1.0 INTRODUCTION

1.1 GENERAL BACKGROUND AND SPECIFICATION OF THE PROBLEM

Indian economy is predominantly agriculture in nature with about 43 percent of the total geographical area under agriculture and over 73 percent of its population residing in villages. The distribution of households possessing land revealed that out of the total holdings, 75 percent of the small and marginal farmers were cultivating about 26 percent of the total area. As compared to this about 2 percent of the large farmers possessing more than 10 acre each were cultivating about 23 percent of the total area. Agriculture provides livelihood to 65 to 70 percent of the total population. The agriculture sector provides employment to 58.4 percent of total country’s labour force and is the single largest private sector occupation. The share of agriculture in national income has come down from 59.2 percent in 1950-51 to 52 percent in 1952 and is reduced to 18.5 percent in 2006-07 due to the development of secondary and tertiary sector of our economy, but still it could be termed as substantial. Even today, agriculture accounts for about 15 percent of the total export earnings. Besides, goods made with agriculture raw material, contribute for about 20 percent of Indian exports. In simple words, agriculture and its related products contribute about 38 percent to the total exports of the country.

Haryana is no exception to this phenomenon. Haryana emerged as a separate state in the federal galaxy of the Indian Republic on November 1, 1966, with just 1.37 percent of the total geographical area and less than 2 percent of India’s population, Haryana has carved a place of distinction for itself during the past three decades. Haryana is located in the north-west part of the country and the climate is arid to semi arid with average rainfall of 455 mm. Around 70 percent rainfall is received during the months of July to September and the remaining rainfall is received during Dec. to Feb. There are two agro climatic zones in the state. The north-western part is suitable for rice, wheat, vegetables and temperate fruits and the south-western part is suitable for high quality agricultural produce viz. gram, bajra, cotton, oil seeds, tropical fruits, exotic vegetables and herbal and medicinal plants. The total geographical area of the
state is 4.42 m ha, which is 1.4 percent of the geographical area of the country. The cultivable area is 3.8 m ha, which is 86 percent of the geographical area of the state, out of which 3.62 m ha i.e. 96.2 percent is under cultivation. The gross cropped area of the state is 6.32m ha and net cropped area is 3.62 m ha with a cropping intensity of 177 percent. Whether it is agriculture or industry, canal irrigation or rural electrification, Haryana has marched towards modernity with leaps and bounds. Today, it enjoys the unique distinction in India of having provided electricity, metalled roads and potable drinking water to all its villages within record period of time. Haryana is among the most prosperous states in India, having the highest per-capita income in the country.

In any planned development programme, exchange of goods and services assume a very important role in maintaining equilibrium between production and consumption. The importance of marketing produce, the products of which are subjected to innumerable natural and economic limitations is, therefore, of paramount importance especially in an agriculture dominated country like India, which derives almost half of its national income from agriculture. The term agricultural marketing is composed of two words-agriculture and marketing. Agriculture, in the broadest sense comprises of the activities aimed at the use of natural resource for human welfare, i.e., it includes all the primary activities of production of crop, livestock and the horticultural/medicinal plants. Marketing connotes a series of activities involved in moving the goods from the point of production to the point of consumption. In simple words, it includes all the activities involved in the creation of time, place, form and possession of utility.

According to Thomsen, the study of agricultural marketing comprises of all the operations, and the agencies conducting them, involved in the movement of farm produced food, raw materials and their derivatives, from the farms to the final consumers, and the effect of such operations on farmers, middlemen and consumers. The National Commission on Agriculture defined agricultural marketing as a process, which starts with a decision to produce a saleable farm commodity and it involves all aspects of market structure system, both functional and institutional, based on technical and economic considerations and includes pre and post harvest operations, assembling, grading, storage, transportation and distribution. The Indian Council of
Agriculture Research defined involvement of three important functions in the marketing of agricultural produce, namely (a) assembling (concentration), (b) preparation for consumption (processing) and (c) distribution. Agriculture marketing could also be defined as the commercial functions involved in transferring agriculture products consisting of farm, horticultural and other allied products from producer to consumer.

Production is one end of the problem, the other end being the marketing and distribution. For a long period of time, the Indian economy remained as the subsistence economy. All the farmers were growing the crops as per their own needs and requirements. In the olden days, selling of agriculture produce was easy as it was direct between the producer to the consumer either for money or for barter. In brief, it was selling and not marketing. In modern world, it became challenging with the latest technologies and involvement of various functionaries.

In the past, the marketed surplus was very low, the storing facilities were inadequate. As such whatever surplus was there, was sold at the harvest time to the village traders and money lenders at a price much lower than the market price. The farmers were facing innumerable problems in the mandies. There was a long chain of middlemen like village traders, kutcha arhtia, pucca arhtia, brokers, wholesalers, retailers and money lenders etc. Other market functionaries included are: rola-who dresses the produce, the Charhawa - who fills the scale pan, Chhananewala-who cleans the grain through sieves, watchman, sweeper, waterman and munim etc. As a result of this, the share of farmers in the consumer price was very low. Even many a time, it did not meet even the cost price. The farmers being illiterate were exploited by the arhtias and brokers and were using the unfair means to cheat them. The charges charged by them like tullai, palledari, removing garda, karda (quality allowance), dhalta ( weight allowance), dharmarth - for religious purposes and gaudan- for cow feeding varied, not only from market to market or commodity to commodity, but from farmer to farmer. The other malpractices related to the use of wrong weights and measures. In other words, the agricultural marketing system was very poor and anti farmer.

The marketing of agricultural commodities is different from the marketing of manufactured commodities because of the special characteristics of agriculture sector,
which affect the supply and demand of agricultural products in a manner different from
governing the supply and demand of manufactured commodities. The special
characteristics which are different from the manufacturing sector are:

- Perishability of the product
- Seasonality of Production
- Bulkiness of Products
- Defficulty in Standardisation and Grading.
- Variation in Quality of Products
- Irregular supply
- Large number of producers
- Small size and scattered production
- Long chain of intermediaries
- Forced sale
- Inadequate infrastructural Facilities
- Illiteracy of the Farmers/ producer suppliers
- Small marketed surplus

To overcome all these problems, government of India adopted a number of
measures to improve the system of Agricultural marketing, the important one being
establishments of regulated markets, construction of ware house for storage and
preservation, provision for grading and standardizing of produce, standardization of
weights and measures, daily broadcasting of market prices of agricultural crops on All
India Radio and improvement of transportation facilities etc. To monitor the work of
regulated markets, it became imperative to evolve a strong and efficient marketing
system. The pre-requisite for this was the constitution of Agricultural marketing
Boards.

1.2 HARYANA STATE AGRICULTURE MARKETING BOARD

Haryana State Agricultural Marketing Board was therefore constituted to look
after the working of agricultural marketing in the state on 1st. Aug, 1969 with its
headquarters at Chandigarh, which has now been shifled to Punchkula. At the time of
its inception, that there were only 58 Market Committees in the state with 58 principal
yards and 60 Sub Yards. It was realized that these markets were located in narrow and congested places and lacked the basic amenities and facilities for proper handling of food grain arrivals. The farmers had to travel long distances and in some cases even 50 to 60 kilometers to bring the produce through kacha and muddy roads.

In Haryana, the agriculture produce is being regulated under the “Punjab Agriculture Produce Market Act, 1961”. The preamble of the Act is to consolidate and amend the law relating to the better regulation of the purchase, sale, storage and processing of Agricultural produce and the establishment of the markets for agricultural produce”. The primary objective of Haryana Mandi Board and Market Committees is to establish modern markets for efficient marketing of agricultural produce by providing modern facilities in the mandis and to enforce the provisions of the Act, Rules and Bye-laws framed. Haryana State Agricultural Marketing Board a body corporate as well as a local authority by the name of State Agricultural Marketing Board, having perpetual succession and a common seal, with power, subject to the provision of this Act, to acquire and hold property and shall by the said name sue and be sued. Whereas Market committees are to enforce the provisions of this Act and the rules and bye-laws made there under in the notified market area and, when so required by the board, to establish a market therein providing such facilities for persons visiting it in connection with the purchase, sales, storage, weighment and processing of agricultural produce concerned. The Board may from time to time direct these market committees to control and regulate the admission to the markets. Market Committees are service rendering agencies and their major source of income is the Market Fee. In short, the primary aims and objectives of HSAMB are as under:

1.3 AIMS AND OBJECTIVES OF HSAMB

- Creation of state wide marketing infrastructure, comprising of various MCs, market yards, purchase centers, link roads etc.
- Profit maximization for farmers by ensuring best possible prices for their produce at the various market yards, sub yards and purchase centers.
- Regulation and administration of various MCs all across the state as per the Punjab Agricultural Produce Market Act, 1961.
• Collection of Market Fees, sales Tax and other levies from the purchasers on various transactions taking place at the Mandis.
• Creation of additional facilities along with expansion and maintenance works on behalf of various MCs.
• Facilitating the procurement activities of organization such as FCI, Warehousing Corporation, HAFED, etc. at the various markets/ Mandis.

Lot of public funds are being utilized in the process, it therefore becomes imperative to study as to how far the objectives fixed by the HSAMB have been achieved and critically examine its relevance in the changed scenario.

No system- Production, Processing or Marketing is perfect. Every System has some strong and weak points. To take the system to its perfection and to achieve the desired objectives, it is imperative to study the weaknesses in the present marketing system. It is therefore of utmost importance to study the weaknesses of present system and suggest necessary modifications to improve it.

Resource base is a potential and important tool for the development of any organization or industry. There is a close relationship between development/growth and the capital accumulation, which is basically used for the development of infrastructure/assets. A silent assumption runs through most of the theories of capital formulation i.e. output is limited by the stock of capital at a particular time in an organization. Investment on resources/assets involves the immediate commitment of resources in the expectation of deriving benefits in the future. It therefore means, the sacrifices of the present or immediate gains for planning a better future. But how well this activity is planned and implemented will determine to a large extent, the success of the government, society or the organisation to develop. The investment on assets in general depends upon the income. The income received by the organization is reflected in the expenditure it makes in the various development works. The viability of the project depends upon the income and expenditure it makes. Since in the social projects, the main aim is not to accumulate the capital, but to make the best use of income in the development activities. It is with this view, the study has been taken up to ascertain the income and expenditure of HSAMB over a period of time. The study would also work
out the trends in income and expenditure so as to make the projections and plan various activities for the future.

Every organization, big or small, is faced with several problems to achieve its aims and objectives, which could be due to administrative, social and economic constraints. In the case of HSAMB too, there could be several problems, which are responsible for slow/sustained growth or development. If critically examined, various suggestions could be forth coming to take HSAMB to new heights. The study, therefore, will endeavor to dive deep on various aspects and bring out the problems faced by HSAMB.

In short, the objectives of the study would be:

1.4 OBJECTIVES OF THE STUDY

- Critically examine the relevance of HSAMB in the changed Scenerio.
- To study the weaknesses in the present marketing system in Haryana and to suggest necessary modifications.
- To study the trends of Income and Expenditure of HSAMB.
- To analyse the relevant problems of HSAMB and.
- To suggest remedial measures based on the findings of the study.

1.5 ORGANISATION OF THE STUDY:

The present study has been presented in six chapters. In the first chapter, the introduction of the project involving the background and the need of study, brief objectives and limitations of the study have been presented. The review of literature under various sections has bee presented in chapter second. The methodology and detailed plan of work forms the subject matter of chapter III. The fourth Chapter gives in details the description of the study Area. The Fifth chapter has been divided into five sections as per the Objectives of the study and all the results obtained in the study have been discussed here. Section I of chapter V deals with the detailed analysis to examinr the relevance of HSAMB in the changed Scenerio. In the section, the weaknesses of the present marketing system have been studied and the necessary suggest to modify and improve it has been made. In the section III, the results of the data of HSAMB analysed
for the Income/Receipt, Expenditure/Payments, their growth trends, growth trends of fixed assets etc. have been presented. Section IV deals with the relevant problems of HSAMB and finally in the section V, the suggestions and remedial measures have been suggested. The summary and conclusions emanating from the study have been presented in chapter VI. The bibliography of the studies referred and the research work done and published by the various research workers have been given in the end.

1.6 LIMITATION OF THE STUDY

Several problems were encountered during the conduct of the study, while dealing with various respondents viz. Farmers/Suppliers, Arhtias, Other functionaries, Mandi staff and even at the headquarters of HSAMB in eliciting the information required for the smooth conduct of the study. All these have made an impact on the outcome of the study. In brief, some of the limitations apart from the general constraints of a Ph.D work in terms of time and resources encountered during the present study have been presented below:

- For the Study, data has been collected from the head quarter of the HSAMB. Though every effort has been made to collect the data from the records maintained at the head quarters, but for certain years, the data and balance sheet were not available due to the problems faced by the authorities like the annual auditing or presentation and approval of the audited data in the Board meetings or was not traceable at that moment and other constraints etc. In certain cases, the total figures were provided, but the details could not be ascertained.

- The study has been conducted in nine different agriculture mandis representing three Zones viz. Karnal, Gurgaon and Hisar, each headed by a Zonal Officer on a small sample of 135 farmers, 90 Arhtias and 9 representatives of the Mandis, because of the various constraints/limitations of a lone research worker. The inferences emanating from the present study, therefore, may have limited applicability. It is therefore, important that such studies be conducted on large and more representative sample in order to make the estimates more realistic, reliable and for generalization of inferences for wider application.
Every effort has been made to look into the records of Arhtias and the Marketing Committee to get the accurate data, but this too has several limitations. The farmers interviewed also reported that they do not maintain any record, as such the data were collected based on the memory and experience of the respondents. The selection was made on the basis of those farmers who were available in the mandi on the day of visit of the researchers. Since most of these farmers were the affluent farmers who were visiting the mandis occasionally, some bias in their revelation cannot be ruled out. The findings were also based on verbal expressions and responses of the respondents and the observations of the researcher. Though the efforts were made to elicit accurate information by cross examination and asking the same question in different ways, but the probability of a few slips here and there could not be ruled out.

As the study pertains to one agriculture year, the results may not remain valid for over a long period of time due to the fast changing trend of development and the policy of the Government.