CHAPTER - III

MARKET PRACTICES OF AGRICULTURAL PRODUCTS IN ORISSA

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CHAPTER - III

MARKET PRACTICES OF AGRICULTURAL PRODUCTS IN ORISSA

In this chapter, an attempt has been made to throw light on the features and progress of marketing of agricultural produces in Orissa through regulation of markets. Mostly secondary data collected from Orissa State Agricultural Marketing Board, Directorate of Agricultural Marketing, Orissa and selected Regulated Market Committees have been used.

After a preliminary discussion on special features of agricultural marketing, a detailed study has been made on various aspects of Regulated Markets, viz; area covered, provision of market yard, marketable surplus, systems of marketing of various agricultural produces, agencies engaged in assembling and marketing of agricultural produces, arrival of notified commodities in the Regulated Markets, system of sale in the market yards, regulation of market functionaries and marketing charges, market information and market intelligence, agricultural credit, transport facilities, grading, weighment and storage and warehousing facilities available.

3.1 Introduction

'Market' refers to a public place where goods and services are bought and sold. Marketing postulates the existence of two sets of people, those who produce economic goods and have surplus to spare and those who need these surpluses. Marketing involves all those activities which relate to creation of time, place and possession utility. For marketing purpose commodities must be transported from the place where they originate to the place of consumption and invariably these must be held in storage until
such time as the consumers require them. Marketing is concerned primarily with the change of ownership and with the activities necessary to effect these changes.

Agricultural marketing involves all the activities, agencies and policies in the procurement of farm inputs and the movement of products from the farm to the consumer. According to National Commission on Agriculture (XII Report), agricultural marketing is a process which starts with a decision to produce a saleable farm commodity, and it involves all the aspects of market structure, or system, both functional and institutional based on technical and economic considerations, and includes pre- and post harvest operations, assembling, grading, storage, transportation and distribution.\(^1\)

Agricultural marketing, therefore, can be defined as comprising of all activities involved in supply of farm inputs to the farmers and movement of agricultural products from the farms to the consumers. Agricultural marketing system includes the assessment of demand for farm inputs and their supply, post harvest handling of farm products, performance of various activities required in transferring farm products from farm gate to processing industries and/or ultimate consumers, assessment of demand for farm products and public policies and programmes relating to the pricing, handling and purchase and sale of farm inputs and agricultural products.\(^2\)

3.2 Special Features of Agricultural Marketing

Marketing of agricultural produce has certain special characteristic features.

Agricultural produces are mostly bulky. Therefore, the demand they make for storage and transport facilities is specialised and requires heavy cost.
While the farm output is seasonal in character, the demand for it by consumers is spread over the whole year. Therefore, it is required that the marketing system should suitably balance the seasonal outflow of the produce from the farm in one hand and relatively steady and continuous demand from the consumers on the other hand.

As the marketable surplus are available in small lots and the consumers are concentrated mostly in urban areas, the collection of produce becomes complicated.

Most of the farm produces suffer loss and deterioration in quality during storage and transport.

After being harvested, a crop requires one or more further processes depending on the uses by the ultimate consumers. A single form of processing may consist of more than a single operation carried out by different parties and different stages. So it is important to assemble goods in a big lot. After that, grading and standardization according to the quality have to be undertaken to meet different tastes and needs of the buyer. In order to become more acceptable to consumers, some commodities undergo the process of manufacture for transformation.

The goods thus manufactured may not be disposed of immediately. Therefore, these are to be stored for which we need godowns and warehouses.

Ultimately, the goods have to be moved from the stores to the point of demand by the help of transportation.

In this way, the process of agricultural marketing involves assembling, grading, standardization, storage, transport, wholesaling and retailing.
3.3 Marketable Surplus and Marketed Surplus.

The total farm produce of a farmer is utilised either for one or more of the purposes, such as, kind payment to the landlord (if the farmer is not the owner of the land), payment of wages in kind, reserve as seeds, payment for other inputs, retention for home consumption and the balance for sale. The last item may be called 'marketable surplus'.

Marketed surplus, however, refers to the quantity actually sold. This may be more, less or equal to the marketable surplus. Marketed surplus will be more than the marketable surplus if the farmer intends to dishoard his accumulated stock and marketed surplus will be less than the marketable surplus if the farmer wants to hoard from the current production. Marketable surplus generates cash for the farmer. If his cash requirement is still more he has to sell more than his marketable surplus diverting some produce from the above channels, as a result of which marketed surplus exceeds marketable surplus. Marketed surplus may be equal to the marketable surplus when the farmer retains neither more nor less than his requirement.

Marketable surplus depends on the following factors: (i) Quantity of production (ii) Family size of the farmer, (iii) Size of holding (of land), (iv) Productivity, (v) Number of milch animals, (vi) Number of attached farm servants, etc. A study made by M. Upender reveals that there is a positive association between production and productivity and marketable surplus. Farm size and productivity also move in the same direction. Therefore, marketable surplus increases with size of land holding (Appendix 3.1). However, in case of cash crops it is observed that small cultivators retained lowest share as percentage of production followed by medium and large cultivators for domestic consumption. It leads to comparatively more
marketable surplus by small farmers. But the case is reverse in case of pulses. It is also observed in this study that the medium and large cultivators preferred to make payments in kind while small cultivators were least interested in making payments in kind. Groundnut being a cash crop shows that the percentage share of total retention increased with an increase in size of the holding, i.e., from small to medium and further to large cultivators. This also conforms the contention that in case of cash crops small farmers contribute large proportion of their production for marketable surplus in comparison to large farmers.

Another study made by Sri A.J. Singh and Sri Inder Singh⁴ on marketable surplus of different farm produces in Punjab reveals the following:

(i) The magnitude of marketable surplus in wheat was observed to be directly linked with farm size. It ranged between 56.30 percent on marginal farms to 85.58 percent on very large farms.

(ii) In case of maize, the marketed surplus recorded was 70 percent of the total maize produced, remaining 30 percent being retained for self use. The pattern of marketed surplus over different size groups revealed the highest percentage of 70.94 percent on marginal farms while the lowest magnitude recorded was 66.39 percent on large farms.

(iii) With respect to paddy, the marketed surplus was 98.44 percent of the production. The lowest percentage of marketed surplus was 95.68 percent with medium farms while the highest percentage was 99.26 percent with large farms. Such a high magnitude of marketable surplus may be attributable to the dietary habits of the Punjabis because of their preference for wheat.
(iv) In case of commercial crops like cotton, the marketed surplus was 99.01 percent. The analysis for different size categories indicated that more than 99 percent of the total production was marketed by marginal, small, medium, large and very large farms in the study period. This pattern of marketed surplus over all the size groups is obvious as the crop is mainly meant for sale.

(v) In respect of the major oil seed crop, viz. mustard, 97.55 percent of the total production is marketed while only 2.45 percent is retained for home consumption. The pattern of marketed surplus over different size groups of farms showed a minimum percentage of 95 on small farms in comparison to highest of 99 percent on very large farms in the State. The marginal farmers did not seem to be growing mustard at all.

The study has found out that small farms contributed substantial amounts to the marketed surplus even in case of wheat and maize which are also important for self consumption. In case of commercial crops like cotton and mustard, they contributed almost in the same proportion as their counterparts in higher size groups. For paddy, though it is a cereal crop used for consumption, almost the entire produce is marketed as rice is not preferred as a food in comparison to wheat in Punjab.

From the foregoing discussion, it emerges that the proportion of marketed surplus was directly related to the size of the farm. However, the contribution of the small size categories of farms even in case of wheat and paddy which constitute the major portion of their food was substantially high to the central pool. Of the factors determining marketed surplus, production was found to be a significant determinant in case of all the crops. On the other hand, family size leads to decline in marketed surplus.
terms of percent share of the respective size groups to the total marketed surplus for different crops, the large holding contributed more in proportion to their share in the total number of holdings in the State.

The small and medium sized land holders have meagre scope for marketable surplus. But large holders have enough marketable surplus. Besides, the amount of crop to be marketed is also determined by the nature and size of the crops, market facilities and the price at the time of sale.\(^5\)

The production and marketable surplus of major crops in Orissa for the year 1998-99 is presented in Table No.3.1.

**TABLE No.3.1**

PRODUCTION AND MARKETABLE SURPLUS OF MAJOR CROPS OF ORISSA IN 1998-99

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the Crops</th>
<th>Total Production (in '000 MT)</th>
<th>Marketable Surplus (in '000 MT)</th>
<th>Percentage of marketable surplus to total production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Groundnut</td>
<td>450.24</td>
<td>405.21</td>
<td>90</td>
</tr>
<tr>
<td>2</td>
<td>Jute</td>
<td>232.98</td>
<td>209.68</td>
<td>90</td>
</tr>
<tr>
<td>3</td>
<td>Turmeric</td>
<td>51.34</td>
<td>48.77</td>
<td>95</td>
</tr>
<tr>
<td>4</td>
<td>Coconut</td>
<td>3,09,086 (in '000 nuts)</td>
<td>2,47,268 (in '000 nuts)</td>
<td>80</td>
</tr>
<tr>
<td>5</td>
<td>Onion</td>
<td>379.86</td>
<td>265.9</td>
<td>70</td>
</tr>
<tr>
<td>6</td>
<td>Paddy</td>
<td>9,533.06</td>
<td>3,813.22</td>
<td>40</td>
</tr>
</tbody>
</table>


It is revealed from the table that the oilseeds (groundnuts) have a marketable surplus of 90 percent. Groundnut is the most important oilseed of the State and about 75 percent of it are exported outside the State. Jute
is a cash crop. The marketable surplus is estimated at 90 percent and balance 10 percent is retained for domestic use. The marketable surplus of Turmeric is estimated at 95 percent of the total production, and that of coconut is estimated at 80 percent of production.

The above table shows that among all crops Paddy is having the least percentage of marketable surplus. It is because rice is the staple food of the State and hence retained for consumption. While the percentage of marketable surplus of pulses is above 45 percent, all other crops are quite ahead so far as their marketable surplus percentage are concerned. Jute being a cash crop is produced to be sold and so it has got a very high percentage of marketable surplus.

3.4 System of Marketing in Orissa

Markets and market practices in Orissa are more traditional. The farmers, particularly the small ones, sell their products within the village itself to the local traders. Those who bring the produce to the market do not often sell in the market yard and fall a prey to the non-ethical market practices employed by the traders. The farmers mostly depend on primary markets (hats) for disposal of their marketable surplus where they are invariably exploited by the middlemen both in price and weighment. According to a study, 70 percent of the marketable surplus still passes through these markets where there is neither infrastructural facilities nor competitive environment in the trade. Thus, the farmers fail to get remunerative price commensurating with the quality of the produce while selling in such markets.

Following are the system of marketing of some major crops in Orissa.
1. **Rice**: Orissa is a major rice producing state. It produces nearly 8 percent of the total rice produced in India. In 1995-96 the production of rice was 62.4 lakh tonnes in comparison to the corresponding all India figure of 743 lakh tonnes. The total sale of paddy within and outside the villages by different categories of cultivators is 44.20 percent of the production. Consumers, traders, cooperatives and Food Corporation of India, are the agencies for assembling paddy.

(a) **Village Sale**: Major quantity of the produce is sold within the village. Near about 56 percent of total sale is made within the village by the cultivator. Small and medium cultivators sell major portion of their marketed surplus within the village while the large cultivators sell a major portion of their marketed surplus outside the village. Still in their case the share of village sale is 45 percent.

(b) **Period of Sale**:

(i) **Within the Village**: Out of the total quantity of sale of paddy by all types of cultivators within the village, 56.31 percent of produce is sold immediately after the harvest and rest 43.69 percent in the rest of the period. Small and medium cultivators dispose of greater proportion of their marketed surplus within the post harvest period, in comparison to the large cultivators. Post harvest sales are 77.67 percent in case of small cultivators while the figure is 53.58 percent in case of medium farmers and 46.91 percent in case of large farmers.

(ii) **Outside the village**: Like sales within village, sales outside the village are also larger during the post harvest period, 65.16 percent is sold during post harvest period. A significant feature of this sale is that the large cultivators play a dominant role both in the post harvest period as well as
TIME OF SALE OF RICE (IN PERCENTAGE) BY SMALL, MEDIUM AND LARGE FARMERS OF ORISSA WITHIN THE VILLAGE

Figure 2
Share of different types of Farmers in Sales outside the Village

- Large Farmers: 26.89%
- Small Farmers: 55.84%
- Medium Farmers: 17.27%

Figure 3
in the rest of the period, their share being 55.84 percent whereas that of medium cultivators being 26.89 percent and of small cultivators being 17.27 percent.

Taking both, sales within and outside the village together, total sales in the post harvest period are larger than those in the rest of the year. This is also true with the individual categories of cultivators. It is thus evident that where large cultivators can hold their stocks for a larger period, medium and small cultivators cannot do so as they do not have that much of withholding capacity. This reduces the share of small cultivators in total sales during the rest of period to less than 10 percent.\(^{12}\)

(c) Sale to different agencies\(^{13}\): So far as the agencies to whom paddy is sold are concerned, 71 percent of the total sales inside the village are made to private traders. The percentage is 4.69 in case of cooperatives and 2.89 in case of F.C.I. The traders play an important role in assembling of the produce from small (75.21 percent), medium (67.09 percent) and large (73.96 percent) cultivators.

In case of sales outside the village, private traders are by far the most important agency for purchase of rice sold by cultivators having 80.48 percent. The share of cooperatives is 2.96 percent, that of F.C.I. is 7.09 percent and that of other agencies is 9.47 percent. The organised agencies of marketing, i.e., the F.C.I. and the cooperatives play a very minor role in total purchase of paddy directly from the cultivators. In this way, out of the total sales made by cultivators inside and outside the village, the largest sales by all categories of cultivators are made to private traders (75.27 percent) followed by consumers, F.C.I, Cooperatives and other agencies.

(2) **Pulses**: The total production of pulses in India in 1990-91 was 14.3 million tonnes while in the same period that of Orissa was 1175 million
tonnes, i.e. nearly 8 percent of all India production. Among pulses, mung, biri and kulthi are important in the State. The production is less than the State's requirement. Still pulses are exported outside the state through Berhampur, Cuttack, Dhenkanal, Jatni, Jajpur Road railway stations. There is no market exclusively for pulses and it is marketed along with other commodities of the State. The assembling agencies of the marketable surplus are growers, village markets, landlords and big wholesalers. The distribution channels are similar to those of rice/paddy.

58 percent of the total quantity available in the distribution channels is transacted by the cultivators and village merchants. The producers who sell the produce to the village merchants or agents of wholesalers, play an important role in the distribution of pulses to the wholesale merchants.

(3) **Groundnut** : Groundnut is the most important oilseed in Orissa. In the year 1998-99 its production was 450.24 thousand metric tonnes. It is mostly grown in the districts of Cuttack, Dhenkanal, Ganjam and Sambalpur and is marketed mainly through the village merchants, wholesale merchants and oil mill agents.

The study conducted by Agro Economic Research Centre, Viswa Bharati, Shantiniketan in 1985 on the "Economics of Groundnut Cultivation in Orissa" shows that in Rukhiapada of Cuttack District only one trader purchased the entire marketed surplus from the village and in Bhukta of Sambalpur District the marginal farmers sold 59 percent at their doorstep, 20 percent in the weekly markets in their village and 21 percent to the oil mills. The marginal farmers who are exposed to distress sale obtained the lowest price which was 75 percent of the village average, whereas large farmers sold 61.32 percent of their marketed surplus between 2-3 months.
after the harvest and 29 percent after three months. They obtained obvious higher price. In Rukhiapatna none of the cultivators sold their output immediately after the harvest. The marginal cultivators sold 22 percent of their stock at lowest price, while this was 16.25 percent among the small and 2.74 percent among the medium and nil among the big cultivators.

In another study made by Sri Dibakar Naik and Sri Binod Chandra Mohanty on production and marketing of Groundnut Oil in Orissa, it is stated that marketing of Groundnut in Orissa involves the participation of a number of middlemen between the producers and ultimate consumers. Consequently, the price paid by the latter gets reduced when it reaches the producers. A substantial part of the consumer's price is appropriated by the mill owners. The total marketing costs and margins can be reduced by eliminating some of the intermediaries participating in the groundnut trade along with some of their services and bringing consumers closer to producers. This would raise producer's share in groundnut trade.

The intermediaries involved in the groundnut marketing take advantage of the strategic control over the trade and appropriate themselves an unduly large share of the price paid by the consumers. The grip of the intermediaries over the trade is very much disadvantageous to producers and consumers. The absence of any sort of control or regulation over the trade from the side of the Government rather gives a freehand to the intermediaries. This calls for regulation by public authority.

(4) **Jute**: The production of Jute and Mesta of Orissa in 1990-91 was 6,950 bales in comparison to India's 92,000 bales i.e., 7.6 percent of all India Production. Jute is mostly grown in the district of Cuttack. This district alone accounts for around 75 percent of the total production. The producer sellers and the village merchants play an important role in
assembling the produce. The important assembling centres are Jajpur Road, Dhenkanal, Chhatia, Baree, Kendupatna, Marsaghai, Danpur, Pattamundai, Kalapada, Mahanga and Chandol. Producers also sell the produce in the villages which are purchased by the village merchants and despatched to the assembling markets. The cultivator's share in assembling of produce is 5 percent, village beparies' 50 percent, Arhatidars' 25-30 percent and that of co-operative society is 1.3 percent.19

(5) **Turmeric**: Turmeric is grown mostly for local consumption and as such has no commercial importance. In 1998-99 production of turmeric was 59,000 tonnes in Orissa.20 It is produced in the districts of Boudh-Kandhamal (50 percent), Koraput and Ganjam (25 percent total in both). The rest 25 percent is grown in other districts. Major portion of the product is exported to Madhya Pradesh, West Bengal, Bihar, Andhra Pradesh, Maharastra and Tamil Nadu.

There are two ways in which turmeric is assembled; (i) by the growers themselves and, (ii) by other assembling agents. Assembling agents comprise of petty village beparies, village merchants, agents of wholesale merchants, etc. About 15 percent of the total marketable surplus is brought to the assembling centre by the growers directly whereas 70 percent are brought in by the wholesale merchants and their agents.21 The main agencies which function in the assembling centres are wholesale merchants and their agents and commission agents or pucca adityas who purchase turmeric on behalf of the principals located in the distributing markets either inside or outside the State. While wholesale merchants and their agents handle about 75 percent of the stock, commission agents handle 15 percent to 16 percent and rest 9 percent to 10 percent is handled by cooperatives.22
Tribals are the major growers of turmeric. They, often, are exploited because of their ignorance and poverty. Usually, they commit their crops to money lenders even before the harvest. The producer's share in consumer's rupee gets reduced with the increase of intermediaries in the market channel of turmeric. Shri D. Naik's study has shown that producer's share in consumer's rupee is only 22.97 paise with 2 middlemen while it is 42.86 paise with three middlemen.23

(6) **Coconut** : Total production of coconut in Orissa was 3,09,086 thousand nuts in the year 1998-99.24 This cash crop is grown mostly in the coastal districts of Orissa. Sakhigopal of Puri district is famous for this product. Coconut is despatched to Sambalpur, Jharsuguda, Rourkela inside the State and M.P, Bihar and U.P outside the State from this place. The agencies involved in the assembling of coconut are: producers, growers who collect the nuts of others, village traders, wholesalers and retailers.

Assembling of coconut is dominated by village merchants (50 percent) and itinerant traders (27 percent) while producers share is only 23 percent in Sakhigopal regulated market. In Satasankha, growers and village merchants assemble 50 percent of the produce. In Pipli market the share in assembling of growers is 75 percent and that of the village merchants is 25 percent including the itinerant traders.25.

3.5 **Marketing Channels**:

Marketing Channels are routes through which agricultural products move from producers to customers. The length of the channel varies form commodity to commodity depending on the quantity to be moved, the form of consumer demand and degree of regional specification in production.
The selected channels followed for marketing of some of the major crops in Orissa are as follows:

1. Rice/Paddy
   - Producer - Consumer
   - Producer - Village Trader - Retailer - Consumer
   - Producer - Mill Owner - Wholesaler - Retailer - Consumer
   - Producer - Village Trader - Mill Owner - Wholesaler - Retailer - Consumer

2. Pulses
   - Producer - Consumer
   - Producer - Village Trader - Retailer - Consumer
   - Producer - Landlords - wholesalers - Retailers - Consumers.

3. Groundnut
   - Producer - Consumer
   - Producer - Mill Owner - Retailer - Consumer
   - Producer - Mill Owner - Wholesaler - Retailer - Consumer.

4. Jute
   - Producer - Village Trader - Wholesalers - Mill Owners
   - Producer - Co-operative Societies - Mill Owners.
   - Producer - Consumer

5. Turmeric
   - Producer - Trader - Retailer - Consumer.
   - Producer - Trader - Wholesaler - Mill Owner - Retailer - Consumer
   - Producer - Wholesaler - Mill Owner - Retailer - Consumer
   - Producer - Trader - Wholesaler - Mill Owner - Retailer - Consumer
Producer - Village Trader - Trader - Wholesaler - Consumer
Producer - Village Trader - Trader - Wholesaler - Mill Owner - Retailer - Consumer.
Producer - Village Trader - Wholesaler - Mill Owner - Retailer - Consumer

6. Coconut -
- Producer - Consumer
- Producer - Village Trader - Retailer - Consumer
- Producer - wholesaler - Trader - Consumer
- Producer - Wholesaler - Trader - Retailers

3.6 Agencies engaged in assembling of agricultural products

In India, most of the farmers are small and marginal and scattered over a wide area. Collection of small supplies from them is necessary for undertaking further processes of marketing. Assembling, therefore, means bringing together, collecting and concentrating goods of the same type from various sources of supply at centrally located places. Agricultural goods are assembled chiefly for two purposes: first, for meeting the demand of the consumers and second, to provide a sufficient volume of business to middlemen, like wholesalers and retailers. In a country like India, where about 70 percent of farmers are small and marginal, this function has an important role to play.

The principal agencies which take part in the assembling of farm produce are growers, traders, co-operative societies, and other agencies comprising itinerary dealers, village merchants, etc.

The Adhoc committee appointed by the Govt. of Hyderabad in 1954 observed that the percentage of arrivals of commodity, brought by the
producers increased from 20 in pre-regulation period to a minimum of 30 at Paddlepalli to maximum of 95 at Partur after regulation of market.\textsuperscript{26} This was because the cultivators felt the benefits and advantages of regulated markets with the introduction of market Act.

With a view to assessing the share of various agencies in assembling of farm produce, an adhoc survey was conducted by Directorate of Marketing and Inspection, Government of India in some typical markets of various states, first in 1959-60 and subsequently in 1962-63.\textsuperscript{27} These two surveys revealed that though the major portion of the total market arrivals was assembled by the producers themselves, a sizeable quantity continued to be assembled by the village merchants, traders and others in the villages of production. The share of cooperatives was also nominal. The study reveals that 25 percent of produce was assembled by the growers, 1 percent by Cooperatives and 74 percent by village merchants in Orissa in 1962-63.

The study reveals that in all the States, except Orissa where the bulk of the produce is being assembled by village merchants and other agencies, the share of both producers and cooperatives in the assembling of the produce has progressively increased.\textsuperscript{28}

An ad hoc survey made by the Government of Orissa in 1969 presents a better picture in Orissa as regards the participation of producers in the assembling of agricultural produce in Regulated Markets in Orissa. The percentage share of producers in assembling of agricultural produce in Baragarh, Junagarh, Kantabanji, Padampur, Jatni and Sakhigopal are 60 percent, 35 percent, 35 percent, 50 percent, 75 percent, 25 percent in the post regulation period compared to 10 percent, 2 percent, 20 percent, 50 percent, 20 percent, 10 percent respectively in the pre-regulation period.\textsuperscript{29}
It is seen that village beparies visit regulated markets in the name of producer-sellers to sell their produce. Therefore, it becomes difficult to study the actual percentage of producer-sellers visiting Regulated Market to dispose of their produce in the market yard.

3.7 Institutional Agencies engaged in Agricultural Marketing:

Marketing institutions are big business organisations which have come up to operate the marketing machinery. In addition to individuals, corporate, cooperative and government institutions are operating in the field of agricultural marketing.

Some important institutions in the field of agricultural marketing are:

i) The State Trading Corporation (STC), the Food Corporation of India (FCI), the National Agricultural Cooperative Marketing Federation (NAFED), the Cotton Corporation of India (CCI), All India Cotton Cooperative Federation Limited, Jute Corporation of India (JCI), National Dairy Development Board (NDDB), National Oilseeds and Vegetable Oils Development (NOVOD) Board, Tobacco Board, Agricultural Processed Products and Export Development Agency (APEDA), and Marine Products Export Development Agency (MPEDA).

ii) The Directorate of Marketing and Inspection, Government of India; State Level Agricultural Marketing Departments and Agricultural Marketing Boards.

iii) State and lower level Cooperative Marketing Societies, Fair Price Shops, Consumers Cooperative Stores, Milk Unions.

Following are various institutional agencies engaged in Agricultural Marketing in Orissa.
a) **Government Agencies:**

In conformity with the food policy of Government of India, Government of Orissa is engaged in the marketing of paddy and rice. The State Government procures paddy at the procurement price announced by the Centre. The Food Corporation of India has been entrusted with the procurement of rice as the Government agent in the State. The State Consumers Marketing Federation has been appointed as the second procurement agent for the State Government. To ensure a reasonable fair price to producers and to constitute a better stock to meet the requirement of Public Distribution System, the State has fixed procurement target for rice. The procurement of rice in Orissa from 1965-66 to 1976-77 was 5.18 percent of production. The procurement of rice during 1974-75 and 1985-86 on an average was 2.5 percent of production. Till 1993-94 there was not much improvement in this percentage when it was only 5.71 percent.

According to the National Commission on Agriculture, procurement should form 12 percent of the cereals produced and in good crop years it should be still more for building up a better stock besides meeting the public distribution commitments.

It is observed that procurement is less than the target every year in Orissa. It may be due to the fact that the market price of rice in Orissa has been more than the procurement price always and the producers feel that they do not get fair return by way of the procurement price which is on the lower side. However, in 1992-93 the actual procurement of rice was 3.81 lakh MT against a target of 3.0 lakh MT. It may be noted that in the recent years procurement of rice is exceeding the target.
According to Food Corporation of India officials, one of the unique feature in 1999-2000's paddy procurement is that cyclone affected state of Orissa has contributed to the Central pool. Procurement by FCI from Orissa has touched 1.65 lakh tons against 1.37 lakh tons procured same time, i.e., up to December 31, last year.33

b) **Co-operative Marketing:**

An individual farmer with a small surplus produce has no bargaining power and he is forced to accept lower prices. To take over the responsibility of the produce of the farmer and give him the best of benefits, separate cooperative marketing societies were established prior to 1954. Since then multipurpose societies have been started which not only take the responsibility of marketing the surplus of the farmers' produce but also provide facilities to the farmers such as credit, different inputs like seeds, pesticides, fertilisers, etc. As soon as the members of these societies supply surplus agricultural produce to these societies, they get an advance to carry on their agricultural operations. The produce thus collected is processed and then brought to the *mandi* for disposal. If current prices are not favourable, society may decide to store the produce. As soon as the produce is sold, farmers are paid their balance sale proceeds.

The process of developing cooperative agricultural marketing in India was initiated during Second Five Year Plan on the recommendations of All India Rural Credit Survey Report. The Committee's main recommendations were state participation in the share capital of marketing societies at all levels, linking credit with marketing, establishment of chain of warehouses and management of co-operatives by well trained personnel. Normally a three-tier system of co-operative marketing is prevalent in India.
(i) Primary co-operative marketing at mandi level.
(ii) District Co-operative Marketing Society at district level; and
(iii) Apex Co-operative Marketing Society at the State level.

However, in some States, viz., Assam, Bihar, Kerala, Madhya Pradesh, Rajasthan, West Bengal and Orissa, district level co-operative societies are nonexistent. So they adopt a two-tier system. At the apex is the National Agricultural Co-operative Marketing Federation (NAFED) which was created in 1958-59. Its function is to coordinate and promote the marketing activities of its members.

The value of agricultural produce marketed through the cooperative marketing societies increased from Rs.53 crores in 1955-56 to Rs.7,378 crores in mid-nineties. The produce marketed through these societies account for 8 to 10 percent of the marketed surplus. The important commodities marketed by these societies are foodgrains, sugarcane, cotton, oilseeds, fruits, vegetables and plantation crops.

The progress of cooperative marketing societies has varied from State to State. During the last 30 years the number of Primary Agricultural Cooperative Marketing Societies increased from 3108 to 7506. These include 5028 special commodity societies and 2478 general purpose marketing societies.

In Orissa, Marketing Cooperatives can be classified under two broad categories, i.e., general purpose marketing cooperatives and specialised commodity marketing cooperatives.

General purpose marketing cooperative is a two-tier system with Orissa State Cooperative Marketing Federation at the apex level and Regional Cooperative Marketing Societies at mandi level. The general purpose marketing societies purport:
(i) to procure, purchase and process agricultural produce of growers,

(ii) to supply agricultural inputs, such as: fertilisers, pesticides, insecticides and other inputs to the farmers,

(iii) to provide better services such as distribution of consumer’s articles as essential commodities.

To provide better storage facilities to the grower members, storage godowns at mandi level, Apex, Regional and Primary levels under the assistance of I.D.A. are being constructed in the State since 1978-79.

Regional Cooperative Marketing Societies are doing multifarious activities through PACS, LAMPS and FSS functioning at the village level. The Regional Cooperative Marketing Societies are also acting as Sub-agents of Orissa State Cooperative Marketing Federation in procurement of Paddy and other agricultural produce. In 1990-91 there were 63 Regional Cooperative Marketing Societies in the State. They have distributed agricultural inputs worth Rs.283 lakhs, marketed agricultural produce of Rs.124 lakhs and sold consumer goods of Rs.322 lakhs and procured paddy and other agricultural produce worth Rs.59 lakhs.

The Specialised Commodity Marketing Cooperative Societies are: Forest Marketing Cooperatives, Jute Marketing Cooperative Societies, Cashewnut Processing and Marketing Cooperative Societies, Fruit and Vegetable Marketing Cooperative Societies, Betel Marketing Cooperative Societies, Onion Marketing Cooperative Societies, and Sabaigrass Marketing Cooperative Societies.

**TDCC:**

The Orissa State Tribal Development Cooperative Corporation Limited is an apex institution for all LAMPS and Forest Marketing Societies in the
State. The main aim and activities of the TDCC is to ensure better price to the tribals for their agricultural produce and for the minor forest produce collected by them and to supply consumer goods and other essential goods to the tribals at fair prices.

**Oil Orissa**

The Government of Orissa in collaboration with NDDB, formulated a project for development of oilseeds and vegetable oil as part of the national project for restructuring edible oil and oilseeds production and marketing in May, 1982 and named it 'Oil Orissa'. The aim is to ensure increase in oil seeds production, progressive elimination of middlemen and increased return to oilseed growers. The Federation has introduced oilseed procurement system through the societies of oilseed growers' own organisation. The Federation announces the procurement base price every season taking into consideration production costs, uncertainty of weather conditions and market fluctuations. The Cooperative Societies buy oilseeds from the members and non-members.

**Other Cooperative Societies**

There are some other types of marketing cooperative societies such as Potato Growers' Marketing Cooperative Society, Cold Storage and Sugar Factories functioning in the State. These specialised Marketing Cooperative Societies sold Rs.344 lakh of agricultural produce and Rs.15 lakh worth consumer goods and distributed Rs.2 lakh worth of agricultural requisites during 1990-91. Out of 78 specialised Marketing Cooperatives, 9 Societies earned a net profit of Rs.6 lakh and 39 Societies sustained loss amounting to Rs.28 lakhs and the rest 30 Societies were dormant.
In spite of the development of Cooperatives in the State, the cooperative marketing of agricultural produce has not been properly structured in the State. The prices of most agricultural produce and minor forest produce, particularly for which no support price is fixed by the Government, fluctuate with varying magnitude. Cooperatives which are marketing these produce run the risk of incurring losses. For this, they have been directed to create price fluctuation fund. As most of them have not been able to create such a fund, the Government have been sanctioning subsidy at the rate of 2 percent of the purchase value of agricultural produce from 1982-83. Most of the cooperative societies lacked in working capital for procurement and business operation and are deficient in managerial skill and necessary drive to compete with private traders in purchase operations. The percentage of business of cooperative in the state is very low. The Jute Marketing Society at Danpur and Coconut Growers' Marketing Cooperative Societies at Sakhigopal were purchasing only 15 percent and 5 percent of total arrival in the market respectively.38 The Sakhigopal Regional Cooperative Marketing Society has not been transacting coconut business since 1992.39

Thus progress of Cooperative Marketing in the State is far from satisfactory. It does not seem to be able to play an important role in eliminating middlemen in marketing channel and to ensure better deal to the producer members.

(c) Regulated Markets:

Out of 76 wholesale markets and two terminal markets identified in the State, 57 regulated markets were established up to 1999-2000. Out of it, 43 markets have received central assistance to develop market yards. There are 1250 rural markets in the State out of which 377 rural markets
are controlled by regulated markets and 290 rural markets have received central assistance to develop market yard facilities.\textsuperscript{40}

3.8 Processing Facilities:

Very few agricultural products are ready for final consumption when they leave the farm. In most cases, marketing system must convert them into suitable form before they can be disposed of to the consumers. Further, excess farm production sometimes poses a serious problem of surplus over the existing demand in the coming years. Processing helps to create a new demand and maintains the quality of the product for a longer period. Processing, therefore, may be defined as the act or series of acts by which a product is converted into a more usable form. It is needed for providing consumers with the kind of goods when and where wanted during the year and to stabilise market for farmers. By the help of processing we convert live animals to meat, fresh peas into canned or frozen peas, wheat into flour and finally to bread, etc. In this way, processing has been an important marketing function in the present day marketing of agricultural commodities.

Agricultural products are processed by employing different types of machinery and technologies. The type of processing ranges from simple drying, parboiling, husking, polishing and grading to the complex form of producing altogether a new product.

The available facilities for processing of major crops in the State is satisfactory. According to an annual survey of industries as on January 1, 1996, there were 6398 Hullers, 125 Shelters, 269 Huller-cum-Shellers and 552 modern Rice Mills.\textsuperscript{41} There are 40 cooperative rice mills. But most of them have not been able to achieve full capacity utilisation. Rice mills
in Orissa are working below 30-40 percent capacity. Hardly 3 percent of paddy is offered for milling in the organised sector of Orissa. Unless the milling percentage of paddy increased to at least 5 percent, the rice mills will not be viable in Orissa.\textsuperscript{42} Orissa exports rice mainly to West Bengal and Bihar. These two markets show preference for parboiled rice. The State Government is trying to curb paddy export and encouraging rice exports for helping the rice mills in the State to have parboiling facilities. Even then, mills have not been able to improve their position because of small type of units, inefficient operation and wastage of by-products. Even though the Orissa State Financial Corporation has come forward to modernise rice mills, they are unable to improve their condition, the reason being there is already over capacity in the rice milling industry in Orissa.

For processing of oilseeds there were 4322 \textit{ghannies} of capacity of 5 \textit{seers} and 4967 \textit{ghannies} of capacity of more than 5 seers in Orissa in 1961. It decreased to 2618 and 748 respectively by 1971. This decrease was due to the development of cooperative oil-mills in the State. There were 16 oil mills in the cooperative sector in 1984-85, but subsequently it decreased to six in 1990-91.\textsuperscript{43}

For the processing of sugarcane there were 12189 sugarcane crushers worked by bullock and 736 crushers worked by power in the State in 1961. In 1977 there was a decrease in crushers worked by bullocks to 2500, whereas there was an increase in crushers worked by power to 10,751. At present there are 4 cooperative sugar factories. Among them the one at Aska is working profitably.

In Sakhigopal of Puri district there are two coconut oil mills which are almost defunct. There is also a coconut fibre industry in Satsankha of Puri district which prepares mattresses out of coconut fibres. It exports the
mattresses to places outside the State as well as selling in some retail outlets inside the State.

3.9 Commodities Notified for Regulation

The National Commission on Agriculture has recommended that all commodities of crop and livestock origin and minor forest produce should be notified at every market to make the Act really meaningful. In case of cattle, sheep and livestock products, notification for the purpose of regulation may be made on a selective basis depending upon the quantum of transactions of these items in the market area. The object of the Market Act is to secure for producers better prices, ensure correct weighment and freedom from illegal deductions. If a regulated market can secure this in respect of some commodities, it can do so equally in respect of other commodities. Therefore, it is desirable that all agricultural commodities which are commonly grown in notified areas and for which there is a fair amount of marketable surplus, should be included among the notified commodities for that market.

In some States like Punjab, Haryana, Bihar, Rajasthan and Uttar Pradesh all the commodities mentioned in the schedule annexed with the Act are declared as notified commodities uniformly for all the markets. There, it is convenient to supervise the marketing of all commodities arriving in the market yard. However, in some other States, the list of agricultural commodities notified varies from market to market. In this case, gradual shifting of trade of notified commodities takes place from the market in which the commodity is notified to the market where it is not notified, because the trader is inclined to do the transaction in the market where it is not regulated and therefore, is not required to pay the market fee. As a result of this, the producer-seller will suffer a lot on account of denial of
purchase of notified agricultural produce by the trader. Apart from this the lack of uniformity in notified agricultural commodities provides a logical ground to the trading community for opposing provisions of the Act besides causing a serious loss of revenue to the concerned market committees.45

However, while notifying the commodities under the Act, care should be taken to exclude items which are not produced within the State and those items which are products of manufacture.

In Orissa, commodities to be notified are enlisted in the schedule of the Act. They are divided into 11 groups such as fibres, cereals, pulses, oilseeds, narcotics, sugarcane, fruits, vegetables, animal husbandry products, fish, condiments and spices, and grass and fodder. Notified produce in regulated markets are more or less common in each market with slight deviations according to the importance of local market. Paddy, rice, pulses, oilseeds are major notified commodities in all the markets. Cattle, goat, sheep, etc. are also covered under regulation in a few markets of which Bargarh, Angul, Sakhigopal, Bahadajhala, Hinjlicut, Junagarh are important.

The Government of India has declared jute, cotton, tobacco, oilseeds, cashewnuts, potato, onion and chillies as commercial crops. Accordingly in the regulated markets where the arrival of these commodities is large they are identified as 'commercial crop markets'. Kendupatna (Jute), Kantabanji (Onion), Angul (Groundnut), Banki (Potato), Malakangiri (Jute), Hinjlicut, Jaleswar (Betel Leaves), Balasore (Chillies) and Jatni (Groundnut) are such types of markets.

Besides commercial crops, forest products such as Sabaigrass, Sabai Rope, Turmeric are regulated in Baripada, Betnoti and Tikabali markets respectively.
Even though a large number of commodities are notified for regulation, practically very few commodities are traded in these regulated markets. For example, in Sakhigopal out of 23 notified commodities, only coconut and cattle are traded. Appendix 3.2 shows the number of commodities notified, names of major commodities notified for regulation in different markets and the important commodities actually traded in these markets.

3.10 Arrival of Notified Commodities in the Market Yard.

It has been observed by many agricultural economists throughout the country that market arrival of the agricultural commodities are very fluctuating. The volume of market arrival depends upon a number of factors. They are:

1) **Elements of Time Series**

The variation in arrivals in the market may be the result of seasonal variation, cyclical variation, irregular fluctuation or secular trend.

As studied by Sri V.S. Babar and N.S. Lohar, arrivals of jaggery showed an increasing trend over the period of years.\(^46\) It is also true in case of potato and some other agricultural commodities. Over the years, the arrival of selected commodities increased at a commendable rate of 59 percent during 1981-82 to 1991-92.\(^47\) This is due to increased production which is the result of application of new technology (like adoption of HYV seeds), production incentives, etc. Therefore, variability due to trend can be minimised through the technological advancements in production.

The effect of seasonal fluctuation, which occur regularly within the year, on arrival of agricultural produce is quite significant. It has been pointed out by Sri N.L. Agarwal and Hari Om\(^48\) that the quantum of arrival of rapeseed and mustard was more than 56 percent of the total arrivals in
the peak season, (i.e., immediately after harvest) and it decreased subsequently in the other three seasons of the year. Market arrivals are more, immediately after the harvesting season. This clearly indicates 'distress sale'. As found out by Sri M. Basavraja\textsuperscript{49}, lack of adequate retention capacity due to immediate cash requirements and lack of adequate storage facility were some of the reasons for distress sale. Seasonal variation in prices affect the farmers income adversely because of the short run inverse relationship between prices and market arrivals.

So far as the third element of time series, i.e. cyclical variations are concerned, these refer to those variations which recur at a regular interval over a period of two or more years. They are largely attributed to the trade cycles. In a study of cyclical indices for prices and arrivals of major crops made by Sri H. Bsavraja\textsuperscript{50} it was fund that prices of all the crops under consideration showed intermediary cycles exhibiting one complete cycle. He has found out that, groundnut required less number of years to show one full cycle as compared to other crops.

Sri R.L. Shiyani and Sri B.U. Bhatt\textsuperscript{51} have observed that the variability in arrivals was much higher due to cyclical movement while the variability of prices was higher due to trend component.

By nature irregular fluctuations are irregular and it is difficult to know anything about them. The scientific analysis of them are out of question. Nevertheless, they are important and significant on market arrivals. Sri R.L. Shiyani and Sri B.U. Bhatt\textsuperscript{52} in a study on groundnut have found out that higher range of irregular fluctuations could be noticed in case of arrivals.
(2) Prices:

In general, it has been found out that prices and market arrivals are inversely related. As already discussed, market arrivals are more immediately after the harvest of various produces. At this time, generally, prices are lowest. It shows that there exists a negative and significant correlation between arrivals and prices. As found out by Sri G.S. Kainth and P.L. Mehra, major portion of the farmer's produce is sold at a lower price in the post-harvest period thereby losing their income. As studied by Sri H. Basavraja, prices and market arrivals of major crops showed an upward trend during the period under consideration. Seasonal character was more pronounced in the case of arrivals than in the case of price. Higher prices were observed during the months in which market arrivals were lower and vice versa. In the short run, prices and arrivals showed inverse relationship. Seasonal pattern of market arrivals resulted in short-term price instability. This could be eliminated by the provisions of finance and storage facilities to those farmers who are unable to streamline their supply in accordance with the seasonal price variations. This would help the farmers to take advantage of short-term price movement and improve their return considerably.

It is interesting to note, Sri G.S. Kainth and P.L. Mehra have observed that in spite of a rising trend in arrivals, the prices of potato have been also increasing. This may be due to the increased demand for potatoes due to increasing population, general economic development and increasing per capita income and changing food habits of the people. Nowadays, potatoes dominate in the vegetable market throughout the year as an all weather vegetable. Besides, it is extensively used in preparing varied articles of food.
(3) Market Size:

As observed by Sri R.K. Grover, K.S. Suhag and Sri Niwas, among different sizes of markets, the coefficient of variation for all the commodities except for oil seeds were lower in larger markets than small markets indicating consistency of arrivals of these commodities in large markets. They have found that for wheat, larger the market more is the share of arrivals during the peak period whereas in case of medium and large markets, no considerable increase in arrivals of wheat during peak period was observed. In case of paddy about 97, 95 and 98 percent of arrivals were received in the peak period in small, medium and large markets, respectively.

(4) Farm Size:

It has been fund by Sri N.L. Agarwal and Sri Hari Om that only large farmers sold the surplus produces during the lean and off seasons. All the small farmers and majority of medium farmers sold their produce in the peak and mid seasons.

Other things remaining the same, it is expected that on account of fair deal in a regulated market and various facilities provided in a market yard, the producer-sellers will be induced to bring their produce to dispose of them in the market yard rather than disposing them of in their respective villages. This would result in a gradual increase in the volume of market arrival in the market yard.

Table 3.2 shows the arrival of major notified commodities (i.e., Rice, Paddy, Oil seeds, Jute and Coconut) in selected Regulated Markets of Orissa from 1995-96 to 1997-1998. The table shows that rice, paddy and oil seeds have shown an increase in the quantity of market arrivals over
### Table 3.2

ARRIVAL OF IMPORTANT (NOTIFIED) COMMODITIES IN SELECTED REGULATED MARKETS FROM 1995-96 TO 1997-98

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Regulated Market</th>
<th>Rice (in tons)</th>
<th>Paddy (in tons)</th>
<th>Oil Seeds (in tons)</th>
<th>Onion (in tons)</th>
<th>Jute (in tons)</th>
<th>Coconut (in '000 Nos.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bargarh</td>
<td>36061</td>
<td>11474</td>
<td>22809</td>
<td>49465</td>
<td>44897</td>
<td>34443</td>
</tr>
<tr>
<td></td>
<td></td>
<td>95-96</td>
<td>96-97</td>
<td>97-98</td>
<td>95-96</td>
<td>96-97</td>
<td>97-98</td>
</tr>
<tr>
<td>2</td>
<td>Angul</td>
<td>1397</td>
<td>1476</td>
<td>1264</td>
<td>829</td>
<td>828</td>
<td>589</td>
</tr>
<tr>
<td></td>
<td></td>
<td>548</td>
<td>644</td>
<td>556</td>
<td>3866</td>
<td>4622</td>
<td>2779</td>
</tr>
<tr>
<td>3</td>
<td>Kendupatna</td>
<td>--</td>
<td>392</td>
<td>--</td>
<td>731.5</td>
<td>1880</td>
<td>258</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1978</td>
<td>1380</td>
<td>--</td>
</tr>
<tr>
<td>4</td>
<td>Sakhigopal</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>184</td>
<td>430</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>--</td>
</tr>
</tbody>
</table>

Source: Official Records of Orissa State Agricultural Marketing Board.
the years. However, arrival of onion, jute and coconut has increased in one year but decreased in the next year. This may be due to decrease in the production of these commodities.

3.11 System of Sale in the Market Yard:

The system of sale has got a bearing on the gains to producer-sellers. Therefore, it forms a crucial aspect in market regulation programme.

The National Commission on Agriculture\textsuperscript{58} has recommended that the sale of produce at regulated markets should be by open auction and/or tender system as far as possible. Open auction for sale is expected to do away with the disadvantage of the secret bid under cover which always goes in favour of the trader. Open auction system of sale ensures the most competitive price to the seller. Besides, psychological satisfaction to the seller, buyers and commission agents, possibility of purchasing one's requirement to fulfil one's immediate commitments and open indications of the trend in prices, which will be of guidance to small traders and owners of small processing units who have practically no facilities to be in close touch with the trends in terminal and consuming markets are some of the points in favour of conducting sales by open auction.\textsuperscript{59}

It has been laid down in the Rule 55(3) of Orissa Agricultural Produce Market Rule, 1958 that the price of agricultural produce brought into the market for sale shall be settled by open auction or by open agreement and not by secret sign and no deduction shall be made from the agreed price of the consignment except for an authorised trade allowance.

It is seen in most of the regulated markets that open negotiation between sellers and buyers is prevailing although the bye-law of the Market Committee provides for open auction. This is due to the absence of market
yard, non-arrival of produce in the market yard and noncooperation of traders.

However, open auction system of sale in marketing yard has effectively been introduced in Bargarh, Tikabali, Nawarangpur, Khariar Road, Junagarh, Sakhigopal, Attabira and Kantabanjhi markets. Appendix 3.3 shows the system of sale that is prevailing in the selected regulated markets. It is observed that in almost all markets except the above mentioned markets, the sale of agricultural produce is effected through mutual negotiation between producer and seller.

It has also been observed that non-availability of marketing yard facilities has become the main hindrance for the adoption of open auction system of sale in most of the regulated markets in Orissa. Due to the absence of market yard facilities, commodities brought for sale are disposed of in different parts of the market town which not only causes a serious loss of revenue in the form of marketing fee but also puts the producers into inconvenience.

3.12 Regulation of Market Functionaries:

The first and foremost duty of the Market Committees is to license all the functionaries operating in its jurisdiction. The functionaries are commission agents, brokers, traders, retailers, weighmen, processing units and co-operative societies. Licensing of functionaries is an important feature of regulated markets as a means of enforcing proper conduct of business behaviours. The growers visit markets only occasionally whereas the marketing functionaries work in these markets round the year. It is their conduct and behaviour which really matter in establishing and maintaining standards in different markets. In fact, the success of market regulation
depends largely on their honesty, outlook, co-operation and understanding. The market committees often take suitable action against erring market functionaries in case of non-observance of the conditions of license. Hence, unless all these functionaries are licensed, it would be difficult for the market committees to enforce discipline against the functionaries effectively in the matter of sale, weightment charges, prompt and full payment to sellers and recovery of market fee.

Secondly, the licence fees and market fees are sources of income for the maintenance of the committee for introducing developmental measures. Further, the licensed buyers or traders act as collectors of market fee for sale of any notified produce from the seller in the notified areas and are responsible for remitting the market fee to the respective committee. Licensed functionaries help the committee to maintain records of arrivals, actual quantity of sale proceeds in the principal markets or in the hinterland. On the other hand, unlicensed functionaries affect adversely the growth of regulated markets not only in respect of raising revenue but also in respect of adoption of developmental measures.

Rule-62 of the Orissa Agricultural Produce Market Rules, 1958 provides for the licensing of market functionaries such as brokers, weighmen, surveyors, etc. They are not allowed to do business without a proper licence from the market committee. Appendix 3.4 shows the number of functionaries licensed in the years 1998-99 in the selected Regulated Markets in Orissa.

It may be pointed out that there is no legal jurisdiction of market committees over the market functionaries operating outside the market yard because of restriction imposed on collection of any fee on transactions held outside the market yard premises. In Orissa, only the market functionaries
carrying on their business in the market yard are licensed. As a result, absence of market yard facilities causes serious impediment to the licensing of functionaries which directly has got adverse effect on the income of the concerned market committees.

With the monopoly procurement of paddy by the Food Corporation of India through their appointed procurement agents, cases of operation of unlicensed traders were found in most of the markets. These procurement agents neither take licence from the Market Committees on the plea that procurement is made on behalf of the Government or Food Corporation of India. In spite of clear instruction of the Supreme Court of India for collection of market fees on rice, Food Corporation of India is not paying licence fees or market fees on rice purchased by it. As a result, Regulated Markets in Orissa are loosing crores of rupees of revenue every year. As the licence fee accounts for sizeable amount of income to market committees, the markets which have been set up mainly for paddy and rice are losing huge income.

3.13 Regulation of Market Charges:

The difference between the prices paid by the ultimate consumer and the net receipts of the producer is called price spread. Broadly, there are two components of price spread: (i) Marketing Cost and (ii) Intermediaries Margin. "Market Charge" is a part of the first component, i.e. marketing cost. Marketing charges include various incidental expenses like market fee, weighment, handling, bagging, stitching, commission and brokerage, etc. One of the most important objectives of market regulation is to rationalise market charges. When the produce is sold in the market by the producer-sellers a number of deductions are made from the sale
proceeds in way of market charges. These charges are varied and numerous in unregulated markets. Some charges are no doubt, for services rendered, but many of them do not relate to any service and are nothing but a measure of exploitation of the innocent sellers. A regulated market aims to do away with these undesirable charges.

Table 3.3 shows the average reduction in the market charges in some selected States after regulation.

**TABLE 3.3**

**REDUCTION OF MARKET CHARGES IN SELECTED STATES AFTER REGULATION**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>State</th>
<th>Before Regulation</th>
<th>After Regulation</th>
<th>Reduction Saving %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Maharastra</td>
<td>2.74</td>
<td>1.37</td>
<td>1.37</td>
</tr>
<tr>
<td>2.</td>
<td>Andhra Pradesh</td>
<td>4.09</td>
<td>2.30</td>
<td>1.79</td>
</tr>
<tr>
<td>3.</td>
<td>Tamil Nadu</td>
<td>4.65</td>
<td>1.43</td>
<td>3.22</td>
</tr>
<tr>
<td>4.</td>
<td>Karnataka</td>
<td>4.14</td>
<td>2.20</td>
<td>1.94</td>
</tr>
<tr>
<td>5.</td>
<td>Punjab/Haryana</td>
<td>2.43</td>
<td>1.76</td>
<td>0.67</td>
</tr>
<tr>
<td>6.</td>
<td>Orissa</td>
<td>7.62</td>
<td>1.13</td>
<td>6.49</td>
</tr>
<tr>
<td>All India Average</td>
<td>3.41</td>
<td>1.79</td>
<td>1.62</td>
<td>47.51</td>
</tr>
</tbody>
</table>


From the above table it is evident that in all the six states market regulation has been able to reduce market charges by 47.51 percent on an average which is a commendable achievement. The achievement is highest in case of Orissa, i.e., a reduction of 85.17 percent.

Table 3.4 indicates the reduction in different items of market charges.
TABLE 3.4
REDUCTION IN INDIVIDUAL ITEMS OF MARKET CHARGES

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Item</th>
<th>Amount of Reduction</th>
<th>% advalorem</th>
<th>% in relation to pre-regulation rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Commission</td>
<td>0.56</td>
<td>33.1</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Weighment</td>
<td>0.23</td>
<td>60.5</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Hamals</td>
<td>0.36</td>
<td>64.3</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Brokerage</td>
<td>0.10</td>
<td>34.5</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Charity</td>
<td>0.06</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Miscellaneous</td>
<td>0.63</td>
<td>66.3</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1.94</td>
<td>61.7</td>
<td></td>
</tr>
</tbody>
</table>

Source: Mamaria and Joshi, Principles and practices of Marketing in India, Kitab Mahal, 1984, p.852.

The rates of market charges are prescribed in the bye-law of each marketing committee. The market fee charged by different regulated markets for agricultural produce in Orissa are almost same with an exception or two, i.e., 1 percent advalorem for Rs.100 of agricultural produce. The market fee for cattle varies from Re.1 to Rs.3 for Rs.100 worth of livestock or Rs.10 per livestock. It may be noted that in many Market Committees the market fee is collected from the producer seller even if the amended Orissa Agricultural Produce marketing Act 1984 made a provision for collection of market fee from the buyers.

Table 3.5 shows the market charges that were existing in pre-regulation period and that have been prescribed in the post-regulation period in some successful Regulated Markets of Orissa.
### Table 3.5

COMPARATIVE GAINS ON DIFFERENT MARKET CHARGES FOR Rs.100 WORTH OF PRODUCE DURING PRE- AND POST-REGULATION PERIOD IN SOME SUCCESSFUL REGULATED MARKETS OF ORISSA

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Items of Market Charges</th>
<th>Bargarh</th>
<th>Junagarh</th>
<th>Kantabanji</th>
<th>Padampur</th>
<th>Jatni</th>
<th>Sakhigopal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>pre</td>
<td>post</td>
<td>pre</td>
<td>post</td>
<td>pre</td>
<td>post</td>
</tr>
<tr>
<td>1</td>
<td>Market fee</td>
<td>Nil</td>
<td>0.25</td>
<td>Nil</td>
<td>0.25</td>
<td>Nil</td>
<td>0.25</td>
</tr>
<tr>
<td>2</td>
<td>Brokerage</td>
<td>--</td>
<td>--</td>
<td>0.62</td>
<td>--</td>
<td>--</td>
<td>0.40</td>
</tr>
<tr>
<td>3</td>
<td>Commission charge</td>
<td>1.00</td>
<td>0.75</td>
<td>0.50</td>
<td>1.00</td>
<td>0.75</td>
<td>1.50</td>
</tr>
<tr>
<td>4</td>
<td>Weighing, Handling, etc.</td>
<td>0.44</td>
<td>0.25</td>
<td>0.40</td>
<td>0.10</td>
<td>0.48</td>
<td>0.37</td>
</tr>
<tr>
<td>5</td>
<td>Deduction on account of driage, impurities, spoilage, etc.</td>
<td>3.00</td>
<td>--</td>
<td>2.08</td>
<td>--</td>
<td>2.50</td>
<td>--</td>
</tr>
<tr>
<td>6</td>
<td>Charities, Dharmada</td>
<td>0.06</td>
<td>--</td>
<td>0.04</td>
<td>--</td>
<td>0.25</td>
<td>--</td>
</tr>
<tr>
<td>7</td>
<td>Sweeper</td>
<td>--</td>
<td>--</td>
<td>0.48</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>8</td>
<td>Incorrect Weighment</td>
<td>3.00</td>
<td>--</td>
<td>5.00</td>
<td>--</td>
<td>2.50</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>7.50</td>
<td>1.25</td>
<td>9.00</td>
<td>0.85</td>
<td>7.87</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**Percentage of Savings of Producer-Seller per Rs.100/- worth of produce**

<table>
<thead>
<tr>
<th></th>
<th>Bargarh</th>
<th>Junagarh</th>
<th>Kantabanji</th>
<th>Padampur</th>
<th>Jatni</th>
<th>Sakhigopal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.25</td>
<td>8.15</td>
<td>6.87</td>
<td>7.09</td>
<td>6.04</td>
<td>4.42</td>
</tr>
</tbody>
</table>

Source: Gist of the findings of Rapid Survey of the Working of Regulated Markets in Orissa, (Mimeo) 1968-69, p.16 (B).
The table shows that the enforcement of prescribed charges is helpful in reducing the rate of commission charges, weighment and handling charges, and total abolition of unauthorised deduction towards driage, impurities, spoilage, charities and sweeping. Besides this, the producer seller is also benefited due to correct weighment.

It is seen that for every hundred rupees worth of produce sold, the producer-sellers are now able to save Rs.6.25 at Bargarh, Rs.8.15 at Junagarh, Rs.6.87 at kantabanji, Rs.7.09 at Padampur, Rs.6.04 at Jatni and Rs.4.42 at Sakhigopal Regulated Market.

A comparison of Table No. 3.3. (i.e., reduction of Market Charges in various State after regulation) with that of Table No. 3.5 (i.e., comparative gains on different market charges) shows that at all India level the saving has been Rs.1.62 per Rs.100/- worth of produce whereas in Orissa the rate of saving is more. Hence, the regulation of market charges has produced a definite advantage to producer-sellers in Orissa.

3.14 Market Intelligence:

Market intelligence is an essential requisite for the formulation of proper price policy. In India, the main objectives of agricultural price policy is to ensure a reasonable return to the producer on one hand and to safeguard the interest of the consumer on the other. The timely dissemination of market information, especially on prices, would help the farmers in taking appropriate decision regarding choice of time and place for sale of the produce.

Market intelligence has two aspects: (i) collection of information regarding prices of important commodities and the factors that govern them such as market arrivals, demand conditions etc.; and (ii) proper dissemination of the same among the producers, traders and consumers.
In Orissa up to 1965, i.e., up to the time of integration of marketing department with the Office of the Registrar, Cooperative Societies, the marketing department was primarily associated with the collection and dissemination of market information at regular intervals. After the integration of the Department of Marketing with Registrar, Cooperative Societies, the Market Intelligence was undertaken by the Civil Supplies Department which is collecting wholesale and retail prices from 79 Centres of the State and publishing weekly bulletin of prices and sending them to All India Radio and different local daily newspapers for dissemination. They also supply the information of market arrivals to the Directorate of Economics and Statistics of the Government of India. They supply these information bulletins to various Government offices also. The press notes of the Government relating to price policy, procurement programmes, future plans in relation to marketing programmes are also published in the local dailies.

The wholesalers and other middlemen are in constant touch through telegrams, telephones, etc. in regard to prices, production, market activities and general business conditions. The post offices are also helpful in informing the business partners or agents regarding marketing activities.

In spite of all these facilities, there do not exist any such facilities, for the innumerable producer-sellers. In primary markets they depend on village traders for market information. In secondary markets they also depend on the wholesalers or co-sellers or village beparies for market information. To overcome this difficulty, Agricultural Markets in Karnataka have started using software techniques and have gone for internet. Karnataka is the first State in India to launch its own website for the purpose of Agricultural Markets.
The Regulated Markets are expected to play a pivotal role in this field and to provide market intelligence in the market yard as well as in the hinterland.

(a) Market Intelligence in the Market Yard:

Market Committees are furnishing daily arrival of regulated commodities brought by producers to the market yard for sale. They also prepare reports for monthly arrivals, annual arrivals, highest, lowest and model prices of regulated commodities traded in the yard for months and for years. They also use notice boards and loud speakers to announce the information. But most of the Regulated Markets do not have this facility as they do not have their own market yards. Even if they have the yard, when there is no arrival of the commodities in the market yard, they have no information to give. The present practice of collection of market information is that Market Intelligence Inspectors appointed by Civil Supplies Department collect the information. But these officials hardly care to go to the market yard everyday in order to get the first hand report. Generally, they collect the late figures and send it to their departments which are announced by All India Radio or other organisation at a later date.

Neither the market committees nor the marketing department publish its annual report for providing information about the functioning of the Regulated Markets in Orissa. So position of the Market Committees for providing market intelligence is far from satisfactory.

(b) Market Information in the hinterland:

In Orissa, even after 40 years of regulation of market scheme no scheme has been taken up by the market committees to disseminate the prices in their hinterland. As a result, the ruling market prices in the
Regulated Markets where open auction sale is in vogue are not effectively disseminated in the hinterland of the respective market committees and these are mainly confined to regulated market centres. Hence the producer-sellers are not conscious of the importance of regulation. Sometime back in the beginning of the market regulation scheme, Bargarh Market Committee used to circulate fortnightly price bulletin in the regional language, i.e., Oriya, to Gram Panchayats, service Co-operatives and local offices to enable the producers to be in touch with the prevailing market prices like that of Barsi and Khanna Market Committee. The practice is no longer continuing.

Agricultural Marketing Board was publishing a pamphlet for circulation among the producer-sellers to make them aware of the advantages of regulated market scheme in 1988. But now it is stopped. It is the duty of the market committees to circulate the prices to the producer-sellers which is conspicuous by its absence in Orissa. By taking this advantage, the village beparies still go on providing distorted market information to the producer-sellers.

3.15 Agricultural Credit to Farmers:

Since credit is an integral part of agricultural marketing, it is imperative to examine the extent to which such a complex has given coverage to cultivators. The assumption is that the higher the density of credit institutions, or the lower the number of cultivators covered by such institutions, the greater is the scope of credit expansion for agriculture.62

Cooperatives, Commercial Banks and Regional Rural Banks (RRBs) are providing both long term and short term credit to farmers to help them adopt modern technology and improved agricultural practice so as to increase crop productivity and production. The total quantity of agricultural
loans has increased from Rs.7005 crore in 1985-86 to Rs.11199 crore in 1991-92.\(^{63}\)

Despite phenomenal increase in overall agricultural credit, there is a serous problem of overdues which has been inhibiting credit expansion on the one hand and economic viability of the lending institutions, specially the cooperatives and the RRBs, on the other. The waiver of agricultural loans in 1990 has further accentuated the problem of recovery. For strengthening the co-operative credit structure, the National Bank for Agriculture and Rural Development (NABARD) is contemplating an institution strengthening programme. The Government has also initiated certain measures to revitalise the co-operative on the recommendations of the Agricultural Credit Review Committee. The measures include amendment to State Co-operative laws, augmenting the reserve base of the Primary Agricultural Credit Societies (PACs), holding election of Co-operative bodies, revitalising PACs by business development planning and formulating Deposit Insurance Guarantee Schemes for PACs. Considering the increase in prices of agricultural inputs and with a view to enabling the NABARD to extend adequate credit support for the Rabi crop operations, RBI has announced additional lines of credit for short-term agricultural operations in January, 1993. As on January 1, 1995, 32641 branches of commercial banks and 14547 branches of 196 Regional Rural Banks were catering to the agricultural sector. In the cooperative sector, a network of 89,481 PACs, 352 District Cooperative Central Banks and 28 SCBs for short term credit and 20 SLDBs with 2957 primary units were serving the agricultural sector for investment credits. During the year 1995-96, institutional agencies supplied Rs.24,849 crores to the farm sector as credit.\(^{64}\)
In Orissa, the main source of agricultural credit is cooperative credit although after nationalisation, commercial banks are also providing agricultural credit to cultivators. The basic objective of expanding credit facilities for agriculture by cooperatives or by banks is to take the credit institutions near the rural masses in general and the cultivators in particular. But all commercial banks do not provide agricultural credit as they have adopted "area approach" or "cluster approach" for agricultural financing.

The number of commercial banks by March 1991 in the State was 2071 which is 45.45 per lakh of cultivators. In 1993 it went up to 2129. Taking these banks into consideration the total number of credit institutions in the State was 4944 and the average number of such institutions per lakh of cultivators was 108.49. It may be suggested that cooperative credit should cover a larger percentage of cultivators in the State.

With the development of warehousing facilities in the country, farmers can now meet 70 to 80 percent of their credit needs by placing the produce in the warehouses. Banks extend the financing facility to farmers against the mortgage of the warehouse receipt. This scheme has lessened the financial problems of the farmers and of market middlemen. As a result, the tendency to sell the produce immediately after the harvest should have been checked. However, it has met with only limited success. So long as the interest rate continues to be more than the intra-year rise in prices, storage cannot be a profitable proposition. At the same time its help to the farmers will also continue to be minimum in respect of the facility of credit to them.

3.16 Transport

Transport is an important component of marketing costs. Marketing survey reveals that ordinarily 7.27 percent of the consumers price is due
to transport cost. In case of some agricultural products like vegetables, transport cost is as high as 27 to 33 percent of the total marketing cost. Transportation cost at assembling stage is found to be more as compared to that at the distribution stage. Sri S. Bhupal has examined the economic of transportation of agricultural commodities through mechanised and non-mechanised modes and has concluded in favour of mechanical transport.

Railways provide the cheapest mode of transport for bulky materials. But Orissa is one of the lowest developed state in Railways. There is no direct link between eastern and western districts of the state. In 1993-94 the length of railway line in the state was 2331.78 kms out of 62,571 route kms of the country, i.e., only 3.23 percent. The railway line per 1000 square km of area was 14.97 in 1994 as against all India figure of 18.97 kms. Railway line per lakh of population in the state was 6.35 km. compared to 7.39 kms of an all India average in 1994.

The network of roads in the state is also inadequate. The total road length in Orissa in 1994 was 2,08,350 kms out of 20.37 lakh kms of roadways in India in that year. As regards average road length per 1000 sq.km. of area, Orissa had 1,333 kms of roads in 1993-94 as against 561 km. in the country. The average road length per lakh of population in Orissa was 661 kms which was also above the all India average of 241 kms. But so far as the surfaced road length is concerned the state is much below the all India average and the average of other states. The state had got only 145 kms of surface roads per 1000 sq.km. area in 1993-94 as against 305 kms in India.

The unsurfaced roads in Orissa are village roads, panchayat roads which connect village to village and village to panchayat and even block headquarters in the rural areas. These roads are crossed by numerous
streams and canals (*nullas*). These roads become muddy during the rainy season and sandy during summer season.

The common mode of transportation in the villages of Orissa is bullock cart as the roads are mostly of cart track standard. The bullock cart generally covers 16 kms usually with 10 quintals of load. Carts are owned by cultivators and there are some private cart operators who hire out the cart in peak marketing seasons. The charges vary depending on the condition of the road, distance travelled, quantities loaded and the season. The other modes of transportation are trucks, tractors and other such goods vehicles. The number of goods vehicles in the state as on 31.03.1993 was 30,147.70

Studies conducted by various scholars have shown that the transport cost by truck is lower than the transport cost by bullock cart. A study conducted by Sri K. Subba Rao\(^7\) in Andhra Pradesh shows that the charges of truck is considerably lower than those of the bullock cart, the range being 2 paise to 5 paise per mile per quintal. Another study conducted by Sri M.S. Gill\(^7\) in Bihar shows that transport of truck means saving of Re.0.60 per quintal assuming the average distance covered by a lot to the market is 10 miles. Another study conducted in Punjab by Mrs Z.Y. Zasdawalla\(^7\) in 1977 has revealed that the cost of transportation per quintal of foodgrains is Rs.2.20 by bullock cart, Rs.1.35 by truck and Rs.1.70 by tractor up to a distance of 18 to 20 miles.

### 3.17 Grading

Grading and standardisation are prerequisites for improving the market efficiency of any commodity. Grading of the produce forms an integral part of the agricultural marketing. It ensures quality, facilitates trading, brings better returns to the producers and satisfaction to the consumers. This
paves way for orderly marketing. Wherever grading prior to sale is taken up, lots are arranged grade-wise which further reduces the time involved in the conduct of the quality of the produce. The sellers also become quality minded and prepare the produce in a better way for the market. Grading of the produce also helps the producer in correctly exercising the option given in regulated markets as to whether to part with the produce or not at the maximum price offered in the open auction.74

The importance and need of scientific grading of agricultural produce was recognised in the country as early as 1937 when Agricultural Produce Grading and Market Act, 1937 was enacted by the Central Government. Grading is permitted in selected markets in the country at the producer's level for few commodities. Grading facilities exist only for 13 percent of the country's regulated markets and that too only for a few selected commodities.75 The value of agricultural commodities graded in India increases from time to time. Five states in India, namely, Punjab, Maharashtra, Karnataka, Uttar Pradesh and Tamil Nadu account for 88.5 percent of the value of graded produce at the producer's level. The main reason for this is the establishment of a large number of grading units in these States.76

There were 566 approved grading and/or testing laboratories in the country at the end of March 1984. Their number increased to 633 in 1990-91 and further to 700 in 1991-92. At present, there are 111 State-owned grading laboratories, 549 laboratories of the licensees (private packers), 9 laboratories in cooperative sector and 49 private and commercial laboratories with a total 718 approved grading and/or testing laboratories in the country which are engaged in the analysis and determination of AGMARK grades.77
a) **Grading under Agmark:** The word 'Agmark' is a derivative of agricultural marketing. Grading under 'Agmark' may be graded under:

i) Compulsory grading for exports,

ii) Voluntary grading for internal consumption.

So far, a good number of Grading and Marketing Rules covering agricultural committees over 300 trade descriptions have been notified under the Act of which 41 commodities are subjected to compulsory inspection and quality control before export. The commodities graded under Agmark for internal trade may be further classified into two groups:

i) Centralised Commodities,

ii) Decentralised Commodities.

Grading of centralised commodities, which include ghee, butter, vegetable oil, oil cakes, powdered spices, honey, etc. is handled by Directorate of Marketing and Inspection directly while grading of decentralised commodities such as cereals, pulses, fruits, vegetables, eggs, etc. is looked after by marketing departments of the concerned states under the overall supervision and guidance of the Directorate of Marketing and Inspection.

b) **Grading at Producer's Level:** Grading under 'Agmark' was introduced as a consumer oriented measure. Of late, importance of grading at producer's level is being increasingly realised. As such, action was initiated during the Third Plan Period (1962-63) to establish grading units in regulated markets/cooperative marketing societies to provide free grading services to primary producers. Sixty three agricultural commodities are graded before sale in 808 grading units set up in the country.

A new scheme for establishment of grading centres at producer's level is being implemented from 1977-78, under which financial assistance is
given to selected market committees for providing grading facility for important commodities like tobacco, jute, cotton, groundnut and cashewnut at producer's level.

c) **Grading in RM of Orissa**: In Orissa, the scheme for grading and standardisation was introduced in the year 1961-62. But very little grading is done at producer's level here. The produce is simply cleaned by indigenous method to separate grain either from the husk or straw and offered for sale. Even in case of commodities like jute and coconut, where price differentials between grades are substantial and different grades have different uses altogether, it is brought to the market in mixed lot. This gives the trader substantial scope to underquote on the basis of estimated qualities of different grades in the lot. In view of the presence of sizeable percentage of dirt, dust and impurities the producer-sellers are at the mercy of the purchasers.

From 1984 a State Grading Laboratory is functioning at Bhubaneswar, the State capital. The laboratory is undertaking grading and marketing of mustard oil and honey of some licensed packers. Orissa is the only State in India where free testing facility is rendered by the Government Grading Laboratory to licensed packers and it is opened for all irrespective of their economical status. The Laboratory is functioning under the present Directorate headed by one Grading Development Officer. He is assisted by one Laboratory Assistant, two Grading Assistants and other menial staff. There is a proposal to have similar types of laboratories in other three places in the State. This apart, 16 Grading Units have been organised in 16 Regulated Markets. The State has sanctioned grading subsidy in the shape of Rs.14,000 to Rs.15,000 to various market committees for grading of paddy, jute and coconut. In the year 1990-91 commodities worth
Rs. 1,292 crores were graded under Agmark for internal trade in Orissa.\textsuperscript{81} There were 16 grading units in RMs and 14 under Cooperative Societies up to 31.3.90. Besides, there were 4 approved Grading Laboratories in Orissa.\textsuperscript{82} Grading at producer’s level has not been introduced as yet although preliminary arrangements have since been made. Eighty four employees of different Market Committees have been given training on this aspect in six batches by the State Grading Laboratory.

3.18 Weighment:

Generally, weighment of produce is made at the trader’s premises by his weighmen. Prior to regulation, weighment, in this way, was an important source of unjustifiable gain to the trader. The weighmen of the trader could easily manage to cut down the actual weights of the bags through refraction at the time of weighment. In addition, excess deductions in weights were resorted to on the pretext of the presence of foreign matter. But after the regulation of markets, as per the provisions of the Market Acts only licensed weighmen can operate in the market area and attend to the weighment of the product. However, in Orissa a negligible percentage of weighmen took the licence from the market committees. Most of the Market Committees do not adhere to the practice of licensing of the weighmen as market functionaries even if there are such provisions in the Act, rules and by-laws of Market Committees. Of late, many markets have licensed weighmen among which the Market Committees of Attabira, Sakhigopal, Banki, Dunguripalli, Jatni, Parlakhemundi and Khariar Road, etc. are the pioneers.

3.19 Storage and Warehousing:

In agricultural industry, production is seasonal while the consumption of agricultural goods is a continuous process. Therefore, storage of goods
is almost indispensable so that the goods can be protected from possible deterioration and supply is carried over for future consumption during the period of scarcity. Storage creates time utility. Storage is the process of holding and preserving goods over a period of time either in a warehouse or in a cold storage depending upon the nature of the products. Farm products are stored to make them available the year round, to balance periods of plenty and periods of scarcity since agriculture is characterised by relatively large and irregular seasonal and year-to-year fluctuations in production. Thus storing of produce leads to stability of market prices. During glut period, commodities may be stored not to allow the market price to fall below the minimum level and during scarcity the stored stock may be released to check the rise in prices in the market.

Adequate storage facilities in the market area supported by availability of credit on the basis of stored production also increases the waiting power of the producer. Storage is also necessary for some period for the performance of other marketing functions. For example, the produce has to be stored till arrangement for its transportation is made, during the process of buying and selling, weighment of the produce after sale and during its processing by the producer.

The cost of storage varies from commodity to commodity and state to state. It goes on increasing with the period of storage. In a study, Sri I.S. Chatha, Sri D.K. Grover and Sri Balwinder Singh have found that the cost for keeping potato in cold storage has been estimated at about Rs.75.00 per quintal during 1992. This analysis concludes that the cold storage of potato was economical. For orderly marketing as well as from economic angle, the storage of potato is desirable.
In another study, Sri Dalvir Singh, Sri B.S. Tomar and Sri K.S. Suhag have found out that the cost of storage of wheat per quintal for a year ranged from Rs.60 to Rs.80 varying with method of storage and quantity stored. Farmers could reduce the storage cost of foodgrains by one-third through storing the produce in public warehouses rather than at their farm itself.

The above study also found out that large farmers retained wheat for longer duration than small farmers. The main reason for wheat storage at farm level was to take advantage of seasonal variations in prices of wheat since wheat forms the main staple diet in Haryana and adjoining states and as such the price variations in wheat are mostly caused by its supply variations than demand.

In a study of storage economy of rice, Sri R.K. Samal, Sri D. Naik and Sri S.C. Mallick have found that generally, the producers and wholesalers store paddy for an expected increase in the price of rice. But the market economists opine that seasonal increase in price corresponds roughly with the cost of storage. However, it is observed that seasonal price rise for paddy were significantly higher than its storage cost.

In another study of "Economics of Storage of Coconut", the above agriculture economists along with Sri T.K. Sahoo state that coconut farmers do not try to store coconut for a longer period. They pick the nuts mostly when there is more market demand and higher price per unit. They use different primitive methods to store coconut such as: Racks (31.30 percent), bamboo pillars (11.12 percent), free hold (49.95 percent) and miscellaneous structure (7.63 percent). Storage cost per hundred nuts per month varied from village to village within a range of Rs.17.38 to Rs.25.47. The study further indicates that storage cost in farmer's godown has
increased with increase in size of holdings. The reason for higher storage cost is due to higher storage loss in coconut farms. Storage loss of coconut increases with increase in size of holdings. The loss was 94 units (4.17 percent of total coconut) per year per farmer on an average. This can be checked if matured nuts are plucked and disposed off immediately. They have suggested that farmers of the state should be trained properly for use of various storage structures, storage period and various technical know-how of using chemicals in the store room.

Panse Committee\textsuperscript{87} estimated 9.33 percent loss in foodgrains during all post harvest stages in India. The losses during storage are reported to be 6.58 percent.

To handle the excesses of wheat and rice storage, particularly wheat which is sensitive given approaching harvest of the year 2000 and a 73 million tonnes bumper crop last year a high powered committee was being constituted to take a decision on grain distribution and to work out long term solution for the TPDS. It is a matter of concern that large amount of wastage is occurring in the FCI and State godowns. 21,000 tonnes of rice were wasted in Loni, still more in Kerala and as much as 30 lakh tonnes in the total food basket.\textsuperscript{88} Sri R.N. Chaturvedi of the Directorate of Marketing and Inspection has carried out a detailed study of the losses in storage. There has been an improvement in the storage facilities because of warehouses constructed by Central Warehousing Corporation, State Warehousing Corporation and Warehousing Cooperative Societies.

Regarding the utilisation of storage facilities a study had been made by Sri K.N. Selvraj, Sri S. Krishna Murthy and Sri V. Kumar\textsuperscript{89}. It reveals that only negligible number of farmers are utilising the storage facilities, viz., cooperative godowns and rural godowns. Cenain Regulated Markets
in Orissa are found to have rented out their unutilised storage godowns for other purposes like opening offices or shops as their godown space is hardly used by the producer-sellers.

A study by Sri R. Rajendran reveals that there is progress in quantity stored, pledge loan issued and farmers benefited, average loan per ton and per farmer received. But the major limitations observed are that the scheme covered only 0.06 percent of the farmers in the state and all the godowns are under utilised. He suggests that higher publicity and scattering the rural godowns at revenue village levels will boost up the benefits received from the godowns.

In India, producer-sellers are not in a position to utilise the facilities of storage. The main reasons are:

i) Situation of warehouses at a long distance
ii) Higher transportation cost,
iii) Inadequate storage facilities,
iv) Higher storage cost,
v) Losses in stores not made good
vi) High priority to traders
vii) Non-availability of space in time
viii) Inadequate supply of electricity during the season
ix) Unremunerative compensation and delay in payment etc.
x) Lack of knowledge about the facility of warehousing available for the farmers
xi) Small quantity of surplus available with most farmers
xii) Nonexistence of nationalised banks in the villages, etc.

For improvement in this situation it is suggested that there is need to increase additional storage facilities for meeting out the increasing
requirements of the producers and traders through cooperatives. The existing insurance provisions should be changed in favour of the cultivators/producers regarding the compensation of loss in storage. Priority should be given in supplying electricity to the cold storage at the time of shortage of power.

The Rural Credit Survey Committee (1954) has recommended a three-tier storage system at (a) National level, (b) State and District level, and (c) Village and Rural level. The Food Corporation of India and Central Warehousing Corporation were required to create storage facilities at centres of all India importance, the state Governments and State Warehousing Corporation at Centres of State/District level importance and the rural storage needs were to be looked after by Cooperatives.

The National Grid of Rural Godown Scheme is implemented through Market Committees and State Warehousing Corporation in Orissa. As on March 1, 1986, 190 warehouses were operating under Warehousing Corporation of Orissa with a total storage capacity of 1,98,000 MTs. In addition, there are storage facilities in 36 Regulated Market Committees having a capacity of 68,215 MTs in Orissa. Sixteen Cold Storages are functioning in the Cooperative Sector having storing capacity of 21,820 MTs.

### 3.20 Beneficiary Schemes

At the initiation of the Orissa State Agricultural Marketing Board several beneficiary schemes like pledge loan, free transportation, incentive to farmers by way of distribution of seeds and fertilizers at a subsidised rate are being implemented in the market yards of the selected market committees. Pledge finance scheme has however been proved to be very much successful in some of the market committees having sound
financial position. Under this scheme, 80 percent of the value of the pledged produce is given as advance to the farmers through either cooperative bank, Gramya Bank or LAMP, etc. On this account Rs.93.60 lakhs have been provided to 820 beneficiaries as advance.  

Another new Scheme, i.e., Market Intervention, has been introduced in the district of Kalahandi specially in the RMCs of Junagarh and Khariar Road in which the RMCs have been providing finance to the RCMs directly who are procuring paddy in the market yard. The stock of paddy purchased by the RCMS are being converted to rice by the Rice Mills of the RCMs and the stock of rice is kept under double lock till recovery of full advance by the RMC. This scheme appears to be more beneficial to the farmers as well as it helps in activising the market yards. On this account the RMC, Junagarh has made an advance of Rs.6.99 lakhs to the RCMs, Junagarh within a short span of a fortnight.

Steps are taken by Orissa State Agricultural Marketing Board to implement this scheme in other affluent market committees.

A list of the RMCs with the respective beneficiary schemes in operation are given in Appendix-3.5.

3.21 Summing Up

A major portion of agricultural produce of the State is sold in villages. Traders are the principal market functionaries and they provide the most important link in the marketing process. They are also the principal source of market information for majority of producers who live in villages. They possess enough skill to deal with the business of agricultural produce. They keep contact with the wholesalers of the secondary markets and usually do not have the latest market information of the terminal markets. The
wholesalers are in a better position to know the market information. In the absence of proper network of market information, the ignorant producers fall a prey to the village traders as well as to the wholesalers.

Increased post-harvest sale by cultivators is another feature of Agricultural Marketing in Orissa. This is attributable to forced or distress sale which suggests that the waiting power of the cultivators to sell their produce during favourable marketing season is less.

The total number of Regulated Markets in the State is 57 out of 76 wholesale markets which is just 75 percent. Most of the markets are not having the minimum infrastructural facilities as per the specification of the ISI.

Reliable information at the primary level regarding price and stock arrivals is not readily available to the producers.

Even if a large number of commodities are notified for regulation, few commodities are actually traded in the Regulated Markets. The Regulated Markets have not been able to attract a large percentage of agricultural commodities in the market yards over the years.

Although bye-laws of different Market Committees provide for open auction system, open negotiation between sellers and buyers is prevailing in more Regulated Markets. Only a few markets have got open auction sale system.

Market Committees have been able to licence some of the functionaries operating in the market yard. But they have not been able to license so many other functionaries operating in the market area.
There is a significant reduction in market charges after regulation of markets.

The producer-sellers are not properly informed about the prices prevailing in the market yard. The village beparies still predominate in providing distorted market information to them.

Both cooperative marketing and agricultural credit require to be strengthened further. Pledge finance and market intervention should be extended to all the Regulated Markets.

Although the average of road length in Orissa is more than the all India average, the percentage of surface road length is less in comparison to other States and also all India level. Many roads become muddy and untrackable in most of the months of the year. The railway network is not at all sufficient. All these contribute to the dependence on bullock cart which is a more costly mode of transporting goods.

At producer's level grading is not yet done in Orissa, although the position of grading and standardisation in the state is improving now.

A negligible percentage of agricultural produce is weighed by the licensed weighmen of the Market Committees. Most RMCs do not licence these weighmen as market functionaries although the Act, rules and bye-laws provide for this.

Storage facilities are hardly used by the producers of Orissa. They still rely on the primitive methods of storing in which the percentage of storage loss is more. Of late, rural godown scheme is operating in some market yards.
In short, due to illiteracy, poverty, ignorance and lack of organised efforts, the farmers possess a weak bargaining power *vis-a-vis* the traders. The farmers are at the mercy of the traders for selling their produce. In a situation like this, regulation of markets will go a long way to ensure the interest of the cultivators of the State. It requires sympathetic and firm Government intervention.
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