In India and Bangladesh, agriculture plays a very important role, as in most countries of the world. This sector provides nearly half of the national income and job. The main source of income of the farmers are the prices of agricultural commodities which they get for their produce.

As in the case of any commodity, product or service agricultural produce require proper marketing. In the absence of sound marketing facilities, the producers have to depend on local traders and middlemen for the disposal of their farm produce which is sold at a very low price than the actual market price. For proper marketing of agricultural produce, a sound and strong competitive market system is necessary for the country's social and economic welfare. The sound market system benefits a broad spectrum of the society. The competitive market and marketing system is usually the most effective vehicle for allocating resources to produce most of the goods and services the country needs. Production, processing and all levels of selling should become highly co-ordinated units of a single marketing system. Such a process will ultimately result in increasing the amount of marketable surplus in the economy. Agricultural marketing is 'a process which starts
with a decision to produce a saleable farm commodity and it involves all aspects of market structure or system, both functional and institutional, based on technical and academic considerations and includes pre and post-harvest operations, assembly, grading, storage, transportation and distribution.'

It is true that agricultural produce have some peculiar characteristics and because of that the farmer is compelled to sell his produce immediately after harvest. He cannot hold the produce for better prices for a sufficiently long period till prices go up. Again, when the produce are taken by the farmer to the market, he has to face many unprecedented malpractices done by the middlemen or buyer of the produce. The producer also faces the same problem when he sells produce to the intermediaries in his home premises. Naturally, the innocent farmers are invariably exploited by middlemen through their malpractices. As stated by the Royal Commission on Agriculture, "some of the practices obtaining in the market amount to nothing less than common theft".

From the above discussions it is clear that the defects of agricultural marketing is due to operational or functional inefficiency. In India and Bangladesh, agricultural marketing system is fully affected by these inefficiencies. Operational and functional efficiency of marketing institutions have to be raised with specific objectives, so that marketing system could be improved and farmers could get maximum benefit from it.
To ameliorate the conditions of the farmers of their hardships revamping the markets and marketing facilities of agricultural produce is necessary. The reform of marketing is often urged on the grounds that there are too many competing middlemen and that their competition is not to the best advantage of the producers. This complaint is made not only against the competition of traders but also against that of the first processors of agricultural produce.

The Government can initiate effective measures for reforming the marketing situation of a country. Without the Government action marketing reform may not be possible. The marketing system as existing in a country having socio-economic orientations and which are not beneficial to the producing or consuming class, could be reformed only with Government participation.

An efficient marketing system is a great asset for making the best use of what is produced. Marketing system is efficient when the distribution is economic as well as equitable and the price structure rational. The necessity for Government assistance in initiating and facilitating the improvement of marketing organisation and methods is now felt by most of the countries. Many countries are aware of the marketing problems and are prepared to legislate and allocate technical and financial resources in the furtherance of marketing efficiency.
Various government agencies working for marketing of agricultural produce were designed with social objectives rather than on commercial lines. Perhaps, this is a conceptual defect of designing the government agencies and might have been one of the reasons for the failure of these institutions. These institutions have failed to bring vertical integration in agricultural marketing. Vertical integration in agricultural marketing brings market power to the cultivators. So, it is necessary to organise and run various marketing institutions properly.

As has been discussed in the earlier chapters the co-operatives and regulated markets could be co-ordinated based on a well thoughtout plan. This may be able to bring vertical co-ordination or agricultural marketing in the village market level and help shoulder the responsibility of regulation of marketing practices. All the markets existing should be brought under the control of regulated markets or the concerned co-operatives. Such a re-structuring of the existing system based on different tiers becomes necessary in the context of the increasing commercialisation of agricultural production. This can be achieved by properly reorganising the direct regulatory role' that has already been introduced through regulation of markets and market practices. But still today, the various marketing agencies are lacking co-ordination among themselves.
Every government believes in planned economic development and wishes to achieve economic change with social justice. But in the less developed countries the situation of the farmers is deplorable and they are exploited by the trader groups in every respect. In these countries, governmental intervention is not so effective and the activities of the middlemen are not restricted due to lack of infrastructure facilities. Markets reforms do not take place as a natural phenomenon. In such a situation, government is forced to interfere in the working of the market mechanism. So the government intervenes, in the marketing operation and policies. The intervention is also required to prevent the exploitative practices of the traders. The government policies for market intervention in this respect have a vital role as the government operates for the welfare of the society.

A very important measure which the government has taken to improve agricultural marketing is the setting up of regulated markets in the country. With the establishment of these regulated markets, various malpractices are curtailed and the market charges are rationalised to a certain extent. The Government has successfully replaced the different systems of weights and measures prevalent in the country with the introduction of the metric system. This is a great improvement indeed as compared to the previous system under which the farmers were deceived by the traders.
The need for market regulation is very necessary to protect the interest of the grower-sellers as they are the source of continued and increased production. The competitive system cannot adequately protect the interest of the growers and consumers, as they are not in a position to bargain on equal footing with the resourceful and wily traders, because of their limited resources and inadequate knowledge.

Marketing experts and agricultural economists have emphasized the need for the regulation of markets through governmental intervention to safeguard the interests of the producer-seller by eliminating the constraints thereby ensuring its proper and efficient functioning.¹

"Availability of efficient rural periodic markets certainly facilitate the small farmers' marketing effort and such markets will attract more sellers and more assembly traders and will facilitate the marketing process. Where such rural markets are not available the small farmer lacks the needed market information and the function of price setting is definitely in favour of the village assembly traders who often can dictate the price and the quantity of the procurement. Comprehensive efforts are required on the part of governments to develop such rural markets".

Government intervention in the marketing of agricultural produce is not confined to India alone. Such intervention takes

¹ This has been discussed in detail in Chapter-I.
place even in a country like the U.S.A. where with the help of 'market order' or 'market agreement' the government intervene to rectify the imbalances in the marketing system and also to protect the interest of the growers. The prices are fixed and the areas of procurement allotted to big processing establishments are clearly defined. This directly control commodity prices which in turn safeguard the interest of growers and consumers and promote social welfare and national interest.

The institution of regulated markets was conceived as a powerful agent to safeguard primarily the interests of the cultivators by freeing them from the grip of private trade. In India, 'Karanja' was the first regulated market to be established in 1886 under the Hyderabad Residency's Order. Subsequently, a special law known as "The Cotton and Grain Markets Law" was thus enacted in Berar, known as 'The Hyderabad assigned district' in 1897. The Act provided for regulation of transactions of cotton in the notified markets under proper rules and bye-laws administered by a market committee with the object of eliminating the unfair market practices. The institution of regulated market, i.e., markets regulated under a statute, thus came into existence.

Having due regard to the socio-economic conditions prevailing in the country, this type of reform at the primary level of marketing was first recognised for general adoption
in the country by the Central Cotton Committee appointed by the Government of India in 1918. During the British days the need for governmental intervention in agricultural marketing was strongly felt. The idea for this was conceived by the Royal Commission on Agriculture in 1931 and the regulation of market practices officially began after the publication of the Report.

In West Bengal, regulation of markets and market practices have been started much later than other States in India. In 1972, an Act was passed in this regard. Under this Act, only 38 markets were notified for regulation out of more than two thousand markets in the State. This growth achieved so far appeared to be far from satisfactory. And out of 38 regulated markets only less than half of them have some regulatory functions.

The Act does not clearly specify whether the private trade participation is to be abolished or reduced in a regulated market. That is why, the private markets are still existing within the vicinity of the regulated markets. This hinders the growth of regulated markets in West Bengal. For effective regulation of markets all markets should be brought under the regulation. It is also not clear in the Act that whether such regulation is to be implemented directly by the government or as to be vested in the hands of autonomous bodies (MCs).
It is seen that the management is vested on the respective Market Committee (MC). The MC is legally bound to implement the provisions of the Act. But the MC has no legal authority to make a bye-law according to the situation and implement it without the prior permission of the government or the Marketing Board. These defects are naturally reflected in the organisation and management of the regulated markets. The MCs should be given exclusive power to face the situation by making bye-laws for better management of the market. In practice, MCs simply carry out the orders of the government. Different provisions incorporated in the Act cannot be implemented as government clearance in these respects is not made available. In some cases, if any decision is taken by the market committee, that decision requires the approval of the government or the Agricultural Marketing Board. For this, regulated markets cannot perform well when need arises and it is one of the reasons perhaps attributable to this structural incompetency. It stands in the way of immediate solution of the problem.

In West Bengal, regulation of market practices has been started in the market yard only. Their impact has created only a spot effect, i.e. inside the regulated markets yard. The Act on the "other hand, envisaged a spread effect which has not been achieved so far. Sales and purchases outside the regulated market yards are still existing on a
large scale. On account of this the regulation of the markets is less effective and the management of regulated markets become less efficient.

A market committee, comprises 15 members in total covering different interest groups will more representation to the farmer's group as per the amended Act XXI of 1981. But it has been found (Table-5.1) that in some markets number of members in the MCs were more. There is need for rationalising the strength of market committees based on some set principles. It has also been found that some market committees have been constituted before 1980 and are still continuing to function. But as per the Act, constituted MCs occupy their office only for a period of three years from the date of notification. But MCs have not been reconstituted. Again, the government keeps the right to nominate members to the market committee. Invariably, the members who belong to the ruling party get selected to the market committees. This goes against the general interest of the people. These also have prevented the effective management of the regulated markets.

To avoid this system of nomination, the members of the market committees should be democratically elected, based either on direct or indirect election. Nominations as far as possible should be minimised. The members of the market committee should possess the qualifications prescribed in the
Act, and they should represent the interest of the growers, sellers, traders and co-operatives in the respective areas.

In the regulated markets, Secretaries are nominated by the State Government to look after the overall functions and day-to-day management of the markets. In all the market except Dinhata, Siliguri and Samsi, the Sub-Divisional Agricultural Marketing Officers are nominated as ex-officio market Secretaries to look after the management of the markets. It is seen that the Secretaries are over-burdened with a lot of administrative work. They have to look after the normal functions in the Sub-Divisional Agricultural Marketing Office as well as the regulated market office. So, they cannot give much attention to the efficient and effective operation of the marketing activities. It would be better to nominate a full-time Market Secretary for each regulated market to look after the marketing activities for good management. The full-time Market Secretaries could be able to pay more attention to the marketing activities for better management.

It has been pointed out that the market users or any person carrying out business or trade of agricultural commodities in the notified areas are supposed to take licence from the regulated market authorities, i.e., from the MCs after six months of the declaration of the notified area. But it is found that the market users were reluctant to take licence from the MCs. The Market Management authorities are unable to
bring them under licence mainly due to Court cases filed by the traders against the Act Implementation Authority and the West Bengal Agricultural Produce Marketing Regulation Act, 1972. Only Dinhata RM issued quite a good number of licences during 1980-81 (Table-5.4). The Kalna RM also issued 128 licences during the same session. But it is seen from the same table that the number of licences issued decreased in the subsequent years. The position of issuing licences in other markets is still bad. There has been combined opposition for the implementation of the Act from the trading community and they have refused to take licence from the MC Authority. It is very much essential to get favourable judgment from the High Court for the implementation of the provisions of the Act for the overall benefit of the farming community and the trading class and to create an efficient and effective agricultural marketing system. The favourable judgment given by the Court may also facilitate the proper implementation of different provisions of the Act and will pave the way of proper management of the market.

It has been stated in the Act that any spot decision taken by a sub-committee, a small body constituted for the performance of specific work or for sharing the general duties of a market committee, may be accepted, rejected or revised in the general meeting of the Market Committee. This provision of the Act also stands in the way of immediate solution to the problems relating the day-to-day function and management of the regulated markets. When a sub-committee is formed to look
after a specific function, this committee also should be
given necessary powers to carry out its decision to meet any
situation without undue delay.

From the earlier discussions it is clear that the
organisational design itself for managing the markets is poor
and this defective organisational design also has created pro­
blems for proper management of the markets. It is noted that
adequate attention has not been given to relate structure with
functions and management in the organisation. The structure
of the traditional markets with some changes here and there has
been adopted. As a consequence, the appointment of market
Secretaries and constitution of MCs to look after the management
functions for each market are not having a uniform structure.
As a result, the day-to-day functions of the markets having
full-time Secretaries, all getting better care, than the ones
with part-time Secretaries. Further changes are being made
from time-to-time. The inability to develop the organisation
based on a total plan has made the structure complex and weak.
The organisation structure for proper management of the market
should be sound and perfect.

As a result, the functioning of the RMs in West
Bengal has not been uniform. Due to non-uniformity in manage­
ment functions, the development of markets are also not done
in a balanced manner. Different practices of sales and pur­
chases are still existing in the market yards. The prevalent
practices are discussed in detail in Chapter-V and the subsequent chapters. In terms of geographical areas and of commodities, there are gaps yet to be covered. So, it is very much essential to bring uniformity in the functions of management of all regulated markets.

It has also been observed that the growth of the regulated markets through proper management has been hampered due to lack of authority for the implementation of the different provisions of the laws and rules of the Act. It is seen that power is very much concentrated in the hands of the government and that for every action taken by the Market Committee, government directive or approval is necessary. For regulating the marketing activities in West Bengal, the whole power is seen today to be concentrated with the Directorate of Agricultural Marketing and the State Agricultural Marketing Board. The Market Committees and the Regulated Markets have become mere appendages of the Directorate or Board and are running under the direct control of the officials. Power may be decentralised to the MCs/RMs to the required extent so that market management and the developmental work could be carried out efficiently and effectively.

The organisational structure of the RMS should be simplified and supervisory powers be fully decentralised. The yard executives require more freedom in decision-making and their freedom of action should be protected by the regulation.
Acts and Rules. Thus, the executives of the markets should be made responsible in achieving the objectives.

For settlement of disputes or any misunderstandings between sellers and buyers, the MC may appoint a sub-committee taking one or two members from the Market Committee and one or two Executive Officers working in the market. So, that, this sub-committee can take immediate action against any dispute raised by the affected party, specially on the part of small grower-sellers. They can settle the matter amicably after hearing the argument from both parties. This sub-committee may be formed under the provisions of the Act and rules. The market Secretary as the Chief Executive of the respective market cannot look after all the matters relating to the smooth operations of the market. If any problem arises regarding settlement of dispute by the concerned sub-committee, then only the Market Secretary can interfere in the matter for settlement.

It has been revealed from the earlier discussions that agricultural produce grown in the notified areas of regulated markets and which have the tendency of flow of supply to the market have been notified for sale and purchase in the market yard. But in practice very few of the notified commodities are transacted in the market yard. Sales and purchases are still done outside the market yard but inside the notified area. Buyers are not maintaining any account on their purchases and sellers also are being cheated by different malpractices
done by the traders. Steps should be taken for compulsory licensing to buyers, traders and other market users and to force them to come under the ambit of market regulation Act and to make their transactions only in the market yards. When the seller of the produce will not find any buyer outside the market yard, they will automatically come to sell their produce to the buyers in the markets. Efforts also should be made to motivate the sellers to sell their produce only inside the notified market yard.

In Bangladesh, all markets of agricultural produce belonging to the Landlords and other tenure-holders came under the ownership and management of the government under the State Acquisition and Tenancy Act, 1950. Establishment, management and development of all markets owned by the government were managed by the Government Estates Manual which contained details of their direct management. From 1950 to 1982 different governments had tried to manage these markets according to their will and pleasure and it had been revealed from the discussions\(^1\) in the earlier chapters that every government had considered these markets as a source of revenue.

It was also revealed from the discussions that the system of management of notified markets changed several times due to change of government and government's decisions. But, no system gave fruitful results regarding proper administration

\(^1\) Details are discussed in Chapter-V.
and management of the markets. Grower-sellers' needs, malprac-
tices done by the traders or buyers on the saleable products, etc., were not looked into and/or checked by the authorities. Moreover, in all the systems, there were no constructive methods for efficient supervision and management of the markets. Formulation of development plans were also very meagre. As a result, proper management and development work of the markets were very unsatisfactory.

It was also seen that the markets were being leased out to the third party for collecting market fees from the market users. The leasees were asked to keep the upkeep and maintenance of the markets. But, they were not interested to take proper care and the day-to-day management and smooth operation of the markets. Leasees were interested to increase their income from the markets by way of charging taxes/fees to the market users.

In the first half of 1984, through the change of administrative structure with a system based on devolution of executive adjudicial authority, the government handed over the notified markets (including all markets) to the local administrative bodies such as Upazilla, Pourashava and Corporation which are situated within the geographical boundary of the particular local bodies for management and administration. The study revealed that the government had given power to the local authority to manage, and develop these markets under their jurisdiction. But, it was seen that the markets were
leased out again to the third parties which could not bring a substantial benefit to the market users, specially the grower-sellers and the markets were not managed properly. From the past experience it was seen that the market fee collectors were interested only in fee collection and not in other aspects of markets management. The same situation exists at present. Also, the local body as a management authority of the market concerned, do not look after the smooth functioning of the market. The local body structure for the management of the markets given in Chapter-V, shows that the body constructed is meant only for local administration. This body cannot look after the functions of the markets. So, it can be said that for better function and management of the notified market a separate statutory body should be constituted with members from different interest groups, with more representation to farmers' group.

The study also revealed that only 30 per cent of the revenue derived from the market was spent for the development of the market. This is a very meagre percentage. Substantial development and extension of market cannot be expected from this fund. Because, for development and smooth operation and management, more fund is required. Effort should be made to create more fund from income derived from the market for development and management activities.

The study also revealed that the procedural measures of management of the markets were not beneficial to the market
management activities as well as it was not beneficial to the market users too. Efforts should be made to make constructive procedural measures for the management of the markets.

To intervene and manage some of important market places by certain rules and regulations, the then government passed an Act in 1964 called "The East Pakistan Agricultural Produce Markets Regulation Act, 1964". After liberation of Bangladesh in 1971 it was renamed "The Bangladesh Agricultural Produce Markets Regulation Act, 1964". However, the government did not take any interest to enforce this Act in full. The reason behind it was lack of proper direction. After liberation, the government changed frequently and different governments in power in different times tried to manage those markets according to their will. Efforts are to be taken to implement the Agricultural Produce Market Regulation Act for the better management and development of markets and for the betterment of grower-sellers, traders and other market users.

Provisions have been laid down in this Act for its enforcement through a District level Marketing Office of the Department of Agricultural Marketing. But these offices are not adequately manned. A number of markets have been declared as notified markets in each district. It is difficult for this local district level office and officers to enforce and supervise the market regulation activities without the assistance of suitable staff. Moreover, the provision for the body
constituted at the district level (page 229) as advisory body under the regulation Act of 1964 cannot be functionally effective as this advisory body has no enforcement authority.

To have better results at each Upazilla (or Sub-district) level a market should be declared as notified/regulated market and all the other markets under its jurisdiction or geographical area should be declared as sub-notified/sub-regulated market. There should be Market Committee (MC) for the main market consisting of members from various interests and an office with perpetual succession and a common seal for supervisory work. The head of the local authority shall be the Chairman of the Committee and a full-time Market Secretary assisted by sufficient market staff shall be appointed as an Executive Officer of the Notified Market and the Market Committee. In the sub-regulated market, a sub-committee may be formed consisting of not less than five members to look after the various aspects of the day-to-day management of the market. To regulate the management of the sub-market, an office with required number of staff may be set up.

The MC in main market shall be the king-pin in introducing regulatory measures in the markets and this committee established under the Marketing Regulation Act shall be entrusted with the responsibility of enforcing within the notified area, the different provisions of the Act and the Rules and the bye-laws framed thereunder. The Market Committee shall
perform all these as directed by the Government, i.e. by the
Department of Agricultural Marketing as an apex body from
time to time. This Market Committees also may work as an
advisory committee to the apex body. Half of the members of
the Market Committee should be covered by the representatives
of the grower-sellers or small farming class, which may re­
fect and/or protect the interest of the said class.

As a statutory requirement all traders/buyers of
agricultural produce and other market users who are directly
connected with the agriculture produce business and transac­
tions shall be brought under the ambit of regulation and
function under licence.

Enough provisions should be made for on the spot
settlement of disputes in the Bangladesh Agricultural Produce
Markets Regulation Act. The Market Committee or any other
sub-committee constituted by the market committee shall be
given the authority for amicable settlement or, if necessary
for arbitration of settlement. It is a well-known fact that
the small grower-sellers need on the spot settlement of dis­
putes as they don't possess any holding capacity.

In course of transacting a sale or purchase, a
number of operations are involved which cannot be attended to
by the sellers or the buyers themselves and necessarily have
to be done by the respective functionaries in the market.
In order to pay them the remuneration, market charges are
collected from the grower and/or buyers. These charges have
been exorbitant. But, after the introduction of the regulatory measures on market practices and establishing regulated markets, some of these charges have been eliminated and some are still existing at reasonable rates.

As per the regulatory provisions, the market committees have standardised the market charges and as a consequence, the high incidence of market charges previously borne by the producer-seller have been scaled down to a considerable extent.

In the surveyed regulated markets of West Bengal, some of marketing charges and allowances such as, market fee, weighmen charge, commission charge, trade allowances, etc., existed. The market fee payable by the traders/buyers are fixed by the market committee as per the Act, but are not uniformly fixed in all regulated markets. In Belacoba, Dinhata and Samsi regulated markets, the traders are not paying market fee at a prescribed rate to the market authority. Efforts should be made to bring all the market users under the ambit of market regulation and the payment of market fee and other charges should be enforced as per the rules with reasonable rates to the market users.

It is seen that commission charges also are not uniform in all the markets and the rates are somewhat exorbitant in the markets like Sheoraphully, Shiliguri. It requires strict supervision of the activities of the
commission agents to keep the commission charges within the permissible limits.

Regarding trade allowances, the study has revealed that, in no markets except Shiliguri, the trade allowances are fixed. In this market, trade allowances for agricultural produce like raw vegetables and perishable products are fixed by the traders association and ratified by the market committee. Similarly, trade allowances for agricultural produce in other markets should be fixed and it should be supervised by the market management authority at the time of transaction.

From the above discussions regarding market charges, trade allowances and malpractices done by the traders, it is felt that the existing legislative provisions regarding the supervision require strict enforcement.

The price mechanism assures that the collective body of consumers get precisely that bundle of commodities that it most wants. It assures that the highest valued bundle of commodities will be the bundle that business firms find it worthwhile to produce.1

As far as the farmer is concerned, unless he gets reasonably stable prices for his agricultural products at a

remunerative level and also secures adequate marketing facilities, he would be severely discouraged to make use of the modern technology to produce more. The aim of efficient agricultural marketing is to ensure fair returns to the farmer and all other persons involved in carrying agricultural produce to the consumer and thus lay the foundation for an expanding farm business. The price should be fair both for the farmer and the consumer.¹

Regarding price setting procedures for agricultural commodities in the regulated markets of West Bengal, it is seen that in all selected markets except two, grower-sellers and traders prefer open agreement system (about 90 per cent and 80 per cent) and a very few of them prefer open auction system (about 10 per cent and 20 per cent — vide Table-6.5). Open auction system is seen in practice in Karimpur and Shiliguri markets for particular types of commodities. It is said that the price of agricultural commodities increase or decrease depending upon the system of price setting practices. It is also recognised that the open auction system can increase the price of the produce offered for sale. But, in the regulated markets, a very few of the sellers and buyers prefer this system. Grower-sellers should be motivated for could selling their produce on open auction system, so that they get a remunerative price for their produce. It is also seen by

close observation at the time of price setting, that none of the systems are being supervised by the Market Management Authority due to lack of sufficient staff. Enough facilities should be made by the market committee for close supervision of the system of sales practice, so that the price will be reasonable for the sellers. If so, more sellers will be motivated to bring their produce to the regulated market for sale. It is a recognised fact that price is a great motivating factor for bringing produce to the market yard.

The Royal Commission on Agriculture in India considers that, "auction sales by the Agricultural Departments provide a useful means of securing to the cultivator an adequate premium for the superior quality of a new variety grown under their supervision".¹

The study revealed that the prices for agricultural commodities fluctuate within the season. It is seen that price raises in the slack season when there is scarcity of produce and comes down in the peak season when there is abundant supply of produce, i.e., immediately after the harvesting season (vide Table-6.7).

It is also seen that though some government agencies are supposed to procure agricultural produce like paddy,

jute, etc., during the peak season, they are not purchasing at fixed prices.\(^1\) So, there is need for fixing and assuring minimum remunerative price for agricultural produce as the free market mechanism cannot assure a minimum price equivalent to the cost of production plus a reasonable margin of profit. The regulated market management authority should make arrangements with the Government Procurement Agencies to purchase agricultural commodities at the fixed prices from the sellers in the regulated market yards. The MCs should provide the necessary facilities to the sellers for grading the produce. If so, the minimum price stability could be maintained to a certain extent when arrivals are more and the sellers could avoid distress sale of their produce. Another alternative to avoid distress sales by the farmers is, fixing prices in advance of the season by the market committee. Whenever the actual market price is less than the minimum fixed price, the committee should make arrangements to pay the difference to the grower-sellers by way of subsidy. A separate fund, exclusively for this purpose may be set up with the grants provided by the government, or the market committee can create a separate fund from its income. Payment of subsidy will act as a strong incentive to all the producer-sellers to bring their produce to the regulated market for sale.\(^2\)

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1 Reasons are discussed in Chapter-VI and comparative prices of Jute (JCI fixed prices and prices available in the season at different times in different markets) are shown in Table-6.6 and 6.7 respectively.

2 For clarification of the above two paragraphs it can be said that when the government declares prices for procurement of produce like jute, paddy, etc., the government procurement agencies are supposed to purchase produce at the same declared contd.......

The village traders, as a matter of custom and usage, used to adopt different weights for the purchase and sale of the same produce. Sarkar remarks, 'the Baniyas always keep one side of the scale weight heavier than the other and use this difference to their advantage while buying and selling'. The multiplicity of weights and measures make supervision difficult and afford greater opportunities for cheating the ignorant producers.

In India, Standard Weights and Measures Act on metric system was passed in 1958 and enforced in all the States with a view to check fraudulent use of weights and measures. After the introduction and establishment of regulated markets, provisions had been laid down for the use of standard weights and measures.

The study has revealed that in all regulated markets of West Bengal, the Standard Weights and Measurement equipments are being used. But, in some markets, the weighmen are not under licence and weighment activities are not supervised (continued from previous page)

prices. At the time of price fall due to mass supply of produce, purchasing produce at the market price and giving subsidy means purchasing produce at the fixed prices. Subsidy should be limited upto the difference between the prevailing market price and the government fixed prices. This may act as a powerful incentive to the farmer-sellers to bring and sell their produce through the regulated market-yard to the procurement agencies. Co-operation and co-ordination between the government procurement agencies and the Regulated Market Committee is a must in respect.
by the staff of the market committees. Provisions regarding weights and measures in the market should be followed strictly and all weighmen should be brought under licence. Strict supervision should be made available for the use of correct weights and measures by the management authority, so that grower-sellers cannot be cheated. It should also be the duty of the Market Committee to arrange to inspect and verify scales, weights and measures in use in respective market areas.

In the notified markets of Bangladesh, different practices of market charges and trade allowances are still in existence and the rates are arbitrary and exorbitant. The rates also vary from market to market and commodity to commodity. Charges are collected both from the grower-sellers and traders in almost all the markets.

It is seen that market fee are collected by the lease holder of the respective market at discriminatory rates. Sometimes these fees are more than the rates given by the authority (See Table-6.8 and Table-6.9). The reasons for the arbitrary and differential rates of market fees are two-fold. First, the system of leasing out of notified markets to the third party is defective. The leasees to whom have been given the authority of market fee collection are only interested to increase their income by way of charging more. They do not care for the interests of the
sellers or other market users. Second, the rules given by the government for leasing out the markets are defective. In the Government order it is stated that the bid amount of the respective year for leasing the market must not be less than/last three years of average (vide Government order number in foot-note No.2 of page 275 of Chapter-VI). It is also seen (Table-6.10) that in most of the markets bid value increased than the last year. As a result, burden of paying excess market fee / to sellers, and traders. The system of leasing out markets should be abolished and all responsibility regarding market fee collection be given to the market management committee and the committee be authorised to collect fee with a uniform rate under provisions laid down in the market regulation Act. Grower-sellers may be exempted from payment of the market fee. Fee collection in kind also should be prohibited by law, because grower-sellers are deceived through collection in kind. Proper checks should be made to see that receipts are issued to the payees for payment of market fees.

The study has revealed that commission charges realised by commissionmen for their services also are not uniform. It varies from commodity to commodity and market to market. Similarly, brokerage and weighing charges are not uniform. In some markets, 'brokerage is paid by sellers and in other markets it is paid by buyers. Weighing charges also are deducted by the traders or the commissionmen both
from the sellers and buyers at the time of the settlement of payment of the produce. Grower-sellers complained that rates of weighing charges are arbitrary. These charges should have to be fixed at a reasonable rate by the appropriate authority and should be defined by the law that who should pay it. Enough provisions should be made regarding supervision of realisation of actual charges, so that the sellers will not be deceived or will not have to pay more.

Trading allowances and deductions are made by the traders in the name of 'dhalta' at the time of purchase and weighment of produce. It is also seen in the surveyed markets that these allowances are made in kind and there is no fixed rate for this. Sellers complained that astute traders take more allowances or deduct produce in their favour. Excess trade allowances and deductions should be prohibited by law and only a reasonable quantity for perishable and semi-perishable products should be allowed. It should be approved by the market committee and the committee should make arrangement for supervising the operations.

Unauthorised charges like charity, sweeping, etc., should be prohibited by law. The Market Committee should take care of the up-keep of market place and sweepers should be paid from market committee funds.

From the above discussions it can be concluded that regarding market charges, trade allowances and deductions,
the laws and rules of the Bangladesh Agricultural Produce Market Regulation Act, 1964 should be implemented and the different provisions of the Act should be strictly followed. The loopholes in the Act should be plugged by making necessary amendments in the Act for the better operation and management of the market.

Price Setting:

It is a recognised fact that better market prices induce the producer-sellers to sell their produce in the markets and also the primary medium of communication between producer and consumer is the system of market price. In the notified markets of Bangladesh, the most common practices of setting prices for agricultural commodities are direct negotiations and bargaining between sellers and buyers. The study has revealed that the system of price setting is not effective for fetching a remunerative price for the grower-sellers. The small and in most cases illiterate grower-sellers are unable to bargain against the astute traders or buyers. It is also observed that the open auction system for setting prices in respect of commodities like fish, fruits, betal-leaf, etc., usually ensure a fair price to the sellers. So, open auction system should be introduced for all agricultural commodities as a price setting method. Enough provisions should be made under the Bangladesh Agricultural Produce Markets Regulation Act, 1964 for the introduction of
this method and proper supervision by the market committee through well-trained staff. Sellers and buyers should also be motivated and made fully aware of this method of price fixing.

The study also revealed that prices of agricultural produce vary due to seasonal fluctuations and demand and supply. There are some agencies who are supposed to purchase produce like paddy, jute, etc., from the grower-sellers at a government fixed floor price. The sellers complained that they are deprived of this price when there is abundant supply of produce immediately after the harvest season. Normally prices come down during this time and the rich grower-sellers take the advantage by selling their produce to the agencies. Efforts should be made to bring co-ordination between the market committee and the purchasing agencies so that grower-sellers can dispose off their produce through market committee to the agencies and can get a fair price.

Support price for agricultural produce declared by the government before the sowing season or harvesting season has important implications. It can prevent distress selling at the time when prices come down due to seasonal fluctuations.

In a country like Britain responses to introduce guaranteed prices were also existed. Through the 1932 Wheat
Act and the 1937 Agricultural Act, Britain began to lay the foundations of an agricultural policy which although based on free entry of food and feeding stuffs was accompanied by guaranteed prices to farmers implemented by transfer payments to make up the deficiency between the guaranteed and the market price with modifications. This still remains a principle of British Agricultural Policy. Elsewhere in Europe Governments were also attempting to protect their farmers from ruin through guaranteed minimum prices. In France, for instance, a succession of laws was enacted early in the thirties designed to stabilise market prices, culminating in the law of 1933 which laid down a minimum price below which wheat could not be sold.¹

From the above discussion it is clear that support price or guaranteed price for agricultural produce plays a significant role in the agricultural economy. It brings relative stability of commodity prices. Unstable agricultural prices create problems in policy implications. Instability of commodity prices would fail to serve as an adequate guide to the production plans of the farmers. This would also create imbalances between demand and supply and also affect efficiency in the allocation of resources.

So, a support price announced well in advance of the sowing season would encourage investment in farm production.

The prices should not be so low as to constitute a disincen-
tive to farmer-producers to augment production through the
use of improved technology and the adoption of modern tools
and methods. The minimum price for agricultural produce should
cover the cost of production and leave a margin of surplus to
the farmer. As a result, the support price which leads to
price stability would assist the farmers in planning their
production in line with expected demand as expressed through
the production goals of the economy.

An economist studied the economic role of the price
in achieving a desired allocation of resources. He examined
the following broad features of price models drawn from the
U.S. agricultural conditions with, of course, some policy
implications for developing countries:

1. That the prices should be known by the farmers well
in advance of the sowing season so that they could
adjust their resource use.

2. The prices should cover a sufficient period of time
to permit completion of production plans with
reasonable certainty, and

3. That information on such prices should be suffi-
ciently clear and precise so that each farmer could
easily interpret their implications for his
purpose.¹

¹ Johnson, D.G., Forward Prices for Agriculture, University
Foodgrain Market Structure in India, B.R. Publishing Co.,
From the above discussion it can be concluded that support price and/or guaranteed prices declared by the government is an effective measure to maintain price stability for agricultural produce. For the well-being of the small farmers groups, the government purchasing agencies should be linked with market management committee, so that the sellers coming in the market with their produce can get the guaranteed price during the harvesting season, when prices come down.

In Bangladesh, one of the main defects of efficient market operation is the heterogeneous system of weights and measures used. The different systems and the unauthorised weights and measures make supervision difficult. It affords greater opportunities for cheating the ignorant grower-sellers/sellers and creates an element of uncertainty in the agriculture business.

It is found that the hierarchy of weights units commonly used are -- tola, chatak, seer and maund, which are centuries old and the weight units vary from place to place; market to market and also from commodity to commodity. It is also found that local household measures are being used in some market places. These weights and measure units are not standard ones. So, the grower-sellers have the chance of being cheated by the astute traders by adopting fraudulent units of weighing equipment.

1 See Table Nos.6.14 and 6.15 in Chapter-VI.
It is really admirable that the government of Bangladesh has abolished the old system of weights and measures and has introduced new metric system in all markets and everywhere from July 1982. But the total adoption of the new system is very slow, because habituated users are not ready to turn to the new system, the uneducated grower-seller/sellers and buyers cannot understand it easily, and the availability of new weighing equipments is very less.

Enough provisions should be made in the Agricultural Produce Markets Regulation Act regarding the metric system of weights and measures and its supervision by the market committee staff. An intensive and integrated method of propaganda should be made from the part of the Government through different media to educate the mass. Using metric system should be made compulsory by enforcing the law and the local government can take active part in this regard. Moreover, enough supply of weighing equipments of new metric system should be ensured so that the users can get them easily within a reasonable cost. It should also be supplied at subsidised price to the poor people.

Government intervention through regulation of markets and market practices has shown great implications
in the improvement of the agricultural marketing conditions. But some people do not recognise this fact, whereas others justify government intervention through regulated markets from a social point of view. Whatever may be the arguments in support of each position, it is evident that a certain degree of governmental intervention and regulation are unavoidable under any kind of economic system. Such interventions are dated back to as early as the 15th century in Western countries. In those countries, governmental intervention through regulation of markets brought substantial benefit to the producing class and to the consuming class.

Though there have been much criticisms against the working and the benefit of regulated markets, these markets have contributed certain definite benefits to the sellers or farmers and buyers/traders. The correct weighment, full payment, nominal charges, and deductions and allowances, better quality and price, assembly of produce in economic quantities, different supporting facilities regarding selling and buying from the markets, etc., are real and positive benefits accruing from the system.

In the regulated markets of West Bengal, the number of staff is very less in terms of requirement and their

1 The researcher has visited some of the well-managed and successful Regulated Markets in different States, viz., 'Pune' in Maharashtra State, 'Jayamkondam' in Tamil Nadu State and 'Perambra' in Kerala State. During his visit, he has taken some photographs on various marketing activities which are exhibited under Appendix-VIII.I.
quality is also very poor. This is a major factor that adversely affects the operation and management of the regulated markets. Most of them do not have technical qualifications and skill to operate the functions of the market effectively and efficiently. For smooth function and day-to-day proper management of the market, sufficient, qualified and experienced personnel are required.

To support the operational activities of the market financial adequacy is very essential. For this, market committee should create a 'market development fund'. Steps are yet to be taken to create such a fund in the regulated markets of West Bengal.

In spite of the existence of regulated markets, village sales are still common. The benefits of sales in regulated markets are to be popularised by launching various programmes. If this is done, market arrival of saleable produce will be more. The regulated markets may also be provided with more facilities to offer more marketing services to the farmers and enable them to get better prices for their produce. Among these allied services, provision for making available all agricultural inputs at the regulated market yard, so that sellers can get necessary inputs for their use after disposing off produce is a must. It is also felt by the farmers, that credit facilities should be provided in the market yard. There is a suggestion to regulate the money lending activities and to provide loans to the farmers for a
short period against the pledge of agricultural produce. A separate fund for this purpose, may be set up, with the contributions made by grower-sellers, traders and other market users.

It is also suggested that the market committee should act as an intermediary between the producer and the buyer. In such a case, the committee can purchase produce directly from the producers and can free them from the clutches of the money-lenders. Farmers can also get free from the incidental charges collected by the traders. In the event of direct purchase of agricultural produce from the farmers, the committee may dispose off the produce to the government purchasing agencies or other agencies either for internal consumption or for export.

The committee could be useful to the farmers by providing and disseminating information relating to production and marketing of different agricultural produce. Information regarding the production prospects and marketing opportunities will not only enable the farmers to sell their produce when the prices are favourable but also guide them in planning their production in the forthcoming season. This area needs greater attention by the market committee. Efforts should be made to collect, analyse and interpret market information. It should also be made available to all participants at the appropriate time.
Regulated markets were established to create improved marketing environment for agricultural produce than the private markets where the traders resorted to malpractices. Regulated Markets have failed so far to reduce the importance of private trade and private market. In fact regulated markets are seen unable to function on their own effectively and without the participation of private traders. The private markets in the notified market areas which are managed by the private concerns should be brought under the management and control of regulated markets. It can also be hoped that when the direct sale in the regulated markets by the sellers is given more encouragement, the private trade in the private market would gradually phase out.

The private markets are also flourishing within the vicinity of the regulated market. It is because, the Regulated Markets failed to provide the various marketing services and facilities that private trade is rendering since long. Though at a penal rate the facility like before harvesting loan is available to the farmers, when they badly need it. In the RMs, facilities like market information, processing, etc., are very limited. Linking the credit with marketing function is still not within the conceptual ambit of RMs. Because of these reasons, agricultural produce tends to flow through the private markets rather than the regulated markets. In brief, the regulated
markets could not quite succeed in containing the influence of the private traders and in eliminating the malpractices in the agricultural marketing system.

The primary objectives of the regulated markets in West Bengal are achieved through the implementation of regulation on an area with commodity flow basis, eliminating some of unauthorised market practices and enforcing uniformity of market charges to the buyers. This achievement is not in full, but only partial. But the provisions of the market regulation Act, are yet to be implemented in full. Moreover, there exists many loopholes in the present Act and Rules. Efforts should be made to implement the regulation Act fully and the loopholes in the legislation plugged for the proper functioning and management of the markets.

In Bangladesh, all markets relating to agricultural produce are owned by the government. This is an advantage in favour of the introduction of regulation in the markets and market practices for the benefit of different classes of market users, specially the farmer-sellers. It is suggested that the Agricultural Produce Market Regulation Act, 1964 should be implemented in full and markets should be developed as regulated/notified markets. The different provisions of the Act and Rules should be amended in the lines suggested in earlier chapters for better and efficient management of the markets.
If the government intervenes to control market malpractices and foster competition among market functionaries, it must do so effectively. Otherwise, the enforcing agency i.e. the Agricultural Marketing Department loses its creditibility. Further, the enforcing agency would find it difficult to enforce the provisions of the Act without adequate support from the Civil Administration.

In overall conclusion it can be said that the regulated markets in India have been established as per the recommendation of the Royal Commission on Agriculture in 1928 for the benefit of the small farmer groups as well as the traders groups. From the experience it is seen that these regulated markets have succeeded in fulfilling their objectives only to a certain extent. But this is only the beginning. It is observed that all concerned parties are fully aware of the limitations and shortcomings of these markets. The day is not far off when concrete efforts will be taken to overcome these drawbacks. In Bangladesh, an Act which has been developed in the same line as West Bengal lacks proper implementation.

For overall evaluation of the operation efficiency of the Regulated Markets in West Bengal and the Notified Markets in Bangladesh, a conceptual model¹ has been developed which are shown in Table-8.1 and Table-8.2 respectively:

¹ Please see Methodology of the Study.
The following operational efficiency index is adopted to measure the overall operational efficiency of the Surveyed Regulated Markets in West Bengal.

Table - 8.1
Operational Efficiency Index of Regulated Markets in West Bengal

<table>
<thead>
<tr>
<th>Management Activities</th>
<th>Weight</th>
<th>Value</th>
<th>Achievement made</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Licencing of Market Functionaries</td>
<td>10</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>ii. Rationalisation of Market charges</td>
<td>15</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>iii. Supervision of Sales and Payment of Sale-proceeds</td>
<td>30</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>iv. Dissemination of Market News and Publicity.</td>
<td>10</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>v. Provision of Facilities and Amenities in the Yard</td>
<td>20</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>vi. Settlement of Disputes</td>
<td>5</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>vii. Economics of Operations (Financial Efficiency)</td>
<td>10</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>100</td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

Source: Conceptual evaluation based on markets survey.

So, from the above table it can be said that the operational efficiency i.e. the organisation and management activities in the regulated market of West Bengal is not high i.e. 45%. It is also revealed from the study that the concerned parties are fully conscious of the shortcomings and steps are taken to overcome the shortcomings.
The following operational efficiency index is adopted to measure the overall operational efficiency of the surveyed Notified Markets in Bangladesh.

Table - 8.2
Operational Efficiency Index of Notified Markets in Bangladesh

<table>
<thead>
<tr>
<th>Functions</th>
<th>Weight Value</th>
<th>Achievement made</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Licencing of Market Functionaries</td>
<td>10</td>
<td>Nil</td>
</tr>
<tr>
<td>2. Rationalisation of Market charges</td>
<td>15</td>
<td>Nil</td>
</tr>
<tr>
<td>3. Supervision of Sales and Payment of Sale Proceeds</td>
<td>30</td>
<td>Nil</td>
</tr>
<tr>
<td>4. Dissemination of Market News and Publicity</td>
<td>10</td>
<td>Nil</td>
</tr>
<tr>
<td>5. Provision of Facilities and Amenities in the Yard</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>6. Settlement of Dispute+</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>7. Economics of Operation (Financial Efficiency)</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Total Index Value</td>
<td>100</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Conceptual evaluation based on market survey.

* There is no management machinery for the settlement of disputes between the affected parties relating the sale and purchase of the produce. But any dispute arising between the two, are attended to by the Lease holder of the market and settled amicably.
From the above table it can be seen that the operational efficiency in the marketing activities of Notified Markets in Bangladesh is very poor, i.e. 10 per cent of total efficiency index.

India has established a Centre for Market Design arrangements and for overall research on Market Improvements with the support of the United Nations Development Programmes. Bangladesh should also consider the development of such a Centre with technical assistance from Food and Agriculture Organisation/United Nations Development Programme.

SPECIFIC SUGGESTIONS FOR THE ESTABLISHMENT AND DEVELOPMENT OF REGULATED MARKETS

1. The existing market areas should be realigned or new markets should be set up to bring the entire State/Country under the ambit of Market Regulation Programme to prevent shifting of trade from the regulated to non-regulated areas.

2. For establishing new regulated markets a feasibility study should be undertaken. The pre-planning surveys

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1 Layout for Regulated Markets Yards for Agricultural Commodities is shown in Appendix-VIII.II and a Typical Layout for a Wholesale Market - Capacity about 86,000 Tonnes a Year is shown in Appendix-VIII.III.
should be conceived well ahead, for the actual planning and designing exercise.

3. Projections for the next 10 years or more should be made on the basis of feasibility studies for the planned development of the markets.

4. Depth studies for each and every commodity of a given region should be done with the specific objectives of tracking down the variations at the micro-marketing level that influence the marketing efficiency of the chosen commodities.

5. A legal cell should be created at the apex body of the Marketing Department to face the measures taken by vested interests to prevent delay of the establishment and functioning of the regulated markets effectively through proper initiation and monitoring of court cases and legal matters.

6. Directorate/Department of Agricultural Marketing should be adequately strengthened with qualified and trained staff who could undertake different studies or preparation of projects etc., on behalf of the Market Committees for the development of the markets.

7. Marketing practices should be standardised with the introduction of standard weights and measures. Standardised
business method should be introduced by all Regulated Market Committees by framing suitable bye-laws based on local trade practices.

8. All local rural markets (weekly, bi-weekly, tri-weekly, etc.) should be brought under the control of Market Committees to introduce orderly marketing system in the field of agricultural produce as per the provisions of the Agricultural Produce Market and Marketing Regulation Act for their development.

9. 'Rural Market Link Roads' should be developed for enabling the farmers to bring their produce to the regulated market yards.

10. Extension programme through publicity, propaganda, workshop, seminar, etc., should be conducted on a continuous basis to gear up the regulation programme in an effective manner. There should be discussions at certain intervals of time among the officials and market-users at each market for the smooth functioning and development of the markets.

11. The Secretary of a Market Committee should have powers to incur expenditure up to certain limit to implement the market development programmes of the Regulated Market Committee expeditiously.
12. The plan for the development of rural markets/hats (which is to be taken as sub-market yards) should be prepared in such a manner that the infrastructure and ancillary services made available there can also be utilised by small and marginal farmers. As a result, the grower-sellers will be attracted for participating in the transaction of agricultural produce.

13. Full co-ordination between the Market Committees and the local government Authority should be ensured for better implementation of different provisions of the Act and for better functioning of the Market Committees in different areas.

14. When the Market Committees become financially solvent, they should be provided with sufficient powers to disburse the funds then and there to overcome the blocks in the functioning and proper management of the markets.

15. Pre-planning surveys should study the management aspects and make projections of required marketing information systems, vertical and horizontal co-ordination systems and recruitment and training of market personnel in the planned markets.

16. To review and suggest measures for proper functioning of the Regulated Market by the Market Committee for the best interest of the farmers and traders, a Development and Research Wing should be created on a regional basis, consisting of several regulated markets.