

Trade in Agricultural Produce

Every day all of us consume rice, millets, pulses, vegetables, fruits, milk, sugar, tea, coffee etc. Most of these are mainly produced by farmers in the villages and they reach us in different ways. Can you make a list of items we use every day by filling the following table? Also write from where we get all these things.

S.No.	Categories	Items	From where do we get them
1.	Food grains		
2.	Pulses		
3.	Oil		
4.	Spices		
5.	Vegetables		
6.	Fruits		
7.	Sugar		
8.	Tea/ coffee		

People get agricultural products from street vendors, *santhas* and small shops. In recent times farmers are selling their fruits and vegetables in Rythu Bazaars. In this chapter we will learn about how some of these function.

Selling vegetables on streets

Gouri is a small vegetable vendor residing in Sripuram village. She buys seasonal vegetables from the wholesale vegetable market in a nearby town and sells them in streets carrying the

vegetables in a basket on her head. She goes door to door and asks the residents whether they need any vegetables. In the village, two-three other women also sell vegetables in this way.

Every day Gouri starts from her village at about 4 AM. She goes to the town to buy vegetables from the wholesale market. She takes a bus bothways and spends Rs.25 on transport. She generally keeps all the vegetables in her house and takes one basket load out at a time. Once the vegetables are sold,



Fig: 8.1 Gouri carrying vegetables basket on her head

she goes back to her house to refill the basket and resumes her selling. In between, she also cooks and feeds her children and eats her food. On some days she is too tired or sick to do this tough job and has to rest at home.

What price does she charge from her customers? If she buys for example, 10 kilograms of tomato for Rs.100, she sells it at Rs.15 per kilo. But she can't sell all the tomatoes at Rs. 15 per kilo. If the tomatoes are over-ripe, she has to sell at Rs.10 or even Rs.5 per kilo to avoid spoilage. In the morning she sold tomatoes at Rs. 15 a kilo and by the evening we found her selling at Rs.8-9 per kilo. On the whole she earns about Rs.100-150 in a day, which is not sufficient to meet her family needs.

- Do you think that she can increase her income by raising the price of tomatoes to Rs. 20 per kilo?

Gouri keeps some of her income for the next day's purchase. Otherwise, she has to borrow from a moneylender or the self help group or wholesale merchant. They never refuse to lend her but are very strict about terms and conditions. If she borrows Rs.500 from the moneylender or merchant they give her only Rs.450 and she has to pay back Rs.500 on the next day. She has a serious problem if she is not able to sell the vegetables on the same day and they go bad fast and fetch very little price.

Gouri is just one of the thousands of vegetable vendors of our state. In towns, many vendors have a permanent place – hired either from the municipality or from private shop owners. Some are also selling on the pavements, paying a small amount to town panchayat or municipality.

Vendors like Gouri lead a very difficult life and are chronically in debt. Since they borrow from moneylenders a considerable part of their earning goes towards paying interest or *vaddi*. Banks generally do not lend to these small traders. Secondly, they do not have any facilities like refrigerators for preserving the unsold vegetables and they have to be sold at a very low price. In contrast to this, large traders have cold storage facilities or godowns. They can also borrow from banks for which they pay only a small amount as interest.

- What are the terms and conditions of moneylenders for lending money?
- Why do you think banks lend money only to large traders having permanent shops?
- In what ways do you think government can help vendors like Gouri?

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- Try to talk to a vegetable vendor in your area to understand their work, livelihood and problems – prepare a report and share it in the class.

Weekly Market (Santha)

Do you know of markets held for a day in the week at different localities of a town or at different small towns? These markets are called *santhalu*. The traders move from one *santha* to another and sell their goods. The traders of *santhas* procure goods from wholesale shops in towns and cities and reach out to a large section of the people. Can you believe that more than 25000 such *santhalu* are functioning in India? They function in both rural and urban areas. Let us know some details of a *santha* in Andhra Pradesh.

Sunday Santha in Choutuppal

Choutuppal, is a small town in Nalgonda district. The Choutuppal *santha* functions on every Sunday. In this *santha*, more than 200 traders sell vegetables, fruits, clothes, meat, fish, dry-fish, hand-made and readymade footwear, cosmetics, ropes and other equipments for cattle rearing, sickles and many more things. You can also find buffaloes, goats and sheep being traded here. People from more than 40 surrounding villages come to buy goods in the Choutuppal *santha*.

In Choutuppal *santha*, separate space has been allotted for trading cattle, grocery items and non-edible items. In a place meant say for vegetables, every trader has a fixed space. For trading cattle, sheds with facilities to keep cattle are also available.

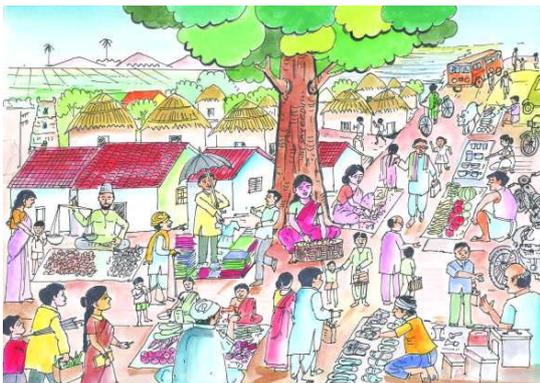
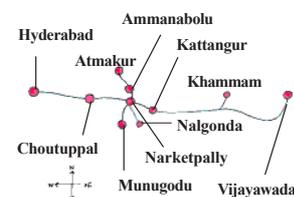
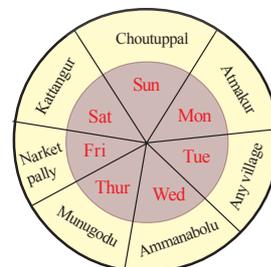


Fig: 8.2. Santha

Indra the dry chilly seller

Indra, aged 36 has been selling dry chillies in *santhas* for many years. She belongs to Kattangur village which is about 50 kilometres from Choutuppal. She studied upto tenth class. She has one daughter and a son studying in the Govt. school. She learnt this business from her father. Her husband also does the same business. In a week, she travels to four weekly markets and to three large villages to sell dry chillies. This is her weekly itinerary:



Indra gets up early every day and after completing all domestic chores, starts for the day's *santha* village with the chilli bags. She starts the selling around 10 AM and closes at 7 PM.

Indra, along with other women, gets into a lorry to transport the chilli bags to the *santha*. She procures the dry chilli from a wholesale trader in Khammam. She contacts the wholesaler over phone and purchases the chillies. The wholesaler comes to her village every Saturday to collect the money.

While selling chilli, like all traders, Indra has to squat on the floor for a very long time, which is a strenuous job. For six days in a week she has to travel to different places from her village. She keeps one day for setting up shop in her village. She pays the wholesaler on that day.

Indra earns about Rs. 200-300 per day. There is no surety that she gets good quality chillies all the times. Since she purchases chillies by ordering over phone and cannot check each and every bag, she sometimes gets low quality chilli due to which she incurs losses.

To get her business going, Indra borrowed Rs. 30,000 from her village self-help group of which she is a member. She pays back her loan in monthly installments - Rs.1200 per month. She feels that borrowing from the self help group is far better than borrowing from moneylenders as they charge high rates of interest (Rs. 3 for every hundred rupees per month). In the self help group, she pays only 25 paise for every 100 rupees per month. This is due to the government scheme of '*paavala vaddi*' for low income earners.

Besides agricultural produce like chilli, a large number of industrial products of daily use like, cloth, torches, matches, pots, utensils, tools, baskets, plastic items etc are sold by small traders in the santhas. All such traders pay about Rs. 10 each to the Town Panchayat as tax. There are separate and famous santhas where cattle, sheep and goats too are sold. They are brought from far away places and also from neighboring villages. Many farmers also come either to sell or buy cattle here. There are brokers in such cattle santhas who help the farmers in their transactions and take a commission.

Nearly three-fourths of traders in santhalu are women. Selling goods in santhalu is the traditional business for many traders. This means their families have been doing this business for many generations. Most of the spaces in santha are reserved for a specific trader. No other trader can come and set up a shop in that place. Most of these traders choose weekly santhalu. This means that they set up shops in different santhalu and come back to a place once a week. They decide their routes according to their convenience.

Small traders selling agricultural goods – particularly perishables such as fruits and vegetables also face difficulties similar to that of Gouri. Since their residences are far away from santhas, they have to sell all the goods they purchased from the wholesale market. They do not have storage facilities. Santha traders keep all their goods in their houses. If they are not able to sell the perishable items by the evening, they have to take them back by paying transport expenses. Sometimes they sell

their goods at lower than the purchase price to avoid heavier losses.

Besides regular traders like Indra, farmers and vegetable growers of nearby villages also come to santhas to sell their produce directly.

In this way the santhas are an important means by which the daily needs of the people are fulfilled and a large number of small traders, labourers and transporters get their livelihood.

- Go to a nearby santha and observe its functioning and try to draw a picture of it and put it up in your class room.
- In what ways are the santhas different from permanent markets?
- Do you need the santhas even if there are regular markets?
- In what way do you think we can make the lives of the small traders of santhas better?

Rythu Bazaar in Andhra Pradesh

Most agricultural goods like grains and pulses are sold directly to wholesale merchants. Small traders buy these goods from them to sell to the consumers. However, there are a few markets in which the producers directly sell their goods to consumers. 'Rythu Bazaars' are one such market.

We interviewed Ramagopal, a farmer in Seethammadhara Rythu Bazaar in Visakhapatnam district. Excerpts from the interview are given below.



Fig:8.3 Rythu Bazar

When did you start coming to this bazaar?

I started coming to this bazaar from the year 2003. My neighbour is coming here from the year 2000.

Can only farmers like you sell in your Rythu Bazaars?

Initially government officers running this bazaar came to our village. We were issued a photo identity card containing our name, address, produce grown, extent of land etc. Only a person with a valid photo identity is allowed to enter the Rythu Bazaar to sell his/her produce. Stalls in the bazaar are allocated to the sellers daily on a first come first serve basis. Although it is meant only for farmers, I also found one or two millers and women traders from self help groups having their own stalls. While millers procure paddy from us, women SHG traders sell vegetables which are

cultivated in our district.

Do you pay any rent to sell your produce?

No. In the case of millers and SHG traders, they pay rent for their premises.

Why did you begin to come to Rythu Bazaar?

Earlier I used to take my produce to wholesale market. I did not have any choice but to sell at the

price fixed by the wholesalers. Many a time, I had to sell vegetables at throw away price, not even covering the expenses I incurred. Rythu Bazaar was a big relief for farmers like me. Here I found that farmers like me come to the Bazaar from more than 10-15 villages. In wholesale markets we were like strangers. We did not have toilets. We did not even have any space to store our vegetables.

How are prices fixed for your produce?

The price for bazaar products is fixed daily in the morning by the officers in consultation with a committee set up for the purpose comprising three farmers. The principle is that the price should be around 25 per cent more than the wholesale price and 25 per cent less than the retail price.

Do you think your customers are feeling happy in the Rythu Bazaar?

Yes. Here they get not only fruits and vegetables but also many other essential

edible items like pulses, tamarind, dry chillies and edible oils. They get these at reasonable prices. I grow the vegetables, and when I see my customers eagerly bargaining and buying, I cannot explain my happiness. I get the full price for my hard work and the customers get the full value for their money. If we are literate, we can check in the internet the prices of goods in each bazaar and sell our goods there.

Do you face any problems while using this bazaar?

Yes. Sometimes, if I come late, it is difficult to get good space to sell my vegetables. I will be left with some corners. There is no sufficient space for parking our vehicles and at times it is risky. I do find people in the guise of farmers coming to sell vegetables in the bazaar. Also the farmers from distant places from the bazaar are not able to benefit from these markets.



Fig: 8.4 Price index-Rythu Bazar

- Farmers are the only sellers in the Rythu Bazaar - True / False
- Who are the beneficiaries of Rythu Bazaar and why?
- What benefits do farmers get in Rythu Bazaar?
- How are prices fixed in Rythu Bazaar?

Key words

Wholesale traders
Retail traders
Market
Santha
Rythu bazaar
Paavala vaddi
Self-Help group

Improve your learning

1. How are agricultural goods traded?
2. List out the differences between Gouri, Indra and Ramagopal in Rythu Bazaar on the following issues.

	Gouri	Indra	Ramagopal in Rythu Bazaar
Where do they get money for doing business?			
Where are the goods sold?			
How are prices fixed?			

3. List a few difficulties that retail traders face while doing their business.
4. What are the ways through which retail traders can also increase their income?
5. Why is it better to borrow from self - help group rather than a money lender?
6. What are the differences and similarities between borrowing money from moneylender, banks and self - help groups?
7. Why do you think selling through Rythu bazaars is better than selling through wholesale shops?
8. Suppose you are a vegetable retail trader and have borrowed Rs.3000 from moneylender. How much you have to pay while returning the money after three months?
9. What is Paavala Vaddi? Suppose you borrow Rs. 3000. How much do you pay in return after three months?
10. What is Rythu Bazaar? What are its benefits and limitations?
11. Why panchayat or municipality collects money from traders in Chouttupal santha?
12. Suppose you are a fruit trader selling on roadsides. You buy 20 kilograms of grapes at Rs.20 per kilo. By using the example of Gouri, what will be your selling price of grapes?