“PERCEPTION OF FARMERS, TRADERS & POLICY MAKERS ABOUT WTO AMONGST VARIOUS APMCS IN KARNATAKA” – a Qualitative Analysis

by

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Abstract

“India’s way is not Europe. India is not Calcutta or Bombay. India lives in her seven hundred thousand villages” -- Mahatma Gandhi.

If India has to be the forerunner in the world, it has to compete with developing and developed countries in order to be strong and self-reliant. The most important sector, which needs to be focused, is Agriculture. 700 million people in India are dependent on Agri. & Agri. Related activities. There are about 700,000 villages in India devoid of basic social infrastructure like all weather roads, drinking water, regular electricity, primary health care and basic education. On the other, the coming of international agencies like the World Trade Organization (WTO, established on 1st January 1995) and its regulations has called every policy maker to look into the post affects of its policies in all the areas, especially the Agri. Sector.

Agricultural Produce Marketing Committee (APMC) was established in Karnataka during 1966 to help farmers to sell their produce at right price. Later, it went on several amendments and recent amendment in 2007 invited lot of opposition from all the quarters in Karnataka as APMC act created a state monopoly in the minds of Traders, Farmers & public.

Focus of the policy should have been on the lively hood and welfare of population, not only the corporate. Every national, economic and trade policy should support small and marginal farmers not only the larger-ones. There must be legitimate support from the population for any policy change. Existing distortions in the world is one of the biggest hurdles in convincing domestic population that WTO will deliver any legitimate outcome, which would take care of developing country interests like India.

The plight of farmers in Karnataka has become worse. Every new Government promises so many things without any prior thought or groundwork. Hence this study through Qualitative Analysis to find out the various facets which would contribute significantly to the welfare of rural folk in Karnataka in the advent of WTO. An attempt has been made through research by going to stakeholders i.e. Farmers,

Traders, Policy Makers, who are key players in APMC and trying to find out how they perceive WTO and how to manage and handle competition successfully.

Key words: APMC, WTO, Farmers, Traders, Policy makers, Perception.

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1. Introduction

“India’s way is not Europe. India is not Calcutta or Bombay. India lives in her seven hundred thousand villages” -- Mahatma Gandhi.

If Karnataka has to be the forerunner and number Uno amongst developed and upcoming states and the world it has to commit itself towards welfare of farmers. The most important sector which needs to be addressed is Agriculture in Karnataka. About 30 Million people are depending on Agri and Agri related activities. There are about 30 Districts and 29,000 Villages in Karnataka, 70% of the population depend on Agri and Agri related activities not only in Karnataka but the whole of India. The incoming International Agencies like, World Health Organization (WHO), World Trade Organization (WTO) and their regulations have called for the policy makers to have a relook at the post impact of their policies specifically the Agri sector.

APMC (Agriculture Produce Market Committee) was established in 1966, with the sole contention and intention of helping farmers to sell their Agri produce at a right price. At a later date it underwent several amendments and 2007 amendment created a big havoc and chaos in Karnataka calling for attention from all the quarters. The reason was APMC created a state monopoly.

Focus of any policy should be on lively -hood and welfare of the population, not necessarily the corporate only. However special and differential treatment needs to be given to small and marginal farmers. There must be legitimate support for any policy change from the population / Public at large. The existing distortion in the world is one of the biggest hurdles in convincing the domestic population that WTO would deliver legitimate outcome at any given point of time. It would also take care of developing countries interest like India. Will it or not?

An attempt has been made the by the Researcher to find out various factors related to WTO, rural Karnataka, Agriculture, farmers and APMCs in Karnataka. The research focused on the perception of farmers, traders, policy makers who are part of APMC, what they have perceived about WTO. Research also focused on what opportunities and challenges emerge for rural marketing in the advent of such perception amongst the various stake holders of APMC. An effort has been made to bridge the gap between perception of stake holders and APMCs in Karnataka.
2. Statement of the Problem.
   The in-coming WTO Agreements and its various regulations have called for every policy maker to revisit the post effects on the working / functioning of APMC. The activity in rural marketing has been highly dynamic in the changing scenario. Every marketer may be a multinational, a private player, or a business man, is trying to meet the perceptions of the rural customer…the farmer. Hence the present study looks at “PERCEPTION OF FARMERS, TRADERS & POLICY MAKERS ABOUT WTO AMONGST VARIOUS APMCS IN KARNATAKA” – a Qualitative Analysis”

3. Review of Literature
   “Our consultations reveal that farm families are in a mood of despair. They do not know what the future holds for them. They constitute over two thirds of Indian Population but are yet to receive adequate support both from policy and investment. If farming as a profession and as a way of life is not to collapse, there is need for attention today to their needs in the areas of water, credit, technology, market and land and Aquarian reforms”. Dr. Swaminathan, M.S., M.S. Swaminathan Foundation
   Various articles and papers on Rural Marketing, Indian Agriculture, farmers in Karnataka, Agricultural Environment in Karnataka, APMCs in Karnataka, APMC in Gujarat,… etc., which were presented at National and International seminars, conferences and workshops have been referred to . Apart from this Government of Karnataka Gazette Notification on APMC Act and amendments, Karnataka Government rules have also been referred too. Also website like...
   www.wto.org,
   www.eximbank.in,
   www.commercee.nic.in
   www.usda.gov/features/fambill,
   http://maratvahini.kar.nic.in. ----- were accessed and references are made.,

4. Objectives
   4.1 To study and know how farmers, Traders & Policy Makers have perceived WTO.
   4.2 To Study, How this perception has a bearing on the working of APMCs in Karnataka.
   4.3 To study, whether this perception of the stake holders can be transformed productively.
   4.4 To suggest a tentative solution for the betterment of APMCs and thus its stakeholders.

5. Scope
   The state of Karnataka has been divided into five quadrants with about four districts and a couple of towns in those districts.
   5.1 The study is confined to the perceptions of Farmers, Traders & Policy Makers of select APMCs in Karnataka State.
   5.2 The Study is confined to the opinions of Farmers, Traders & Policy Makers regarding WTO in select APMCs of Karnataka.

6. Research Design:
   6.1 The Researcher has adopted Descriptive Research in this study.
   6.2 The Researcher has collected data from both Primary and Secondary Sources.
   6.3 The Primary Data is collected through administration of Questionnaire to the Farmers, Traders & the Policy Makers in select APMCs in the state of Karnataka.
6.4 The secondary Data is collected from Articles, Papers on Agri Environment in Karnataka, Rural Marketing, Agri Sector in Karnataka / India, WTO and APMCs, etc., which were presented at various National and International seminars. Also relevant websites were accessed.

7. Sampling Design
7.1 Sampling Method
The Researcher has adopted *purposive sampling* as a tool.
7.2 The Researcher selected 40 APMCs amongst a total of 146 APMCs in the state of Karnataka. Sample included 100 Policy Makers, 200 Traders & 600 Farmers in the ratio of 1:2:6.

8. Analysis of Data
The researcher has collected requisite Primary data through opinion survey and analyzed using appropriate Statistical tools through Excel package and SPSS (software package for social sciences) in this study.

9. Limitations of the Study
9.1 The study is based on *opinion expressed* by Farmers, Traders & Policy Makers and *their perceptions about WTO, APMCs*. This would differ from individual to individuals, group to groups.
9.2 The study is restricted to select APMCs in Karnataka state only.
9.3 Since the sample is drawn from select APMCs, it *may not* represent the entire population.
9.4 Field study is from Jan 2008 to Dec 2013. The period of study may be insufficient to draw any conclusion on present and future of APMCs.
9.5 Responses have been recorded purely on the perception of Farmers, Traders & Policy makers, and their opinion on WTO or APMCs in the state of Karnataka. There are chances of bias or wrong interpretation in understanding the questions and thus the responses.
9.6 Lack of understanding the Government Regulations & Policies with specific reference to APMC Act by the Policy Makers might have resulted in wrong interpretation and thus wrong responses.
9.7 Suggestions made by the Researcher are applicable only to APMCs of Karnataka but not whole of India.

10. Summary of Findings
The Researcher has come out with the following findings.
Profile of the respondents:
10.1 Farmers are in the age group of 31 to 45 years, predominately male and owning less than 3 acres of land. 72% of Respondent small & medium farmers *are willing to approach* APMCs to sell their Agri produces.
10.2 Traders are from the age group 31 years and above, having more than 10 years experience and having annual turnover of Rs. 20 Lakhs and above.
10.3 Majority of the Policy makers are Post-Graduates with an experience of more than 5 years and are at the level of middle management cadre in APMCs.
10.4 The Researcher found that Infrastructure facilities in APMC yards are highly inadequate and in some cases *woeful*, losing the race and making way for Multinationals and private sector players. Thus creating ample opportunities for interested parties.

After analyzing the data qualitatively, further findings are summarized as below.
10.4.1 Majority of the farmers are willing to *approach* the APMC Yards amongst various types of markets available (mandis, shandis, jaats, melas malls…etc.), to sell their Agri outputs.

*Aano bhadraa krathavo yanthu vishwathaha*—“Let the noble thoughts come to all from all directions”. Page No.4
10.4.2 The Researcher found that majority of the respondents have opined that APMCs are not easily accessible to the farmers due poor road connectivity.

10.4.3 The Researcher found that majority of the respondents have opined that the farmer’s dealings in APMCs are not efficient and sometimes not reliable. Also the farmers do not get fair price for their products in APMCs, and there is inordinate delay in payments due to the farmers.

10.4.4 However, Farmers who brought larger volumes of Agri products would get better service and recognition most of the time. This is what the farmers have felt and expressed.

10.4.5 42% of the farmers are aware of existence of WTO, but not well versed with its regulations or its direct impact on them/their Agri products.

10.5.1 41% of the traders opined that, APMC yard is the right place for farmers to sell their Agri produce. Also that 47% of the traders opined selling goods by the farmer in APMC is beneficial.

10.5.2 48% of the traders have opined that farmers’ dealings in APMC are reliable. Also that, 43% of the traders has opined that farmers do get fair price for their products at APMCs.

10.5.3 44% of the traders have opined that APMCs are functioning without any discrimination. Quality of the Agri product is the significant factor to fix price.

10.6.1 40% Policy makers opined that majority of the farmers approach APMCs to sell their goods. And that, 40% policymakers strongly agree that selling Agri outputs in APMC yard is beneficial as well as efficient. And also that, yards are easily accessible to farmers.

10.6.2 50% of the policy makers have opined that farmers do get fair price for their products at APMC.

10.6.3 Majority of the policy makers have opined that WTO will not provide justice to farmers, like subsidies enjoyed by developed countries vis-à-vis developing countries.

10.6.4 Quality prevails in APMCs; Quality Agri produce would command the right price. Quality Policy, Quality Control Measures, Grading System, Segregation, Storage facilities need to be revisited by APMCs in order to compete with private players.

10.6.5 Many of the rich farmers in major Districts have opined that they should be a part of revamping APMCs by involvement, in the creation of all weather roads, Storage facilities, Electronic Data System, e-marketing. They would be glad to participate in all the constructive activities, which would enhance productivity and profitability of APMCs.

11. Suggestions & Recommendations:

The researcher comes out with the following suggestions & recommendations:

11.1 Awareness amongst farmers regarding quality of Agri produce / products is very poor and need to be spelt out clearly by APMCs.

- Use display boards, hoardings, electronic display system, use prime slots on TV & Radio, specifically targeting the farmers to keep them abreast of what is happening in and around APMC yard, products sold, quality expected, future demand, if any, quality / price of each commodity for each unit/quantity.

11.2 Farmers need to show interest in understanding the market and customer requirement.

- This is easy in case of literate farmers who can get the information through daily local newspaper/s, local weekly / periodicals in local language and various display systems. The illiterate farmer can get the information on audio-visuals through TV & Radio at specified timings and on prime slots.

11.3 Farmers need to approach the right kind of financial Institution, rural banks, co-operative societies for their financial and Agri input needs.

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- Educating the farmers to avail loan against their property/crops/Agri-produces/Agri output with rural banks or co-operative societies recognized by the Government of India can do this. Also educate those misconceptions and miseries a farmer would face in case he avails loan from private moneylender.

11.4 The traders need to emphasize on right price for right quality product and ensure that the farmer gets better price for his produce based on quality.

- Again educate the traders to put the requisite information regarding commodity, grade, quality & price on electronic display boards. Also educate traders to follow good trading practices (GTP).

11.5 The policy makers of APMCs need to understand the hardship caused to farmers as well as traders on account of delayed decisions.

- Policy makers need to take an appropriate decision at the right point of time to ensure all the stakeholders are benefited. They also should insist on fair price / right price for the right commodity / commodities & right quality.

Keep the farmers and traders well addressed on the prevailing prices, quality, grade for particular commodity or commodities which can be displayed daily or periodically on electronic display boards, web sites, display on hoardings etc., similar to share market trading in Bombay Stock exchange, NASDAQ in United states of America.

11.6 Farmers need to be provided with good rest rooms, recreation facilities and other basic amenities in APMC yards.

- Construct quality rest rooms with basic amenities like, drinking water, toilet facilities, medical facilities and free movement during rains; recreation facilities to the farmer would be an added advantage when they come to APMC yards.

11.7 There is serious need for Government to come out with APMC amendments to bring in harmony amongst farmers, traders, Policy makers and stake holders at large.

- Government with the help of NGOs, policy makers, bureaucrats in the agricultural department, Air, Water and pollution control department, Electricity Board, members of Corporation or Gram panchayat, local leaders who represent large set of farmers, traders and likeminded citizens etc., to take part in decision making process, of amending APMC Act & bring congenial & healthy atmosphere for all the stake holders and public at large.

11.8 APMCs can act as a facilitator to bring in all the trading activities where in the buyers and sellers come together on a common plat form for a particular Agri produce, Ex:-

11.8.1 Rice Mandy, where farmers from various villages in around Bangalore came in to sell verities of rice at reasonable price sometime in August 2009.

11.8.2 Groundnut annual fair known as “Kallekaye Parishe” is very popular in Bangalore.

11.8.3 Mango fair has also been found to be successful during the mango season in Bangalore.

APMCs can draw a leaf from the above where in the growers and the end users are mutually benefited.

11.9 Government should influence the WTO bodies to ensure that difference in subsidies for developed countries and developing countries is minimum as for as possible if not, on par.

- The representative of Government of India should participate actively in WTO convention / round of talks and insist that India also gets the same type of subsidies for similar commodities when compared to developed countries like USA, Canada, Japan, and EU (European Union).

11.10 Researcher recommends Public Private Participation (PPP) for the success of APMCs of Karnataka in the present scenario.

It is essential to involve key members of the APMCs, leading traders, leading farmers, policy makers and bureaucrats, Govt. bodies’ village leaders and leading business men, leading contractors, leading architects / engineers etc., to ensure PPP is successful similar to Metro in Delhi, NICE corridor / Ring Roads, Flyovers, Bangalore International Airport (BIAL) etc., in Bangalore.

"Aano bhadraa krathavo yanthu vishwathaha"-"Let the noble thoughts come to all from all directions". Page No.6
12. Conclusions

12.1 There is significant **Divergence** in the opinion of farmers regarding quantity taken for sale at the APMCs and the service offered to them by traders

From the past experience it has been observed that, the service offered invariably depended on the demand for the Agri produce visa − vis supply position. Tomatoes, cabbages, onions… were littered all over in Kolar, Bangalore. …roads when supplies were high against the demand; also the prices quoted by traders were far below the production cost. (some time in 2004, /05)

12.2 The Researcher concludes unless all weather roads, proper storage conditions for various commodities, proper Agri goods handling system and packaging system, proper grading system, proper quality control system, proper information gathering and dissemination system regarding all commodities, good rest rooms for farmers and traders, and creation of information desk etc., are addressed to; APMCs would continue to work in the same state as of now which will result in no further improvement in their working. Hence **APMC yards need to be modernized**, which is the key for success in future.

12.3 The Researcher concludes that understanding the right commodity, right quality, and right price of any Agri produce can elevate the living standards of farmers over a period of time. There by giving the farmers sufficient returns for his produce.

12.4 The Researcher concludes that middlemen in the trade need to be minimized so that the farmers and traders are mutually benefited.

12.5 The Researcher concludes that there is a strong need for the policy makers and traders to get educated regarding WTO and its policies by using a common platform.

12.6 The Researcher concludes that there is a strong need for direct marketing farmer’s produce where intermediaries are totally avoided. **Amend APMC Act to do away** with the middlemen through an enactment in legislature.

12.7 The Researcher concludes that, there is strong need to **revisit the subsidies** aspect as seen by the developed countries when compared to developing countries as for as Agri outputs and Agri inputs are concerned.

12.8 Treat each APMC as a **Strategic Business Unit (SBU)** and make Secretary as well as Chairman responsible and accountable for effective working of APMC.

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