
Farmers - Market Facilitating Access to Market *A Case of Siddipet Rythu Bazaar*

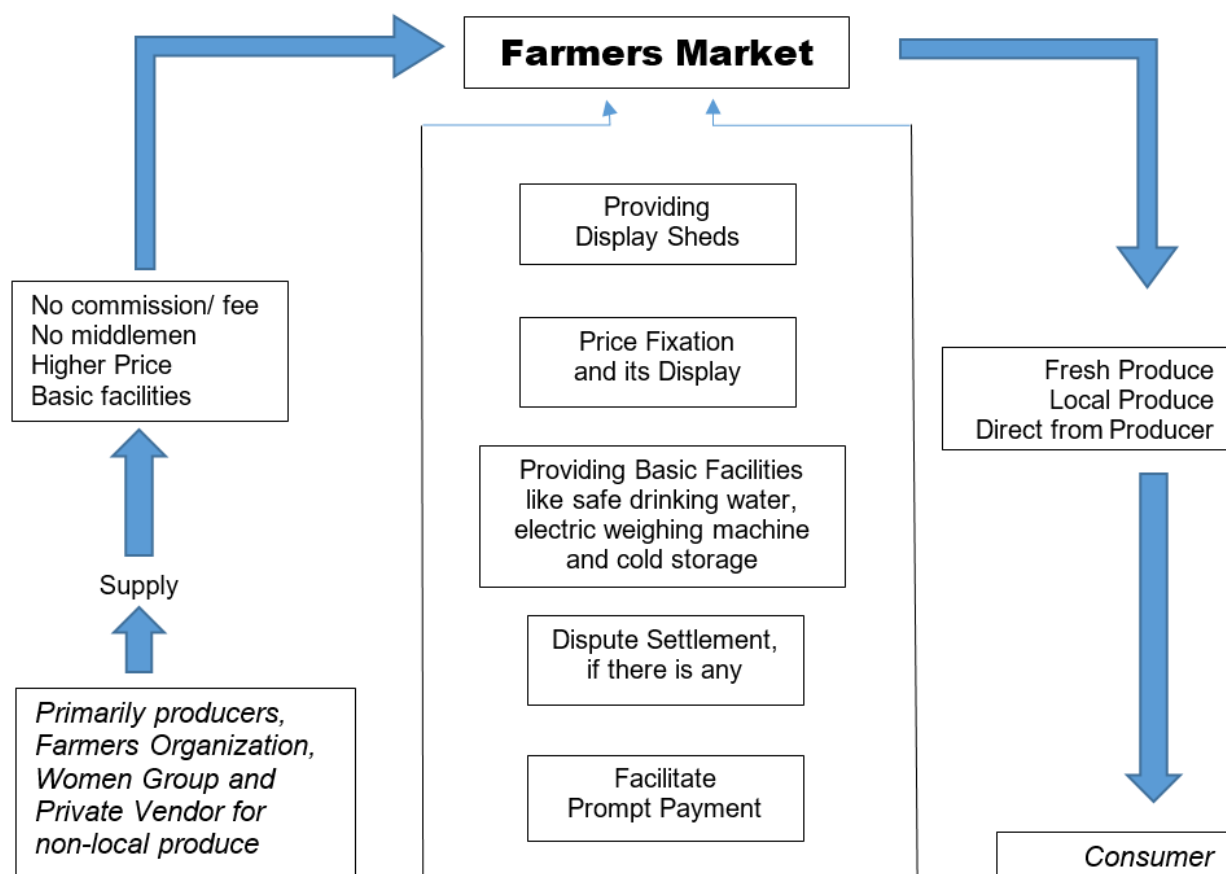
Background

Direct marketing of local food products has the potential to increase farm income (Brown, 2003). Local food can be defined as the food that is locally produced, marketed and consumed (Hand and Martinez, 2010). The concept of local food may also be influenced by geographical, physical, psychological and cultural factors (Marry, 2018, Martinez et al., 2010 and Darby et al., 2008, Durham, et al., 2009). Local food system may offer benefits like greater share in the retail purchase price of food items, growth in local labour markets, increased business for nearby establishment, improve local economies through import substitution (Burnett, 2011) and help farmer fetch premium price (Darby, 2008, Brunett, 2011 and David, et al, 2016). Some of the benefits of local food system as compiled by USDA (2009) are health and nutrition, local economic development, environmental benefits, food security and market opportunities for small and medium size farmers. The potential of local food system to address wide range of issues faced by farmers, makes it pertinent to understand the marketing models emerging because of the policy initiatives taken by the government to strength agricultural marketing with scope for development of local food system. This brief discusses specifically the case of Rythu Bazaar facilitating development of local food system. The brief also focusses on understanding the influence of such marketing models on integration of farmers with supply chain, ensuring financial sustainability, facilitating knowledge sharing and bringing market orientation among farmers. The discussion is based on experience gained through the interaction with selected farmers, consumers and other stakeholders visiting Siddipet Rythu Bazaar which is running successfully in Siddipet District of Telangana.

Structure of Rythu Bazaar

Rythu Bazaar or farmers-market facilitates direct contact of farmers with consumer without the involvement of any middlemen. The farmers-market facilitates participation of farmers by providing various services like sheds for display of produce, safe water, electronic weighing machines, ATM, etc. The price is fixed by the market by taking into consideration the average prices that prevailed in selected few benchmark wholesale markets on previous day plus appreciation for efforts of the farmers towards transportation, time invested in market, shorting and display. The prices are therefore, higher than the wholesale market offering incentive to the farmers and lower than the retail market beneficial to the consumer. The farmers-market operational structure based on the Siddipet Rythu Bazaar is depicted in Figure-1. These markets are operating with temporary/ semi-permanent structures being created by respective Agricultural Produce Market Committees (APMCs). Farmers and consumers are not expected to pay any service charges or market fee for participation in these markets. Interested farmers only have to get registered with the market. All the registered farmers are provided with an ID card having basic details like name, address, land holding size, barcode, etc. The cards are issued to farmer-couple which is not transferrable to other farmers or members of the family.

Fig 1. Rythu Bazaar operational structure



Establishing farmers-market close to consumers will encourage demand. However, establishing a farmers-market close to consumer may face a limitation related to availability of sufficient space. Establishing a farmers-market vertically over three floors in Siddipet offers a successful example of effective space management. The structure followed to manage various services and sheds available on different floors in Siddipet Rythu Bazaar is presented below –

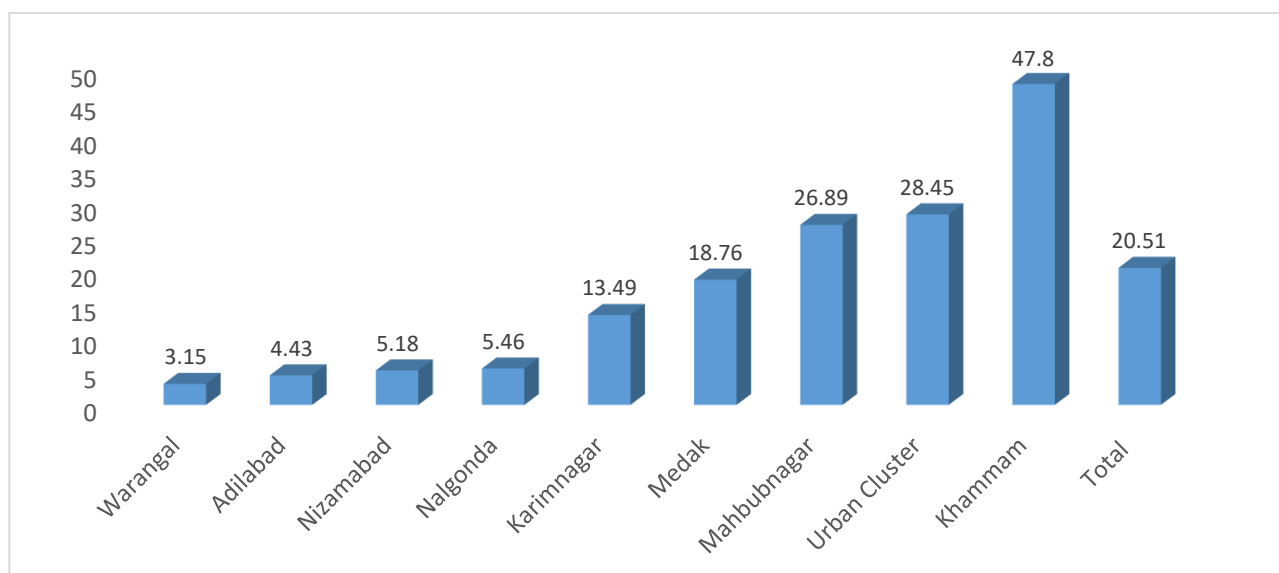
Floor	Number of Sheds	Services	Remark
First Floor	172	Display Sheds	The first floor of the market mainly accommodates the farmers coming with leafy vegetables, private vendors with vegetables like onion and garlic and farmers' organisations
Ground Floor	160	Display Sheds, ATM, Drinking Water, General Shop at the Entrance	Ground floor provides display sheds to farmers Ground floor is also having general shops allotted to women group There are a few (six) shops at the entrance of the market issued to general merchants which creates options for revenue generation for the market and provides comprehensiveness to the market from view point of farmers and consumers as well
Basement	Services	Parking, Toilets, Cold Store and Bio-compost Unit	As the market is in the heart of city, basement is used to provide parking and other facilitates like cold storage and bio-compost unit. Though, cold storage and bio-compost unit are not operational after COVID. The bio-compost unit was established mainly to utilise the waste coming out of market

Administrative Structure followed at Siddipet Rythu Bazaar suggests the involvement of both local marketing committee and district administration. The market on daily basis is managed by a small group of officers/staff consisting of Estate Officers (01), Security Guards (04) and Cleaning Staff (04). The market is not charging anything from farmers and/or consumers but is able to meet its expenditures mainly towards hiring of staff and electricity and internet bill by offering a few shops on rent to general merchants, women groups and a few display sheds to private vendors mainly for vegetables not available locally.

Effective marketing alternative for smallholders

The concept of farmers-market is being implemented in Telangana with the name of Rythu Bazaar. There are 39 Rythu Bazaars operating successfully in 10 districts of the State. These markets have shown their effectiveness by capturing more than 20 percent of the total vegetables produced during 2018-19 in the districts of Telangana (10 in number) having Rythu Bazaars (Figure-2). The volume of trade at Rs 7.66 billion (2018-19) performed in these 39 Rythu Bazaars also reflects the importance of such markets. In case of Rythu Bazaars operating in Telangana, more than two-third of the trade is taking place in Hyderabad and Rangareddy districts though only 14 out of 39 Rythu Bazaars are operating in these two districts suggesting the importance of having good consumer base for a farmers-market to operate successfully.

Figure 2. Vegetable production in the districts routing through respective Rythu Bazaars (%)



Note – In order to facilitate the analysis, a concept of Urban Cluster has been conceived which consists of districts Rangareddy and Hyderabad from consumption view point whereas from production point of view, the corresponding area is Rangareddy and Medchal i.e. vegetable produced in these two districts.

Information collected from selected farmers operating in Siddipet Rythu Bazaar suggests that majority of them are operating on small and marginal landholdings and are relying mainly on Rythu Bazaar to clear-off the produce. The average number of visits (20.84) made per month and years of continuous participation in the market (3.34 years) also suggests the effectiveness of such markets (Table-1).

Table 1. Different aspects of Rythu Bazaar indicating its effectiveness

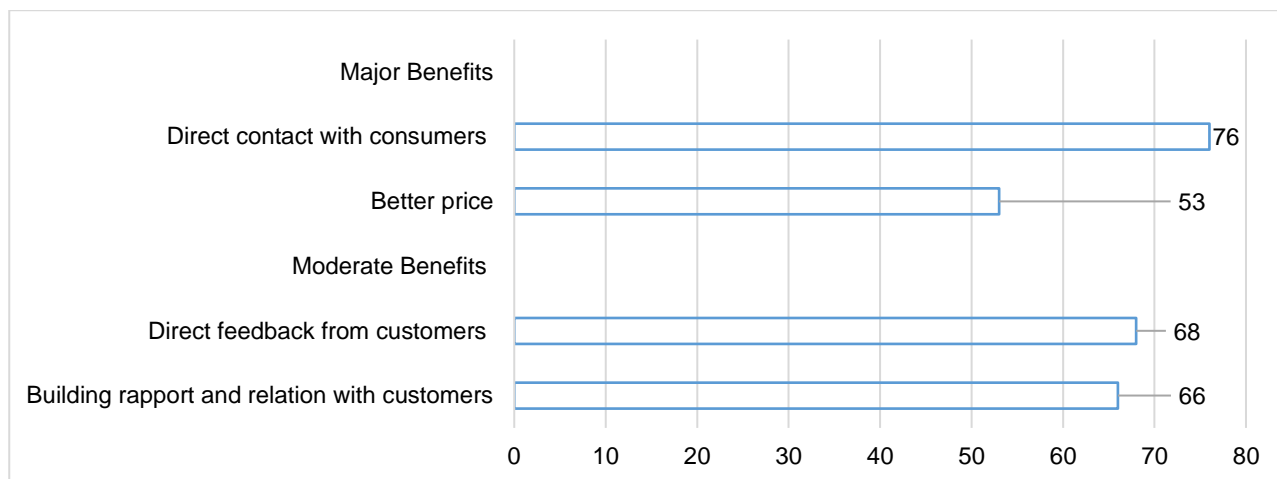
Aspects	Unit	Status
Farmers relying on RB for marketing their produce	Percent	97
Visits per month to Siddipet Rythu Bazaar	Number (Average)	20.84
Length of operations in Rythu Bazaar (RB)	No. of Years	3.34
Land holding size	Hectares	1.19

Note – Based on information collected from selected stakeholders operating in Siddipet Rythu Bazaar

Integration activities

More than three-fourth of the farmers perceive that the ability to contact directly with consumers without involvement of any intermediary is the biggest benefits offered by such markets. The direct contact not only help in better price realisation due to participation in crisp supply chain but also enable them in establishing relation with consumers and understanding their requirement (Figure-3). The benefits like direct contact with consumers, ability to receive feedback and develop rapport and relations with consumers suggest the potential of farmers' market in better integration of farmers with the supply chains close to consumption.

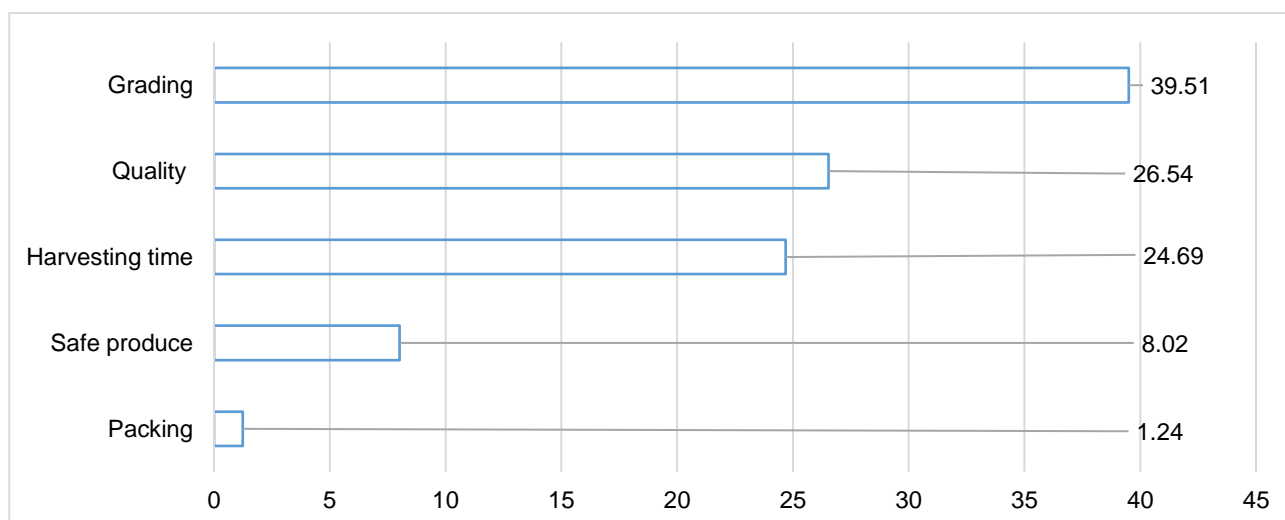
Figure 3. Benefits from Rythu Bazaar as perceived by farmers (%)



Knowledge sharing and market orientation

The market facilitates direct interaction of visiting farmers with consumers on continuous basis which helps in bringing market orientation among farmers. More than two-third of the farmers visiting Siddipet Rythu Bazaar have started preparing the produce as per market requirement. The farmers suggested that regular interaction with customers have helped them understand their preferences and therefore, encouraged them to prepare the produce accordingly with focus on aspects like grading, quality, harvesting time, importance of safe produce and packaging (Figure-4). The farmers may be oriented on various critical aspects of agriculture production and marketing by designing suitable awareness programs utilising the farmers-market as platform. Farmers-market has also served as a platform for interaction among farmers and its impact on adoption of new production practices.

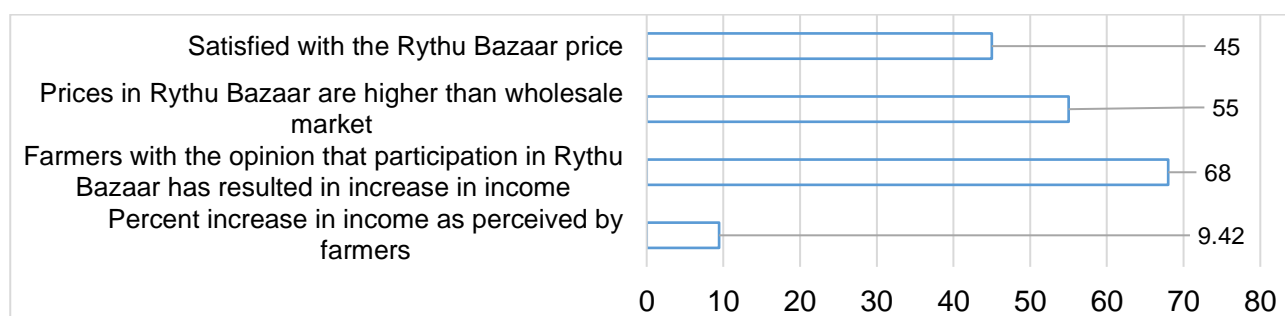
Figure 4. Different aspects of produce being prepared by farmers based on the requirements of the consumers (expressed in percent based on multiple responses)



Financial sustainability

The information on income realised by the farmers through participation in the Siddipet Rythu Bazaar emphasised on the dependence of farmers on such models for marketing of their produce. The dependency of sample farmers on Siddipet Rythu Bazaar suggest the important role played by such type of marketing models with focus on direct contact between producers and consumers and their ability to provide financial sustainability to farmers mainly smallholders. About half of the sample farmers were observed to be satisfied with the prices prevailing in farmers-market which were higher than the prices prevailing in wholesale markets. More than two-third farmers were of the opinion that participation in Rythu Bazaar has resulted in increase in income which broadly is about ten percent. The influence of farmers-market on prices, income realised and ability to enhance income suggest the potential of farmers-market in ensuring financial sustainability of the participating farmers.

Figure 5. Price and income aspects of Rythu Bazaar (%)



Factors influencing participation in Rythu Bazaar

Probit analysis suggests that the decision to participate in the Rythu Bazaar is influenced by the gender and availability of working members in the family. The decision is not influenced by the distance but transportation facilities available to farmers. The farmers having access to transport facilities are more likely to participate in Rythu Bazaar. Production is also an important factor influencing the participation in market. The farmers mainly the smallholders with higher vegetable production are more likely to participate in such marketing models. Age and market orientation of the farmers also influences the decision to participate in the market but negatively which may be an indication that young farmers with a better understanding of marketing are keen in exploring other options available for marketing of their produce.

Summing up

Government has introduced various policy measures to strengthen agricultural marketing system with presence of different kind of models in recent past. Farmers-market is one such model emerging as an outcome of these efforts. The model is operating successfully in Telangana with the name Rythu Bazaar which can be used as an effective alternative marketing channels for smallholders mainly involved with cultivation of perishables for its ability to capture a reasonable amount of horticulture production. The model facilitates direct contact between consumer and producer. The regular interaction with customers helps in understanding the preference of consumers and therefore encourages the farmers to focus on grading, quality aspects, harvesting time and packaging. The findings highlight the potential of farmers-market to improve supply chain integration and knowledge sharing, providing financial sustainability and bringing market orientation among farmers by developing local food system. The model can also be utilised as a potential platform for creating awareness and offer various extension services. There is need to develop such markets in all possible districts of Telangana to encourage consumption of production at local level. Other states may also explore possibilities of establishing such markets encouraging direct contact between consumers and buyers considering the wide range of benefits offered by such marketing model. The model has immense potential for development of local economy.