

The Dilemma of farming

In Tamil Nadu, a farmer market has helped farmers go direct to consumers

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Fifty-year-old farmer Gopal Reddy has never had it so good selling vegetables. His

decision last year to stop selling bottle gourd, pumpkin and cabbage at the wholesale market was a good one, after all. Reddy, a native of Tamil Nadu's Vandimangalam village, 30 km from Hosur, had found an alluring alternative in *Uzhavar Sandhai* (Tamil for 'farmer market'). It cut out the middleman in his life for the first time, bringing him face to face with the consumer. But more importantly, it put more money in his pocket.

At the wholesale market, Reddy would have sold his cabbage at Rs 4 a kg. Plus, paid a commission. At the farmer market, his cabbages sell for a rupee more. And, he doesn't have to pay a commission. There's something for buyers too. On the retail market, a kilo of cabbage costs Rs 7. But in the farmer's market, what the farmer gets is what they pay—Rs 5!

These are the broad benefits that the Tamil Nadu government imagined when the scheme was launched in 1999. It wasn't the first-of-its-kind in the country. The credit for that goes to the *Apni Mandis*, started as early as 1987 in Punjab and Haryana, drawing inspiration from the Russian farmer market, Khal Ghaj. In nine years, the number of farmer markets in Tamil Nadu has jumped to 104. Over 1,000 tonnes of fruits and vegetables, worth Rs 1 crore, are sold daily at all the farmer markets by over 7,000 farmers to nearly 200,000 buyers.

State support

Murali Kallummal, who co-authored a study on farmer markets supported by Oxfam International last year, underscores the importance of the administration's support. "The Panchayat has a big role to play in promoting farmer markets," says the Consultant at the Centre for WTO Studies, Indian Institute of Foreign Trade, New Delhi. In Tamil Nadu, the government decided to sponsor the scheme by allotting the money and space. Registered farmers can transport their produce free of cost on government buses. Also, they don't have to pay rent or money for the scales.

The broad plan is to increase the market count by 50 more at the cost of Rs 11.25 crore shortly. The beauty of the concept, Kallummal says, is that a small farmer with even one kilo of vegetable can come there and sell. And he gets paid instantly—something that's not guaranteed in wholesale markets.

The Oxfam-supported study notes that schemes like farmer markets are important in a policy environment that is beginning to mainly support manufacturing-and service-led growth. And keep in mind, India is the world's largest producer of fruits and vegetables. The study noted that 68% of the sellers at farmer markets were small and marginal farmers (those holding between 2 and 5 acres of land). Over 86% of the farmers said the scheme made a difference to their lives.

Reddy would agree with that. The farmer market that he frequents is at Hosur, 40 km from Bangalore, and is the largest in Tamil Nadu. Such patronage is because Hosur has companies like TVS Motor, Titan, Ashok Leyland, Wipro and Biocon in its vicinity. The Hosur market clocks an average of 4,000 buyers every day and 7,000 on weekends. Till date, 1,250 cards have been issued to farmers and an average of five cards are being added every month.



DIRECT SALE: The Hosur farmer market, the largest in Tamil Nadu, has 1,250 farmers. Registration is a must and prices are fixed

Belling the cat

But not all farmer markets have been successful. One of the failures lies 60 km from Chennai, at Chengalpettu. This market was shut for two years during AIADMK rule. It reopened, but farmer participation dwindled. Says C Jayakumari, who sells tomatoes: "If a kilo of tomato is sold outside for Rs 28, but Rs 22 here, how do we make profits?"



The difference between success and failure can be as simple as that. And that's why price is one issue that K Meganathan's puts much thought into. The Agricultural Marketing Officer at Hosur has to be up early to find out the prevailing wholesale and retail prices of all fruits and vegetables. These form the basis for the rates fixed by his farmer market. "Prices are fixed at 20% above the wholesale rate and 15% below the retail market rate," he says. That is a conscious strategy to lure farmers away from wholesalers, and something that could be the answer to the woes of people such as Jayakumari. By 9 am, the rates are up on its website, www.uzhavarсанthaihosur.in

One of the things Meganathan has to do is keep an eye on attempts by farmers to either overcharge or undercharge. Overcharging is unfair to customers. Undercharging is unfair to fellow farmers. Both kill the market. "Repeat offenders," Meganathan says, "are taken off the rolls." His market has seen 25 such send-offs until now.

With their apparent benefits, farmer markets haven't just captured the imagination of developing countries. In the US, the number of farmer markets has increased from 3,706 in 2004 to 4,685 in 2008. Sales crossed a billion dollars in 2005. And these markets are dealing with an increasing wider array of produce.

Academician Hari Sundar G, whose study earlier this year gave a thumbs-up to farmer markets, believes schemes in other states haven't done quite as well for lack of political will. "Rythu Bazaar in Andhra, for instance, hasn't been promoted well enough." For sure, farmer markets can improve: fool-proof the price-setting process, maintain the market to ensure hygiene, and provide cold storage facilities (which Tamil Nadu is working on).

Concepts such as these could also assuage fears of organised retail getting too big for the farmer's comfort. There's definitely a case for protecting their livelihood, says Kallumal. "Look at Tamil Nadu. There are no cases of farmer suicide there."

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