CHAPTER III
3.0. FUNCTIONAL PROBLEMS OF REGULATED MARKETING

3.1. Evolution of Regulated Marketing

The history of agricultural marketing is as old as the development of agriculture, through the centuries. The evolution from barter stage to money economy and the establishment of periodic markets served both social and economic needs of the farm people. The system of marketing of farm produce in the earlier days, was disorderly and full of chaos. Both the farmers and consumers were exploited by middlemen.

The anxiety of the British rulers to make available pure cotton at reasonable prices to the textile mills at Manchester, motivated the regulation of marketing functionaries. In 1886, the elements of regulation were introduced in the Karanja cotton market under the Hyderabad Residency’s order. Subsequently in the year, 1897, the Berar Cotton and Grain Market law was enacted. This law was constituted by the orders of the Governor General in council on 6th May 1897, in exercise of the powers conferred by sections 4 and 5 of the foreign Jurisdiction and Extradition Act 1879. It was the first exclusive statute on regulation of marketing of agricultural produce. The subsequent Acts, whenever passed were virtually based on the general principles embodied in this law. The salient features of this law were:
1. All the markets, as existed on the date of the enforcement of the law, came under its fold.

2. The Resident could declare any additional market for the sale of agricultural produce.

3. The commissioner was to appoint from amongst the list of eligible persons submitted by the Deputy Commissioner, a committee, ordinarily of five members - two representing the Municipal Authority and the remaining three from amongst the cotton traders for enforcing the law.

4. The committee was authorized to appoint a sub-committee or joint committee from amongst its members for the conduct of any work or to delegate its duties to one or more members.

5. Trade allowances or customs in usage were abolished.

6. Unauthorized markets and bazars were banned within five miles of the notified market or bazar.

7. The Resident was empowered to make rules in some specific matters.

8. Penalties for breach of certain provisions of law were laid down.
The main drawback in this law was that, it provided no representation for the growers in the committee. 54.

The Indian Central Cotton Committee was appointed in 1917 to look into the problems of marketing of cotton. The committee observed that, in most of the cases the growers were selling cotton to a village trader-cum-money lender. As the growers were under financial obligation to him, they could get a price much below the market price. There was a long chain of middlemen in the marketing process, who exploited the farmers. The committee recommended that, markets for cotton, on the Berar pattern, should be established in other provinces also with compact cotton tracts.

The Government of Bombay presidency was the first to implement the recommendation by enacting the Bombay Cotton Markets Act in 1927. This was an improvement over the Berar law, as it provided for representation to the growers in the market committee. The rules under this Act were framed in 1927 and the first regulated market was established under this Act at Dhulia during the year 1930-31.

"The Royal Commission on Agriculture (1926) recommended the establishment of regulated markets on the Berar pattern as modified by the Bombay Cotton Markets Act 1927, with special emphasis on the application of the scheme of regulation to all agricultural commodities instead of cotton alone; provision for
establishment of machinery in the form of a Board of Arbitration for the settlement of disputes; prevention of brokers from acting for both buyers and sellers in the markets; adequate storage facilities in the market yards; standardisation of weights and measures and the establishment of market committees only under a single all pervading provincial legislation. The commission also recommended that the provincial Governments should take initiative in the establishment of regulated markets and grant of loans to market committees for meeting initial expenditure on land and buildings. This recommendation had a salutary defect on the states as borne out from the fact that a number of states have enacted regulated markets Act there under.

In 1930, the 'Hyderabad Agricultural Markets Act' was passed.

The Central provinces (Madhya Pradesh) passed the 'Central Provinces Cotton Act' in 1932. In 1935, another Law called 'Central Provinces Agricultural produce Markets Act' was passed to include all other agricultural produce.

Market regulation was introduced in Madras (now Tamil Nadu) under the 'Madras Commercial Crops Markets Act' 1933 and the first regulated market was established in this state in 1936 at Tirupur in Coimbatore District.
In 1938, a Model Bill was prepared by the Central Agricultural Marketing Department (DMI) on the lines of which several states drafted their own bills.

In 1939, the Government of Bombay, enacted the Bombay Agricultural produce Market Act and made it applicable to all the agricultural commodities including cotton. This repealed the Cotton Market Act of 1927.

In 1939, Mysore State (now Karnataka) passed the 'Mysore Agricultural produce Markets Act'. But, the first regulated market could be established only in 1948, at Tumkur.

Market regulation was introduced in the erstwhile Patiala State in 1948 under the 'Patiala Agricultural Produce Markets Act 1947'. This very act was adopted by the Pepsu Government when it was constituted.

The Government of Madhya Bharat passed the 'Madhya Bharat Agricultural produce Markets Act' in 1952.

In 1955, the Government of Saurashtra enacted the 'Saurashtra Agricultural Produce Markets Act'.

With the reorganisation of the states in 1956, more than one Act become operative simultaneously in different regions of the reorganised states. This obviously called for unification of
market laws. Most of the reorganised states, thereafter enacted legislations for this purpose. A few of the other states having no legislation at the time of reorganisation also enacted their own legislation.

Administration

The defects in the Agricultural Marketing system pointed out by the Royal Commission on Agriculture (1928) and the suggestions made in the report were endorsed by the Central Banking Enquiry Committee in 1931. It recommended the setting up of a Central Agency for initiating and co-ordinating the development of marketing.

So, in 1934, the services of a Senior marketing expert, Mr. A. M. Livingstone were obtained from the British Ministry of Agriculture. Subsequently, he became the first Agricultural Marketing Adviser to the Government of India. As per the Government of India resolution No. F16-M-1934, the office of the Agricultural Marketing Adviser to the Government of India was established with effect from 1.1.1935, at New Delhi. Counterparts of this organisation were setup in the provinces.

The committee under the Chairmanship of T. Vijaya Raghavacharya, in 1945, examined the question of improving agricultural marketing in India and recommended the establishment of a permanent marketing organisation both at the centre and in each states. The Directorate of Marketing and Inspection was
established in December 1947 at the centre. The activities relating to agricultural marketing improved a lot as a result of the five year plans, both at the centre and in the states. In some of the states and union territories a fulledged department of agricultural marketing as well as a statutory State Agricultural Marketing Board have been established.

At present, the Agricultural Produce Market (Regulation) Acts have been enacted and implemented by all the states and Union Territories, except, Jammu and Kashmir, Kerala, Nagaland, Sikkim, Andaman and Nicobar Islands, Arunachal Pradesh, Dadra and Nagar Haveli, Lakshadweep and Mizoram. The Directorate of Marketing & Inspection is persuading and assisting the states and Union Territories to enact their own Market Regulation Acts.

There are 24 Market Regulation Acts in force all over the country at present. Though the purpose of enactment was the same, the acts differ in content, provisions, legal and administrative coverage and enforcement.

There were 6118 regulated markets including 2165 principal market yards and 3953 sub-yards as on 31 March 1989.

The status of the state Agricultural Marketing Departments, Agricultural Marketing Boards, Rate of Market fee charged and contribution to Marketing Boards etc. differ from state to state.
<table>
<thead>
<tr>
<th>No.</th>
<th>Name of the State/U.T</th>
<th>The Act in force</th>
<th>Remarks</th>
</tr>
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13. Rajasthan
   The Rajasthan Agril.
   Produce Market Act, 1961

14. Tamil Nadu
   The Tamil Nadu Agril.
   Produce Markets Act, 1959
   (Tamil Nadu Act 23 of 1959).

15. Uttar Pradesh
   The Uttar Pradesh Krishi Utpadan
   Mandi Adhiniyam, 1964

16. Tripura
   The Tripura Agril. Produce

17. West Bengal
   The West Bengal Agricultural
   Produce Marketing (Regulation)
   Act, 1972.

18. Chandigarh
   The Punjab Agril. Produce
   Market Act, 1961 (Punjab Act
   23 of 1961).

19. Delhi
   The Delhi Agricultural Produce
   Marketing (Regulation) Act,

20. Goa, Daman and Diu
   The Maharashtra Agril.
   Produce Marketing
   (Regulation) Act, 1963
   (Maharashtra Act XX of 1964).

21. Pondicherry
   The Poppndicherry Agril.
   Produce Markets Act, 1973
   (Act No.3 of 1974).

22. Kerala
   The state has yet enacted the
   Agricultural Produce Marketing
   Regulation Act as yet. However,
   Market Regulation is in force
   in four markets of the State
   under the Madras Commercial
   Crops Act, 1933. These four
   markets are located in Malabar
   region of this State which
   was formerly a part of the
   erstwhile Madras State.

23. Manipur
   The Bihar Agricultural
   Produce Market Act,
   1960-adopted in March,
   1963 by the state.

24. Nagaland
   The Nagaland Agricultural
   Produce Marketing (Regulation)

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Total: 78, 288, 715, 2070, 4446, 5675, 6118

Note: (a) The number for Gujarat is included in Maharashtra upto 1960.
(b) The number for Haryana and Chandigarh is included in Punjab upto 1960.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of the State</th>
<th>Rate of market fee (Percentage ad valorem)</th>
<th>Contribution to Market (Percentage of annual Income of Marketing Board)</th>
<th>Whether separate Marketing Board has been established</th>
<th>Status of Marketing establishments</th>
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MARKET DESIGN

FIG. 1. A CLOSED PATTERN TYPICAL LAYOUT (SINGLE ENTRY)
FIG. 2 A CLOSED PATTERN TYPICAL LAYOUT
(SINGLE ENTRY) - REVISED VERSION
FIG. 3. CLOSED PATTERN LINEAR LAYOUT
(SINGLE ENTRY)
FIG. 4 OPEN LINEAR LAYOUT
(DOUBLE ENTRY)
FIG. 5. MODIFIED LINEAR LAYOUT
To rectify the various defects found in the existing marketing process, Government intervention was accepted as a necessity and the Government of different states and Union Territories enacted Market Regulation Acts and established Regulated Markets. As it was observed that, the functioning of Regulated Markets was unsatisfactory different commissions were appointed to study the situation and suggest ways and means to improve their efficiency. As per the recommendations of the commissions and the directives of the Central Government, considerable improvement has been made. The number of Regulated Markets has increased to 6118 as on 31.3.89. Though the number has increased considerably, the problems relating to functional efficiency prevail in different forms in regulated markets.

3.2. STATE MARKET REGULATION ACES - A COMPARATIVE ANALYSIS

Karnataka, Andhra Pradesh, Rajasthan, U.P., West Bengal, Maharashtra, Madhya Pradesh, Tamil Nadu and Delhi have established a separate Directorate of Agricultural Marketing. Statutory Agricultural Marketing Boards have been established in Haryana, Punjab, Karnataka, Assam, Himachal Pradesh, Bihar, Rajasthan, Uttar Pradesh, West Bengal, Maharashtra, Madhya Pradesh, Gujarat, Chandigarh and Delhi. It is only an advisory Board in Andhra Pradesh, Tamil Nadu, Orissa and Tripura.

There is no clear cut and uniform demarcation of functions between the Board and Marketing Departments for all states. On
this basis, the functions, powers and composition of the state Marketing Boards differ from state to state.

For the establishment of regulated markets and the enforcement of regulation, the State Market Acts provide for the establishment of a Market Committee. In different states and Union Territories, the power, status and composition of Market Committees differ widely.

The 24 Market Regulation Acts in vogue in different states and Union Territories provide for the legal and administrative framework for the regulation and management of agricultural produce markets. Though the purpose of enactment of these Acts is the same - regulation of trading practices, reduction in marketing charges, elimination of superfluous intermediaries and to protect the interest of the producer-sellers - the contents of these Acts differ.

The legal framework and the administrative arrangements are closely related to one another. Agricultural Marketing being a state subject and the different Acts are being enacted by State Governments, the variations in the legal framework and administrative set-up are bound to exist. This, in fact, has an impact on the function of agricultural marketing and create problems.
1. Notified Commodities

There are two patterns of notification of commodities followed in different states

- out of the list of commodities included in the schedules attached to the Acts.

- declared from time to time by Government notification, without any list of commodities.

Maharastra, Gujarat, Bihar, Rajasthan, Orissa, Punjab, Haryana and Chandigarh have lists of commodities to be notified attached to the Market Regulation Acts.

Andhra Pradesh, Tamil Nadu, Karnataka and Uttar Pradesh have no schedules attached to the Acts and notification have to be issued from time to time to include any commodity as notified. "Except in the case of Andhra Pradesh and Tamil Nadu, all the Acts provide for inclusion as well as deletion of any agricultural produce from the list of commodities specified in the notification". 57.

As regards the coverage of commodities also there has been wide variation in the different State Market Acts. The coverage is satisfactory as regard to food grains and oil seeds. In the
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As regards the coverage of commodities also there has been wide variation in the different State Market Acts. The coverage is satisfactory as regard to food grains and oil seeds. In the
case of other commodities like poultry, livestock and live stock products, forest produce, fisheries etc. the coverage is unsatisfactory.

There is no provision for regulation of livestock in Punjab, Haryana, Chandigarh, Himachal Pradesh, Madhya Pradesh and Tamil Nadu. This is a serious omission, in the context of the white revolution, in which marketing of milch animals gained importance.

There is no provision for regulation of livestock products in Haryana, Punjab and Chandigarh. The forest produce are not covered by the Acts of Bihar, Gujarat, Haryana, Punjab, Chandigarh, Meghalaya, Tamil Nadu, West Bengal and Delhi.

To ensure proper coverage of commodities each Act should have an attached schedule covering all agricultural and allied products like horticulture, viticulture, epiculture, sericulture, pisciculture, poultry, livestock etc.

2. Market Committees

All the state Acts, except that of Tamil Nadu, provide for the constitution of separate market committees for each market. In Tamil Nadu, only one market committee is constituted to manage all the regulated markets located in a district. In the Maharasthra Act, there is a provision for a separate market committee for greater Bombay. Section 5(2) of the Tamil Nadu Act
permits the co-operative Marketing Societies to establish a market committee. A balanced review of the situation shows that, it is better to have taluk level market committee with uniform pattern in all states and U.Ts.

3. Composition and Constitution of the Market Committees

Different State Acts differ in the matter of numerical strength of the corporate body called market committee. The membership ranged between 8 and 20. Andhra Pradesh, Punjab and Haryana specify the maximum and minimum number of members in the market committee. Regarding the constituents of the market committee, as many as 33 organisations are represented under different Acts. Farmers, traders, commission agents, warehousing corporation, food corporation, Panchayats, Co-operative Marketing Societies, District Agricultural Officer, Extension officer, Government nominees, Representative of SC and ST, M.Ps., MLAs etc are some of the organisations included. Many of the constituents have hardly any connection with the functioning of Regulated Markets.

To improve the functional efficiency, the composition of the market committee should be compact and should include only those organisations directly connected with agricultural marketing. The total number of members must be 10 with 5 farmers.
4. Election of Members

Except in Himachal Pradesh, all the Acts provide for direct election of non-official members of the market committees. In Himachal Pradesh the provision is that, the Agricultural Marketing Board should appoint the members out of the panel of names supplied by the Deputy Commissioners. Though, it is difficult and expensive, the direct election method is better.

5. Chairmanship of the Market Committee

In the interest of the farmers, it is better to have a farmer as the chairman of the market committee. Only the Karnataka Act specifies this point. In Andhra Pradesh, Orissa, West Bengal and Delhi, the chairman is nominated by the State Government. In Bihar, the Sub-Divisional officer of the area becomes the chairman of the market committee. In most of the other states, including Assam, Maharashtra, Gujarat, Rajasthan etc. the chairman is elected by the members of the market committee. It is common belief that as many of the members are farmers, a farmer will alone be elected. But, it must be noted that, traders are more influential and farmers are indebted to them. Therefore, it is a must that, the Act should specify that a grower should be elected as the chairman.
6. Functions and powers of the Market Committee

Almost all the market Regulation Acts specify the functions and powers of the market committee. In case of Tamil Nadu Act, specific functions and duties of the market committee have not been prescribed separately. However, different sections of the Act rest with the committee powers to levy fees, charges on notified agricultural commodities, borrow funds, appointment of staff, sub-committee, issue, suspension and cancellation of licence, recovery of loan, preparation of market development plans etc.

In the Acts of Maharastra, West Bengal, Tripura, Himachal Pradesh and Madhya Pradesh, standardisation and grading have been included in the functions of market committee. In Maharastra and Madhya Pradesh, prevention of adulteration in notified agricultural commodities is one of the functions of the market committee. In Maharastra, there is also provision for the recovery of co-operative dues through the market committees.

In Madhya Pradesh, the functions include stock of fertilisers and pesticides, grants for construction of roads. The powers include to order production of accounts, entry, inspection and seizure. Taking measures for market stability is one of the duties assigned to the market committees in Madhya Pradesh and Karanataka.
7. Powers of the Chief Executive

In all the Market Regulation Acts, the committee is headed by the Chairman and the Secretary is the Chief Executive officer for implementing the decisions of the market committee. The powers and duties of the secretary have been specified in none of the Acts. To improve the situation, at least the important powers of the secretary must be specified.

8. Source of Finance

All the Acts specify how the finance realised through various sources, should be utilised, how expenses must be met and how much should be contributed to the Agricultural Marketing Board if any. (Table 7). It is desirable that the market fee should be uniform and it should be one percent of value. There should also be provision for maintenance and development expenditure, which are highly neglected by the market committees.

9. Agricultural Marketing Board

For the expeditious execution of market development work, Agricultural Marketing Boards have been established by 16 states and 2 UTs so far. Out of these, Punjab, Haryana, Rajasthan, Bihar, M.P., U.P., Assam, H.P., Gujarat, West Bengal, Karnataka and Maharashtra have established marketing boards under their respective Acts. In Andhra Pradesh the Board with Advisory
functions was established under the Andhra Pradesh Agriculture and Livestock Markets Rules 1969. In Tamil Nadu and Orissa, the boards were established by passing resolutions by the respective state Governments. Though the purpose of establishment is the same, there is a lot of difference in the composition, constitution and functioning of the Market Boards in different states.

10. Composition and Constitution of the Board

A review of the Composition and Constitution of the Marketing Boards in different States reveal the following:

1. The total number of members of the Agricultural Marketing Board varies between 11 in Assam to 26 in Andhra Pradesh, Karnataka, Madhya Pradesh, West Bengal and Uttar Pradesh have provision for 20 members. The number of members in Punjab, Haryana, Himachal Pradesh and Bihar varies between 12 and 16.

2. The constituents of the Board do not appear relevant in some states. The representations of as many as 9 M.L.A.s as in Andhra Pradesh and the Vice Chancellor of the Agricultural University as in Uttar Pradesh, do not appear relevant. Rajasthan has a unique example of having an Economist as member of the Board.

3. The Chairmanship of the Board also differs from state to state. Himachal Pradesh, Assam and Haryana provides for the nomination of chairman from amongst the non-official members. In
Punjab both non-official and official members can be nominated as chairman. In the U.Ts of Chandigarh and Delhi, the Chief Administrator is the Chairman. In Andhra Pradesh, Karnataka and Madhya Pradesh the Minister in-charge of Agricultural Marketing is the Chairman. In other states, Senior officers of the state hold the post.

4. In Andhra Pradesh, Assam, Himachal Pradesh, Karnataka, Madhya Pradesh and Delhi, the Director in-charge of Agricultural Marketing is the Ex-Officio Secretary of the Board. In other states, other officers of the Government are appointed as secretaries of the Board.

It is appropriate to limit the membership to 15 with a predominance of farmers and officials closely connected with agricultural marketing. It is better to include an Economist as member of the Board.

The speedy implementation of the Market Regulation Acts is often, hindered by the challenges made by traders in the courts of Law. Judicial Rulings have emerged on Markets Acts regarding the constitutional validity, the market fee, prohibiting trading at the old site consequent on the shifting of the yard to a new place, powers of the market committees to restrict the place of trading, responsibility of the market committee to provide storage accommodation, responsibility of a market committee to provide amenities in a new yard, powers of a market committee to licence traders in a 'market' and a 'market area' etc.
The guidelines issued by the Central Government from time to time were partially adopted by the state Governments to suit their local conditions. When all the 24 existing Acts were put together and compared, they were found to be different not only in spirit but also in practice. These differences were taken as a loophole for escaping from the provisions of the Acts by traders. This, further, aggravates the problems of Regulated Marketing.

3.3 PROBLEMS OF REGULATED MARKETING

One of the yardsticks employed for measuring the efficiency of regulated markets was the extent of participation by farmers in bringing their produce to the market for sale. It was found that, in some markets, the proportion of arrivals brought by farmers themselves, has gone up considerably as much as 80 to 90 percent after regulation. In some other markets, the vast majority, it was very much below the expectation.

The object of regulated marketing has been provided in the various State Acts as:

- to provide for better regulation of sales and purchase of agricultural produce,
- to protect the interest of producer-seller,
- to improve the efficiency of marketing at the assembling point.
The erstwhile Government of Bombay appointed an expert committee in 1955 under the Chairmanship of Dr. T. G. Shirname, to review the working of the Bombay Agricultural produce Market Act. The Committee observed:

- Marketing can only be handled by experts and until the agriculturists become able to handle this delicate business, the efforts must be to make the existing market functionaries to function for the advantage of the producers rather than driving them out of the trade.

- Unless and until the social order is changed radically, even in a perfect market, controlled by the producers, it may be necessary to retain many of the existing functionaries.

- Agricultural marketing covers several stages between the time when the produce leaves the field and the time when it reaches the consumer. To make marketing efficient, there must be control over the activities in all these stages.

- The market must provide facilities in trading, regulate them on an equitable basis and facilitate the settlement of disputes.

The market must provide ancillary facilities such as godowns, communication, transport, credit etc.
The Market Acts of different states provide for:

- Fair trading practices, prohibition of unwarranted and excessive deductions as market charges and legitimate services rendered by various functionaries.

- Introduction of the licensing system for enforcing discipline among the trading community and other functionaries.

- Entrusting the management of markets to market committees, which are corporate bodies, representing all the interests.

- Availability of necessary facilities such as dissemination of market information, storage facilities, rest houses, canteen, drinking water, lighting, sanitation, transport facilities, cattleshed etc.

The traders have organised themselves into associations to safeguard their interests. The farmers who are not well organised are exploited in the process of marketing. For the functional efficiency of markets, regulatory agency, statutory backing, control and supervision by the Government are necessary.

Prof. Dantwala, in his report on the enquiry into the working of the regulated markets in the Bombay state in 1951, observed:
the best that a marketing legislation can do under normal circumstances is to equalise the bargaining power and create conditions more conducive to perfect competition.

- this would necessitate facilities for market intelligence, storage, grading pooling and credit.

- the co-operative movement can do something good in this direction.

- though the Bombay state has made legislation in some of these, the progress has been uneven.

- the point to be noted is that, unless the attack is from all keypoints, no legislation will yield the required result.

Several research studies should be undertaken to focus the attention on the factors that are responsible for the staggered progress and the limitations under which the regulated markets are functioning.

The Government of Hyderabad appointed an adhoc subcommittee in 1954, under the Chairmanship of Shri. N. Farid Uddin, the then Chief Marketing officer of Hyderabad state to review the working of the Hyderabad Markets Act. The committee suggested some improvements through its recommendations.
The Madras State also appointed an expert committee in 1957, under the Chairmanship of W.S. Krishnaswami Naidu, retired High Court Judge, to review the working of the Madras Commercial Crops Markets Act - 1933. The Committee observed:

- All kinds of agricultural produce, including products of horticulture, forestry, animal husbandry etc. must be brought under the Agricultural produce Market Act.

- In the successful marketing of agricultural produce, conflicts between traders and farmers, market committees and other agencies must be avoided.

"Working of Regulated Markets in India" - Regulated Markets. Vol. II is the only systematic study, on an all India basis, covering all the important aspects of regulated marketing, now available. It has analysed data only upto 1964-65. Such valuable reports must be revised and updated. The following tables are based on that report.
### Table - 8

**Ratio of arrivals to Marketable Surplus, 1964-65**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>State</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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</tr>
<tr>
<td></td>
<td>Mysore</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Andhra Pradesh</td>
<td>18</td>
</tr>
<tr>
<td>4.</td>
<td>Tamil Nadu</td>
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</tr>
<tr>
<td></td>
<td>Madhya Pradesh</td>
<td>10</td>
</tr>
<tr>
<td>6.</td>
<td>Punjab</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td>All India</td>
<td>30</td>
</tr>
</tbody>
</table>


### Table - 9

**Classification of the reporting Regulated Markets in the Country according to quantity of produce handled.**

530 Regulated Markets Reported,

<table>
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<tr>
<th>Quantity of produce Handled (000 tonnes)</th>
<th>Percentage of the reporting markets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1961-62</td>
</tr>
<tr>
<td>0 to 2.5</td>
<td>15.9</td>
</tr>
<tr>
<td>2.5 to 10.0</td>
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<tr>
<td>10.0 to 20.0</td>
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<td>20.0 to 30.0</td>
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</tr>
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<td>30.0 to 40.0</td>
<td>5.6</td>
</tr>
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<td>3.0</td>
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<td>50.0 to 60.0</td>
<td>3.4</td>
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<td>60.0 and above</td>
<td>9.3</td>
</tr>
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</table>

1. The High power Committee on Agricultural Marketing

The Ministry of Rural Development, Government of India, set up a High Power Committee on Agricultural Marketing to review the present state Market Acts and working of the various Agricultural Marketing Bodies and to suggest measures for streamlining and strengthening the setup for agricultural produce marketing. The committee had a Chairman - Shri. Shankar Lal Guru, Chairman of the council of State Agricultural Marketing Boards (COSAMB) - and nine members, including a member Secretary.

The terms of reference were wide.


For the purpose of this study, the recommendations have been critically examined and those found to be important have been presented below:

1. There are about 30,000 markets, mainly rural primary, remaining out of the ambit of market regulation and they must be brought under regulation.

2. The state Market Regulation Acts must include the following changes:

- The Market Committee should have 11 members, out of which at least 6 should be farmers.

- The tenure of the Marketing Board as well as the Market Committee should be a fixed term of five years.

- The composition of the Marketing Board should be compact and the number of members should be reduced to the minimum.

- Each Marketing Board should provide for membership to the Agricultural Marketing Adviser to the Govt. of India or his nominee for facilitating appropriate centre-State coordination and technical guidance.

- No Market Committee or Marketing Board should be left superseded and administered by undemocratic process. Election should be held regularly and on time.

- The Chairman of the Market Committee and the State Agricultural Marketing Board should be elected from amongst the elected agriculturist members of the Market Committee.

- For each market yard, there should be a common auction platform to conduct open auction of the agricultural produce by the Market Committee staff, rather than stocking of market arrivals in front of the shops of Commission Agents, so as to discourage credit bondage in market transactions.
3. In the State Marketing Regulation Acts, the term 'Agricultural Marketing' should be defined specifically to include all the activities involved in the flow of agricultural produce from the production points, commencing from the stage of harvest, till these reach the ultimate consumer. The Act should provide for coverage of all such commodities except those for which there are separate commodity Boards, for regulation, as a common schedule appended to it.

The High Power Committee submitted its final report to the Govt. of India in November 1992. The recommendations of the committees are furnished below:

The state and union Territories which have not yet enacted Market Regulation Acts should enact such Acts to create the necessary administrative machinery for regulation.

The entire geographical area of a state should be covered under the Agricultural Produce Market Regulation (APMR) Act.

To ensure effective co-ordination and proper functioning of the Marketing Board and the State Agricultural Marketing Department, the Director of Marketing should be the Chief Executive officer of the Board as Ex-officio members-Secretary.

It is desirable to setup a separate Department of Agricultural Marketing consisting of agricultural marketing,
storage, food processing, agricultural exports and other allied activities with separate ministry both under Central and State Governments.

The Directorate of Marketing & Inspection should be restructured and suitably strengthened with highly competent and adequate officers and staff to enable if render technical advice and assistance to the central as well as state Govts. effectively.

The State Agricultural Marketing Department should also be strengthened with equally competent and adequate officers and staff to effectively implement agricultural marketing policies and programmes.

The title of the State Acts may be given as "The .... State Agricultural Produce Marketing Regulation Acts .... (year)" so as to reflect the dynamic scope of the marketing activity.

The term "agricultural Marketing" may be suitably defined in all State Acts. The term 'Agriculturists' may also be defined to prevent non-resident agriculturist gaining entry into the Marketing Committee.

The nomenclature of 'Agricultural produce Market Committee' should be changed to 'Agricultural produce Marketing Committee' aptly reflecting the dynamics of marketing in its role.
The Marketing Committee should have 11 members and at least six out of them should be agriculturists.

Regular elections must be conducted to constitute the Marketing Committees and the State Agricultural Marketing Boards and this should be made a constitutional requirement.

No Marketing Committee should be left superseded and administered in an undemocratic process. The elections should be held regularly and in time in the manner prescribed in the Model Acts. 1984.

All the Marketing Committees should uniformly provide the package of facilities with regard to auctions, grading, grading equipments, extension services, storage, finance etc.

The Marketing Committee fund should be utilised only for prescribed contributions to the State Marketing Development fund and for improving and developing conditions and facilities conducive for an efficient and effective marketing system.

The tenure of office of the Marketing Committees and the State Agricultural Marketing Board should be fixed at five years.

The composition of the State Agricultural Marketing Boards should be compact and have minimum in line with the Model Act 1984 and no Marketing Board should be left superseded and
administered in an undemocratic process without timely elections. The Chairman of the Marketing Committee and the State Agricultural Marketing Board should be elected from amongst the elected agriculturists members. All non-official members of the Board should be elected from their respective organisation.

The State Agricultural Marketing Tribunal may be setup in each State to handle the legal disputes arising out of the implementation of the State Acts.

A list of commodities should be added as a schedule to every State Act.

All State and Union Territory Governments should identify the Markets of National Importance (MNI) as per the criterion provided in the Model Act 1984.

2. Central Assistance Schemes

The Central Scheme for providing grants-in-aid to the State Governments for the development of basic infrastructure facilities in Agricultural Markets should continue and remain with the Directorate of Marketing and Inspection (DMI) Govt. of India for effective implementation and monitoring.

The Central Sector Scheme for the development of regulated markets may be revised to permit classification of cattle markets
as secondary markets and provide entitlement up to Rs.20 lakh to such markets.

The Central section scheme for the development of regulated markets has to be suitably streamlined with regard to time norms, land norms, fruits and vegetable markets, eligibility criteria of village markets etc. So as to enable more markets becoming entitled to central assistance and to get the assistance as quickly as possible.

3. Public Purchase Agencies

The public purchase Agencies should operate in All Regulated Markets for the benefit of farmers and they should purchase directly from the farmers.

In each Market yard all facilities including shop cum godown must be provided to public purchasing Agencies and co-operative Marketing societies.

4. Agricultural Marketing Credit

The pledge finance scheme for providing short term credit to the farmers against unsold produce in the Market yards should be uniformly adopted by all Market Committees.

A scheme for insurance against price depressions below the support price may be evolved and implemented.
A National Agricultural Marketing Bank with branches all over the country should be setup.

5. Post-harvest Technology Research And Development

The efforts made by the Ministry of Agriculture in designing and adopting post-harvest technology with regard to oil seeds and pulses and the experiments carried out by the Directorate of Marketing and Inspection, Govt. of India on fruits and vegetables must be adopted for commercial application.

Scientific storage sheds for onion, cooling chambers for fruits, vegetables and flowers must be popularised.

The State Agricultural Marketing Boards and the Directorate of Marketing and Inspection, Govt. of India may be designated as co-ordinating Agencies for the research work and application.

6. Agricultural Marketing Education

The Directorate of Marketing and Inspection being the premier Govt. Department organising Agricultural Marketing training programmes should discharge its role as the nodal agency at the National level.
The Centre for Agricultural Marketing Jaipur should continue to take up higher level training programmes and management consultancy for the South-East Asian countries.

Consultative Committee Recommendations

A meeting of the consultative committee of members of Parliament, for the Ministry of Rural Development was held on October 14, 1992, at New Delhi with a view to review the entire gamut of Agricultural Marketing in the country and identifying the areas for modernisation and expansion of the existing Marketing system.

For the purpose of this study, the suggestions given by the Committee have been critically examined and those points found to be beneficial have been presented below:

1. The State Government should give top priority to the development of markets and their regulation to ensure remunerative prices to farmers.

2. Marketing Boards should spend some of their funds on the construction of link roads.

3. Market committees should hold elections at regular intervals.
4. The special problems faced by Tribals in marketing their produce and the problems of backward and drought prone areas should be given special attention.

5. The marketing system needs simplification and the multiplicity of organisations in this field should be reduced as this provides many opportunities for corruption, which deprives the farmers of their due. Farmers' co-operatives should be popularised to break this nexus.

6. Facilities should be created in the villages for the processing of agricultural produce like fruits and vegetables.

7. Market fee should be levied at one point only. Steps should be taken to reduce the price-spread.

8. A chain of cold storage should be setup for the storage of fruits, vegetables, fish, poultry and dairy products. Special arrangements should be made for the marketing of marine and inland fish.

9. Grading at producers' level must be expanded to get the farmers prices in accordance with quality.

10. The support price scheme should be extended to all commodities.
11. A National Data Bank on Market Intelligence needs to be created with special emphasis on packaging, processing, transporting and storage.

The State Governments have studied the recommendations and accepted whatever were suitable to them as per the situation in their states and implemented with modifications.

3.4. AGRICULTURAL MARKETING INSTITUTIONS

In India, there are some important institutions intimately associated with agricultural marketing directly or indirectly, under the Central Government. These institutions are entrusted with the responsibilities of executing specific aspects of the agricultural marketing policies. In some cases, the State Governments also have such institutions as their counter-parts.

The following is a critical review of the performance of some of such important institutions.

1. Commission for Agricultural Costs and Prices (CACP)

Three basic formulations for increasing agricultural production and productivity:

- Productive technology package
- Easy and reliable access to inputs and services.
- Remunerative and stable prices for the produce
With the aim of providing these, the Agricultural Prices Commission, renamed as the Commission for Agricultural Costs and Prices was established in 1965, for advising the Government on agricultural price policy.

The Commission is expected to evolve a balanced and integrated price structure keeping in view the following aspects:

1. The need to provide incentives to the producer for adopting improved technology and developing production pattern as per national and international requirements.

2. The need to ensure rational utilisation of land, water and other productive resources.

3. The likely effect of price policy on the rest of the economy, particularly on the cost of living, level of wages and industrial cost structure.

4. Terms of trade between agriculture and non-agricultural sector.

The main elements of the present agricultural price policy, including administered prices and non-price measures are:

1. Fixation of Minimum Support Prices (MSP) for important commodities before their sowing.
2. Fixation of statutory minimum price for sugarcane payable by the sugar factories to the growers.

3. Arrangements for purchase of farmers' produce by the designated agencies at the guaranteed prices, in case, the prices fall below the support prices.

4. Open market purchase or sale of certain commodities by the designated agencies.

5. Buffer stocking of food grains.

6. Provision of levy on rice mills and sugar factories at fixed prices.

7. Distribution of food grains at prices lower than the economic cost through the fair price shops.

8. Input subsidies and holding the price line.


10. Regulation of imports and exports, keeping in view the interest of producers, consumers, domestic industry and the balance of payments.
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<td>16.00</td>
<td>17.50</td>
<td>20.00</td>
</tr>
</tbody>
</table>

Table 10:

Minimum support prices of different commodities as recommended by CACP and fixed by the Government.

Note: The MSP for Sugarcane is linked to the basic recovery of 8.5 per cent for 1994-95, the Government gave a premium of Rs. 0.5 per quintal and 1995-96 Rs. 0.6 per quintal for the recovery above 10 per cent.

Source: Agricultural Marketing, Vol. XIV, Page 21, 1975, F.B.
<table>
<thead>
<tr>
<th>Crop(s)</th>
<th>Average Annual Production (million tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>35.64</td>
</tr>
<tr>
<td>Wheat</td>
<td>15.53</td>
</tr>
<tr>
<td>Coarse Cereal</td>
<td>26.01</td>
</tr>
<tr>
<td>Total Cereals</td>
<td>77.48</td>
</tr>
<tr>
<td>Pulses</td>
<td>10.29</td>
</tr>
<tr>
<td>Foodgrains</td>
<td>87.77</td>
</tr>
<tr>
<td>Oilseeds*</td>
<td>7.19</td>
</tr>
<tr>
<td>Sugarcane</td>
<td>104.34</td>
</tr>
<tr>
<td>Cotton**</td>
<td>5.50</td>
</tr>
<tr>
<td>Jute &amp; Mesta***</td>
<td>6.00</td>
</tr>
<tr>
<td>All Crops(Index)@</td>
<td>71.00</td>
</tr>
</tbody>
</table>

* : Includes five Oilseeds during the first period
** : Lakh Bales of 170 Kg. each.
*** : Lakh Bales of 180 Kg. each.
@ : Base-Triennium Ending 1981-82
(P) : Provisional

11. Regulation of agricultural produce markets, creation of marketing infrastructure and encouraging growers' co-operatives in agricultural marketing.

Minimum support prices are determined by taking into account the following factors:

1. Cost of production
2. Changes in input prices
3. Input-Output price parity
4. Trends in market prices
5. Demand and supply
6. Inter-crop price parity
7. Effect on industrial cost structure
8. Effect on Cost of living
9. Effect on general price level
10. International price situation
11. Parity between prices paid and prices received by the farmers.
12. Effect on issue prices and implications for subsidy

Table -10 shows the minimum support prices recommended by the commission and those fixed by the Government for different crop seasons.

Table -11 shows the changes in Crop outputs (Average annual production) from 1966-67 to 1993-94.
The CACP currently covers 25 agricultural commodities for advising the Government regarding price policy. The impact of the effective implementation of the price policy has become evident in the form of increased agricultural production over the years (Table - 11).

"As a result of expanded production, and decline in unit cost both physical and economic access to food has increased in the country. Whereas in 1970 as much as 12.9 percent of average per capita income was required to buy a quintal of what, less than 7 percent of per capita income in 1984-85 was sufficient to buy that quintal of wheat. In 1993-94, this fell to 5.8 percent. This brings out the fact that, the country has been able to achieve greater food security over the years". 60.

The increase in productions is witnessed both in food crops and commercial crops.

"There has been a visible improvement in marketing efficiency for farm products. The inter-year and intra-year fluctuations in prices have shown a considerable decline. The creation of market infrastructure helped in increasing the backward and forward linkages and spatial integration of the agricultural produce markets". 61.
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Though not in full, a part of the intended benefits of the agricultural price policy reaches the targeted farmers and consumers.

2. Agricultural And Processed Food Products Export Development Authority (APEDA)

India has a vast potential for the production and export of agricultural and processed food products. But, the performance in the world market is quite disappointing. With the objective of closing this gap, the Govt. of India brought into being APEDA in 1986.

Objectives :

- Exports promotion and development of agricultural and allied products.

Mission :

- to maximise foreign exchange earnings through increased agro exports.

- to increase farmers' income through higher unit value realisation.

- to increase rural employment through value added exports of farm produce.
Development Programmes:

1. Development of database on products, markets and services.

2. Publicity and information dissemination.

3. Inviting of officials and business delegates from abroad.

4. Organisation of product promotion and visits of officials and trade delegation abroad.

5. Participation in International trade fairs in India and abroad.


8. Providing recommendatory, advisory and other support services to the trade and industry.

9. Problem solving, with Govt. Agencies, RBI, customs, Import/Export procedures, and foreign problems through Indian Missions abroad, in the interest of exporters.
Financial assistance is provided for schemes to develop and promote agro-exports.

**Achievements**: APEDA is only a promotional agency and so, it does not undertake direct export of any product. Due to its efforts, many new agro-products, from India, have been introduced in the world market.

"Since less than a decade of its inception, the agro-exports have registered an incredible increase of 600%." 62

**Table - 12**

Export of Agri-Products (Including Cereals) Value: Rs. Crores

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-86</td>
<td>475.42</td>
</tr>
<tr>
<td>86-87</td>
<td>582.65</td>
</tr>
<tr>
<td>87-88</td>
<td>719.79</td>
</tr>
<tr>
<td>88-89</td>
<td>727.28</td>
</tr>
<tr>
<td>89-90</td>
<td>777.47</td>
</tr>
<tr>
<td>90-91</td>
<td>1123.97</td>
</tr>
<tr>
<td>91-92</td>
<td>1649.19</td>
</tr>
<tr>
<td>92-93</td>
<td>2068.25</td>
</tr>
<tr>
<td>93-94</td>
<td>2851.89</td>
</tr>
</tbody>
</table>


A close examination of the objectives and missions reveals that, some of the activities are mere duplication of works done by other Government agencies. A revision and restructuring of duties assigned have become overdue to avoid duplication of work done by other agencies and to concentrate on and to strengthen the limited activities for the betterment of farmers, manufactures and exporters.
3. National co-operative Development Corporation (NCDC)

NCDC was established in March 1962. Its objective is to promote and plan co-operative programmes of marketing, processing, storage and export and import of agricultural produce and allied commodities. NAFED is working under it.

NCDC has made remarkable achievements in the field of processing and storage of agricultural products. It has helped the inflow of institutional finance from World Bank and other international financing agencies.

National Agricultural Co-operative Marketing Federation of India Ltd. (NAFED)

NAFED was set up in October 2, 1958, to promote agricultural marketing. It functions as the national apex body of the co-operative marketing system, in coordination with 29 state level marketing federations, 16 state level commodity marketing federations, 8 state level Tribal Co-operative Development Corporation federations, 172 District and Regional Marketing Societies and 5923 general purpose special commodity Marketing Societies. It executes price support schemes, price stability schemes, and exports and imports of agricultural produce.

5. The Jute Corporation of India Ltd.

Jute Corporation of India Ltd was established in 1971 to implement the policies of the Govt. of India relating to fixation.
of minimum price, minimum support price and price support schemes to farmers. It undertakes internal and international trade in raw jute. The corporation maintains raw jute buffer stock and involves in the activities of developing modern value added products in jute in collaboration with Jute manufacturers Development Council.

North Eastern Regional Agricultural Marketing Corporation Ltd (NERAMAC)

For the development of agricultural marketing in the North Eastern Region, NERAMAC was established. The corporation concentrates on the Marketing of fruit products, other agro-based products and inputs. It does both domestic marketing and export marketing and involves in processing activities. It has made considerable progress in these fields.

7. The Spices Board

The Spices Board was established in 1987 to implement the programmes for the promotion of export of spices and spice products. It is a commodity Board under the Ministry of Commerce, Govt. of India. It has developed global markets for Indian spices and value added spice products, both in bulk and in consumer packets.
Quality initiatives and marketing research are also undertaken by the Board. An up-to-date international data bank is maintained by the Board and it has several publications and periodicals to its credit. Its head quarters is at Cochin. It is observed that, some of its activities are duplication of the work done by other organisations like the Directorate of Marketing and Inspection.  

8. The Tobacco Board

The Tobacco Board was established in 1976 for the development of tobacco cultivation and tobacco industry. Its functions are production regulation to ensure price stability, financial assistance for FCV tobacco growers, supply of inputs, transfer of technology to increase yield and quality of tobacco. The auction sales programme of the Board became very popular, in which farmers bring tobacco to the auction platforms and licensed traders purchase them in open auction. Due to the activities of the Board, the Flue Cured Virginia (FCV) tobacco grown in India became world famous.  


The National Dairy Development Board was established in 1965, with a mandate to replicate the Anand Pattern Co-operatives throughout India. Through operation Flood I, II and III, The NDDB has been the planner and motivator for over 180 District Dairy
Co-operative Institutions in India. Through its research activities in milk production enhancements, cattle feed and fodder, milk processing, transportation and marketing, the NDDB, helped the White Revolution to take place in India. 69

10. National Co-operative Consumers' Federation of India Ltd. (NCCF)

The NCCF was registered in 1965, as an apex body of consumer co-operatives in the country. The procurement and supply of various items of daily use, are done by it through the consumer co-operatives, civil supplies corporations and other state agencies throughout the nation. Its activities are bulk institutional supplies, setting up of processing units for pulses, spices etc. consultancy services to the consumer co-operatives, consumer protection activities etc. With its Headquarters in New Delhi, and 19 branch offices all over India, the NCCF carries out its activities efficiently. 70.

11. Modern Food Industries (India) Ltd

Modern Food Industries (India) Ltd. is a public sector undertaking, under the administrative control of the Ministry of Food Processing Industries. The company was set up in 1965 with the main objective of popularising wheat consumption is non-wheat producing areas of the country. It has established several modern bakeries all over India to produce and market bread of high
quality. Modern Food Industries (India) Ltd is the largest bread production and marketing organisation in Asia. 71

12. National Council of State Agricultural Marketing Boards (COSAMB)

COSAMB is the most important national level organisation connected with regulated marketing.

To coordinate the activities of different market committees, Marketing Boards have been set up in the state level.

The National Seminar on Regulation and Management of Agricultural produce Markets held at Jaipur in 1984, recommended the creation of a federation of State Agricultural Marketing Boards aimed at effective coordination of the activities of different State Marketing Boards. On the initiative of Madhya Pradesh and Gujarat Marketing Boards, COSAMB was established in 1988. Its head quarters is at Delhi and it has a regional office at Madras.

COSAMB acts as a common forum for the State Marketing Boards.

Problems relating to Central assistance, sharing the experience of different states, bringing about uniformity in the system of agricultural Marketing all over the country, to organise All India Seminars, workshops, exhibitions etc. creating
a bridge between the Govt. of India and the State Marketing Boards etc. are effectively solved by COSAMB. 72.

13. Directorate of Marketing And Inspection (DMI)

The Directorate of Marketing And Inspection (DMI) was set up in 1935, under the Agricultural Marketing Adviser to the Govt. of India, to bring about integrated development of agricultural marketing system in the country and to safeguard the interests of the producer sellers and the consumers. Maintaining liaison between the Central and State Governments for the implementation of agricultural marketing policies is one of the main functions of this Directorate. 73.

The activities of the Directorate can be summed up as follows:

1. Promotion of standardisation and Grading of agricultural and allied produce under AGMARK as per the Agricultural produce (Grading and Marking) Act 1937 amended in 1986.

2. Marketing Research and Surveys.

3. Training of personnel in agricultural marketing.

4. Market planning and designing.

5. Regulation and management of agricultural produce markets.
### Table No - 13

Progress of Agmark Grading at Producers’ Level from the Inception of the Grading Scheme

(Total value of Commodities graded)

(in Rs. crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Compulsory Grading</th>
<th>Centralised Commodities</th>
<th>Decentralised Commodities</th>
<th>Total Grading</th>
<th>Total Producer’s Level</th>
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<td></td>
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<td></td>
<td></td>
<td>Col.3+4</td>
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<td>Col.2+5</td>
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<td>1938-39</td>
<td>-</td>
<td>0.15</td>
<td>-</td>
<td>-</td>
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<td>1939-40</td>
<td>-</td>
<td>0.42</td>
<td>-</td>
<td>-</td>
<td>0.42</td>
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<td>1941-42</td>
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<td>0.63</td>
<td>-</td>
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<tr>
<td>1942-43</td>
<td>1.03</td>
<td>-</td>
<td>1.03</td>
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<td>-</td>
<td>3.75</td>
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<tr>
<td>1944-45</td>
<td>6.17</td>
<td>-</td>
<td>6.17</td>
<td>-</td>
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<td>-</td>
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<td>1948-49</td>
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<tr>
<td>1949-50</td>
<td>33.36</td>
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<td>1954-55</td>
<td>3.35</td>
<td>4.10</td>
<td>7.45</td>
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<td>1955-56</td>
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<td>12.50</td>
<td>15.96</td>
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<td>1956-57</td>
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<td>48.98</td>
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<td>1969-70</td>
<td>166.90</td>
<td>215.84</td>
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<td>1970-71</td>
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<td>223.00</td>
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<td>1971-72</td>
<td>230.33</td>
<td>273.61</td>
<td>503.94</td>
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<td>503.94</td>
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<td>1972-73</td>
<td>177.91</td>
<td>249.62</td>
<td>427.53</td>
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<td>1973-74</td>
<td>268.15</td>
<td>191.08</td>
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<td>1974-75</td>
<td>159.75</td>
<td>424.87</td>
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<td>-</td>
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<tr>
<td>1975-76</td>
<td>76.76</td>
<td>401.92</td>
<td>478.68</td>
<td>-</td>
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Total: 484.63 crores
<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<td>260.12</td>
<td>148.35</td>
<td>29.10</td>
<td>177.45</td>
<td>525.77</td>
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<td>1977-78</td>
<td>292.47</td>
<td>162.41</td>
<td>49.83</td>
<td>221.24</td>
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<td>1978-79</td>
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<td>193.95</td>
<td>50.04</td>
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<td>733.55</td>
<td>1354.92</td>
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<tr>
<td>1979-80</td>
<td>354.61</td>
<td>219.39</td>
<td>32.58</td>
<td>251.97</td>
<td>755.00</td>
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<tr>
<td>1980-81</td>
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<td>259.60</td>
<td>27.42</td>
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<tr>
<td>1981-82</td>
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<td>308.73</td>
<td>27.41</td>
<td>336.14</td>
<td>693.73</td>
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<tr>
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<td>28.64</td>
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<tr>
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<tr>
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<tr>
<td>1989-90</td>
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<td>1118.99</td>
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<td>1990-91</td>
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<tr>
<td>1991-92</td>
<td>696.82</td>
<td>1619.77</td>
<td>24.10</td>
<td>1643.87</td>
<td>4103.83</td>
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INDIA
LOCATION OF CENTRAL AND REGIONAL AGMARK LABORATORIES


For formulation of AGMARK grade standards and quality specifications, there is a network of Regional Agmark Laboratories functioning under the Central Agmark Laboratory, which is the Apex Laboratory in the country.

Statistics on Compulsory grading, voluntary grading of centralised commodities and decentralised commodities and grading at producers' level are furnished in table No.13.

Apart from these institutions, there are a few more institutions functioning both in the Central and State levels in the field of agricultural marketing. They are the Central and State Civil Supplies departments, food corporation of India, Central and State warehousing Corporations, State Trading Corporation, Central Food And Nutrition Board, etc. There is a lot of duplication of functions among these institutions. These institutions bring about regulation of marketing of farm produce in a wider sense by implementing Government policies. With the establishment of the commodity Boards, the role of middlemen is regulated.
3.5 PLANNING AND DESIGNING OF REGULATED MARKETS

Planning and designing are very important for the efficient functioning of regulated markets. A properly planned and appropriately designed agricultural produce market is expected to do the following.

- mop up the increasing arrival of marketable surplus of farm produce.

- generate an efficient system of price determination.

- create healthy competition among buyers, eliminating exploitation of farmers.

Each market has its own character, specific needs and problems. While planning and designing are effected these factors must be taken into consideration.

Location selection is the most important factor. There should be all facilities and scope for expansion in the new location.74.

3.5.1. Functional approach to Market Development

A standard plan and design for all markets will not give expected results. So market specific data must be collected as a background for planning. Plan and design should be need based and
realistic and not assumed as followed in many regulated markets, which have failed to function efficiently.

A change in the situation, due to improved planning and designing has been brought about by the establishment of the Market Planning And Design Centre (MPDC) a joint project of the Govt. of India, FAO and the UNDP in the year 1977, under the Directorate of Marketing and Inspection. Several states and UTs used the MPDC plan and design and now, there are several modern regulated markets all over India, particularly for fruits and vegetables. The Azadpur Market in Delhi, the largest in Asia, Koyambedu Market in Madras etc. are examples.

3.5.2. State Master Plan – a new Approach

In the case of agricultural produce markets, there is a natural link among different markets, which influences the flow in each market. The impact of the linkage has to be objectively assessed, while considering a market for development, as no produce market functions in isolation. The Market Planning and Designing Centre of the Directorate of Marketing and Inspection, Govt. of India, has formulated a new approach to the planning and development of produce markets called the ‘State Master Plan’. 75.

In the new approach, the flow pattern of all agricultural commodities is considered to form a flow pattern matrix, instead of considering market yards in isolation, commodity flow links, commodity flow lines, marketing channels, marketing circuits are
also identified. For financing market projects, the World Bank and other international financing organisations insist on a State Master Plan. So, many states have shown interest in the new approach.

The core of the State Master Plan is as follows:

- Note the upstream production areas served by each market in a particular taluk and districts and finally the State.

- Collect information on distribution pattern for each market, by downstream delivery rating.

Higher upstream and downstream influence of a market shows its importance.

The MPDC working under the DHI helps the states to prepare State Master Plans by rendering technical services.

3.6. APNIMANDI CONCEPT OF PUNJAB

Recently, Punjab has experimented with a new type of market called 'ApniMandi'. The notable feature of such a market in that, there is no middlemen involved in the transactions, as producers and consumers transact directly. Farmers have to register and obtain identify cards, to avoid the entry of traders in the market. No market fee is collected either from the seller or from the buyer. Grading is done and packing is also done in 1Kg, 2 KG
and 5KGS or in bulk. Fruits and Vegetables are common produces covered. 76.

3.7. FUTURES MARKET OR FORWARD MARKET

Future trading in India has more than 100 years of existence. It developed because of the need felt by various trading interests to insure themselves against adverse price fluctuations. The forward trading in pepper in Cochin, under the India Pepper and Spices Trade Association was inaugurated in 1957. The Association was given permanent recognition on 2.4.1960 by the Govt. of India. Futures markets help risks to be shifted from those who do not want them (Hedgers) to those who are seeking risks for more profits (speculators). To make futures contract viable, the commodity should have certain degree of homogeneity, storability and substantial value. 77.

3.8. COLD STORAGE FOR PERISHABLE FARM PRODUCE

Perishable farm produces require cold storage to avoid distress sales. There are plenty of cold storages in India, particularly in the potato growing areas and fish processing areas. The cold storages in India are controlled by the cold storage order, 1980, which is administered by the Directorate of Marketing and Inspection. This order is not applicable to the states of Haryana, Punjab, Uttar Pradesh and West Bengal as they
have their own State Acts on cold storages, passed with Central
Concems. Power cuts is the main problem with cod storage. 78.

Solar cold storages have much prospects in India. (Details
in Appendix).

3.9. SPECIAL MARKETING PROBLEMS

Cut-flowers and forest produce face some special problems in
marketing. The international trade on Horticultural products,
Cut-flowers, foliage and plants—is estimated around 5.24 million
US Dollars. The share of India is insignificant in the world
markets. In Western Countries, the flower trade is highly
organised. In India, it is in a disorderly stage. There should be
separate market yard for cut-flowers. Improved post harvest
technology, grading, cold storage, packaging, proper transport
facilities etc are some of the requirements. 79

Marketing of forest produce is also not well organised. Only
in the case of Tendu leaves (Bidi leaves), there is advanced type
of marketing, through public auction as the trade is completely
nationalised in the major producing states of Orissa and Madhya
Pradesh. In the case of other forest produces also this method
must be extended. 80
3.10. CONSUMER AWARENESS

Consumers are exploited in many ways by middlemen. Adulteration of food items, which is common, is of two types - those affecting health and those causing monetary loss. Both the Central and State Governments are taking various measures to protect the consumers. The consumer protection Act, consumer protection council, consumer courts etc. are the moves in the right direction. Prevention of Food Adulteration Act (PFA) implemented by the State health departments aims at preventing food adulterations.

Consumers should purchase only quality marked products.

The quality marks are ISI for industrial products, AGMARK for agricultural products, MFPO for Meat Food Products, FPO for Fruit Products etc.

DMI is doing a lot of publicity and conducting consumer education programmes to make the consumers more quality conscious. 81.

3.11. REGULATED MARKETING IN TAMIL NADU

Tirupur in Coimbatore district was the first market to be regulated in 1935, after the introduction of the Madras Commercial Crops Act. 1933. Ramanathapuram and Tirenveli Market Committees were constituted in 1952, but, they started
functioning only from 1953. In the same year the North Arcot Market Committee was also constituted. The sixth market committee was constituted in Tiruchirapalli in the year 1958. The Thanjavur Market Committee was constituted in 1962 and the Kanyakumari Market Committee was constituted in 1966. At present, there are 14 Regulated Market Committees and 272 Regulated Markets in Tamil Nadu.

The organisational setup is as follows: In the State level, there is the Minister of Agriculture, under him the Director of Agriculture (IAS) and under him the Marketing Board with a nominated Chairman, and a joint Secretary of the State Govt.

Under the Director of Agricultural Marketing, there is a Dy. Director of Agriculture (Regulated Markets), under him there is an Asst. Director of Agriculture (Publicity and Propoganda). A special officer, under the Dy. Director of Agriculture (Regulated Markets) is in the post of Chairman in the Market Committee, in the district level. Secretary is incharge of the Market Committee. It is filled by Agricultural Development Staff and Market Committee Staff in the ratio 1:1. Superintendent is incharge of regulated markets.

The Madras Commercial Crops Act 1933, was followed by Tamil Nadu Agricultural Produce Market Acts 1959, it was followed by the new Act, Tamil Nadu Agricultural produce Marketing (Regulation) Act 1987.
In the new Act, commodities are specified and declared in a schedule. In the new Act there are three types of licences, Rs.300 for three years (transaction above Rs.5 lakhs per year), Rs.75 per year (transaction Rs.2 to 5 lakhs per year) and Rs.25 per year (transaction below 2 lakhs per year). Weighmen licence is Rs.25 per year in the new Act. Broker licence Rs.25 per year in the new Act.

The Market Committee constitutes as per the new Act, producers 8 (nominated) traders - 3 (nominated) co-operative - 1 (must be a producer), Govt. nominees 3 (officials) Joint Director of Agriculture is compulsory. Chairman must be a farmer. The term of office is 3 years. Market fee as per the new Act is 1 percent ad velorum. The Market Committee has to contribute 15 percent of the total receipt to the Marketing Board.

Variations in the Tamil Nadu Market Act compared to other State Acts.

1. In Tamil Nadu, the jurisdiction of the Market Committee is a revenue district. In other states, the jurisdiction is a taluk or two taluks depending on the marketable surplus.

2. In Tamil Nadu, under one market committee, there are several market yards. In other states, the concept of market yard itself is different. It covers vast areas of land even 100 acres. The Market committees are empowered to establish sub-market yards.
3. The striking difference is that, in the Tamil Nadu Acts, there is no provision for the functioning of commission agents. But, in other state Acts, there is provision for the functioning of commission agents under regulated conditions. In other states, the market committees even provide financial assistance to the commission agents. So, the commission agents have moved from the congested bazars of the agricultural produce markets to the new regulated market complexes, where the market committee has provided them with all facilities including shops, offices, godowns, etc.

The evolution of Regulated Marketing in India has crossed several milestones. Since the Royal Commission recommendation, 1978. Different states have passed their own Market Regulation Acts modelled on the guidelines issued by the Central Government. Several regulated markets came into being. The functioning of many of the regulated markets is far from satisfactory. To rectify the defects in the process of Regulated Marketing, evaluation of the performance became necessary. Several committees were appointed to review the Market Regulation Acts of different states, to evaluate the functioning of Regulated Markets in different states and to suggest ways and means for their improvements. Wide variations were found in the form, spirit and practice of different State Market Regulation Acts. These loopholes were misused by traders in their benefit and it had aggravated the problem of regulated marketing.
The agricultural Marketing Institutions in India and the specific commodity Boards have contributed a lot for the orderly marketing of farm products.

The defects in the planning and designing of Regulated Markets created problems and now, thanks to the new design by the Market planning and Design centre, in the Directorate of Marketing And Inspection, Govt. of India with the help of FAO/UNDP; a lot of well designed and well planned Regulated Markets came into existence.
References:


55. G.R. Bhatia, ibid., P.15.

56. G.R. Bhatia, ibid., P.15.

57. G.R. Bhatia, ibid., P.18.


60. Ibid., P.6.

61. Ibid., P.7.


