

EXECUTIVE BRIEF

1. This project is a part of the process of assisting the establishment of Agro Climatic Planning and Information Bank (APIB). The focus of this project is to generate data on Agricultural Market Infrastructure and Credit Services in the districts of Tumkur, Shimoga and Bijapur in Karnataka.
2. The specific objectives of the project were
 1. To document the existing structure and functioning of regulated markets.
 2. To assess the infrastructure facilities in agricultural market centres.
 3. To study the volume of arrivals and prices of major agricultural commodities at regulated markets.
 4. To assess the post harvest infrastructure like storage godowns and warehouses.
 5. To study the agricultural input marketing, their adequacy and usage pattern.
 6. To know about the type and nature of agro processing industries.
 7. To study the agricultural credit system and the volume of credit transactions, methods of credit disbursement and recovery processes.
- 3a. A number of organisations were contacted and discussions were held with the officials to understand the functioning of the various systems. The organisations contacted in the process of this study were
 1. Karnataka State Agricultural Marketing Board
 2. Offices of the Regulated Markets
 3. District Statistical Officers
 4. Karnataka State Warehousing Corporation
 5. Registrar of Cooperative Societies
 6. Directorate of Agriculture, Bangalore
 7. Joint Directors of Agriculture in the three districts
 8. Inspector of Factories and Boilers in the three districts
 9. Commercial Banks
 10. Regional Rural Banks
 11. Primary Agricultural Credit Societies
 12. Primary Cooperative Agriculture and Rural Development Banks
 13. Karnataka State Seeds Corporation
- 3b. In addition a farmer level survey covering 90 farmers was also conducted to know about the usage pattern and perceptions of the farmers.
- 4a. All the three selected districts were predominantly agricultural, consisting of about 70 per cent small holdings of less than two hectares, except Bijapur district where the corresponding figure was only 39 per cent. The sources of irrigation were mainly canals, wells and tanks and the proportion of irrigated area to net cropped area varied from 15 per cent in Tumkur district to 33 per cent in Shimoga district.

- 4b. All the three districts had more area under food crops when compared to commercial crops. The spread of high yielding varieties was more in Shimoga district when compared to Tumkur and Bijapur districts.
5. The Regulated Markets in Karnataka are covered under “The Karnataka Agricultural Produce Marketing (Regulation) Act, 1966” and “The Karnataka Agricultural Produce Marketing (Regulation) Rules, 1968”. The Acts and Rules prescribe the formation of market committee, establishment of market area and yards and all other aspects concerned with marketing of agricultural produce.
- 6a. There were 10 regulated market yards in Tumkur, six market yards in Shimoga and seven market yards in Bijapur districts. These 23 main market yards had 55 sub market yards in the three districts. The number of villages covered, the market functionaries licenced and the number of notified commodities varied from market to market.
- 6b. Generally the necessary infrastructure facilities were fairly adequate, both inside and outside the regulated markets except ryots rest house, canteen facilities and staff quarters. The lack of such facilities may have an impact on the arrivals in the regulated markets.
- 6c. The details with regard to the arrivals, value and price of all the agricultural commodities at the 23 regulated markets are presented in the report. In addition the important commodities for each regulated market have been identified and the trends of arrivals and prices are presented in the form of graphs for important commodities.
- 7a. The single agency responsible for post harvest infrastructure facility like storage godowns and warehouses was Karnataka State Warehousing Corporation. A number of cooperatives at primary level had small godowns of 100 tonne capacity each. The storage charges varied from Rs.1.70 to Rs.2.10 per bag of 100 kgs. for food grains, Rs.1.95 to Rs.2.40 per bag for pulses and Rs.14.00 to Rs.17.00 per tonne for fertilisers per month. There was only one cold storage in Tumkur district.
- 7b. The disheartening observation was that the warehouses were mostly used by fertiliser companies and merchants than farmers. All the warehouses were situated in places where regulated markets were functioning.
- 8a. The agricultural inputs taken up for the study were fertilisers, agro chemicals and seeds. The retail fertilisers and agro chemicals trade was dominated by private agencies than cooperatives and agro industries corporation.
- 8b. The fertiliser consumption was to the extent of 75 per cent of the allocation in Tumkur, 96 per cent in Shimoga and 84 per cent in Bijapur districts. The actual consumption figures, season wise and year wise are presented in the report. The coverage by agro chemicals varied from about 2.28 lakh hectares in Tumkur district to 5.10 lakh hectares in Shimoga district.
- 8c. Regarding seeds it was observed that Karnataka State Seeds Corporation was the main agency supplying seeds, which accounted for a large proportion of seeds supplied. The

private agencies, cooperatives and Karnataka Cooperative Oilseeds Growers' Federation also were active in supply of seeds of commercial crops.

- 9a. The farmers level survey revealed that the usage pattern in the case of fertilisers was less than the recommended doses, where as in the case of seeds it was more than the recommended doses.
- 9b. Generally the farmers felt that they were able to get all the inputs on time, in required quantities and of good quality.
- 9c. Most of the farmers perception was that the prices of inputs were high, inspite of the subsidy.
- 10a. Regulated Markets were the main source through which the crops, both food and commercial, were marketed in Tumkur and Bijapur districts, while the dependence on regulated markets was limited to commercial crops in Shimoga district.
- 10b. It is also satisfying to note that 75 out of the 90 farmers surveyed felt that they got remunerative prices in regulated markets when compared to other agencies.
- 11a. With regard to agro processing industries, it was observed that relevant and consistent data were neither available readily nor easily.
- 11b. With the meagre data available on agro processing industries, it was observed that the pattern of agro processing industries was very much dictated by the cropping pattern in the districts, with a view to have backward linkages. There were two sugar factories each in Shimoga and Bijapur districts. Seven more licenses were granted for sugar factories in Tumkur and Bijapur districts.
- 12a. An overview of the agricultural credit system, as obtained in the country, is presented in the report. The main institutional source of credit in all the districts were co-operatives, commercial banks, both nationalised and non nationalised and Regional Rural Banks (Grameena Banks). The cooperatives normally operated through their concerned apex organisation at Bangalore like the State Cooperative Apex Bank or State Cooperative Bank for Agricultural Rural Development.
- 12b. The quantum of loans advanced by different agencies, season wise, bank wise and duration wise are presented in the report for different years. From the quantum of loans advanced, it is felt that the credit system was very active in the three districts.
- 12c. The discouraging fact was that the recoveries were poor in all the districts, which may result in choking of funds for future.