have to be conducted periodically to assess information needs of different target groups. The studies should be conducted with the objective of publishing outlook reports for each district to enable the farmers to decide about their marketing strategy.

Some of the key areas of marketing challenges are transportation; storage; processing; marketable and marketed surplus; marketing efficiency; margins and price spread; market regulation programs; demand and supply prices etc. The knowledge emanating from studies conducted for analyzing the prospects and opportunities of agricultural marketing both at domestic and international level will help in formulating suitable marketing policies and advice and in the improvement of the market intelligence system.

**Conclusion:**

It is necessary to ensure timely supply of inputs at economical cost and to provide for plant protection measures and take steps for aggressive extension. Efforts should be directed towards increased productivity through development of suitable verities for different agro-climatic zones by applying recommended fertilizer and pesticides. Concerted efforts should be directed towards strengthening research and extension system. Technology breaks through achieved in case of certain crops like rice and wheat is yet to touch groundnut. Dependence on rain fed cultivation of groundnut should be reduced. Measures should be initiated to increase irrigation facilities for groundnut farming during rabi season. Research studies have shown that cost benefit ratio was

  

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higher in terms of net income, farm investment income on irrigated farms is higher compared to rain fed farms.

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