Chapter 2

Agricultural Produce Marketing Committee – An Overview

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2.1 Introduction

Agriculture has an important role in life of economy. It stands as backbone of economic system of our country. Agriculture provides raw material, finished products and employment to number of people. It also provides fodder for domestic animals. It is one of the vital sectors of the Indian economy. It has a sizable contribution not only to the domestic product but also to exports. The work-force who is working in agriculture is more than two-thirds and also large populations depending upon it are engaged in trade of agricultural product and agro based industries. As per estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) was 15.35 per cent of the Gross Value Added (GVA) during 2015–16, over 58 per cent of the rural households depend on agriculture as their principal means of livelihood and agriculture, along with fisheries and forestry, which is one of the largest contributors to the Gross Domestic Product (GDP) AND over 58 per cent of the rural households depend on agriculture as their principal means of livelihood.

In the economic development of any nation, agriculture has been playing a very important role. The prosperity of our country is dependent on the prosperity of agriculture. There are also different types of farm products produced in our country and the process of marketing it is complex. For the produce/food to reach the ultimate consumer (that is from the farm where it is cultivated to the consumer who is finally going to consume it) there are number of operations/processes involved.

The marketing system efficiency can be increased by market information dissemination/distribution which will also help to promote the formation of improved price system. The farmers have to take decisions which depend on this information of the marketing system as what is to be grown, when it is to be harvested, the market it should be sent for selling it or whether the produce should be stored till he gets a better and fair price for his goods. The traders are well informed of the marketing environment of a market in comparison to the farmer. Majority of the rural farmers are still illiterate. They are still not well versed with the modern marketing system like grading, standardizing, electrical weighing systems, quality, minimum support price and others. Thus, a need arises for farmers through agriculture extension agencies
(Krishi Vigyan Kendra, State Department of Agriculture) to make him knowledgeable of the marketing trends and the system of efficient and effective marketing.

In India, agriculture plays a highly important role in its economic development of an agrarian economy. Agriculture is the provider of goods for the purpose of consumption, manufacturing and export. The farmer who takes endless rigorous efforts to toil the soil and produces food for the total population of the country, should be provided with a market which is well designed for him to market his produce and get the maximum profit in the marketing process.

2.2 History of Rural Economy

The agricultural history of rural economy is considered on 4 items which are agriculture, trade or marketing, cottage industries and animal husbandry. It can also be said that they form rural economy pillars. India and also other parts of western countries give main preference to agriculture. In England after industrial revolution agricultural production was improved which gave industries an input new market where manpower was employed to higher extent and the surplus of food meant to be their food. The economic development of Russia started having agricultural surplus which helped them to feed their speedily population growth. In case of countries like Argentina, United State, Australia and Canada who have large land size could develop agriculture with increase rate of capital formation. These countries were directly benefited because of their large food production with fiber surpluses which helped to create high growth rate in the market. Even Japan achieves a significant improvement in other sectors because of agriculture development.

The situation in developing countries was very much different than the western countries because here agriculture took place in a traditional way, the per capita income being at low level and the population being over populated. For its development the countries have not only to satisfy the food consumption need of its over growing population but also has to produce more of its agriculture produce as surplus for its economic development. Agriculture in these countries contributes a large part to their national income and output. The work-force which is occupied in agriculture sector has to produce more as surplus to boost industrial or non-agriculture sector for consuming the remaining work-force for their employment and for their
sustenance. In India the economy is dominated by agriculture which provides high rate of employment to the working population, were as in other developed countries it is not so. Thus, in an economy of a country agriculture plays an important role for its development.

2.3 Indian Agriculture

In India agriculture place the main role in its economy. It is the largest sector of economic activity which not only provides food and raw materials but also employment to a large extent of the population. It is the important sector and the national output in agriculture depends on the improved changes made in the national output. Therefore, for countries development it should provide the capital and also make available surplus for the national economic development. The foreign exchange earned through imports can be used for importing capital goods to develop industry and also its infrastructure. Due to these reasons, it becomes necessary for better developed and efficient agriculture in our economy. Agriculture sector is the backbone of the Indian economy and its population depends on agriculture for a healthy, wealthy prosperity.

2.3.1 Significance of Agriculture in India

Agriculture sector provides largest employment but since the other sectors are not able to fully absorb the employees, these unemployed sector then again come back to agriculture as their income source where the productivity of land is null or nearly so. This leads to unemployment and also disguised unemployment problem.

1. For its development of industrial sector it provides raw material like sugar, jute, cotton, tobacco, edible and non-edible oils, plantation, leather, vegetables and fruits. Thus, this in turn gives increased demand to produce agricultural produce for further high industrial development. Agriculture sector too requires from the industrial sector further increased requirements for seeds, equipment’s, fertilizers, pumps, machinery and other processed product for enhancing agriculture improvements and its productivity. This enables for the country to develop its industrial economy.
2. Two thirds of the national income was contributed by agriculture sector, before independence particularly during the First World War. This was because there was no industrial development and infrastructure. With the development of secondary and tertiary sections of the economy after planning started, there is a decline in agriculture share. It declined because of economic growth and industrialization.

3. The agriculture sector has contributed through export promotion and substitution of import for the earnings foreign exchange conservation. This is required by the country for its economy development by increase in its export income. Thus international trade will be helpful if exports are more than imports.

4. Agriculture plays an important role in the Indian economy. It provides food, an income source by providing employment, for India’s transport system agriculture provides a support as the movement of the produce from the farm to the ultimate consumer is done mostly through roads and railways. Thus it provides resource for business where agriculture goods make up mostly the internal trade. Industries flourish with the farmers increasing prosperity. Thus agriculture is an important constituent of Indian economy and it requires proper planning for its growth. Agriculture produce has to be more than the consumption level to increase agriculture raw materials and food supplies at non factory prices. The purchasing power of the rural sector has to be increased to widen the domestic market. Through agriculture exports increase the foreign exchange. For industrial development the capital required should be transferred inter sectoral.

5. The agricultural output should be more than its demand to increase the per capita income. This is low in India. The agriculture produce is mainly self-satisfying for consumption purpose and whatever left is sold for income purpose and this too is mainly spent on their other basic consumption requirements. Thus to prosper the farmer has to produce more than his personal need to sell in the market as a source to earn high incomes for their increased developments. Marketing of agriculture also has to be done in a proper way to earn high incomes.
2.3.2 Problems of Indian Agriculture

“In view of the several weaknesses in the production profile of India’s agricultural economy it is necessary that we take suitable measures to remove them, so as to put agriculture on a higher and equitable growth-path.” To solve these problems with right solution, one has to first find the factors which are responsible for the unsatisfactory agricultural performance. There are many problems/causes which leads to poor output performance of agriculture. The few main among them are as follows:

1. Poverty of Farmer :
   The Indian farmer is not very much rich because his main income comes from agriculture as occupation and this agriculture is under developed because of agriculture is dependent of Monsoon, low quality of seeds, small and fragmented land holding, and problems in agricultural marketing. In adequate irrigation facilities, primitive method of cultivation, sufficient supply of agricultural credit and at high rates pressure of population on land and others.

2. Dominancy Traditional Agriculture :
   In India agriculture is done on traditional basis there are vast areas (almost 70 per cent of the land under cultivation) which are conditioned by the old pattern of water supply, namely, uncertain rains and the use of old agricultural; inputs (like farm-seeds, animal manure etc.) and old agricultural practices (in respect of sowing, harvesting, storage etc.). Only one crop is grown in this area.

3. Rapidly Raising Population :
   The rapidly raising population as given a problem was it has reduced the size of land under cultivation in regard to were already the land is small sized, which results in efficient farming.

4. Dependent Upon Monsoon :
   In India the Monsoon is unreliable, irregular and uncertain. Though they are improve irrigation facilities after independence, only one-third of the cropped area is being provided with Perennial irrigation were as the two-third remaining of the cropped area has to be cultivated on dependence on rain water supply.
5. **Small and Fragmented Land – Holdings:**

In India the average size of land holdings are less than one hectare and certain part it is even less than 0.5 hectare. The main reason for this is our law of inheritance. According to this law the children get equal distribution in the land belonging to their father. This leads to subdivision and fragmentation of land holdings. This gives rise to irrigation problem fertile and wasted for providing boundaries.

6. **Agriculture Marketing:**

In rural India the marketing system is not properly developed and the farmer for marketing their agricultural produce at a throw – away price. The socio-economic condition force the farmers in small villages to sell their farm produce to the money lenders from whom the usually borrows money. Because of this most of the produced is sold in the village itself. The poor farmers cannot wait for long after harvesting their produce because they are a need of money and so he sells at the given price. The Rural Credit Survey Report rightly remarked that the producer in general sells their produce at an unfavorable place and at an unfavorable time and usually they get unfavorable terms. In the absence of an organized marketing structure, private traders and middlemen dominate the marketing and trading of agricultural produce.”

7. **An Adequate Transport:**

In India, most of the villages are not having cheap and efficient means of transportation. Many of the villages are still not properly connected with the market centers or even to the main roads. Most of the roads are ‘kutcha’ (Bullock – Cart Roads) which may even become not useful in the rainy season, and the farmers are thus unable to carry their farm produced to the main market. This leads to farmers selling their produce in the local markets, and to buy goods for their sustenance goods from the local market.
8. **Scarcity of Capital**

Like all other industries agriculture is also an important industry which too requires capital. Due to the advanced farm technology capital has gain more money are the commission agents, traders and money lender who charge the farmer a high rate of interest and purchase the farm produce at very low price. It can be seen that still the farmer please an significant role in landing money to the farmers though there is change in the rural credit scenario has grown through a significant change and Institutional agencies like state Co-operative Bank, Co-operative Credit Agencies, Central Co-operative Banks, Some extend loans to the farmers at easy terms.

2.4 **Marketing of Agriculture/Farm Produce**

The combination of Agriculture and Marketing of these two words make Agricultural marketing. Agriculture means all primary activities of production from growing crops till bringing the surplus for selling purpose in the market. Production marketing means the transfer of farm produce goods to the market place by where it reaches the ultimate consumer for consumption purpose.

Agricultural marketing in olden days meant to be a movement of agricultural products from the farmers to the ultimate consumers which could either be on cash or barter system. In modern marketing, agricultural produce has to undergo a series of transfers or exchanges from one hand to another before it finally reach the consumer. Government keeps a watch on such as overall activities for the welfare to all segments of society. The National Commission on Agriculture has defined agricultural marketing as a process which is initiated with a decision made to produce an agricultural produce for selling purpose which covers all aspects of market system structure, both - functional and institutional. It is based on technical and economic considerations and includes both pre and post- harvest operations like assembling, transportation, storage, distribution and grading.

Agricultural Marketing is also important as the production itself. Farmers produce their produces in farm and its marketing creates a link between producers and consumers. It is considered as a multiplier of agricultural development. In the planned economy of a country marketing of agricultural produce is important. The efficiency
of marketing system is responsible for the success of any agricultural development program.

The old and traditional method of farming is replaced by new technological methods/techniques (tractors, high yielding variety seeds, increasing use of fertilizers, insecticides, pesticides, new motor pumps, irrigation systems, poly house farming.

2.4.1 Aims of Marketing in Agricultural Produce

Today farmer is conscious of modernization techniques for effective and efficient production for his farm produce and is taking efforts by adopting it to improve his standard of living. Now, he cultivates those farm products which will give him high prices for higher profits giving second preference for his personal consumption. Majority of the farmers do not know the complicated market system. While the trade is much organized the farmers are not Farmer is not conversant with the complexities of the marketing system which is becoming more and more complicated. Both the buyers and sellers are in same boat. They sell their produce according to their needs at the price given by the seller.

The Aims of an agriculture marketing system is as below:

1. To reduce the difference in prices between the principal producer and the final consumer,
2. To help the consumers to get original good quality farm produce at reasonable price.
3. To enable the primary producers to get the best possible returns and
4. To provide such facilities which will be able to buy all those produce which the farmer warns to sell at a fair price.

2.4.2 Agricultural Marketing

For marketing farm produce, produced by the farmer, he should be provided with proper facilities so that he is able to sell his produce in the market without any trouble/harassment but with less efforts and ease and for this:

1. Farmer must have a regulated organized market for not being cheated by the intermediaries. The seller should know the market conditions/environment,
prevailing prices, the best market where he should sell the goods for getting maximum profits with less efforts and harassment.

2. In between the farmers and the sellers there should be no/minimum intermediaries to maximize profit or the returns got by the farmers.

3. Farmers who produce more than his consumption requirement has a surplus amount left over and a need for storing it arises. For storing this surplus proper storage facilities should be available till the time of its sale.

4. The farmer must be able to take his produce for selling purpose in the market, where ever he prefers to and for this he should have convenient, efficient, reliable and cheap transport facility. Because of this he is able to sell his produce with minimum efforts and at less/cheap cost. By doing so he is able to save money on transport costs.

5. He should be able to properly store the goods until he receives the price according to his expectations. He can sell these agricultural produce when in the market he finds a better place at his convenient time and according to his terms and conditions where by his able to maximize his profit.

2.4.3 Problems of Agricultural Marketing in India

The farmer produces his farm produce both for his consumption and for selling the quantity which is surplus. For marketing this produce the farmer has to go through a number of activities to sell the produce in the market. He has to face many problems in doing so and few of them are as below:

1. **Inadequate market information:**

   Today’s market environment is ever changing, lots of happenings take place at a great pace and to be able to stand in the market firmly by the farmer should be well formed about the market happenings. He should have information like market news, prevailing market prices of various farm produces, knowledge about the market which is best suited for him to sell his produce, the best transport option he should opt for, merchant/traders/intermediaries on whom he can rely for maximizing profits and market amenities/facilities available for
him. At present it can see that many of the famers are still ignorant of many of the aspects regarding agricultural markets.

2. **Preference for local markets:**

Farmers who have surplus amount of his produce and not having information of other markets, sells the surplus or even farmers who have less quantity of surplus and is in need of urgent money prefers to sell this in the local market. He may also do so for not having proper storing facility, urgent repayment of money lenders/debts or other obligations. Because of all this, the farmer gets low price for farm produce.”

3. **Improper storage/warehouse facilities:**

After harvesting the farmers keep aside some amount of the farm produce for his daily consumption. He has to store his farm produce in the storage facility available with him who is of less/low quality and hence he cannot store it over a long period. For storing he opts in open space earthen vessels, Jute bags, ground pits and ditches. Due to this there is lots of wastage of the quantity produce because of proper storing facility losses occurring from this type of storing differ from different place to place and also level of storage. Proper efficient or licensed warehousing is weakness of the agricultural marketing system of India.

4. **Inadequate market Infra-structure:**

Market Infra-structure like standard weights usage and measures, proper and adequate storage facilities, standardization and grading facilities, convenient and cheap method of transportation facilities, proper market information distribution with regard to demand and supply price trends, availability for credit facilities and display of minimum support price boards should be available in the market for marketing agricultural produce. Taking into consideration the defects of the traditional markets for the agricultural produce, the Indian Government has taken measures to remove these inefficiencies regulated markets are established.
5. **Lake of efficient and proper transport facilities:**
   In rural areas many of the roads are not properly developed, are also not well connected to each other and also not connected to the markets. Due to this the transport facility available is not effective and is inadequate. The farmers mostly make use of a bullock carts for moving their produce. Only few of the villages are having pucca roads and railways connected to the Mandis. As a result, the farmer has no other option to sell the goods in the local market or sell it at the given price.

6. **Inadequate Grading and Standardization Facilities:**
   The agricultural produce which is cultivated over a wide range of area varies in quality and there are also produce in different seasons. All are not of same grade and quality. On all India bases common standard and grades are not accepted. Because of this the farm produce are not graded and standardize also because of this the farmers get low price for their produce.

7. **Large Number of Middlemen Prevailing in the Market:**
   The farmers sell their farm produce village merchants or money lenders, retailers, wholesalers, Kutcha arhatiyas or pucca arhatiyas or to the brokers. There is a large chain of middlemen arising in the marketing of agricultural produce which makes the proportion of profit of the farmer less and less. The farmer is therefore unsatisfied with the profit share he gets.

8. **Inadequate Financial Facilities:**
   Whenever the need arises for financial help the farmer tend to take it from the village money lenders also known as ‘Savkars’, from the village merchants/traders or the retailers the interest rates charged by them are high and also harassment is made for its repayment from the farmer. For giving loan security like land or gold ornaments are taken. The interest method is compound interest method. Most of the farmers are the illiterate and the money lender takes its advantage by keeping always in debt. Due to this we find farmers always in debt for life time.
9. **Lack of Common Trade Language:**

In the different localities of the country, traders who trade in different goods have their own specific trade standard. Since there is no common trade language it is a major defect which is a hinder for a competitive agricultural marketing system of the country. The different organizations of the country follow different set of specification/standards for the agricultural produce. The standards are laid down in the Prevention of Food Adulteration (PFA) Act are the National Standards.

10. **Admixtures and Adulteration:**

Farmers and traders to increase the quantity of the farm produce which is bought for sale, increase it by adulteration and admixture. This degrades the quality of the produce which may make the ultimate consumer dissatisfied with the produce he buys and in future may not buy from the same seller. This leads to reducing consumer retention. Mostly adulteration is done by the farmers and the middlemen.

### 2.4.4 Types of Selling Methods

The agricultural farm produce is usually marketed / transacted according to the following methods given below:

1. **Dara system:** According to the system the grains are kept in heap of different measured quantity which is sold without weighing it.

2. **Government purchase:** This method is followed by regulated markets and in co-operatives. Fixed prices are laid down for the different qualities of agricultural produce. After grading and weighing the sale of this produce takes place.

3. **Private Agreement:** The farmer to sell his farm produce may openly invite buyer for buying his produce and may sell it to the buyer who gives the higher price.
4. **Under Cover or the Hatta System:** In this method, for the transaction to take place the seller’s agent twists or clasps the fingers underneath a cloth where the seller of the produce comes to know only after the bidding/transaction is over.

5. **Open auction system:** The agent in the open auction system sells his produce to the highest bidder after inviting the bidders for bidding.

### 2.4.5 Types of Marketing Agencies

For marketing agricultural produce the farmer sells his produce through the marketing agencies which are as mainly classified in to two as given below:

1. The Government and quasi private agencies, example - the co-operative societies
2. The Private agencies. A chain of middlemen may be found operating both in Government and the private agencies.

The marketing agencies are as follows:

1. **Co-operative marketing:**
   
   With the development of Co-operative Marketing Societies there is improvement in the efficiency of the agricultural marketing system and saves the farmers from malpractices and exploitation from the middlemen. Through this societies advantage can be taken by the farmers for collective bargaining.

2. **Sale of produce to the moneylenders and the traders:**

   The village moneylenders and the traders are the principal buyers of the goods sold by the farmers. Sometimes the moneylenders operate as commission agent for the wholesale traders.

3. **Haats and shanties:**

   The village market also known as hats are often held once or in twice a week. The markets which take place after a long interval or on occasions which are special are known as shanties.
4. Wholesale markets or Mandis:
   In this type of market the arhatiyas carry on business in Mandis where for a number of villages there is one wholesale market.

2.4.6 Enhancement of Agricultural Marketing System
To remove the defects of the old and traditional marketing systems the government of India has taken measures for improving the marketing of agricultural produce like establishing markets which are regulated by the government, grading and standardization of the farm produce, providing storage and warehousing facilities, giving information of the crops and its related market prices on All India Radio, providing good infra structure for marketing purpose providing and maintaining of amenities and facilities in the market itself, sheds and others. This can be done so as follows:

1. Dissemination of the market information:
The government provides information regarding the market trends, market prices, weather forecasting, free of charge advices regarding crop cultivation, use of pesticides on radio, Newspaper, T.V., Mobile, agricultural magazines and Internet. Majority of the famers make use of this information by hearing to the radios.

2. Government purchases and fixation of support prices:
To assure fair returns for their farm produce which is brought for selling purpose by the famers, the Government provides minimum support price for agricultural commodities. The Agricultural Price Commission helps in doing so. If the prices go below the Minimum Support Price, the Food Corporation of India which is a government agency makes purchases at the price of minimum support price from the farmer. Afterwards, the government through the public distribution system sells it at a reasonable price. This has helped in some extent to improve the agricultural marketing system, because the big farmers are benefited by this as they have large amount of surplus to sell in the market and the small or marginal farmers who have little quantity to sell their
produce, sell it in the local market or to the money lenders from whom they have taken loan.

3. **Conducting marketing surveys:**
   Marketing surveys are conducted by the government to find the defects or the problems relating to the proper, effective, affective, and for the smooth running of the market functioning. To remove these problems, solutions are found and brought into practice to enhance the marketing system of the various goods.

4. **Directorate of Marketing And Inspection:**
   For advising the Central and State Government to solve the problems of agricultural marketing and also for the coordination of various agencies for marketing of agricultural produce the government has set up the directorate by the government of India. Following are the activities included under the directorate:
   1. To provide personal training.
   2. To promote standardization and grading of the commodities related to agriculture.
   3. To conduct market survey, research and planning.
   4. Activities for extension of the markets.
   5. Statutory regulation regarding market practices and market.

5. **Organization of regulated markets:**
   To protect the farmers from the malpractices of brokers and sellers regulated markets are organized. A market committee having nominees from the State Government, arhatiyas, farmers, brokers and local bodies performs the work of managing these markets. For a specific time period, the government appoints such committee. The committee performs the following functions:
   1. To remove mal practices by traders.
   2. Organizing and supervising the sales and payment of sales proceeds.
   3. To settle the disputes with respect to market operations concerned with the buyer and seller.
4. To provide and maintain amenities and facilities in the market to the buyer and seller.
5. Providing market information to whomsoever it is required.
6. Standardization of weights and measurements.
7. Communication of the market prices to be mass media publicity.
8. To display daily prices on the notice board.
9. Payment of sale proceeds to be done promptly.
10. Supervision of sales to be done effectively.

6. The regulated market system:
   It helps in removing malpractices, fraud practices done by the commission agents and brokers, delay of payments of the sale proceeds in respect to the farmer and non-standardization and no grading of the agricultural produce.

7. Providing warehousing facilities:
   It is seen that, many a times when the farmer bring his produce to the market for selling purpose but does not do so if he is not able to fetch the price according to his expectations or due to any other reason, he is in need of storing this produce in Godowns / warehouses or storage facility. For this purpose The Central Warehousing Corporation was set up in 1957 by the government to setup and run the Godowns and warehouses. This is also in the case of the states where the State Warehousing Corporations have set up godowns and warehouses.

8. Grading and standardization of agricultural produce:
   By grading and standardization of goods the government tries to have control on the quality of the agricultural goods. The government under the Agricultural Produce (Grading and Marketing) Act grades commodities like flour, eggs, ghee etc. of the Agricultural Marketing Department –AGMARK seals the graded goods as “Agmark” goods which are graded and standardize get better prices. For the purpose of testing the quality of agricultural products, the government has a setup at Nagpur and in other eight other regional laboratories in different parts of the country.
2.4.7 Importance of Agricultural Marketing System

Production and marketing are the two main basic elements of an agricultural system where the function of marketing of the agricultural produce is very much important as production at itself”. It is a link between the consumer and producer. The pace of the economic development is increased by marketing which also stimulate production and consumption. Its dynamic functions are thus of primary importance in promoting economic activities and for this reason it has been described as the most important multiple of agricultural development”. The success of marketing system of any country depends on the agricultural development programs. The conditions prevailing in the marketing sector influences the agricultural producer welfare.

At present because of modernization the traditional farming is replaced by the advanced technology method. Example - Irrigation systems (drip systems) use of pesticides, fertilizer, insecticides, high yielding, verities seeds, and installation of pumping sets, harvesters, and factorization. The modern methods have in some proportion increase production in respect to marketable and marketed surplus. To keep in pace with the technological development which has increased the production the farmers should be assured of their fair prices which can be done with the development of a marketing systems which is efficient and effective.

For the healthy functioning of the economy, the basic element is a healthy functioning of a proper marketing system. Indian agriculture is increasingly dependent upon the exchange from the sale of its agricultural produce and the purchase of inputs and consumer goods. There is increase in the number of farmers who have surplus for selling purpose also there is increase in need for cash by them. The existence of a good marketing system is an assurance to the farmer that his produce will be taken off the field. Equally importantly, such a system will indicate to the farmers the type of goods for which demand exists and the quantities in which these goods are needed”. the advantage of this is that the land is used at optimal level. A good marketing system not only completes the process of production, which also provides a link between the producer and the buyer and also fulfils the farmers and buyer’s needs.
Agriculture marketing is concerned with demand and supply conditions, marketing operations which include marketing functions, functionaries and cost, fixation of price, conduct and performance of market structures and the marketing efficiency.

Marketing system is broadly divided into three entities:
1. The Producer
2. The Consumer
3. The Middlemen

Though the above entities are separate but are linked with each other and therefore may have conflict which each other interest. The producer by investing his capital and with hard labour work expects in return to have maximum returns on his capital/produce. The consumer wants to have large quantity of goods at minimum rate. The middlemen expect to get highest possible profits from the transaction. An efficient marketing system should, therefore, aim at balancing these conflicting interests in such a way that each entity gets a fair deal”. The old farming methods are replaced with the modern methods by which there is more of production surpluses.

2.4.8 Characteristics of a Good Marketing System

For an efficient agriculture marketing system proper development should take place for enhancing its effectiveness and smooth running. For this, the following characteristics should exist in a good marketing system.
1. Keeping a view of the fast development taking place in industrial and urban economy, a marketing system should be developed for keeping control on the complexities of this system.
2. There is a tendency in the farmers for marketing their produce. A transaction is said to be complete when a medium of exchange that is money is exchange for the commodity to be sold. The farmer gets a price which is fair/proper for his produce for selling the commodity. Only when the produce is sold at a fair price the production is said to be complete. The farmers marketing activity is gaining importance due to the increased specialization in the production of surplus to be marketed and alternative marketing channels. To get more advantage by following the scientific principle of marketing, they should perform the following activities:
1. Selling of the post-harvest crops should be avoided and stored until they get a proper price for it.

2. Advantage of the regulated markets should be taken to sell the farm produce.

3. Packing of the farm produce should be according to standard weights and should be packed in the bags of that size.

4. Co-operative marketing societies should be supported.

5. The produce should be graded and sold quality wise separately.

6. Should have proper information of the market at right time and right place.

7. The produce should be sold after it is properly cleaned.

8. Only that type of agricultural produce should be sold which is graded.

3. The people of the country should be motivated to consume food which is processed which is consistent to their habits income level and tastes. This will help to create employment opportunities.

4. Market regulation should not be violated for otherwise the agricultural produce will not be available easily at fair market prices.

5. Keeping in view of all consumers and the agricultural producers problems for marketing a systematic marketing system should be constructed and developed.

6. Equilibrium should be established in between the supply and demand and also brought together.

A good and efficient marketing system helps the development of agriculture, which is the main contributor to the Gross Domestic Product of our economy and for this purpose the following points should be taken considered:

1. Surpluses from the agriculture sector can be organized by an efficient marketing arrangement. This can further be used in the non-agricultural sector for feeding the labor of the industrial sector and the urban population, thus providing raw materials to the industries and the goods for export purpose.

2. A marketing system is in a passive form that is it is a provider of distributive agencies/trade channels, which can be useful if the cost per unit of the product traded is at the minimum/least. This has relevance for both the existing products with existing demands and for the new products with existing demands and for the new products with new demands. This helps to stimulate the earnings surpluses regarding production, which also acts as an incentive to the producer.
3. Marketing which plays an active role helps to maximize the growth rate of the agricultural sector. It offers profitable/attractive opportunities to the producer to produce variety of products. This helps the producer to produce those type of farm produce which is profitable and having high demand.

4. These profitable opportunities can also increase as the market can bring the foreign exchange for the domestic producer. This is important for an economy like India to set their market at globalized level.

5. Through a well – integrated market structure, the progress of agriculture can take place rapidly. This will happen because of the latest advanced/modern technology used for producing the farm produce.

For the support of the wellness of the people a well-designed marketing setup is required. Farmer is the first and the foremost person to be benefited by this. For his produce he can get the highest/maximum price. He will thus be motivated to produce those types of goods in quantities which will fetch him maximum revenue. A good marketing system will always align properly the prices for agricultural produce with those of non-agricultural prices. This helps to promote efficient trading scenario.

An agricultural marketing system which is efficient leads to optimizing the use of the resources available and the output management. It can also eliminate/reduce the middlemen thus providing increased profit to the farmer. It also helped the growth of the agro based industry. It provides employment in agricultural and non-agricultural sectors.

In India the food grain marketing system is more important as it accounts for two-thirds of the gross cropped area in our country and the marketing system for food grains provides food to the consumer.

Thus, an efficient and effective agricultural marketing system is advantageous which helps in improving the economy of the country, by increasing the standard of living of the farmer and the consumers. It facilitates the sale and purchase of farm produce (agricultural product). An efficient marketing system is required for the prosperity of a country. A need was felt for marketing system to protect the interest of farm producer and the consumer. Agricultural being the backbone of our economy it was realized by the planners in the sixth plan to give more attention towards marketing and trade and also the institutional framework which will help in
minimizing the losses of small and the marginal farmers. It also gave importance to maximize the profit of the intensive agriculture done by the farmers who have small land holdings.

A need was felt to establish and strengthen the regulated markets, to remove the deficiencies of the agricultural market produce and also to provide an effective, efficient and a competitive marketing system of the agriculture produce. These deficiencies are as follows:

1. Inadequate market information
2. Preference for Local Markets
3. Improper storage/warehouse facilities
4. Inadequate market Infra-structure
5. Lack of efficient and proper transport facilities
6. Inadequate Grading and Standardization Facilities
7. Large Number of Middlemen Prevailing in the Market
8. Inadequate Financial Facilities
9. Lack of Common Trade Language
10. Admixtures and Adulteration
11. Availability of good quality seeds
12. Effects of illiteracy of marketing/selling of finished good
13. Depressive social conditions.
14. Non availability of a machinery to settle disputes.

Thus, the agricultural marketing generally has problems related to:

1. Issues related to defective practices
2. Issues related to the provision of required infrastructure both physical and institutional for the improvement of marketing system and also the overall development of agriculture.

To remove these problems/defects in agricultural produce marketing system, important steps have been taken by the government by establishing the ‘Regulated Markets’.

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2.5 Regulation of the Indian Agriculture Produce Market Committee

Farmers invest large amount of capital for his farm produce with the aim to get a maximum profit for his produce. After cultivating the produce and keeping aside a portion for his consumption requirement, he then sells the surplus in the local market. He may do so, because of his urgent requirement for money for paying the money lenders, not having the knowledge about the market which is best suitable for him for maximizing profits or because of lack of farmer’s organization. He has no or insufficient knowledge of the prevailing prices for the produce and may sell at the price offered to him.

The producer, consumer and the middlemen are the three entities in the Indian market system. The aim of these entities is to get maximum profit from their transactions. The farmer or the producer of the farm produce, expects to get maximum return on his investment, the middlemen also has expectations to get maximum earnings (profit) from his deal and the consumer seems to be happy and satisfied if gets more number/quantity of goods at minimum costs or amount. Farmers have no/less number of their own organizations and so cannot bargain in a large unity as the traders who are having their own organizations or associations for safeguarding their interests. The farmers take lots of efforts, activities and also sweat/work/toil a lot in the farm and when the fruits arrive pass it down to the middlemen who without or less efforts get more profit than the farmers pass it to the ultimate consumer. Due to this the farmers complain that they are not getting proper price for their produce, even though they are the ones who should get large portion of the profit (compared to the other entities) as they are the ones who take lots of efforts and also invests more for farm produce.

In the agricultural produce market, there is a long chain between the producer and the consumer. This output being sold by the seller/middlemen/intermediaries gets more of the profit than the farmer (the actual producer of the output). Thus, the farmer feels offended and is never satisfied with the dealings of the purchaser of his goods. His economic condition also is affected adversely. Thus, to enable the farmers to get fair prices for their produce and to stop their exploitation and harassment the Government took a step to create the legal framework for marketing the agricultural produce. For this the regulated markets have been established through which the
farmers are able to solve their problems and are able to sell their produce in a market made available for their convenience. The market has laws and regulations (legislation) for its smooth administration and functioning and proper market infrastructure for providing facilities and amenities for trading purpose.

2.5.1 Requirement of Market Regulations

As the old and traditional methods of farming is replaced by the modern methods and techniques it becomes necessary for developing marketing system and IT based communication facility for marketing the agricultural produce. The Royal Commission on agriculture rightly pointed out that, “If the cultivator is not certain of getting a proper/fair value for the quality of his produce, for the effort he has taken to improve its quantity and quality then it is improper if he is not provided with good adequate marketing facilities. This results for rapid growth for the agricultural development and progress. It is also becomes a very complicated process which is beyond the understanding of the producer. With the advent of technological revolution, better communication facility is possible and also with the introduction of money economy it has increased the market size.”

Due to increase production there is increase in the size of marketing surplus in respect to food grains, commercial crops and Pulses. Also efforts have been taken to remove gap between demand and supply by improvements in technology credit facilities and others.

To meet the demand of the urban and rural supply was made through primary markets which were meant for the producers to come together, distribution of the produce and exchanging good moving from the village. The primary markets in the cities became a comfortable place for exchanging goods from individual centers to the villages by the traders. The traders were important which had many of the activities conducted in the market under their control and which only gave importance for their profit/interests. The farmer being the original producer of the produce not being satisfied with the deal as he had no/less profit than any other entity in the market seen to be always under pressure and poverty stricken. There was no proper market for him to sell his produce that is a market having basic amenities like sheds, storage facilities,
proper governance on the market activities and also being illiterate he has no/less information of the market environment.

The majority of the village farmer having small and marginal land holdings mainly produce for their own consumption and whatever the portion is left is also known as surplus is little/less compare to the farmers who has large or big size land holdings. These farmers sell their produce in the local markets, money lenders or to a person who buy their produce at immediately and also immediately pay for it to satisfy the farmer’s immediate arising needs by means of cash. The buyer/trader took advantage of such situation of the farmer by buying the produce at a low price and selling it at high price where by making maximum profit.

For the farmers prosperity the trader/middlemen should be eliminated and steps should be taken which will make the farmer to sell his produce to the ultimate consumer. This will enable the farmer to get direct share in the profit due to the sale of the produce. This will also help to remove the monopoly of the trader in marketing agricultural produce.

The farmer being not able to survive properly in the market due to of many obstacles in marketing his produce, a need being felt to find solution to the agricultural marketing problems was felt severely.

2.5.2 Need for Government Intervention in the Marketing System

From above it can be seen that the farmers who are the producers of the farm produce are exploited by the buyer/traders in the agricultural marketing system. To stop the harassment of the farmer in agricultural marketing Government intervention becomes a must. This intervention is having a great impact on the marketing system by creating a favorable market environment for the buyer and the seller by having fair trade practices. It has assures reasonable returns to both of them. To safeguard public interest/well fair the government can intervene in the marketing system.

The government of India, as early as in the year 1928 felt the need to safeguard the interest of the farmers while marketing their produce from the trader’s malpractices in grading activities. It appointed a Royal Commission on Agriculture which made a complete study on Indian agricultural and marketing system and
provided with suggestion for marketing systems and patterns for agricultural produce in future. Efforts were also made to regulate the market even before 1928.

Regulated market is the one which is having an enactment and also certain rules and regulations for carrying its marketing activities and which is established by the state government.

2.5.3 History of Market Regulation

Agricultural marketing regulation is much older than our Independence. Several developments have been taking place in agricultural marketing after the regulation of the market. Following is a precise history before and after Independence period.

A. Pre-Independence Period

The regulation of agricultural marketing is very old. It starts with the agricultural development. The progress of agricultural marketing has gone from different stages (physical, technological and socio-economic). For a long time the policy of the British Government towards agriculture had been of apathy and drift. The East India Company was interested in commerce rather than agriculture. After the War of Independence (1875), when the Crown replaced the company, the main objective of the British policy was administrative consolidation rather than economic regeneration. A series of severe droughts that occurred in India in the last quarter of 19th century brought to the notice of the Government the need of looking into the ills of Indian agriculture. The Famine Commissions of 1880, 1898 and 1902 and the Irrigation Commission of 1903 made constructive suggestions for the improvement of agriculture in India. But the Government policy was mainly confined like the revenue remission, famine relief and takkavi loans”.

“The British rulers wanted Indian supply of pure cotton to be used for producing cloth in the textile mill located at Manchester, at a price which was reasonable. This initiated for the improvisation of marketing and the regulation of market functionaries at mandi/wholesale market level. Thus, under the Hyderabad Residency Order in 1886, a regulated market at ‘Karanja’ was established. Also a regulated cotton market was established in the same year. Keeping in to control and
regulate the cotton market of Hyderabad district, in 1897 a law was passed for cotton and grain markets in Berar, which was at time a district of Hyderabad. Thus, regulated markets institutions were established. This Act had deficiencies like giving too many powers in the hands of resident representative of his majesty’s Government. Primary producers were not made members of this committee. The members constituted members from the local body and the traders. This Act was adopted in 1918 by the General Cotton Committee which was appointed by the Government of India. The Government of Bombay enacted this Act known as the Bombay Cotton Markets Act in the year 1927. It is said that this Act was the first attempt made for market regulation which had view for having sound/fair practices in the market both to the producer and the buyer/trader. The result being that the Government of Bombay because of this Act, in Dhulia (a district in new Maharashtra and then in Bombay State a district of west Khandesh) established a cotton market which was the first market being regulated market in the year 1931. An All-India Board of Agriculture was set up on 1905 in order to co-ordinate the activities of the State Departments”.14

In India, a first attempt for making regulated markets goes back in the year 1897 the Law for Bear Cotton and Grain Markets was passed for getting rid of its marketing inefficiencies. Even after words many of the laws were passed with the aim to remove the flaws of the marketing of agricultural produce, its features are as follows:

1. The customs use and the trade allowances were removed.
2. Certain Penalties were provided for breaking the law.

These laws were adopted as a model which has limitations as below:

1. The administration of these markets was done by the people who did not have any interest for the producers. This was done by employees of the municipal committees or by the committee itself and the government servants who were deputed for administration purpose.
2. Many of the members were traders and showed willingness for fair trade in the market.
3. The Act makes provisions for regulations of agricultural produce markets except the cotton market.
4. For any dispute which occurred amongst the producer and the trader than there was no independent machinery for settling the dispute.
Though there were disadvantages in the Act, it is noticeable that a move was made for regulating the markets especially for the cotton.

1. There was license requirement for the market functionaries.
2. All the markets as existed on the date of enforcement of the law came under its fold.
3. Rules were enacted for levying and fee collections, weigh men and brokers licensing and measures and weight inspection. The Act was applicable not only to the grain markets but also to cotton markets.
4. For selling agricultural produce in the market The Resident could announce the additional bazaar or markets.
5. A committee (of 5 persons) was formed by the commissioner made up of suitable persons from the list available; two represented the concerned municipal authority and the three remaining from the cotton traders to enforce law.
6. The Commissioner was to appoint from among the list of suitable persons, a committee ordinarily of five members, two representing the municipal authority concerned and the remaining three from amongst the cotton traders for enforcing the law.
7. No markets could be formed or established in the vicinity of five miles of the bazaar or the notified market.

In the year 1917, the Indian Cotton Committee was established. It was found that majority of the cotton produce by the producer were sold to the village trader who was also the money-lender who purchased it below the prevailing market price. The producer also was not able to get a fair portion of profit though he was the producer of the farm produce and took lots of efforts for cultivating it. This happened due to a long middlemen chain in the process of marketing. Thus, it was recommended to established market for cotton on Berar system in other provinces where production of cotton was high. This could be achieved by introducing suitable provisions Municipal Acts or as in Berar under special legislation.

The Bombay Cotton Markets Act of 1927 was passed in Bombay as another attempt for regulating the markets. The Act made provisions for (inter area):
1. Under this Act there are no rules or byelaws made for banning the allowance of any trade.

2. Encouragement was given for using measures and weights which are authorized and not to make cotton damping sand admixture of sand.

3. Market fees to be levied.

4. Markets to be established for un-ginned cotton market and also for the ginned cotton market.

5. As a corporate body marketing committee constitution to be formed to manage and established all markets with maximum representatives of cotton producers No other cotton market could be established with the prescribed distances of regulated markets.

6. The local government gives a notification of the cotton market after consultation through local authorities or with the representation done by the District Local Board.

7. A dispute sub-committee appointment was made compulsory.

Under the Chairmanship of Lord Linlithgow, who was afterwards the Viceroy of India, The Royal Commission on Agriculture had been appointed in 1926. It was appointed for making a survey of the Indian agriculture science. The report submitted by the Royal Commission on Agriculture brought to the notice for the first time as to how the Indian farmer being the backbone of our country was exploited by the traders who were dishonest in conducting their trade business and did not get fair prices for their produce. The commission also brought to the notice as to how the village trader or the merchant (often the money lenders) exploited the farmers ruthlessly. The Royal commission on agriculture in its submitted report brought to the notice the harassment and exploitation of the farmers by the traders. The traders followed mean/unscrupulous practices of trade. The commission also in detail showed how the farmer who being the farm producer is exploited ruthlessly by the village merchant are also the money lender known popularly as the merchant banker.

The Royal Commission on Agriculture, 1927 made a general survey on Indian agriculture. This resulted in its recommendation for establishment of markets which were regulated on the Berar Pattern according to the modifications made by the
Bombay Cotton Market Acts, 1927 which would enable the farmers (producers) to prosper. It laid stress on:

1. Regulated markets should be established with the initiative of the provincial government.
2. Weights and measures to be standardized.
3. To prevent the brokers from making deal for both sellers and buyers at a same time in the markets.
4. To motivate co-operative sales societies organizations.
5. The market yards should have proper and adequate facilities for storing produce.
6. Regulated markets to be formed in Bombay for agricultural produce along with cotton produce.
7. To settle the dispute a provision was made in through a machinery setup known as Board of Arbitrators.
8. Marketing committees to be established all over with the single provincial legislation.
9. The provincial governments should give loans to the market committees to meet the basic expensive on the buildings and land.

The deficiencies in the working of the traditional market were noted by the Bombay Provincial Banking Enquiry Committee, 1929-30, which also recommended as follows:

1. In the initial stage system of warehouse licensing was introduced in few of the important centers.
2. For the godowns to be constructed financial assistance to be provided at low interest rates to the co-operative sale societies.
3. Weights and measures to be standardized.
4. Regulated markets to be formed in Bombay for agricultural produce along with cotton produce.

The recommendation made by the Royal Commission on Agriculture and also made by the different Provincial Banking Enquiry Committees, was approved by the Indian Central Banking Enquiry Committee for improvising and also organizing the agricultural marketing in India.
Thus, these preliminary efforts or hard work gave high momentum to the market legislation in India. The Hyderabad Agricultural Markets Act, 1930 was followed with the Central Provinces Agricultural Produce Act, 1935 for different types of farm produce other than cotton. The Bombay Agricultural Produce Markets Acts in 1939 replace the Bombay Cotton Markets Act of 1927. This was done with an aim to eliminate the discrepancies of bargaining power in between the seller and buyer, to remove malpractices in the market regarding standardization of goods, false measures and weights, the promotion of fair deals from the buyer and seller and to reduce marketing cost which will be beneficial to the buyer and seller.

The Madras Commercial Crops Marketing Act, 1933 was firstly meant for tobacco, cotton and groundnuts but afterwards in the year 1948 it got extension to different other crops as notified according to the state known as ‘Commercial Crops’. In the year 1934 the Baroda Agricultural Produce Markets Act came into force. In Madhya Pradesh in the year 1935 Central Provinces Agricultural Produce Markets Act, also in 1939 in Punjab the Agricultural Produce Markets Act, and in 1947 in PEPSU, Patiala Agricultural Produce Markets Act were in acted.

B. Post Independent Period

Farmers from rural area are illiterate. They were not getting adequate returns for their marketing produce and many malpractices were present in the market. He does not know about the price that he was to receive for his produce. He has no hopes for his produced to be sold in a market which would give him a fair profit return for his produce. At the same time if he has surplus of goods and if he decided to sell it in future he does not have adequate and proper storage facilities. He has to depend on commission agent for the strong facility. No other amenities and facilities were provided in the Market like drinking water, storage, Banks, and rest house. He had to face many problems in his marketing of farm produce. He is dependent for his payment on the commission agent. This resulted in searching new markets for his produce. Even after doing so there was no guarantee of him getting a majority of the portion of profit for taking maximum efforts for toiling in the soil to cultivate the produce and also spent on transportation for bringing the goods in the market for marketing. He not only has to toil or take rigorous efforts and spend money on it but
also has to incur costs for selling it. Due to large number of middlemen in the marketing system (to sell the produce from the farmer to the end consumer), the farmer gets a small portion of profit compared to the middlemen/traders. This also leads to frustration of the farmer as to produce the farm produce as he not only spends money on it, but he also has to work rigorously on the farm, face the climate calamities, ever changing market trends, depend on rain for water, traditional method of agriculture, lack of proper and adequate transport facilities, labour problems, high cost of yield and incurring costs for bringing the produce to the market for selling it, paying commission/marketing fees to the seller/trader and others. This was still the condition of the farmers in the pre-independence period. Though the regulated market were established they were few in number did not have proper infrastructure, market were situated far off from the farmers. And also the transport facilities were not efficient and effective.

At the time of World War II, 122 regulated markets established. They were - two in Baroda, Seven in Bombay, ten in Madras, twenty two in Hyderabad, thirty six in Gwalior and thirty nine in Madhya Pradesh markets which were regulated. After the Second World War Period the expansion increased in the Hyderabad state and in the state of Bombay. There were increases in a number of regulated markets. In 1939 there were 122 markets regulated, in 1950-51 the number was 283 and the number increased in 1955-56 to 450.

In 1947, the Patiala Agricultural Produce Marketing Act was passed, in 1952 Madhya Bharat, in 1955 Saurashtra, the Patiala Agricultural Produce Marketing Act passed in 1947 was amended in 1955 and in 1961 Rajasthan were the states having Acts of their own. In the year 1961 Andhra Pradesh and in the year 1963 Uttar Pradesh was also enacted.

In India, the new markets were regulated in the country throughout. In Hyderabad (November 1955), an all India conference was organized, on Marketing and Co-operation. It recommended to increase the space/speed for making progress of the regulated markets and to improvise the marketing process and its working of the established regulated markets in the second plan. Few of the important ones are as below:

1. To provide the market acts to the states which are yet to be provided.
2. The municipal and markets which were under the control of local bodies to be brought under the market regulation Acts.

3. The personnel who are grouped as market secretaries in a cadre and which is a common cadre to be formed by the State Government.

4. The market Acts to be extended to cover those agricultural produced, livestock and its products which are not included in it.

5. To promote ample representatives in the market committees from the marketing co-operatives.

6. Covering all those marketing centers which are not regulated and the state to prepare a Phased program for them.

7. Open auction sale to be introduced and to see to it that it is strictly enforced and in the market yard, presence of weighing by proper weighing of the produce.

8. In 1956, at Jaipur conference was held on Marketing and Co-operation the main recommendations of Hyderabad conference were endorsed. It gives a stress to increase the speed of regulating the marketing centers which were not covered as regulated markets in second plan period.

In the third plan covered to regulate markets in those parts where it did not take place and consolidate the working of the established markets. The aims and objectives were to be done from the assistant of the grant of financial assistance in the type of subsidies and loans to develop the markets, introduction of commercial grading of a few commodities, construction of more warehouses at different marketing centers, expansion of market intelligence and others. In the year 1955-59 there was increase in the number of established regulated markets to 450, in the year 1960-61 to 700 and in the year 1965-66 to 1012.

The establishment of regulated market in the nine states was completed at the commencement of the third plan. After wards this happened in four other states who applied the agricultural produce market act. In states like Kashmir, Kerala, Assam and Jammu to enact the legislation in the fourth plan were the numbers of markets regulated with its submarkets were 1844. Plan was made to cover 1300 markets with its sub-markets and yards under the regulation. In the year the numbers of these markets were 2938. This number increased from 286 which was at the independence
time to 7557 in 2005, this consisted of principal markets (total number 2428) and the sub yards (total number 5129). The advantage of this is that it is helped to increase the farmer’s access in the systematic/orderly market places.

Further, developments in these markets were made with regard to road construction which linked the primary markets with secondary wholesale markets and the terminal markets. Pricing policy was improved in the primary markets where the small farmers sell their produce. Transaction costs were reduced so that the farmer is less burdened and the small farmers who have low surplus for marketing are able to access these markets though they are at far distance. Because of the physical infrastructure in the rural area markets the small and marginal farmers are benefited according to their access in these markets for marketing their produce. In the year 1992-93 in the regulated wholesale market agricultural commodities of Rs.62000 crore were brought for trading purpose and which accounted to nearby 43 percent of the marketed surplus value.

Though there was development in the countries regulated markets there was still in adequacies in the market yards established. The market committees are not able to fully publicize the before sale packaging, cleaning and grading of agricultural produce. For this purpose facilities are not fully setup in many of the market yards. For the development work the establishment of State Agricultural Marketing Boards to place. Till now union territories of Chandigarh and Delhi with 25 states have established in their states the Agricultural Marketing Boards. Wherever the Statutory Boards exists the purpose is almost the same in all State Agricultural Marketing Board. There are variations in their functioning and constitution/composition. It is required for bringing uniformity in the functions and powers of boards and the demarcation activities in between the Agricultural Marketing Boards and the Directorate of Marketing. This will help to develop a increased growth and enhancing the private participation by providing a regulated market with appropriate marketing practices through regulations and adequate, proper infrastructure. Maharashtra, West Bengal, Madhya Pradesh, Andhra Pradesh, Uttar Pradesh and Bihar which are geographically large states are the states having relatively more number of regulated markets. In some of the markets which are regulated act as non-functional because in these markets there is no actual transaction taking place in its premises though, the
APMC at designated check posts collect the market fees. Because of their large amount of quantity/surpluses of wheat and rice, the states of Haryana and Punjab which are geographically small are having more number of regulated markets. There are high variations in the state regulated markets in the area they are setup. The area varies from 115 square kilometer in the state of Punjab to 11215 square kilometer in Meghalaya.

For trading in the regulated markets and to make use of the regulated market facilities the farmer has to travel at a far off distance. It is recommended by the National Commission on Agriculture (1976) and National Commission on Farmers (2004) that in the radius of five kilometers the farmer should be given the regulated market facilities. As a result because of this, the market command area should not be more than 80 square kilometer. In the state of Rajasthan 823 square kilometer, in the state of Uttaranchal 940 square kilometer, in the state of Himachal Pradesh 1465 square kilometer and in the state of Sikkim 7096 square kilometer is the area of per market yard which is high. There is a affirmative/positive impact on the agricultural productivity on increased in the market density. The norms set are achievable if the non-regulated rural periodic markets and the wholesale markets are regulated.

A regulated market is said to be effective and efficient if the farmer is able to get the advantages/benefits of the amenities/facilities provided by these markets instead of its numbers and its area of operation. In two-thirds of the markets which are regulated have open auction and covered platforms. Common drying yards are present in one-fourth of the markets. There are traders, platforms, shops and godowns in front of the shops in the markets. Only few of the markets have cold storage facilities and same is the condition with the standardization and grading facilities in the markets. Majority of the markets have primary or basic facilities like boundary walls, electricity, weighing equipment’s, loading and unloading facilities and internal roads. Only some of the regulated markets are having farmer’s rest houses.

According to the Twelfth Report in 1976 of the National Commission of Agriculture, marketing of agricultural produce being a process starts with a decision of producing a farm commodity which is saleable which involves total aspects of the market system/structure that is institutional and functional, which are based on the economic and technical considerations, and which also includes before and after
operations of harvesting, grading, assembling, storage, distribution and storage”. 15
The system of marketing significant link in between the produce of the agricultural sector on one side and on the other side the industry, urban economy and the non-farm sector. This marketing system not only physically and also the functions facilitating the transfer of goods from the agricultural producer to the end consumer, but also performs those functions which discovers the prices at the different stages of marketing and the transmitting of the price signals in the chain of marketing”. 16

In the post independent period there is improvised research in the area of fertilizers, machineries, seeds and irrigation techniques which has increased the agricultural production. India is ranking second (worldwide) for its farm produce output. But over the decades in the past, according to the State of the Indian Agricultural Report for 2012-2013 the average of land holding of the famers has reduced. According to the report and also according to the Agricultural Census 2010-2011 the operational classes (large and medium, marginal and small) have declined in the average size of holdings in the past years and in 2010-2011 with all classes together it has reduced to 1.16 hectare from 1970-1971 to 2.82 hectares. In this the holdings of marginal and small farmers are less than two hectares and from the total operational holding account for 85 percent and the total operated area being 44 percent”. 17 The latest estimates given by the Central Statistics Office (CSO), the share of Allied Sectors in Gross Domestic Product (GDP) and also the share of agricultural products of India is 13.7 percent in the year 2012-2013 at the year 2004-2005 prices being compared to 51.9 percent in the year 1950-1951”. 18

With the advent of globalization, the country’s GDP is being improved by other sectors to but it is the agricultural sector whose contribution to the GDP is reduced and attempt has to be made for its improvement. There is reduction in the agricultural land holdings in the Asian countries which already are small (two hectare or less). A debate arises in between the academic regarding the small scale agriculture can play the historic role in future. A question arises as to how commercialized agriculture can take place? Will the small farmer’s productive cultivation be able to provide minimal output which is required for earning his livelihood? Will the large agriculture large agricultural farms mean agriculture commercialization?”19 This benefits India too. In this context, whether a new policy/strategy is to be formed for the marketing of
agriculture and the other parameters which are based on the size of the farm. The policy should give attention to the farmer’s problem while they are marketing their farm produced for getting better prices and finding the relationship amongst the parameters which influence the farmers for marketing their produced.

To access the effectiveness of the provisions of the acts which were aimed to remove the demerits/disadvantages of the agricultural marketing system, an expert committee was formed under the Shri. M. L. Dantawala in 19/08/1950, who was the chairman of this expert committee, had being appointed by the Government of Bombay. The committee viewed that it could be proper/better for consolidating the gains which resulted from the act rather than increasing the number of regulated markets. Under the chairmanship of Shri T. G. Shiraname (who was at that time the Director of Agriculture for reviewing the working of Bombay Agricultural Produce Market Act, 1939) who was appointed by the Government in 1955 – 1996, another committee was formed. The output of this committee was that it pointed out that the marketing of farm produce which is complicated in nature, the farmers on their own are not able to handle it properly and until they are able to do so should be handled by the experts. There should be no elimination of the producer and the seller but efforts should be taken for making the market functionaries to function at a higher advantage.

After the states were reorganized, a need was failed to amend the 1939 Act. These resulted in the, three different regulated market acts and were operative in the three different parts of the states and a need also being felt for a legislation to be unified for the entire state. As a result of the above points/factors a new market act known as The Maharashtra Agricultural Produce Marketing Regulation Act, 1963 replaced the Bombay Agricultural Produce Act, 1939. Also the rules were passed under the act Maharashtra Agricultural Produce Marketing Regulation Rules, 1967.

An expert committee on agricultural marketing on 19th December, 2000 was appointed by the Government of India, in the ministry of agriculture. It was appointed for reviewing the present system of agricultural marketing in India and also for recommending the measures which will make the system highly efficient and also competitive. On 29/06/2001, in its report the committee suggested different legislative reforms and also the reorientation of the programs and policy for developing and strengthening the agricultural marketing in India.
The amendments of 2003 have features as below:

1. According to the act the state being divided into many market areas, each one being administer by a different Agricultural Produce Market Committee (APMC) were the impose their very own marketing regulations which included fees also.

2. For applying established new markets in any area, for the agricultural produce the legal persons, farm produce growers and the local authorities are to be permitted.

3. A separate provision being made for Contract Farming which allows the direct sale of the agricultural produced from the farmer’s field to the sponsors of Contract Farming.

4. In any regulated market area, on the sale of a notified farm produce commodities a market fee to be levied at a single point.

5. Provisions being made to resolve the disputes which arise between the consumer market/private market and market.

6. Provisions made to create a marketing infra structure from the earned revenue by the Agricultural Produce Market Committee.

7. With the effect from 25th May, 1967 both Acts mention above and their rules were brought into effect. The Act has been amended many a times till now.

2.5.4 Market Regulation (Year Wise) History – Before and After Independence

Market Regulation came into existence for overcoming the problems faced by the farmers on marketing their agricultural produce in the market. They were enacted for the buying and selling activity which took place in this market to be of fully advantageous for the farmers. It was made in accordance to curtail the harassment of the farmers due to their ignorance of market environment. The following table shows the history of market regulation.
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Advisory / Indian Market Regulations</th>
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<tbody>
<tr>
<td>1</td>
<td>1880</td>
<td>The Famine Commission Committee</td>
</tr>
<tr>
<td>2</td>
<td>1885</td>
<td>Karanja Cotton – Hyderabad Residency Order</td>
</tr>
<tr>
<td>3</td>
<td>1897</td>
<td>Berar Cotton and Grain Market Law</td>
</tr>
<tr>
<td>4</td>
<td>1903</td>
<td>Irrigation Commission Committee</td>
</tr>
<tr>
<td>5</td>
<td>1917</td>
<td>Appointment of Committee</td>
</tr>
<tr>
<td>6</td>
<td>1918</td>
<td>Recommendation of Cotton Committee</td>
</tr>
<tr>
<td>7</td>
<td>1927</td>
<td>Bombay Cotton Market Act Dhule Market Regulation being Passed under this Act</td>
</tr>
<tr>
<td>8</td>
<td>1928</td>
<td>Report of Royal Commission on Agriculture</td>
</tr>
<tr>
<td>9</td>
<td>1930</td>
<td>Hyderabad Produce Market Act</td>
</tr>
<tr>
<td>10</td>
<td>1931</td>
<td>Central Banking Inquiry Committee Recommended Implementation of Royal Commission Report</td>
</tr>
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<td>11</td>
<td>1933</td>
<td>Madras Royal Commission Act in force</td>
</tr>
<tr>
<td>12</td>
<td>1933</td>
<td>Central Provinces Cotton Market Regulation Act passed</td>
</tr>
<tr>
<td>13</td>
<td>1934</td>
<td>Baroda Agricultural Produce Market Regulation Act passed</td>
</tr>
<tr>
<td>14</td>
<td>1935</td>
<td>Central Province Agricultural Produce Market Acts enforced</td>
</tr>
<tr>
<td>15</td>
<td>1938</td>
<td>Central Agricultural Marketing– order for preparing Ideal Draft for States</td>
</tr>
<tr>
<td>16</td>
<td>1938</td>
<td>Application of Bombay Cotton Act, 1927 for every Agricultural Produce</td>
</tr>
<tr>
<td>17</td>
<td>1939</td>
<td>The Punjab Agricultural Produce Market Act passed and enforced from 1971</td>
</tr>
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<td>18</td>
<td>1939</td>
<td>Bombay Agricultural Produce Market Regulation</td>
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<td>19</td>
<td>1939</td>
<td>The Cotton Market Regulation Act of Central Region</td>
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<td>20</td>
<td>1939</td>
<td>The Agricultural Produce Market Regulation Act of Central Region and Warhad</td>
</tr>
<tr>
<td>21</td>
<td>1947</td>
<td>The Patiala Agricultural Produce Marketing Regulation Act passed and enforced in 1948</td>
</tr>
</tbody>
</table>
Thus, from the above table shows the various Acts passed before and after Independence for catering to the needs of the farmers. This helps for clearing the growth and the position of Maharashtra’s Agricultural Produce Market Committee.

### 2.6 Institutional and Other Reforms

An efficient agricultural marketing system is essential for the development of the agriculture sector as it provides outlets and incentives for increased production and contributes to the commercialization of subsistence agriculture. The issue of reforms in agriculture marketing has engaged the attention of policy makers for the last five decades though the approach to reforms has changed over the years.
The Agricultural Marketing Policy in India is governed by the Agricultural Produce (Grading and Marketing) Act of 1937. The Directorate of Marketing and Inspection of the Ministry of Agriculture is responsible for administering the federal statutes concerned with marketing of agricultural produce. During the First and Second Five Year Plans, a number of marketing development programs were initiated covering the broad areas of Cooperative marketing, market news service, standardization of weights and measures, warehousing, grading and standardization, market regulation and training of marketing personnel, etc. However, the late fifties to mid-sixties was a very significant period in the history of agricultural market development when a large number of institutions came into existence and the prominent one among those were, Central Warehousing Corporation established in 1957, Food Corporation of India (1965), Commission for Agricultural Costs & Prices (1965) and National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) established in 1958. There are also special Marketing Boards for Rubber, Coffee, Spices, Coconut, Oilseeds, etc. and a network of Co-operative Societies at local, State and National level was also created to serve the needs of product specific marketing requirements. The decade of 1970s may be categorized as the first phase of reforms where the improvement in marketing system aimed at assuring reasonable prices to the farmers, ensuring affordable price for the consumers, reducing marketing cost and increasing marketing efficiency. The Agricultural Marketing Regulations (APMC) Acts focused on (i) creation of primary infrastructure in primary markets, (ii) establishment of farmer dominated management committees, (iii) putting in place certain marketing practices like auctions, proper weighing, timely payments, etc., (iv) standardization of market charges like fees, commissions, labour charges, etc., and (v) creation of amenities in the market yards for farmers and traders. By the year 1978, most of the States had adopted APMR Acts. The comfortable situation in the food front during the 1980s shifted the attention of the policy makers from macro food security to household food security. The policy instruments for agricultural marketing was modified accordingly by putting emphasis on streamlining the functioning in the regulated markets and improving the amenities in the markets. The decade of 1990s saw the launching of the process of liberalization in the industrial and financial sectors in a vigorous manner. The same was introduced in a cautious manner in
agriculture sector. Agricultural marketing system was reviewed and several recommendations were suggested keeping in mind the changing economy in the post liberalization era. The High Powered Committee on Agricultural Marketing under the Chairmanship of S. Guru recommended among other things the regulation and development of rural markets in a planned manner. The Expert Group on Agricultural Marketing (1998) headed by S. S. Acharya recommended the shifting of ‘Agricultural Marketing’ from Ministry of Rural Development to the Ministry of Agriculture and the same was implemented immediately. An Expert Committee (S. Guru and S.S. Acharya) constituted in the year 2000 recommended an investment of Rs.2.84 lakh crore in agricultural marketing during next 10 years and involvement of private sector in agri-marketing. The Planning Commission Group on Agricultural Marketing (2001) identified the need for an Inter-Ministerial Task Force to operationalize the recommendations of Expert Committee (2000). Inter-Ministerial Task Force (RCA Jain) was constituted which prepared a comprehensive operational plan on agricultural marketing reforms. As a follow up to that, Model APMC Act, 2003 was drafted and circulated among the States. The Model Act, 2003 largely focused on addressing some of the concerns within the existing framework of State APMC Acts with a view to (i) empower farmers, especially small farmers, with knowledge, information and capabilities to undertake market driven production (ii) provide multiple choice for competitive marketing channels to farmers (iii) provide efficient services at a reasonable transaction cost and (iv) attract investment needed for building post-harvest infrastructure. Ministry of Agriculture also framed the Model APMC Rules and circulated the same to States/UTs in 2007 to facilitate amendment of the existing Rules. The status of adoption of APMC Act, 2003 and APMC rules by various states is given in Appendix 2 and 3 respectively. The Ministry of Agriculture, Govt. of India set up an Empowered Committee of State Ministers in-charge of Agricultural Marketing in 2010 under Chairmanship of Harshvardhan Patil to persuade various States/UTs to implement the reforms in agriculture marketing through adoption of Model APMC Act and Model APMC Rules, suggest further reforms necessary to provide a barrier free national market for the benefit of farmers and consumers and also suggest measures to effectively disseminate market information and to promote grading, standardization, packaging, and quality.
certification of agricultural produce. The Committee in its Report (2013) noted that, ‘by and large, the APMCs have emerged as some sort of Government sponsored monopolies in supply of marketing services/ facilities, with all drawbacks and inefficiency associated with a monopoly’. The Committee made recommendations pertaining to licensing policy, single point registration for private wholesale markets, rationalization of market fees/commission charges, streamlining contract farming arrangements, viability gap funding to promote PPP in marketing infrastructure, waiving of market fees with regard to fruits and vegetables, etc. They also recommended the concept of Integrated National Market or National Common Market for the benefit of producers and consumers. The High Level Committee (2015) on reorienting the role and restructuring of Food Corporation of India (Shanta Kumar Committee) has come out with many recommendations, and if accepted, may help small holders to a great extent. Some of those which are worth mentioning include (i) FCI should move on to help to those states which are dominated by small holdings and which suffer from distress sales like Eastern UP, Bihar, WB, Odisha, etc.; (ii) Negotiable Warehousing receipt system should be taken up on priority basis and the GOI can explore whether this system can be used to compensate the farmers in case of market prices falling below MSP without physically handling large quantities of grain (iii) The farmers can be given direct cash subsidy (@ Rs.7000/ ha) and fertilizer sector can be deregulated and this will avoid diversion of urea to other uses and this will also help the farmers who have availed the loan from the moneylenders (iv) Government need to revisit to MSP policy as the price supports operates effectively in case of rice and wheat only and the incentive is skewed in favor of growers of these two crops only. Now Pulses and oilseeds deserve priority as they are sold below MSP despite their shortage in the country (v) given the leakage in PDS ranging between 40 to 50 per cent, GOI should defer implementation of National Food Security Act till the list of the beneficiaries are not put online. All the above recommendations will help more to the small holders as they suffer the most from the inefficiencies and Lack of transparency in the operations of the FCI. Market development is considered to be a dynamic, multi-dimensional and multi-disciplinary growth of marketing activities which not only envisages development of marketing infrastructure but also the reforms in market practices, institutional support and a package of other
supporting facilities. Market development is also influenced by the technological advancements in the economy resulting into creation of economic and social overheads like roads, railways, communication facilities, warehouses, cold storages, market infrastructures, etc. Although a lot many efforts have already been made to help farmers realize remunerative prices for their produce, which does not seems to be sufficient. There are still some critical areas which needs attention of all having interest and stake in the agricultural marketing system in the country”.21

2.7 Objectives of Regulated Markets

The regulated markets were formed for meeting the demands of the population which is increasing and for the development of the industry, to enhance the quality of the farm produce and also to fetch a fair/appropriate price for the produce of the farmers. Following are the objective given below:

1. Market practices to be regulated and transaction transparency to be attend.
2. Provide proper marketing environment and offering best possible prices to agriculture products.
3. For managing and controlling markets they should have a democratic setup.
4. To provide proper weighing, correct method of sale, instant/prompt payment and other services related to marketing.

2.8 Market Committee and Its Functions

To control the marketing activities in the market, there is a committee known as the ‘Market Committee’. This committee is made up of representatives of the Government nominees, farmers, traders, commission agents and other functionaries. The market committee which is controlled by the marketing committee has the following function to perform:

1. To issue license to the weigh men, commission agents and different other functionaries.
2. To see that proper weighing is done by the weigh men who are appointed through the committee.
3. The committee fixes the rate of commission to be charged.
4. The market committee has authority for complete management of these markets.

2.9 Market Participants

The market is made up of sellers and buyers as it is a place where agricultural produce marketing takes place. The farmer sells his farm produce in the market to the buyer, where this process takes place through the middlemen.

Figure: 2.1
Market Participants

Source: Related APMC
Thus, the above diagram shows the various participants in the market for marketing a produce which below:

1. Wholesaler
2. Consumers
3. Adatya’s
4. Retailers
5. Commission Agents
6. Traders: These are like the brokers but have high risk level.
7. Producers / Sellers (Farmers): They are not involved directly in the working but are a part of the total cycle of marketing of agricultural produce.
8. Brokers: This participant, take minimal risk and as a portion of their income the fees paid to them is known as brokerage/commission.

2.10 Methods of Selling the Agricultural Produce

The methods of selling in the Agricultural Produced Marketing Committee, the method of selling the agricultural produce is as follows:

1. **Open Auction:**
   
   In this method a bidding process is taken by the farmer was in which bidding takes place on the prices of the auction produce by the commission agents and the farmer sells his produce to one who bids a highest price.

2. **Hatta Sale (Under Cover):**
   
   In the regulated markets, this type of selling method is not permitted legally for its practice. But it is mostly practice in the vegetables and fruit market.

3. **Sale by Sample:**
   
   In this method which is most convenient the farm produce which is to be sold is graded systematically this helps to save the inspection and transportation cost. This needs honest for fair deals the commission agent/producer shows the farm produce sample to the trader and thus makes a final price.
4. **Marketing through Co-operatives:**

These societies are developed for removing the deficiencies of the traditional and private markets, to develop the efficiency and effectiveness of the agriculture produce marketing system, to safeguard the interests and benefits of the farmers, buyers, middlemen and the ultimate consumer. In these markets the farmers can take the benefits of collective bargaining. Selling of the agriculture surplus which is meant for selling purpose is collected from the members of the society and the same is sold through mandis in a collective way. Such societies are formed by farmers to take advantage of collective bargaining. A marketing society collects surplus from its members and sell the same in the mandi collectively. This helps to fetch a better price for their farm produce by collective bargaining. It also has an advantage of improving the member’s powers of bargaining.

**2.11 Features of the Regulated Markets**

To solve the problems in private market which were being faced by the farmers and traders regulated markets were formed. These markets which were regulated have the following features:

1. On the basis of the commodities value of size of a commodity which is traded in the market is levied or fee is charged from the farm producers and the traders. This can also be sometimes charged on the basis of truck and cart load.

2. The farmer sells his farm produce in a market which is regulated where it is sold in an open auction or by the method of closed tender where a closed supervision by the market committee’s official takes place. This type of marketing gives a fair/proper/competitive price to the farmers

3. The members of the marketing committee are made up of government local, farmers, co-operative and traders. In general it is made up of 15 members, they are: 1 each from the local bodies and government, 3 from traders and farmers ten.

4. The area of operation in Maharashtra of the regulated market is being restricted to one for each taluka. A notification by the concerned state
government is given for its intension of regulating the trade practices in specific area. Such type of area in which the operation takes place is laid down as a district or municipal limit or it can also be a region.

5. All those who are working in the market which have regulations (market functionaries with traders) is required to have a license which is available by paying off a prescribed fee for conducting business, from the market committee. According to the market committees bye-laws a proper accounts record has to be kept or maintained by these licensed traders.

6. Whatever dispute which arises in between the traders/farm producer and the sellers regarding unauthorized charges deductions and quality of the farm produce are solved and looked into the market committee’s sub-committees for avoiding the unwanted expenditure and legal compliances.

For building and for its maintenance of the infrastructure amenities/facilities in the regulated market in the market area the market committees make the funds available from the sources given below:

1. Renewal fee from the market middlemen who are one of the functionaries in the regulated market area.
2. To charge a fee for the farm produce brought by the farmer for selling it in the regulated market.
3. Through license fees.
4. Fees/rent or charges collected from the facilities or the amenities provided like the farmers rest house, canteens, sheds, godowns and others, fines and fees.
5. Interest gained from the surplus which is invested in the government securities.

These funds are made use of for the following:

1. For paying the loan interests.
2. For publicizing or advertising to improve agriculture through improved/advance method or technology.
3. This used to collect information and also disburse or distribute/dissemination of the information.
4. To make use of it for paying salaries and also the staff pensions.
5. For making and maintaining the standard measures and weights.
6. It is also used for building the infrastructure and for its maintenance.

2.12 Advantages of the Regulated Markets

To overcome the deficiencies of the private market regulated markets are established for the benefits of the farmers marketing their produce and buyer of this produce and also the middlemen in this chain. Following are the advantages of the regulated markets:

1. The farmers and traders are provided with the basic/primary amenities and facility to the farmers and traders. These facilities are like farmers rest houses, standardization and grading the agricultural produce, canteens, electricity, cement and concrete roads, warehouse and storage facilities, water tanks, sheds for the produce and cattle’s and many others.

2. The regulated markets are making use of proper quality standards and the standard terms and regulations for proper functioning of the marketing system.

3. In the regulated markets trading is done by the method of open auction.

4. Records are maintained for stocks, prices and arrivals.

5. In the regulated markets there are specific and properly defined market charges of the agricultural produce.

6. Unwanted market activities and also the market activities are being brought under the control.

7. These markets also provide machinery by which settlement of disputes can take place.

8. Farmers are given proper, current market news which are reliable for taking market decisions.

9. In the markets for having uniformity in standardize weights and measures, verification and inspection of this facility is conducted at a specified interval time.
2.13 Agriculture Produce Market Committee in Western Maharashtra

Table: 2.2

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Name of the District</th>
<th>Total No of APMCs</th>
<th>Date of Establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ahmednagar</td>
<td>14</td>
<td>01/10/1954</td>
</tr>
<tr>
<td>2</td>
<td>Pune</td>
<td>13</td>
<td>01/05/1957</td>
</tr>
<tr>
<td>3</td>
<td>Satara</td>
<td>10</td>
<td>12/05/1952</td>
</tr>
<tr>
<td>4</td>
<td>Sangli</td>
<td>07</td>
<td>17/01/1951</td>
</tr>
<tr>
<td>5</td>
<td>Kolhapur</td>
<td>04</td>
<td>15/10/1945</td>
</tr>
<tr>
<td>6</td>
<td>Solapur</td>
<td>11</td>
<td>12/08/1959</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>59</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: [http://www.msamb.com/ApmcDetail/Profile](http://www.msamb.com/ApmcDetail/Profile 22/6/2017)

At present, the total number of main markets of Agriculture Produce Market Committees (APMCs) are 307 ([http://www.msamb.com/ApmcDetail/Profile 22/6/2017](http://www.msamb.com/ApmcDetail/Profile 22/6/2017)) in Maharashtra. There is total number of 59 markets of APMCs in Western Maharashtra.

2.14 Agriculture Production and Productivity

The district of Ahmednagar has agriculture as the chief occupation of the people. Majority of the people are still working as farmer laborers in the farm. The other allied activity - animal husbandry, sericulture, horticulture and others are also based on agriculture. The district experiences an irregularity of rain in the monsoon season, due to which agriculture is mostly relying on the stored water through dams, canals, rivers, wells and other irrigation facilities. There are Kharif and Rabi crops taken in the district. Mung, Bajra, Tur, Cotton, Sunflower as Kharif crops and Wheat, Jowar, Groundnuts, Grams, Sunflower, Onion. Sugarcane is also cultivated in large quantity and because of which Sugarcane factories can be found in the district.
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“In the district of Solapur there are two main agricultural seasons in the district, viz., Kharif and rabi. The Kharif season commences from the first week of June, i.e., from the first day of the Mrug Nakshatra and continues up to November-December. The south-west monsoon starts from June which is mainly useful for pre-sowing, preparatory tillage of the soil. The regular south-west rains set in by the fourth week of June and the sowing operations start with these rains. Special importance is given to sowing of the cotton crop during the Mrug Nakshatra as it results in good yield. For the Kharif crops lands are ploughed during April and May and preparatory tillage consisting of harrowing is done before the onset of the monsoon. With the onset of the monsoon, the farmers start sowing operations. Kharif crops are harvested in the months of November-December. Due to the uncertainty rains, irrigation is also required to be given to Kharif crops wherever irrigation facilities are available. The main crops grown in the Kharif season are cotton, groundnut, bajri, tur, maize, mug, paddy, etc. in the district. Rabi season: This season commences from the middle of October. The he land is ploughed in the months of October-November for Rabi season. The preparatory tillage such as harrowing is done before sowing. Sowing of Rabi crops begins from the first week of October. They are sown in non-irrigated fields. The crops in irrigated fields could be own later. The Jowar crop is harvested in the month of January, while wheat and Gram crops are harvested in the month of March. The rabi crops like Jowar, wheat and Gram are generally grown as rain-fed crops on a large scale and are irrigated wherever the irrigation facilities are available”.
“Satara district is rain fed area in large portion. The dependency of agriculture mainly lies on monsoon, because of which the pattern of cropping is dominated by Kharif crops. Rabi crops which are low water intensity, crops like Jowar and Bengal Gram are too major crops in this district.”

“Agriculture in the Sangli district is mostly of the intensive subsistence type with an emphasis on the production of food grains. Some commercial crops like cotton, sugarcane, oilseeds, vegetables and fruits etc. are also taken in the region. Kharif and Rabi are the two main crop growing seasons. The Kharif crops are sown with the onset of monsoon and harvested in September to October. The Rabi crops are sown in October to November and harvested in February to March. There are some crops like Jowar and cotton which are grown in both the seasons. Sugarcane stands in the field for 12 to 14 month’s spread over both the seasons. Over a large area in the region the rain fed crops are found. Such land is known as ‘Jirayat’ or unirrigated land. Hence, the farmer has to depend entirely on the natural source of water for crop production. Most of the farmers have successfully adopted dry farming techniques where conservation of moisture is of vital importance. ‘Bagayat’ in contrast is an irrigated land where labour and water intensive farming is practiced.”

All the cultivable land in the district falls under one of the three categories, namely jirayat (dry crop land), bagayat (irrigated land) and rice lands. Dry crop lands on account of their dependence on the monsoon, are further divided into Kharif (early monsoon) and Rabi (late monsoon) lands. Kharif crops are brought to maturity by the rains of south-west monsoon whereas Rabi crops depend on north-east monsoon, dew and irrigation. Kharif season commences in June and terminates in September, draws its rainfall mainly from the south-west monsoon and from the ante-monsoon showers in May. An average rainfall of 69” received during this season is on the whole fairly distributed. The main Kharif crops of the district are:-paddy, Kharif Jowar, bajri, Ragi, Italian millets, kodra, vari, sava, maize, turi, kulith, udid, chavali, groundnut, niger, sugarcane, chillies, brinjals, tomatoes, bhindi, cucurbits and leafy vegetables. Sowing and reaping of these crops roughly coincides with the commencement and termination of the monsoon. With the exception of sugarcane, sowing is generally done between mid-June and mid-July and harvesting between the middle of September and the end of November. Kharif Jowar, however, is harvested between
the middle of December and the middle of January. Crops like chillies, *turi* and cotton are harvested in September, December, January and February respectively.

“In the district of Kolhapur the heavy rainfall zone paddy, Ragi, Italian millet, kodra, vari, sava and rala are the main crops grown. In the central and eastern zone, *Kharif Jowar*, *turi*, groundnut, cotton, tobacco, chillies and all Pulses are grown. Sugarcane, which is the main cash crop of the district, is grown all along the river valleys. Planting of tobacco is generally done in August and it is harvested in January. Planting of sugarcane commences from November onwards and is over by the end of January. Cultivators take *ratoon* crop of sugarcane at least for four years. There is also the practice of planting of cane by the *rajooing* method, especially in the month of August. This is a 16 month crop. *Kharif Jowar* and groundnut grown in central and eastern zone are dilled by marking the lands by a marker. Cotton crop is grown as a miscellaneous crop generally along with chillies. Sowing is over by the end of July. Rabi crops such as *shalu Jowar*, Gram and wheat are grown in parts of central zone and eastern zone, along the river-banks submerged during floods. The moisture retained by the soil from monsoon showers, rains received from north-east monsoon and dew are sufficient for these crops. In the western zone, after the harvest of paddy, crops such as *watana* (field peas), *Val* and Gram are taken in the lands retaining sufficient moisture. Advantage of north-east monsoon rainfall is also taken. Wherever watering facilities are available, wheat, onions, garlic and vegetables such as carrots, radish, cabbage, brinjals and tomatoes are the other crops grown after the harvesting of paddy.”

Following table shows the agriculture production and productivity for crops like Wheat and Jowar in districts chosen by the Research student – Ahmednagar, Pune and Satara.
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>District</th>
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<th>Kharif Jowar Production</th>
<th>Productivity</th>
<th>Rabi Jowar Production</th>
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<tbody>
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<td>43845</td>
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</table>

**Source:** DSAO, Ahmednagar 2016
From the above table it can be seen that:

1. Production of wheat and Jowar is fluctuating. Highest wheat production during the year 2013-13. In case of wheat Ahmednagar district was highest in the year 2010-11. Out of the total production of wheat during this year, share of Ahmednagar district was 66.71%. However this proportion was declined and it was 21.50% during 2014-15.

2. The production Kharif Jowar is very minor as compared to Rabi Jowar. Solapur district is popular for Rabi Jowar. This district always secures 1st rank in case of production. Production of this crop was increased by 11.35% during 2010-11 to 2014-15.

3. Productivity of wheat and Jowar is very less. This is the reason of unprofitability. Wheat productivity is highest in Pune District excluding 2011-12.

4. Wheat productivity was highest in 2010-11 in Kolhapur district. It was so quintal per acre, this productivity is very less. Per acre cost of production is 18000 i.e. per quintal cost of production 1800. However, minimum support price is less than 1300.

2.15 Minimum Support Price

Minimum Support Price is the price at which government purchases crops from the farmers, whatever may be the price for the crops. Minimum Support Price is an important part of India’s agricultural price policy.

The MSP helps to incentivize the farmers and thus ensures adequate food grains production in the country. I give sufficient remuneration to the farmers, provide food grains supply to buffer stocks and supports the food security program.

Selected crops Minimum Support Price is declared by the Government of India (GoI) for protecting farmers economy related to natural calamities and the traders low prices offered to them, “Under this scheme, procurement in the State is undertaken by the National Agricultural Co-operative Marketing Federation, Maharashtra State Co-operative Cotton Growers Federation, Maharashtra State Co-operative Tribal Development Corporation and Maharashtra State Co-operative Marketing Federation”20. The following table given below shows the MSP of different major crops.
Table: 2.4
Minimum Support Prices (According to crop year)
(As on 01.06.2016)
(Rs. Per quintal)

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<tr>
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<td>3000</td>
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<td>2970</td>
<td>3020</td>
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<td>Ball (Calender Year)</td>
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<td>5830</td>
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<td>(Calender Year)</td>
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<td>170.00</td>
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</table>

Source: http://eands.dacnet.nic.in
1. $ Fair and remunerative price
2. ** Bonus of Rs.75 per quintal is payable over and above the Minimum Support Price.
3. ^ Bonus of Rs.200 per quintal is payable over and above the Minimum Support Price.
4. ^^ Bonus of Rs.25 per quintal is payable over and above the Minimum Support Price.
5. * Bonus of Rs.100 per quintal is payable over and above the Minimum Support Price.
6. $$ Minimum Support Price of Soyabean yellow is also applicable to black variety during 2015-16 and 2016-17

From the above table it can be seen that MSP for different crops is for the years 2013 – 14 and 2014 – 15. The MSP given in the year 2014 – 15 is more or same than the previous year 2013 – 14. The difference is not very significant in the increment of every crop but it can be seen that it not below the previous year.

2.15.1 Different Crops under MSP

The Minimum Support Prices were announced by the Government of India for the first time in 1966-67 for Wheat in the wake of the Green Revolution and extended harvest, to save the farmers from depleting profits. Since then, the MSP regime has been expanded to many crops. Minimum Support Price is the price at which government purchases crops from the farmers, whatever may be the price for the crops. The MSP is announced by the Government of India for **25 crops currently** at the beginning of each season viz. Rabi and Kharif. Following are the 25 crops covered by MSP:
From the above table it can be seen that the major crops come under the MSP to at least give assurance of a minimum price to the farmers for their crops. This also acts as a motivation for them to cultivate crops extensively.
2.16 Details of Five Big APMCs According To The Income Earned.

Table: 2.6
Details of Five Big APMCs

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of APMC</th>
<th>Income (Rs. In crores) for 2013-14</th>
<th>Rate of Market fee</th>
<th>Rate of Commission Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>APMC Vashi (Mumbai)</td>
<td>126.00</td>
<td>0.8% of the value of the produce</td>
<td>Perishables</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1. Onion - 6.5%</td>
</tr>
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<td></td>
<td></td>
<td>2. Vegetable - 8%</td>
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<tr>
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<td></td>
<td></td>
<td>3. Fruit – 10%</td>
</tr>
<tr>
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<td></td>
<td></td>
<td>Non-Perishables – up to 2.75%</td>
</tr>
<tr>
<td>2</td>
<td>APMC Azadpur (Delhi)</td>
<td>90.00</td>
<td>Market fee – 1% of the (Fruits and Vegetable Market</td>
<td>6% of the value of the produce.</td>
</tr>
<tr>
<td>3</td>
<td>Galla Mandi APMC Indore</td>
<td>59.70</td>
<td>Market fee-2% (Except Oragne, Cotton and Banann on which it is 1.0%) of value of the produce + Nirashrit Shulk – 0.2%</td>
<td>No Commission agent exists</td>
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<tr>
<td>4</td>
<td>APMC Gultekari (Pune)</td>
<td>47.00</td>
<td>1% of the value of the produce</td>
<td>Perishables – 6.0% of the value of the produce Non-Perishables – 3% of the Produce</td>
</tr>
<tr>
<td>5</td>
<td>APMC, Yashwantpur</td>
<td>44.00</td>
<td>Market fee – 1.0% + 0.5% for revolving fundin case of dry grapes (Kishmish), it is only 0.1% only</td>
<td>Fruits and Vegetable – 5.0% of the value of the producer others – 2.0% value of the produce.</td>
</tr>
</tbody>
</table>

Source: [http://www.indiabudget.nic.in](http://www.indiabudget.nic.in) 2015

From the above table it can be seen that the regulated market at Vashi is the biggest income earner of Rs.126.00 Crore. Its market fee is also less compared to the other APMCs. The rate of commission charged is not more than 10%. The second
number is of Azadpur (Delhi) having a income of Rs. 90 Crores. Its market fee is as same as the APMC Pune that is RS. 1%. And the commission being 6%. The Gala Mandi APMC, Indore is having Rs 59.70 Crore earning for the tear 2013-14. It has various kinds of fees regarding the market arrivals. The income of both the APMC Gultekari (Pune) and APMC, Yashwantpur does not have a big difference that is Rs. 47.00 Crores and Rs. 44.00 Crores respectively. In Pune APMC the market eemies of Rs. 1.00 and that of Yashwantpur have variances for different produce. The rate of commission charged in both APMC is less than the other APMCs.

2.17 State Status of Marketing Reforms

From the below table it can be seen that the status of state marketing reforms. It shows the states which follow the APMC act.

**Table: 2.7**

**State Status of Marketing Reforms as updated on 17/11/2016**

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>State / Ut</th>
<th>Establishment Of private wholesale market</th>
<th>Direct wholesale purchase from agriculturist at their farm gate (Direct purchase by process/exporters)</th>
<th>Contract farming</th>
<th>Establishment Of farmer/consumer market in private sector (direct sale by the producer to consumer in retail)</th>
<th>e-trading</th>
<th>Single point levy of market fee across the state</th>
<th>Single unified trading license in mandies across the state</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Arunachalp radesh</td>
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<td>×</td>
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APMC Act repealed in 2006
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Source: msamb.com
It shows the establishment of private whole sale market, contract farming, and direct wholesale purchase from agriculturist at their farm gate. Information is also given regarding establishment of farmer/consumer market in private sector (direct sale by the producer to consumer in retail), e-trading, single unified trading license in mandies across the state and single point levy of market fee across the state.

**Conclusion**

The regulated markets administration pattern in the state needs a change that is a structural change. The administration of the market regulation of the co-operative department of the state should be taken by the agricultural marketing board. The state Agricultural Marketing Board members should concern for the Directorate of Marketing who did not allow them to work on independent bases with sufficient powers. There is also a need to restructure the limit of the market fees and the powers of the secretary as it is enacted in 1963. Presently the market fee limitation is one rupee which is less or insufficient for raising the income by the market committee. In short for the secretary to have independency and to remove the delay in taking decision he have to be given some of the powers which is presently being exercised through the Board of Directors of the market committee for routine matters.

Recently, the Indian agricultural markets have not only grown in its size and in complex nature, have changed in terms of the volume and the produce/commodity prices but also in the terms of the regulatory reforms, the new channels of marketing which have support from the government and the private sector.

In the recent years agricultural markets in India have grown in size and complexity, not only in terms of volumes and commodity prices but also in terms of regulatory reforms and new marketing channels and arrangements, with support from governments and private sector. New and far better channels need to be established for the marketing of the produce for reducing the price by removing/lessening the long chain of marketing channels who takes majority of the portion of profit then the producer of the produce or the farmer who is the cultivator/producer of the produce. For protecting farmer’s economy related to natural calamities and the traders low prices offered to them the GoI fixes Minimum Support Prices. An effective system of communication (Information Communication Technology) with the functionaries of
the regulated market for proper information at the right time and the right place
should be developed so that these functionaries are not cheated. There has also
improvements to be made in infrastructure facilities, capital investments have to be
raised, and the welfare schemes should reach the small and marginal farmers so that
they are able to improve their standard of living by getting maximum profit for their
produce which is sold in the regulated markets.
Reference

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