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GENESIS, ORIGIN AND GROWTH OF REGULATED MARKETS

2.1 Pre-Independence Period

Regulation of agricultural markets or the establishment of regulated markets in India dates back to 1886 when the Karanja Cotton Market was established as a regulated market under the Hyderabad Residency's order. Subsequently, in the year 1897, the 'Berar Cotton and Grain Markets Law' was enacted. However, the first exclusive statute on regulation of marketing of agricultural produce was enacted in the pre-independence period, i.e., in the year 1897 in the name of the 'Berar Cotton and Grain Market Law'¹. This law was promulgated by the order of the Governor General in council on 6th May, 1897, in exercise of power conferred on him by Section 4 and 5 of the 'Foreign Jurisdiction and Extradition Act, 1879'². This act will be long remembered as the first law which later on provided the basis for the regulation of markets all over the country. Its salient features were:

(i) All the markets as existed on the date of enforcement of the law were to come under the purview of laws.

(ii) The Resident was empowered to declare any additional market or Bazaar for the sale of agricultural produce,

(iii) The Commissioner was to appoint from among the list of eligible persons, a committee ordinarily of five members, two representing the municipal authority concerned and the remaining three from among the cotton traders for enforcing the law.
iv) The committee was authorised to appoint a sub-committee or Joint Committee from among its members for the conduct of any work/or to delegate its duties to one or more members.

v) Trade allowances and customs were abolished.

vi) Unauthorised markets and bazaars were banned within 5 miles of the notified market or bazaar.

vii) Market functionaries were required to take licences.

viii) Rules were framed for the levy and collection of fees for licensing of broker and weighman and also for the checking of weights and measures.

ix) The Act was applicable not only to the grain markets but also to cotton markets.

x) Penalties for breach of certain provisions of the law were laid down.

Though this was regarded as a model scheme, yet it suffered from certain limitations. The law was intended to regulate the sale and purchase of both cotton and grain, but in practice it was applied to cotton market only because cotton was the premier cash crop. The law did not provide for previous notification for declaration of market areas but gave powers to the Resident to declare forthwith any place as a market for purchase and sale of the agricultural produce. A serious defect of the law was that it provided no representation of the growers in the committee formed to look after the regulation of markets. The entire administration was in the hands of the Government Officials or municipal committees or their employees. Because of this, the law was not capable of safeguarding the interest of the producers for whom it was enacted. The committees were
not willing to take proper steps to secure fair trading in the markets as a majority of members belonged to the trading community. The Act provided for transfer of surplus fund of the market committee to respective local bodies. Later in the year 1928, the Royal Commission on Agriculture sharply criticised this policy. It observed that the Regulated Market might not be considered as a source of municipal revenue and argued that all the revenues raised should be spent on developing the facilities and services that would benefit the producers.

Another limitation of the legislation was that it did not provide any independent machinery for the settlement of disputes between the seller and the buyer.

Despite these limitations, however, the Act was a commendable move towards regulation of markets, particularly for cotton. The Act paved the way for forming market regulation scheme throughout the country in later years.

'The Indian Cotton Committee' was set up in 1917 by the Governor General in Council on 6th May. It observed that farmers were exploited by the traders-cum-money lenders who gave them very low price for their produce. The farmers' share was further reduced because of the presence of a large chain of intermediaries. It, therefore, in its report recommended that markets for Cotton on Berar system should be established in other provinces having compact cotton tracts. This could be done by the introduction of suitable provisions in the Municipal Acts, or under special regulation as in the case of Berar.

The Government of Bombay was the first to implement this recommendation. It passed the 'Bombay Cotton Market Act' in 1927. This
Act was an improvement over the Berar Cotton and Grain Market Law, 1897. This Act, *inter alia*, provided for:

i) Establishment of markets for both ginned and unginned cotton.

ii) Notification of a cotton market by the local government either after consulting the local authorities or upon a representation made by the District Local Board.

iii) Constitution of a market committee as a body corporate, for managing every market.

iv) The obligatory appointment of a dispute sub-committee.

v) Ban on any trade allowance not recognised under the rules or bye-laws framed under the Act.

vi) Levy of market fees.

vii) The use of authorised weights and measures only and discouragement of damping cotton and admixture of sand.

The rules under this act were framed in 1929 and the first regulated market was established under this Act during the year 1930-31 at Dhulia. But the progress was very discouraging because the process of obtaining necessary resolutions from the District Local Boards, Municipalities and other bodies was quite lengthy.\(^5\)

Up to 1926 regulation was applied only to cotton marketing. In 1926, the Royal Commission on Agriculture, investigated the progress of market regulation scheme in the Central Provinces (now Madhya Pradesh). The commission recommended the establishment of regulated market on the Berar pattern as modified by the 'Bombay Cotton markets Act, 1927' to confer boon upon the cultivating classes in India. It recommended an
important measure, i.e., the regulated markets should be established in all provinces of India in order to facilitate the marketing of all types of agricultural produce in stead 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 both as buyers and sellers in the markets; provision of adequate storage facilities in the market yard, standardization of weights and measures and establishment of market committees under a single provincial legislation. The commission also recommended that the provincial grants should take initiative in the establishment of regulated markets and grant of loans to the market committee for meeting initial expenditure on land and buildings. In view of some difficulties faced by the market committees in Central Province, the Commission recommended that in no case the management of these markets should be with the local bodies.

'The Bombay Provincial Banking Enquiry Committee' in 1929-30, also pointed out the glaring defects in the working of the traditional markets and recommended:

(i) the immediate application of the Bombay Cotton Act in important centres in the presidency;

(ii) the establishment of regulated market for other agricultural commodities;

(iii) the standardization of weights and measures;

(iv) the provision of financial assistance at low rates of interest to the co-operative sales societies for construction of godowns.

The Indian Central Banking Enquiry Committee, 1929-31, endorses the recommendations of the 'Royal Commission on Agriculture' and the
various 'Provincial Banking Enquiry Committees' for improving and 
organising agricultural marketing in India.

These initial efforts gave great impetus to market legislation in India. Hyderabad was the first state in India to pass the Agricultural Produce Market Act in the year 1930, followed by the then Madras State which passed legislation for establishment of regulated markets in 1933. The approaches of these Governments were to confine the purchase and sale of agricultural commodities in the market yards constructed specially for the purpose. They concentrated their efforts in the beginning on well known trade centres with large volume of business and businessmen. The objectives were to create competition among buyers to have effective control over weighment and to ensure prompt payment to the cultivators. While the Hyderabad Government brought all agricultural commodities and live stock under the purview of the regulated markets' legislation, the Madras Government took up a few commercial crops for the purpose.

In the year 1935, the Central Provinces came with the 'Central Provinces Agricultural Produce Market Act' which was passed on lines of the 'Central Provinces Cotton market Act', 1932. According to this Act, markets could be regulated for the sale and purchase of all kinds of agricultural produce other than cotton as the later was already covered under the 'Cotton Market Act' of 1932.

Although, market regulation was introduced in the State of Madras (now Tamil Nadu) in 1933 under the 'Madras Commercial Crops Market Act', the first regulated market was established in this State at Tirupur in Coimbatore district in 1936.

In 1939, the Govt. of Bombay enacted the 'Bombay Agricultural Produce market Act' and made it applicable to all the agricultural
commodities including cotton. As a result, the cotton markets Act of 1927 was replaced and all the market committees set up under that Act was deemed to be the market committees under the new Act.

In the Mysore State (now Karnataka) the 'Mysore Agricultural Produce Market Act' was passed in 1939.

During the period of Second World War which broke out in September, 1939, the normal economic activities in the country were dislocated. Controls were imposed on foodgrain and other essential commodities. Their free movements were restricted. The levy system for direct procurement of foodgrains from producers was resorted to and price control and statutory informal rationing were introduced. As a result, very limited progress could be made in the field of regulation of markets.

2.1.1 Government Intervention in the pre-independence period:

Though the first regulated market in India was established as early as in 1886, it was in 1935 that a Central Marketing Department (later on renamed as Directorate of Marketing and Inspection) was established for advising the Government on matters relating to the improvement in the marketing of farm products. Recognising the importance of the regulation of buying and selling of farm products, the department prepared guidelines for regulation of agricultural produce markets and brought out a model bill in 1938. This apart, the need for direct involvement of the Government in purchase and sale of foodgrains was felt necessary owing to the sad experience of Bengal Famine in 1943 in which about two million people died of hunger. People died not because food was not available but 'market' did not make available food to people at affordable prices. The famine was more a result of market failure rather than the shortages of
food. Since then the major concern of the Government remained at preventing undue price rise by imposing controls of various forms on marketing of farm products. Keeping the prices of farm products low was also a part of the British Commerce Policy which enabled the industry to get cheap raw materials and avoided dissatisfaction among the employees in secondary and tertiary sectors.\textsuperscript{6} While the policy of keeping farm product prices low was being pursued, efforts to bring more markets under regulation continued. Till independence, 432 markets in various provinces and states were brought under regulation.\textsuperscript{7}

2.2 Post Independence Period:

In the post independence period there was a distinct improvement in the conditions of agricultural markets in India. An awareness of the need for such markets emerged in the traditional village markets. Regulation was introduced in January 1948 by the Pepsu Government after its formation under the 'Patiala Agricultural Produce Markets' Act, 1947.

The "Mysore Agricultural Produce Market Act" was passed in 1939 and the first Regulated Market of the State at Titpur was established in November, 1948.

The then Government of Madhya Bharat passed the "Madhya Bharat Agricultural Produce Market Act" in 1952. This was modelled mostly on the lines of the Bombay Act. All mandis which were governed by previous laws of the merged States were declared as Regulated Markets under the new Act.

The then Government of Sourashtra enacted the 'Sourashtra Agricultural Produce Market Act' in February, 1955. This Act was also framed on the lines of the Bombay Act.
With the reorganisation of the states in 1956, more than one Act became operative simultaneously in different regions of the recognised states. This obviously called for unification of market laws. Most of the recognised states, thereafter, enacted legislation for this purpose. This is at this time that Government of Orissa enacted the 'Agricultural Produce Market Act, 1956. To help the primary producers and to ensure ordinary marketing in the state it also passed certain other basic legislation namely, 'Orissa Warehouse Act, 1956' and 'Orissa Weights and Measures (Enforcement) Act, 1958'.

A few other states having no such legislation at the time of reorganisation also enacted such legislation for the regulation of their markets.

2.2.1 Government Intervention in the Post-Independence Period.

In the post-independence period the main objective of the market intervention policy up to mid-sixties was one of the price control in order to keep the cost of living in check. The model underlying industrialisation policies which were initiated soon after independence also required that the prices of food and raw materials are kept low. To achieve this, controls of various forms and degrees were imposed. "The Essential Commodities Act" was promulgated in 1955 to control supply, prices and distribution of essential commodities. In the wake of food shortage the easiest way to keep prices in check was to import foodgrains and distribute these below the open market price. Between 1951 and 1955, the country imported an average of 2.5 million tonnes of foodgrains per year. The average imports increased to 3.5 million tonnes between 1956 and 1960 and further to 5.1 million tonnes between 1961 and 1965. (Appendix 2.1)
During 1966, the import of cereals aggregated to 10.3 million tonnes which was 16 percent of the net domestic availability. The imported foodgrains, which were distributed at prices below the open market prices, no doubt increased physical and economic access to food but did not allow the prices received by the farmers to go up even when production stagnated. During the ten years period between 1950-51 and 1960-61, there had been a decrease in the farm harvest prices of wheat. During this period, the Directorate of Marketing and Inspection carried out market surveys and prepared ground for speeding up the process of regulating agricultural produce markets. Many State Governments enacted legislation for establishment of regulated markets. Between 1950 and 1964, 580 additional agriculture produce markets were brought under regulation increasing the number of regulated markets in the country to 1012.

In the next phase, i.e. during the period mid-sixties to 1990-91, the concern for augmenting the availability of cereals continued to be on the top of the agenda. However, there was significant departure in the strategy to achieve the goal. While before mid-sixties, the domestic availability was augmented through imports, in this phase, increasing the domestic production was emphasised and in this the role of technology as a major input was accorded explicit recognition. This inter-alia required creation of a market environment which could encourage farmers to make greater investment that would enable them to shift on to a higher production possibility curve. In the wake of imperfections in the markets and possible market failures, Government intervention was considered a better option for improving the efficiency of agricultural produce markets. The intervention was aimed at:
(a) increasing production of food and other commodities by ensuing remunerative prices to the farmers;

(b) safeguarding the interests of the consumers through supply of foodgrains under public distribution system at affordable prices;

(c) building of buffer stocks of foodgrains to even out inter year fluctuations in supply and;

(d) maintaining the relative prices of competing crops at such levels that the emerging product mix is consistent with national requirements.

The instruments and modalities adopted for achieving these objectives of market intervention include:

(a) acceleration in the pace of establishment of regulated market and expansion of the market infrastructure for orderly marketing;

(b) creation of a mechanism for involving a positive and integrated price policy for increasing the production of various farm commodities consistent with the requirements of the economy;

(c) setting up of market intervention agencies for buying and selling of agricultural commodities as and when required for effective implementation of the price policy;

(d) regulating the conduct and activities of private trade particularly during the period of shortages, and

(e) regulating the external trade in farm products keeping in view the goal of self sufficiency and maintenance of domestic price level consistent with the average income level of masses.
2.3 Market Regulation during plan periods:

FIRST FIVE YEAR PLAN (1951-1956):

There were only 236 RMs on the eve of the first plan, that is till the beginning of 1951. Keeping the discouraging figure in view, the planners of Five Year Plans did visualise the importance of regulation of markets and hence wanted to spread the scheme throughout the country. But unfortunately, no significant progress was made during first five year plan period. During this period, agricultural marketing did not receive any importance and it could not contribute its due share to the socio economic changes of the country. Whatever development that took place in the sphere of marketing was due to the gradual progress made towards the dynamics and not due to any specific Government efforts. The amount earmarked for agricultural marketing in the country during the First Plan was rupees seventy five lakh only out of a total outlay of rupees thirty eight crore for development of agriculture as a whole. Obviously, with this meagre amount, no significant progress in the direction of setting up of regulated markets could be made during this plan period.

SECOND FIVE YEAR PLAN (1956-1961)

In the Second Five Year Plan, emphasis was laid on the development of agricultural marketing with a view to organising and improving the marketing system. This is evident from the fact that out of a total outlay of rupees thirty eight crore for development of agriculture under the scheme to be directly run by the Ministry of Food and Agriculture, about rupees six crore were provided for various marketing schemes. In addition, adequate provision was also made in several state plans.
In November 1955, an All India Conference on Marketing and Co-operation was held at Hyderabad. It made many recommendations for accelerating the progress of regulated markets during the Second Plan and for effectively improving the working of the markets already established.

The Conference on Marketing and Co-operation held at Jaipur in February 1956 stressed the need for accelerating the pace of regulation of the uncovered marketing centres during the Plan period. As a result of this at the end of the Second Five Year Plan, i.e., in March 1961, there were 715 regulated markets in the country.11

THIRD FIVE YEAR PLAN (1961-1966)

The Third Plan contemplated the regulation of markets in different parts of the country. As a matter of fact, it was during this agriculturally oriented plan that the drawbacks of the existing agricultural markets - shortage of space, poor layout, unfair practices, inadequacy of marketing facilities, etc., came to the surface. It was recognised that regulated markets could perform valuable functions in the marketing process as the nerve centres of commerce in the agricultural produce. The goals were to be achieved by the grant of liberal financial assistance in the form of loans and subsidies for the development of markets, expansion of market intelligence, construction of more warehouses at different market centres, introduction of commercial grading of a few commodities.

At the beginning of the Third Plan, legislation for establishment of such markets was in force in nine States, namely, Hyderabad, Central Provinces, Madras, Bombay, Punjab, Mysore, Madhya Bharat, Orissa and Rajsthan. Later on four other States, viz., Gujarat, Maharastra, Uttar Pradesh and Goa also enacted the Agricultural Produce Market Act. The number of regulated markets increased to 1012 in 1965-66.12
FOURTH FIVE YEAR PLAN: (1969-1974)

In the Fourth Plan period it was envisaged that the states of Assam, Kerala, Jammu and Kashmir would also enact legislation. It was felt that further regulation of markets, without providing them with a properly developed market yard will be of no use. Hence, the process of regulating new market was virtually stopped during the Fourth Plan period in some states. A Central Assistance Scheme for development of regulated markets was started in the year 1972 to provide financial assistance to regulated markets through the State Government for development of market yards and other facilities.

On the eve of the Fourth Plan, on 31st December, 1968 the number of regulated markets and sub-market yards was 1,430. About 1,300 markets and sub-market yards were brought under regulation. There were 2,803 Regulated Markets by December 1972.13

FIFTH FIVE YEAR PLAN (1974-1978)

The National Commission on Agriculture, 1976 gave much emphasis on the importance of orderly marketing system. During the Fifth Plan Period, a study on the marketing system was carried out in 1976-77. The study revealed that more than one fifth of marketable surplus of food crops was not brought to assembling markets for disposal. In the case of commercial crops the position was still worse. One of the main reasons for this was that well-organised assembling markets were not within the easy reach of the farmers. It was, therefore, decided to develop the village or primary rural markets known as hat, shandies, painths, etc. The central sector scheme which was launched in 1972-73 was later on extended to cover development of small and primary rural markets in 1977-78. The number of Regulated Markets on 31st march, 1976 was 3528.14
SIXTH FIVE YEAR PLAN (1980-85)

In the Sixth Plan period it was felt that spacious market yards with necessary infrastructural facilities are essential. The need for expanding Regulated Markets on a massive scale was stressed. The aim was to have at least one well-developed market within the range of one taluka with feeder primary markets. Command areas required special attention and market development had to be synchronised with the increased agricultural production expected in these areas. While the location of these markets could be planned as a part of the total command area, development of the schemes of such areas would form an integral part of regulated marketing system to be implemented through Marketing Directorates and State Marketing Boards. Various seminars and workshops were organised in the national level for the appraisal of the working of Regulated Markets for the improvement of the scheme.

The National Seminar on Agricultural Marketing in 1983 strongly recommended to establish separate Agricultural Marketing Directorate for enforcing the market regulation scheme in the States where they were not established. The Seminar felt that the utilisation of Central Assistance for development of Regulated Markets is directly related to the existence of a suitable administrative infrastructure in the states. It felt the need for the establishment of statutory agricultural marketing boards in the states, where such Boards did not exist. It recommended that the Board should have adequate staff for survey and planning, engineering design, monitoring and evaluation, land requisition, accounts for meaningful and efficient market development programme. District survey of agricultural markets were suggested for preparing master plan for development of market yard. It suggested to engage District Rural Development Agencies (DRDA) to
identify such centres since these agencies are already engaged in the preparation of five year comprehensive plans for integrated rural development.

The Seminar suggested to take the assistance of block level administration to educate the farmer about market regulation scheme and co-ordination of activities of market development programme with those of public purchasing agencies like Food Corporation of India, State Food and Civil Supplies Corporations, Co-operative Institutions, State Civil Supply Departments.

At the end of the Sixth Plan, there were 5,579 Regulated Markets in India, of which 2,045 were principal markets and 3,534 sub market yards.15

SEVENTH FIVE YEAR PLAN (1985-1990)

The targets in the Seventh Plan period were:

(i) development of additional 200 Regulated Markets, 50 terminal markets for fruits and vegetables and 1,500 primary markets;

(ii) setting up of grading centres at producer's level for commercial crops;

(iii) intensification of surveys to assess the marketable surplus and the post harvest losses, and

(iv) strengthening of various organisations for meeting the rising requirements of training for marketing functionaries.

The number of Regulated Agricultural Markets in India increased from 5,579 in March 1985 to 5,766 in March 1986 and to 6,052 in March, 1988. This includes 2,149 primary markets and 3,903 submarkets.16

By the end of the Seventh Plan Regulated Markets were better informed and developed into important focal points of marketing of
agricultural produce. It was realised that Regulated Markets can be used as contact points between the producer and other Government Agencies to get the produce more involved not only in the marketing of the produce but also in the general economic development of the country.

EIGHTH PLAN PERIOD: (1992-1997)

Now that Indian agriculture is undergoing drastic structural transformation under the impact of new economic reforms since June, 1991, agricultural marketing has a key role to play in improving productivity and competitiveness in generating income and employment and improving food security and quality of life. The Government intervention in agricultural marketing is mainly meant to protect the interest of producers and consumers by promoting organised marketing of agricultural commodities in the country. By now, most of the Governments of the States and Union Territories have enacted necessary legislation with a view to safeguarding the interest of both the producer-seller and the consumer. The number of Regulated Markets in the country was 6738 by March, 1992, 6836 by March, 1995 and 6968 in April 1996.17

The Central Government is providing assistance for the creation of infrastructural facilities in the markets and also for setting up of rural godowns. These schemes have been transferred to the States and the Union Territories with effect from April, 1992. To facilitate grading, standards have been laid down for 143 agricultural and allied commodities under the Agricultural Produce (Grading and Marketing) Act, 1937.

2.4 Position of Market Regulation in India since 1997:

Out of 25 States and 7 Union Territories in India three States (Jammu and Kashmir, Mizoram and Kerala) and three Union Territories (Andaman
and Nicobar Islands, Dadra and Nagar Haveli and Lakshadweep) have not enacted the Regulated Market Acts. Some States and Union Territories have adopted the Acts of other States. The Bihar State Agricultural Produce Market Act, 1960 has been adopted by Manipur in March 1963. Haryana, being evolved out of old Punjab State is adopting "The Punjab Agricultural Produce Market Act, 1961 since 1974. Goa, Daman and Diu have adopted the "Maharashtra Agricultural Produce Marketing (Regulation) Act, 1963" since 16th June, 1968. The Union Territory of Chandigarh has adopted the "Punjab Agricultural Produce Market Act, 1961'.

2.5 Market Regulation Scheme in Orissa:

As discussed earlier, during the period of World War II from 1939 to 1948, in the whole country, controls were imposed on foodgrains along with other essential commodities. Their free movements were restricted. The levy system for direct procurement of foodgrains from producers was resorted to and price control and statutory rationing were introduced. In Orissa, this system continued till 1954. In 1954, control was lifted and levy system was withdrawn. Government stopped procuring paddy from the farmers. Thenceforth, farmers had to depend on the village merchants and other middlemen for disposal of paddy. As a result of this, the producers of paddy were at the mercy of the village merchants and a host of middlemen. The cultivator was no longer sure that he would sell his produce to the purchasing agents or sub-agents in a fair way. Against this background, the question of regulation of markets of Orissa attracted the attention of the Government. Since the experience of Hyderabad system was sufficiently long and steady, this pattern was thought to be best suited to Orissa. Before introducing the scheme the State Government deputed some officers to make a close study of the Hyderabad system on the spot.
These officers made enquiries of all classes of producers, middlemen, buyers and officials and reported that the regulation had been beneficial to the producers and had helped to stabilise the marketing condition in the State. On the basis of the report of the study team, a comprehensive scheme was drawn up for promoting the market regulation scheme in the State.

2.5.1 Comprehensive Scheme for Development of Regulated Markets in Orissa.

As per the comprehensive scheme, the State Government took up the following measures.

(i) Creation of a separate Marketing Department:

To implement the Regulated Market Scheme, a separate Department of Marketing was set up in 1954-55, with the following functions.

a) Regulation of Markets and administration of the Orissa Agricultural Produce Markets Act.

b) Enforcement of standard weights and measures.

Previously, the administration of the weights and measures was under the supply department. It was decided to be placed under marketing departments which would look after the regulated markets.

(ii) Promotion of Warehousing and Storage Facilities:

Provision was made for setting up licensed warehouses near regulated market so that the cultivators desirous of holding back their produce for sale might conveniently deposit the same in the warehouse and obtain
credit for meeting their immediate needs. It was also felt that warehousing would solve difficulties of Adatyas.\textsuperscript{18}

(iii) **Survey of 'Markets and Demand' for various commodities:**

Market survey was required to be conducted for collecting information about market arrivals, marketable surplus, assembling, distribution, market prices, etc.

(iv) **Collection and Dissemination of Market Intelligence:**

One of the important functions of Regulated markets is to collect information regarding prices of different products at various main centres and inform it to the producer - sellers and the buyers. This function is carried out by some successful Regulated Markets of the State.

(v) **Grading of Agricultural Commodities:**

The importance of ensuring quality of the produce assembled in the market was recognised and provision was made for grading agricultural commodities on the basis of standard specifications.

(vi) **To keep close liaison with cooperative department for the development of cooperative marketing:**

In order to promote marketing organisation on a cooperative basis among the producers of the neighbouring areas of a market place, a well-knit cooperative organisation was also planned, so that they would derive maximum benefit from Regulated Market.

To give the scheme a legal status, the State Government passed the Agricultural Produce Markets Act in the year 1956.
2.5.2 Market Survey

In accordance with the scheme, the marketing staff did conduct a comprehensive market survey in 25 market centres of the State and collected information regarding market arrivals, import, export, marketable surplus, assembling, distribution, market prices, transfer and storage facilities. The markets surveyed in different undivided districts are shown in Table No.2.1.

In addition to market survey the weights and measures inspectors had also conducted a traders' census so as to assess the requirement of different types of weights and measures throughout the State.

2.5.3 Warehouses:

In accordance with the recommendation of the Rural Credit Survey Report, Government decided to establish 20 warehouses during the II Plan period. A bill named as the Orissa Warehousing bill was proposed to be introduced. The Government of India also passed the Agricultural Produce (Development and Warehousing) Corporation Act in 1956 in order to facilitate the establishment of a Central Warehousing Corporation and State Warehousing Corporations. The Marketing department had collected relevant information relating to centres where warehouses should be established.

2.6 Subsequent Development of the Scheme:

With a view to providing remunerative price to the producer-sellers commensurating with quality of their produces the Market Regulation Schemes have been implemented in the State since the year 1958 after enactment of the Orissa Agricultural Produce Markets Act in the year 1956 and framing of Rules thereon in 1958. The Act of 1956 has once been
### TABLE 2.1
MARKETS SURVEYED IN DIFFERENT DISTRICTS BEFORE STARTING THE SCHEME

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the undivided district</th>
<th>Sl. No. of the Mkt.</th>
<th>Name of the Market</th>
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<td>Cuttack</td>
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<tr>
<td>10</td>
<td>Dhenkanal</td>
<td>19</td>
<td>Angul</td>
</tr>
<tr>
<td>11</td>
<td>Keonjhar</td>
<td>20</td>
<td>Keonjhargarh</td>
</tr>
<tr>
<td></td>
<td></td>
<td>21</td>
<td>Anandpur</td>
</tr>
<tr>
<td>12</td>
<td>Mayurbhanj</td>
<td>22</td>
<td>Betnoti</td>
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<td></td>
<td></td>
<td>23</td>
<td>Rairangpur</td>
</tr>
<tr>
<td>13</td>
<td>Boudh Phulbani</td>
<td>24</td>
<td>Manmunda</td>
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<tr>
<td></td>
<td></td>
<td>25</td>
<td>Tikabali</td>
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</table>

Source: Plan for Regulation of Markets, Co-operation and Forestry Departments (Markets), Govt. of Orissa, 1956, pp. 8-9.
amended in the year 1984 and the Rules have been amended in the year 1996.

In Orissa, the first regulated market was established at Jatni on 2nd April, 1958, i.e., during the Second Five Year Plan. By the end of the Second Five Year Plan period, 12 principal regulated markets were established in the State. Their number increased to 21 during the III Plan period, from 1961 to 1966.

In 1965 the agricultural marketing department was integrated with the Cooperative Department and Supply Department.

During the next three Annual Plans (1966-69), nine more principal markets were regulated. In the 4th Plan Period (1969-74) only four more markets were regulated taking the total tally to 34. There was still slow progress in the 5th Five Year Plan (1974-78) during which only two markets were regulated. Then followed two Annual Plans and not even a single market was regulated within 1978-80.

In the Sixth Five Year Plan period (1980-85), only four markets could be regulated in Orissa and the total number of regulated markets went up to 40. Then in the Seventh Five Year Plan (1985-90), three more markets could be regulated which took the tally to 43 in the state. Then followed two Annual Plans from 1990-92 and no market was regulated.

In the Eighth Plan period, however, there was some improvement in this direction and in these five years 14 markets were regulated and thus the total number of Regulated Markets in the State is now 57.

In the 9th Five Year Plan Period, there is a proposal to establish more numbers of Regulated Market Committees to bring the whole State within the fold of market regulation.
2.6.1 Establishment of Regulated Market Committees:

So far 57 Market Committees have been established by the State Government under Section-5 of the Orissa Agricultural Produce Markets Act in different places of the State to enforce regulatory measures on sale and purchase of notified agricultural produce.

### TABLE 2.2

**NO. OF RMs ESTABLISHED IN ORISSA DURING VARIOUS PLAN PERIODS**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Plans</th>
<th>Years</th>
<th>No. of Markets Regulated</th>
<th>Cumulative No. of RMs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I Five Year Plan</td>
<td>1951-56</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>2</td>
<td>II Five Year Plan</td>
<td>1956-61</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>III Five Year Plan</td>
<td>1961-66</td>
<td>9</td>
<td>21</td>
</tr>
<tr>
<td>4</td>
<td>3 Annual Plans</td>
<td>1966-69</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>IV Five Year Plan</td>
<td>1969-74</td>
<td>4</td>
<td>34</td>
</tr>
<tr>
<td>6</td>
<td>V Five Year Plan</td>
<td>1974-78</td>
<td>2</td>
<td>36</td>
</tr>
<tr>
<td>7</td>
<td>2 Annual Plans</td>
<td>1978-80</td>
<td>Nil</td>
<td>36</td>
</tr>
<tr>
<td>8</td>
<td>VI Five Year Plan</td>
<td>1980-85</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>9</td>
<td>VII Five Year Plan</td>
<td>1985-90</td>
<td>3</td>
<td>43</td>
</tr>
<tr>
<td>10</td>
<td>2 Annual Plans</td>
<td>1990-92</td>
<td>Nil</td>
<td>43</td>
</tr>
<tr>
<td>11</td>
<td>VIII Five Year Plan</td>
<td>1992-97</td>
<td>14</td>
<td>57</td>
</tr>
</tbody>
</table>

Source: Official Records of Orissa State Agricultural Marketing Board.
Figure I
NO. OF REGULATED MARKETS ESTABLISHED IN ORISSA DURING VARIOUS PLAN PERIODS

8th Plan 1992-97
2 Annual Plans 1990-92
7th Plan 1985-90
6th Plan 1980-85
2 Annual Plans 1978-80
5th Plan 1974-78
4th Plan 1969-74
3 Annual Plans 1966-69
3rd Plan 1961-66
2nd Plan 1956-61
1st Plan 1951-56

0 5 10 15
Each Marketing Committee is a body corporate consisting of 17 members out of which 8 are from Agriculturist Constituency, 4 from Traders, 2 from Local Authorities and 3 Government Nominees. The Chairman and the Vice-Chairman are nominated by the State Government. The term of the first Marketing Committee is two years. Thereafter, the term of the committee, either elected or nominated is for three years.

2.6.2 Activities of Regulated Market Committees

(i) The main activities of the Market Committees are to set up Market Yards with the provisions of infrastructure in conspicuous places to bring the farmers and traders face to face for trading of agricultural commodities and thereby to eliminate middlemen. Another function of the Market Committee is to manage the primary hats of local authorities on payment of due share under Section 4(4) of the OAPM Act and to provide basic amenities in all such Markets for the benefit of the market users.

For this purpose 48 principal yards and 377 sub yards have so far been established by the RMCs with the provisions of Market infrastructures.

(ii) Market Committees have provided infrastructures like Auction Hall, Farmers Rest Shed, Open Platform, Shady trees, Cattle Shed, Water Supply Arrangements, Electricity, Sanitary Blocks, Godowns etc. in all the 48 principal yards and 377 sub-yards with a cost of Rs.21.21 crores. Out of the above amount the market Committees have availed of financial assistance to the tune of about Rs.7.00 crores from both State and Centre. As such, Rs.14.00 crores have been invested by the Market Committees on market infrastructures out of their own surplus fund.
(iii) Market Committees have provided storage facilities in the regulated markets and rural markets to facilitate the farmers to store their products safely and also to avail pledge loan facilities. So far 224 numbers of godowns with the storage capacities of 58,780 MT have been provided in different regulated markets and rural markets/hats\(^21\).

(iv) Market Committees have also provided link roads to the markets to facilitate the farmers to bring their produce from the hinterland to the nearest market for sale of their produces. So far 77325 kilometres of roads have been developed under different Regulated Market Committees\(^22\).

The main sources of income of the market committees are the collection of market fees from the buyers on the produce purchased in the market area and the licence fees collected from the traders carrying on business on notified agricultural products in the market area. On this account the market committees in the State get annually about Rs.930.00 lakhs\(^23\).

2.7 Market Research:

A number of critical data are required for formulation of sound marketing development programmes and policies. The data emerge out of continuous research and survey of the marketing system comprising different methods employed in it and various organisations using them. The basic objective of marketing research is to improve the marketing services available to those who use them, namely, the producers, the traders, the consumers. Findings emerging out of marketing research help the individual marketing agencies to improve their efficiency and thus raise the efficiency of the marketing system as a whole.
Before the implementation of the Regulation of Markets in Orissa, the marketing staff had conducted comprehensive market survey (Bench Mark Survey) in 25 centres of the State and collected information regarding market arrivals, imports, exports, marketable surplus, assembling, distribution, market prices, transport and storage facilities in these centres. On the basis of these surveys, 18 market centres were regulated during 2nd and 3rd Plan Period.

Another primary survey was conducted by the Marketing Cell in the Office of the Registrar, Cooperative Societies after 1965 in the remaining regulated markets. During 1985-86 another survey was conducted and as a result Dhenkanal and Balugaon markets were regulated. In addition to this, the marketing cell has also prepared project reports for 24 Regulated Markets and 9 rural markets, for availing central assistance in the specified proforma of the Central Government. The Cell has also prepared the project reports for four regulated markets, i.e. Padampur, Junagarh, Nawarangpur and Khariar Road for availing loan from A.R.D.C. A rural market survey for Puri District was also conducted by the cell.

Although the post of Assistant Director of Research and Survey with two Research assistants were created in 1980-81 to take up research and survey for the development of market regulation, they were in fact engaged more in the day to day activities of market regulation such as administration of the project, utilisation of central assistance, finalisation of budget proposals of market committees, etc. Perhaps it was due to the absence of proper market organisation. In the absence of proper market research studies, information regarding marketable surplus, transport cost, storage cost, storage losses of foodgrains, marketing of special commodities, price spread, etc. are not available for further research.
2.8 Orissa State Agricultural Marketing Board:

With the establishment of a net work of market committees, it was felt necessary that a central organisation should be established to supervise and provide guidance to them. Agricultural Produce Market Acts were modified to make the provisions for the establishment of State Agricultural Marketing Boards, which were established in 16 states and 2 Union Territories, viz. Rajasthan, Punjab, Haryana, U.P, M.P., Karnataka, Assam, Gujrat, Himachal Pradesh, Andhra Pradesh, West Bengal, Maharastra, Orissa, Tamil Nadu and Bihar. There is variation in the organisation functions and composition of the Board from State to State.

It may be noted that different patterns have emerged in different states. In Punjab, Haryana and Bihar autonomous State Marketing Boards have been created to take up almost all the functions. In these states the Directorates of Marketing are either nonexistent or are very weak. In Andhra Pradesh, departments are very powerful. The State Marketing Boards are very weak and are more or less advisory in nature. U.P., M.P., Rajasthan have strong State Marketing Departments as well as Marketing Boards. In these states regulatory functions have been entrusted to State Marketing Departments while developmental functions are performed by State Marketing Boards. There is yet another pattern in Gujrat and Maharastra where the Market Committees are not subject to much state level supervision, control or direction. There are no marketing Boards though weak marketing wings in the office of the Registrar, Cooperative Societies/Director of Agriculture exist.

So far as the suitability of these organisations is concerned there are divergent views. One view is that a strong Directorate of Marketing should
be created under the State Government to achieve necessary coordination and exercise control and supervision over the Market Committees.

Another view is that an autonomous organisation in the form of State Agriculture Marketing Board would be better suited to perform these functions.

Still another view is that it is not desirable to entrust one single organisation with both the functions, i.e., developmental and regularity. Regulatory and control functions are better performed by an organisation under the Government in form of a Directorate of Marketing. On the other hand, to perform developmental functions an autonomous organisation like a State marketing Board will suit better. Therefore, both should operate at the same time. The Directorate should be responsible for conducting the election of the Market Committees, conducting their audit, grading and standardisation of the agricultural produce, giving approval to the budget of the Market Committee, and taking action against contraventions of the provisions of the Act. On the other hand, the Board should be responsible for coordination of activities of the Market Committees relating to the development of infrastructure facilities in the markets, conducting market research, organising training programmes, seminars, workshops, etc.

The experience shows that the utilisation of central assistance for the development of market yards has been more in states where there are well-organised agricultural marketing boards. In view of this Government of India has been recommending from time to time, that the State/Union Territories should have statutory Agricultural Marketing Boards to coordinate the activities, especially infrastructure development work of various market committees.
The National Commission on agriculture also strongly recommended that Agricultural Marketing Boards should be set up in the States where they have not been set up. The Commission recommenced that the Board should have both Advisory and Policy Functions, such as:

(i) to supervise the activities of Market Committee,

(ii) to formulate grade standards,

(iii) to conduct research and training in agriculture marketing on its own and also to sponsor such activities through other institutions.

(iv) to consider location of new markets,

(v) to take up all aspects of development of markets.

(vi) to consider granting loans or subsidies to financially weak markets.

(vii) to prescribe the license fees to marketing functionaries, market fees and also to formulate procedures for granting licenses to market functionaries, and

(viii) to advise the Government on any policy matter in the field of agricultural marketing referred to it.

The foregoing discussion makes a case for establishment of statutory marketing boards with two fold objectives,

a) Exercising control and supervision over the working of Regulated Markets,

b) Bringing out uniformity in their functioning by taking some important functions for agricultural marketing.

In Orissa, Agricultural Produce Markets Act of 1956 was amended in the year 1984 to incorporate some important provisions and to give effect to the establishment of Orissa State Agricultural Marketing Board. In the
Orissa Agricultural Produce Market (Amendment) Act 1984 a separate section, Chapter IV 'A', was inserted which provides for the constitution of Orissa State Agricultural Marketing Board. As a result of this amendment the previous practice as per Section 88 of Agricultural Marketing Rules 1958 was ceased to operate. According to the amended provisions the Board shall consist of the following members namely:

(i) Minister in charge of Co-operative = Ex-Officio Chairman
(ii) The Director of Marketing = Ex-Officio Member-Secretary
(iii) The Secretary, Agriculture and Co-operation Department = Member
(iv) The Secretary, Revenue Department = Member
(v) Three non-official members to be nominated by the Government from among the members of market committees by rotation
(vi) Two members of the Orissa Legislative Assembly to be nominated by the State Government.
(vii) Two non-official members to be nominated by the State Government from among the leading Co-operators,
(viii) Four official members to be nominated by the State Government. They are:
1) Managing Director, Orissa State Warehousing Corporation,
2) Managing Director, Orissa State Co-operative Marketing Federation,
3) Deputy Agricultural marketing Adviser, Eastern Region, Calcutta,
4) Deputy General Manger, NABARD.

The term of office of the members of the Board shall be four years enumerated under Sec.18-B of the Act. The functions of the Board are:

i) to supervise and guide the marketing committees in the preparation of plan and estimates of construction programme undertaken by the market committee,
ii) to execute all works chargeable to Marketing Development Fund;

iii) to maintain accounts in such forms as may be prescribed and get the same audited in such manner as may be laid down in the regulation of the Board;

(iv) to publish annually at the close of the year its progress report, Balance Sheet and the statement of assets and liabilities;

(v) to make necessary arrangements for propaganda and publicity on matters related to marketing of an agricultural produce;

(vi) to provide facilities for the training of officers and servants of marketing committees.

(vii) to prepare and adopt budget for the ensuing year,

(viii) to grant subventions to marketing committees for the purpose of this act on such terms and conditions as the Board may determine;

(ix) to do such other things as may be of general interest to market committees or considered necessary for the efficient functioning of the Board.

The statutory agricultural marketing board was set up in Orissa in 1985 after the amendment of the Orissa Agricultural Produce Markets Act, 1956 in 1984 with the objectives of exercising superintendence and control over the market committees in the State. It also aims at bringing some sort of uniformity in the working of Regulated Markets.

It is a nominated board constituted by the Government under Section 18-A of the Orissa Agricultural Produce Markets Act. The term of the Board is four years. The tenure of the first board was from 1985 to 1989. The second board was constituted on August 8, 1989. The third board was constituted by the Government on July 29, 1993. The present board is
the 4th board. It has been constituted on 29.10.97. It consists of 15 members with the Hon'ble Minister, Co-operative as Ex-Officio Chairman and Director of Agricultural Marketing, Orissa as its Ex-Officio Member Secretary. There are 13 more members as per provisions discussed previously.

2.9 Summing Up

With the modernisation of agriculture and increase in both production and demand for agricultural products, agricultural marketing has acquired great importance. To eliminate the malpractices and to ensure better return to producers the Regulated Market System came into existence.

The first Regulated market in Orissa was established at Jatni in 1958. Seven regulated markets were established in the fifties, 24 in the sixties, 5 in the seventies, 7 in the eighties and 14 in the nineties were established taking the total of Regulated Markets to 57.

In the year 1965 the Market Regulation Scheme received a set back when the marketing department of the State was merged in the cooperative department and was confined to a tiny cell in the office of the Registrar of Cooperative Societies.

Up to 1985 the tiny Marketing Cell was in charge of Market Research and Survey along with other activities in respect of the Regulated Markets of the State. It has not done any prospective survey such as calculation of marketable surplus, price spread, transport condition, forced sale in the villages, impact of procurement agency in village sale, effective market area of each regulated market, sale in villages, market integration especially between villages and nearby markets and wholesale assembling markets, etc. Excepting some information about a number of markets regulated in
the State, no details about their activities were published in their annual reports. After the establishment of the Orissa State Agricultural Marketing Board in 1985, the regulatory activities of the different Regulated Market Committees are being streamlined to some extent. More central and State loan and subsidies are utilised for market infrastructures in various Regulated Markets.

Orissa State Agricultural Marketing Board is a so not having sufficient manpower for the effective management of itself. It has not yet started publishing its annual reports. Due to this the benefit of Regulation Scheme is not properly disseminated to its beneficiaries in the State.

The number of trained persons is insufficient for the present requirement of the State.

The budget provision for the market regulation scheme by the Government of Orissa is meagre in relation to its requirement.

Although the market regulation scheme has not yet made satisfactory progress in the State, it seems that days are not far when it will be satisfactory and will compete with other States of India in the matter of Regulation of Markets and thus helping the farmers of the state a better deal. In the meantime utmost care and attention of the Government is expected in this regard in the larger interest of farmers and consumers.
References

1. The Regulated Market established in the year 1886 was through an order only. It was not in the form of a promulgated statute.


3. Ibid., p.168.

4. Ibid.


11. Ibid.

12. Ibid.

13. Ibid.

14. Ibid., p.227

16. Ibid., p.283.


18. Adatyas: Persons functioning in the Market who pay in full to the producers even though they may not have received full payment from buyers.


20. Ibid.

21. Ibid.

22. Ibid.

23. Ibid.