CHAPTER I
INTRODUCTION

Agricultural sector is one of the most important sectors of the Indian economy contributing nearly 18 percent of country’s gross domestic product and 13 percent of export earnings. This sector also provides employment to 59 percent of country’s workforce and livelihood security to more than 650 million people. A wide range of agricultural products are grown in India and marketed within and outside the country. As per record “Wheat occupies the prime position among the cereal crops in the world and India is the second largest producer of wheat in the world. Currently India’s total wheat production is 72.03 million tons from an area of more than 25 million hectare. About 60 per cent of total wheat production is contributed by five States viz. U.P, Punjab, Haryana, M.P. and Rajasthan respectively. So far rice is concerned; it is the important staple food crop. It is not only the prime staple cereal crop but also a major export commodity of the country for the last 10 years. Rice occupies an area of around 38 million hectares in India with production of 87.80 million tons. India now occupies second rank in rice export next to Thailand among the rice exporting countries of the world. India contributes about 20-25 per cent of rice in the world. It is estimated that rice demand in 2010 will be 100 million tones and in 2025, the demand will be 140 million tones”.

The State of Punjab is known to be the granary of India. Agricultural sector is the backbone of the state economy. It contributes about 31 percent to the state domestic product. Wheat and paddy are two principal crops of the state. Maximum share of production of both crops is marketed. For example, out of total production of wheat, about 65 percent is marketed. In case of paddy, the share of the market is about 95 percent. Further, Punjab contributes significantly to the Central Pool. In case of Wheat, the share to the Central Pool is 43.8 percent, whereas, in case of Rice, the share in the Central Pool is 25.4 percent during 2008-09.

According to 2001 census, 40 per cent of Punjab’s workforce is

engaged in agriculture. The total cultivators’ workers are 20.65 lakh and 14.90 lakh are agricultural labourers. Within the agricultural sector marginal, small and medium sized farmers i.e. producers dominate in the state of Punjab as well as in the country as a whole. Most of them are not literate. Producer sellers are traditionally ignorant about the marketing system and they have blind faith in the traders for marketing of their produce. As a result of lack of direct contact between the producers and the consumers, major chunk or share of producers in consumer’s price is taken away by middle men in the form of commission, weighment and of different charges. In the backdrop of unethical trade practices of the commission agents. It is in this backdrop the present study has been conceived.

The present chapter aims to introduce the significance of the study regarding regulation of agricultural produces in the markets, its growth and development. The chapter has been divided into seven parts. Part I deals with the rationale of regulation of agricultural marketing. Part II includes basis for policy formulation and study the evolution of regulated markets. In part III, growth of regulated markets in the state of Punjab have been discussed. Part IV contains an extensive survey of literature on regulation of agricultural produce and the inferences drawn from literature review. Part V deals with the scope and objectives of the study. Part VI includes the research methodology adopted for the study and the last part mentions the chapter scheme.

I

Rationale of Regulation of Agricultural Marketing

It is evident from the past available records that the farmers depended on the commission agents for marketing of their produce and to get fair returns. The producers had also remained victims of malpractices such as defective weighing system, miserable conditions to get fair price in the market and deductions of unfair trade allowances adopted by the commission agents. This used to happen because they were not properly organized and were ignorant as how to get rid of the exploitative marketing practices. Thus, keeping in view the above circumstances and due to the dependency of large
population on agriculture for their livelihood, the central and state Governments from time to time, felt the necessity to intervene and regulate the marketing of agricultural produce. To benefit the farming community, need was felt to have revitalized integrated marketing system in the country.

For this, Government formed various committees and organized number of conferences and workshops for evolving a system, which could ensure maximum returns to the sellers and also the availability of the produce to consumers at reasonable price. Although from time to time Government formed various laws but objective could not be achieved. This necessitated the Government to have an agricultural marketing policy in the early time. Prasad articulated its need as “The Agricultural Marketing policy is deemed to be appropriate if it secures the best for the producers as well as for the consumers. For this purpose the policy measures must be evolved for the Government intervention directly in the mercantile activity in the form of state trading in food grains and in agro-industrial raw materials. The Food Corporation of India, Cotton Corporation of India, etc, form part of this strategy, (ii) Public Distribution System designed and implemented for building buffer stocks and exporting food grains to the deficit states for its distribution through fair price shops; (iii) Implementation of zonal marketing policy to restrict the free movement of food grains; (iv) The financial interventions initiated with the use of formal credit on stocks which came with nationalization of banks and implementation of priority sector concept for bank loan; and (v) Intervention through the regulatory measures hereinafter called regulated agricultural markets.”4 The description regarding agricultural marketing policy points out various measures which justify the proper sale and purchase of agricultural produce adopted by the Government of India. Of these measures, regulation of agricultural produce is important as compared to the other measures because the interest of producer sellers can be watched in a much better way through regulation of agricultural produce i.e. to ensure remunerative prices, proper weighment of the produce and charging of authorized trade allowances during sale/purchase of agricultural produce.

Although this system has been widely accepted throughout India but its implementation varies from state to state because agriculture is being State Government subject. The general accepted description of market regulation in the words of Urs (2002) is stated as “Market regulation was designed to improve the marketing environment of agricultural produce by curbing malpractices and reducing marketing facilities to producer sellers. It was expected that at the macro-level the implementation of market regulation and functioning of regulated markets would encourage them to specialize in their crop production and provide incentive for the commercialization of agriculture which is necessary for economic development. At the micro level, it was expected that the implementation of market regulations would increase marketing efficiency, eliminate superfluous market intermediaries and further integration in the market structure”5.

Thus, it may be inferred from the above discussion that due to the dependency of producer-sellers on the commission agents, they were exploited during the performance of various marketing operations i.e. at the time of auction, weighment of produce and deductions of charges of value of agricultural produce etc. because total responsibility to sell the produce lay with the commission agents on behalf of the producer sellers as per the prevalent practice. It is also natural that the commission agents would like to have maximum gains on the sale of agricultural produce due to their vested interests. Sometimes commission agents did not conduct the open auction in connivance with the purchasers and at the time of weighment of produce, they indulged in the malpractices for conducting sale and purchase. Thus, the need for the third party has felt in the trade which should have the legal authority to intervene and regulate the marketing of agricultural produce to protect the producer-sellers from the illegal malpractices prevailing in the markets.

II

Evolution of Regulation of Agricultural Produce Markets

The agricultural products produced in the earlier times were mainly for the self consumption. Only minor surplus production was reported in the market for exchange with other goods. Srivastava reported that “the feature of trade and commerce is connected with the dim past as an economic activity of exchange since 5th century B.C.”. Barter system was prevalent in the earlier days. The barter system was more common in the trade of agricultural commodities. The practices for sale and purchase were adopted as per the needs and requirements of the individual consumers as well as traders. There was no problem in marketing of surplus produce in ancient India because Indian villagers were self-sufficient, self dependent and self-contained isolator units. But many producers were not self-sufficient to meet their needs and they used to meet their demands from the income received from the sale of surplus agricultural produce. Therefore, the producers felt the necessity of getting maximum returns. This could not be made possible without proper regulations.

The regulation of sale of agricultural produce in India started in 1886 with cotton crop. This was initiated due to the need for supply of pure cotton at reasonable price from India to the textile mills located in Manchester (U.K.) on demand by the Britishers. The then Indian Government took the decision and accordingly the Hyderabad Residency Order was issued. The First regulated Karanjia Cotton market was established in 1886 in India7. This order was to regulate the marketing of cotton crop in a specific area. After experiencing the result of sale and purchase of cotton there-in, further beginning of enactment for regulation initiated and accordingly “The Berar Cotton and Grain Market Act, 1897” was passed. This is being treated as a first legislation for the regulation of agricultural produce and became the Model Act. Accordingly, other states of India followed the suit and passed legislations for regulation of agricultural produces from time to time. The

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important provisions of the earlier Acts, the recommendations of the different commissions/committees and the Government decisions are reported as under:

**Berar Cotton and Grain Market Act (1897)** - After the regulation in *Karanjia* Cotton market, the first legislation was the Berar Cotton and Grain Market Act of 1897. Under the provisions of this Act, the British Resident acquired the authority to declare any place in the assigned district a market for the marketing of agricultural produce and formed a committee to supervise the regulated markets. Governor General in Council was constituted on 6th May, 1897. Its salient features are:-

(i) The Resident was authorized to declare a notification, any place as a market for the sale or purchase of agricultural produce.

(ii) A market committee consisting of 5 members was to be constituted, of whom 2 members were to be elected by the Municipal Committee or other local body and 3 members by the cotton dealers of the locality. No farmer was declared as member.

(iii) The surplus funds of a market committee was to be transferred to the local body concerned.8

**The Indian Cotton Committee (1917)** recommended the regulation of cotton markets on the lines of the Berar Act. The Committee observed that “farmers were exploited by giving them very low price for their cotton by the traders-cum-money lenders, and also in marketing of other agricultural produces farmers did not get adequate price for their produce because of a large chain of intermediaries (middlemen) in their marketing process. Therefore, the Committee recommended that markets for cotton on Berar system should be established in other provinces having compact cotton tracts.”9

**The Bombay Cotton Markets Act (1927)** - Government of Bombay province was the first to enact the Bombay Cotton Market Act. The provisions of the Act provides as “the establishment of markets for both ginned and unginned cotton, the notification of cotton market by the local Government either

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after consulting the local authorities or upon a representation made by the District Local Board, the constitution of a market committee as a corporate body, for managing every market to be established with a majority of representatives of cotton growers in it and the obligatory appointment of a dispute sub-committee, the ban on deduction of any trade allowance not recognized under the rules or bye-laws framed under the Act. The use of authorized weights and measures and discouragement of the practice of damping of cotton and admixture of sand and also that no other cotton market could be established within the prescribed distance of regulated markets.”

Royal Commission on Agriculture (1928) - The Royal Commission on agriculture was set up in 1926 for making an overall survey of the Indian agriculture. As regards the marketing of agricultural produce is concerned it was observed that there is absence of information with regard to marketing conditions in India and this Commission recommended that the regulated markets should be established in all provinces of India and in order to prevent fraudulent weighment, committee must provide weighbridges in the markets with suitable arrangements for its use and the market practices should be regulated.”

Central Banking Enquiry Committee (1931) observed “Assuming the existence of a given price the farmer’s profit will be affected by the cost of all marketing functions including the price paid for finance. Every part of the marketing process is a link in continues chain; and the strength of the chain depends on the strength of all its parts”.

Directorate of Marketing and Inspection (1935) - Directorate was established on January 1, 1935 under the Ministry of Food and Agriculture. The activities of the directorate were confined to look after the problems of agricultural marketing and to build up a body of knowledge of the marketing of agricultural produces with suggestive measures for the promotion of an orderly and efficient marketing system. Directorate was also to recommend to the State Governments with regard to the regulated markets to safeguard the

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10 Ibid.
interests of the farmers and to remove the prevalent malpractices in the markets and a model bill was circulated among the States of the Indian union in 1938.\textsuperscript{13}

\textbf{National Planning Committee in 1947 and Shriname Committee, Panes Committee Krishna Swamy Naidu Committee and Ford Foundation (1959)} also supported that regulated market system in the country must be established.\textsuperscript{14}

\textbf{National Commission on Agriculture (1976)} - Commission laid emphasis on the importance of orderly marketing system and expressed that “it is necessary to improve the marketing system to aid the process of agricultural development for two reasons. First, the additional produce does not move to the market to bring additional revenue to farmers, it may work as a disincentive to increase production; secondly, if the system does not supply food grains and other agricultural commodities such as oil seeds, fruits, vegetables, milk, meat, eggs at reasonable prices to the consumers at the time and place needed by them, increased production has no meaning in a welfare society.”\textsuperscript{15}

\textbf{Reports of Directorate of Marketing and Inspection (1984 and 1985)} - Reports revealed that the participation of co-operatives and public institutions in markets helps to check the margins of private trade. Some studies brings out that the net margins of private traders and the net margins of intermediaries in the private channels varied from 12 to 23 percent of the consumer’s price have been considerably higher in the absence of institutional channels.\textsuperscript{16}

\textbf{High Powered Committee on Agricultural Marketing (Guru Committee) (1992)} - In 1992, a High Powered Committee on Agricultural Marketing was appointed by the Government of India under the chairmanship of Shri Shankerlal Guru. This committee suggested improvement in the


\textsuperscript{14} D. Shrijay Devaraj Urs, (2002), \textit{op.cit.}, p.48.


The functioning of market regulation scheme on 26\textsuperscript{th} November, 1992 with several changes in the existing market regulation programme and restructuring of the agricultural produce market committees and State Agricultural Marketing Boards. The major highlights of the suggestions are as follows:-

1. At least 1,5000 more markets should be brought under market regulation in addition to the existing 6840 regulated markets;
2. The Agricultural produce Market Regulation Act be enacted in those States and Union Territories where it is not in existence.
3. Separate National Bank on Agricultural Marketing be created to cater to the credit needs of the marketing sector.
4. State Marketing Tribunals be created to deal with the legal disputes in the implementation of State Acts.
5. A Central Agricultural Marketing Board be constituted to develop the markets of national importance.
6. A scheme to insure the farmers against price depressions below the support/procurement level needs to be implemented.
7. A pledge finance scheme of credit for the unsold produce in the regulated markets is to be implemented.
8. The Chairman of the Market Committee/Board should be elected from amongst the elected agriculturist members of the market committees/Boards.
9. The DMI, COSAMB and NIAM should intensify the activities for development of marketing in the north-eastern region.
10. The DMI be restructured to make it render technical advice effectively.
11. Facilities of NICNET be extended to provide timely information for the users of the market.
12. A tableau on agricultural marketing produce marketing regulation along with the producer’s interest, the interests of consumers should also be included.
13 In the preamble of the agricultural produce marketing regulation, along with the producer’s interest, the interests of consumers should also be included.17

Ministry of Rural Development (1994) - The regulation of agricultural produce markets must be taken up as an institutional innovation. Moreover construction of well laid out market yards was also considered as an essential requirement for effective implementation of the regulation programme. It was disclosed that by now, all major wholesale agricultural produce markets numbering 6572 have been brought under regulation.18

Punjab Agricultural University, Ludhiana (1995) - Proceedings of the seminar conducted on February, 23, 1995. It was recommended that “To protect the interests of farmers growing basmati rice, there is a need of giving a thought to provide support price and to widen the crop insurance cover.” Export house should be encouraged to go for contract farming and strict supervision as is being done by PEPSI FOODS in case of tomato cultivation.19

Expert Group on Agricultural Marketing (Acharya Group)(1998) - The Ministry of Rural Areas and Employment of the Govt. of India, in July, 1998, constituted an Expert Group for suggesting measures to strengthen the Agricultural Marketing Division of the Ministry and to widen its scope to facilitate the development of marketing net work as growth centers in rural areas. The point wise terms of reference of the Expert Group have been presented as " to examine the integration of the development of agricultural as well as rural marketing infrastructure with various on-going schemes/programmes of the ministry of rural areas and employment and to assess the feasibility of earmarking of some funds from the various schemes/programmes of the ministry of rural areas and employment for the development of agricultural and rural markets, particularly in view of the absence of any scheme at present for development of markets in the country. Structural changes in the Agricultural Marketing Division of the Ministry with a view to making it a professional division for assimilating and integrating various findings of the studies as well the development plans of agricultural

and rural markets not merely for the policy purposes but also to arrange the funding from external sources, so as to supplement the resources for the development of rural markets in the country. Lastly, the term of reference was to examine critically, the role of Directorate of Marketing and Inspection and the National Institute of Agricultural Marketing (NIAM) particularly in the changing context of local and global realities. The Expert Group recommended for setting up of a strong Division of Agricultural Marketing in the Union Ministry of Agriculture and marketing as a professional body to National Institute of Agricultural Marketing. The Expert Group submitted its report in August, 1999. At this point of time, the Government of India decided to transfer DMI, National Institute of Agricultural Marketing (NIAM) and their infrastructure to the Ministry of Agriculture with immediate effect.”

**Expert Committee on Strengthening and Developing of Agricultural Marketing (Guru Committee) (2000)** - Guru Committee was appointed in December, 2000 under the chairmanship of Shri Shanker Lal Guru. The terms of reference of this expert committee were “to review the present system of agricultural marketing in the country in the context of increasing agricultural production and liberalization of international trade and the other points were;

(i) To examine the organizational set-up and functioning of the different State Agricultural Marketing Boards and Agricultural Produce Market Committees and to recommend measures to make them more effective instruments for providing better infrastructure and services to the farmers, traders and consumers.

(ii) To make recommendations for promoting pledge finance, direct marketing and alternative marketing systems.

(iii) To study the requirements of additional investments in infrastructure, supply chain management from farm to the consumer and other facilities for the marketing system for the next ten years and to make recommendations for encouraging public, private and cooperative sectors to make such investments.

(iv) To examine the requirements of market intelligence for the farmers, exports, traders and consumers and to make recommendations in this

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regard.

(v) To examine the requirements of market extension, research, and training for the agricultural marketing system and to make recommendations in this regard and the sixth had been to recommend measures for effectively utilizing information technology tools with special reference to E-Commerce and E-Business, for the development of a modern marketing system.”

**Expert Committee of Government of India (2001)** - The Expert Committee reported regarding agricultural marketing system as “Government is promoting organized marketing of agricultural commodities in the country through a network of regulated markets. These markets were supposed to ensure smooth and orderly development of agro-marketing by ensuring fair play of trade practices and market forces. An efficient agricultural marketing is essential for the development of the agricultural sector, in promoting vibrant competitive marketing system. The institution of regulated markets, set up to strengthen and develop agricultural marketing in the country, has achieved a limited success. The spot markets, have not been linked with the forward and future markets to receive price signals. There is an imperative need to make Government administered marketing organizations administratively viable and managerially competent in keeping with liberalized trade atmosphere.”

**Inter-Ministerial Task Force on Agricultural Marketing (R.C.A Jain) (2001)** - An Inter-Ministerial Task Force was constituted and identified nine areas on which the road map for development of agricultural marketing should be prepared. These are legal amendments necessary for efficient marketing, direct marketing and infrastructural development of markets. The pledge financing, warehouse receipt system, forward market system and price support policy as well as the information technology in agricultural marketing and market extension, training and research were the areas to be identified. Separate inter-ministerial Working Groups examined each of these areas and assisted the Task Force in formulating its recommendations.

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21 Ibid.
High Level Committee on Long-Term Grain Policy (Abhijit Sen) (2002) - The Committee was constituted by the Union Ministry of Food, Consumer Affairs and Public Distribution for formulating a long term grain policy for the country and submitted its report in July, 2002. The terms of reference of the committee were required to examine (a) minimum support price (MSP) and price support operations; (b) role of Food Corporation of India (FCI), (c) functioning of PDS, (d) policies regarding buffer stocks, open market sales and foreign trade and (e) allocation of grain for rural development and other welfare programmes. Some of the major recommendations of the committee are:

i) Food self sufficiency is an indispensable component of national security and must continue to plan for cereals self-sufficiency.

ii) Minimum support prices system with open ended purchase should continue as this system is WTO-compatible.

iii) Minimum support prices should be supplemented by variable import and export tariff policy and MSPs must have statutory basis.

iv) Universal PDS should be adopted.

v) FCI should be continued to play its role as central agency in procurement and distribution, as it has performed reasonably well in several areas of food security.

vi) The Commission for Agricultural Costs and Prices (CACP) should be made an statutory body.

vii) Price support operations should be made more effective in eastern and central Indian States; and

viii) State government corporations and private sector should be encouraged to play more active role in foodgrains trade. 24

Transforming Agrarian Sector Corporate Investment, the Best Alternative-Government policies (2006) - Srivastava stressed that "private investments to transform Indian agriculture and development of rural sector is the strategy of government that needs to go a long way with supportive government policies. The regulation by the state controlled agriculture

produce marketing committees (APMC) (7,177 regulated and 35,000 unregulated), access to farmers has been out-of-bounds for private players. Many states do not permit corporate houses to trade directly with the farmer at the mandi levels. He disclosed that today’s demand-driven value chains require such a direct relationship for improving access to technology, credit, and market linkages therefore, recasting of APMC Act into a new model Act in 2003 is needed by every state. Multinational giants like Metro, Cash and Carry, Cargill Foods, Hyper city, Shoprite and Wal-Mart must be given chance to have agreements with farmers although they have high stakes in the emerging market. 25

Union Government Budget (2009-10) - Amrit Patel explained “though Central Government circulated the model Act for agricultural marketing reforms in 2003, yet a number of the State Governments have not amended their Agricultural Produce Marketing Committee [APMC] Acts. Provisions for registration of contract farming, dispute settlement mechanism, setting up of private markets, direct marketing, single point registration for trade and transaction in more than one trading market areas, single point levy of the market fee, e-trading and promotion of public-private partnership in management of agricultural markets, etc are still lacking in various Acts of the states. He reported that in order to accelerate the pace of agricultural marketing reforms, it is imperative that this subject should be brought to constitution and suggested that since corporate houses are governed by Companies Act of the Central Government bringing Agricultural Marketing Act under the purview of the Central Government will ensure better synergy in operations. Modern terminal markets is a concept based on a hub-and-spoke format wherein the central market [the hub] will have the state-of-the art infrastructure including electronic auction facility, sorting, grading and packing lines, cold storages, warehouses, ripening chambers etc. This would further be linked to a number of collection centers [the spokes], conveniently located in key production areas. The farmers will have convenient access to markets

and it will fulfil the farmers’ needs, increasing operational efficiency and effective capital utilization of the investment. The benefits of the terminal markets would be [i] multiple choices for the farmers to market their produce; efficient price discovery and faster cash settlement [ii] avoid distress sale of produce by enhancing withholding power of farmers [iii] reduction in transaction costs and increasing share of the consumer price to the farmer by eliminating intermediaries and redundancies [iv] availability of graded, sorted, quality and hygiene produce to the consumers and [v] reduction in wastage of the produce and enabling efficient logistics."26

Therefore, it can be concluded that Government from time to time thought of the regulation of agricultural produce and also made amendments to eradicate those functions/operations which were acting as hindrances for the maximum returns to be the producer-sellers and improper regulation. Accordingly various States took the decisions from time to time and passed legislations for regulation of markets. For example The Hyderabad Agriculture Market Act, 1930, the Central Provinces Cotton Markets Act, 1932, the Madras Commercial Crops Market Act, 1935, the Agricultural Produce Markets Act of Bombay, of Punjab and Mysore, 1939, of Madhya Bharat, 1952, of Orissa, 1957 and Rajasthan, 1961. In the meantime, Andhra Pradesh adopted the Madras Act and Gujarat and Maharashtra States inherited the Bombay Act and Delhi and Tripura passed legislations on the lines of the Bombay Model Act.

The data in Tables 1.1 and 1.2 shows the growth of regulated markets in India. The table reveals that till 1939 only 57 regulated markets were in existence in the country and this number increased to 7557 in March, 2005.During 10th five year plan 7566 regulated markets have been in existence.

Table: 1.1

GROWTH OF THE REGULATED MARKETS IN INDIA

<table>
<thead>
<tr>
<th>Period</th>
<th>No. of Regulated Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to 1939</td>
<td>57*</td>
</tr>
<tr>
<td>End of 1940</td>
<td>73*</td>
</tr>
<tr>
<td>End of 1945</td>
<td>146*</td>
</tr>
<tr>
<td>March, 1951</td>
<td>236*</td>
</tr>
<tr>
<td>March, 1956</td>
<td>470</td>
</tr>
<tr>
<td>March, 1961</td>
<td>715*</td>
</tr>
<tr>
<td>March, 1966</td>
<td>1012*</td>
</tr>
<tr>
<td>March, 1974</td>
<td>1777*</td>
</tr>
<tr>
<td>March, 1976</td>
<td>3528</td>
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<tr>
<td>March, 1980</td>
<td>4446</td>
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<td>March, 1985</td>
<td>5695</td>
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<td>March, 1988</td>
<td>6052</td>
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<td>6118</td>
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<td>March, 1990</td>
<td>6217</td>
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<tr>
<td>March, 1991</td>
<td>6640</td>
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<tr>
<td>March, 1992</td>
<td>6738</td>
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<td>March, 1993</td>
<td>6752</td>
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<tr>
<td>March, 1994</td>
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<td>7383</td>
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<tr>
<td>March, 2004</td>
<td>7418</td>
</tr>
<tr>
<td>March, 2005</td>
<td>7557</td>
</tr>
</tbody>
</table>

*Represents only principal markets.
Source: Directorate of Marketing and Inspection, Faridabad.
Table: 1.2
GROWTH OF REGULATED MARKETS DURING PLAN-PERIODS

<table>
<thead>
<tr>
<th>Five Year Plan Periods</th>
<th>Number of Regulated Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Five Year Plan Periods</td>
<td>470</td>
</tr>
<tr>
<td>Second Five Year Plan</td>
<td>715</td>
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<tr>
<td>Third Five Year Plan</td>
<td>1012</td>
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<tr>
<td>Fourth Five Year Plan</td>
<td>1777</td>
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<tr>
<td>Fifth Five Year Plan</td>
<td>2180</td>
</tr>
<tr>
<td>Eighth Five Year Plan</td>
<td>6217</td>
</tr>
<tr>
<td>Tenth Five Year Plan</td>
<td>7566</td>
</tr>
</tbody>
</table>


III

Regulation of Markets in Punjab

Regulation of markets in Punjab state was initiated by the then Hon’ble Minister of Agriculture, Sir Chhotu Ram and in his report on mandis pointed that “due to the increase in the production of the primary agricultural commodities, the shopkeepers and traders, who had shops in the mandis, robbed the peasants and all sorts of malpractices were prevailed. These malpractices included use of fraudulent weights such as there was one set for purchasing the peasant’s produce and another set for selling the requirements to the peasants. A variety of impositions were also revived by the mahajans on the peasants.” Sir Chhotu Ram therefore, proposed control on the operation of the mandis. “The Punjab Agricultural Marketing Act, 1939 gave statutory protection to the agriculturists against these shady deals and malpractices of the traders and their commission agents in the markets, whereby the peasant used to be defrauded on his legitimate dues from the sale of his produce.” It has also been mentioned that the Punjab Agricultural Produce Markets Act, 1939 which actually came into operation in

1941 was modeled on the lines of the Madras Commercial Crops Markets Act, & was subsequently amended in the years 1941, 1944, 1945 and was enforced in the State of Punjab before partition. The Patiala Agricultural Produce Markets Act, 2004 B.K. was also enacted in the erstwhile Patiala State which was later on extended to the erstwhile State of Pepsu which is a part of present Punjab. Both Acts were repealed and The Punjab Agricultural Produce Markets Act, 1961 came into force after the reorganization of the state of Punjab. Now this very Act is being enforced in the State of Punjab.

The institutions to enforce the Act were established as The Punjab State Agricultural Marketing Board at the State level and the various Market Committees were also established accordingly in the state to look after their notified market areas. As such after the enactment of the Act, each and every inch of land in state was declared as the notified market area for regulation. Punjab was the first state in the Northern India to regulate the marketing of agricultural produce. The growth of market committees and area served in the State of Punjab during 1966-67 to 2005-06 is given in Table 1.3.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of regulated markets</th>
<th>Av. Number of villages served per market</th>
<th>Av. area served per regulated market (Sq.Kms.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966-67</td>
<td>88</td>
<td>139</td>
<td>572</td>
</tr>
<tr>
<td>1976-77</td>
<td>108</td>
<td>113</td>
<td>466</td>
</tr>
<tr>
<td>1986-87</td>
<td>141</td>
<td>88</td>
<td>357</td>
</tr>
<tr>
<td>1993-94</td>
<td>144</td>
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<td>352</td>
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<td>352</td>
</tr>
<tr>
<td>2000-01</td>
<td>144</td>
<td>86</td>
<td>352</td>
</tr>
<tr>
<td>2002-03</td>
<td>145</td>
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Source: Punjab State Agricultural Marketing Board
IV

Review of Literature

Over the years, a serious thought was given for the regulation of agricultural produce which emerged as the major area to provide food to consumers at reasonable price and providing a place for the producer-sellers to sell their produce on remunerative prices. Some devices were designed in the form of legislation to curb the unwanted functionaries or change the routine/regular unwanted functions. In this part of the chapter, an attempt has been made to capture the essence of work done so far in this area.

Haque (1945)\textsuperscript{29} pointed out while amending 'The Punjab Agriculture Produce Markets Act, 1939' that the farmers were unmindful even of their own agricultural produces due to their illiteracy and ignorance. They were not worried about making minimum efforts to sell the agricultural produce at a profitable price. Although, they toil during the most inclement weather i.e. winter nights and summer noon’s with a view to extract the greatest yield from the soil but they do not pay any attention to the returns, which they were to get from the sale of produces in the markets. Usually, they were having blind faith on the village \textit{bania} or trader in the nearest \textit{mandi} and entrusts his agricultural produce. It was further pointed out that all persons with whom the \textit{zamindar} has to deal were not trading the agricultural produces with honesty but the practices which they use in almost all the markets of the state were detrimental to the interests of \textit{zamindar}.

Singh (1962), Krishnaswamy (1970), Krishna et al (1983), Goswami (1984), Madalia (1984)\textsuperscript{30} studied the effect of regulation and market charges as the establishment of regulated markets and regulation of trade has resulted in lowering of market charges and marketing facilities and services available have provided incentives to the producers to being their produce directly to these markets. It was further found that the regulation has been

\textsuperscript{29} Abdul Haque (1945), 'Introduction', \textit{The Punjab Agricultural Produce Markets Act, 1939}, Lahore.

responsible for better understanding of marketing among the producers, reduced village sales and increased monetary gains of the producer-sellers and has been effective in lowering the margins of middlemen and increasing the farmer’s share in the consumer rupee and ultimately resulted in lowering the marketing costs.

Sharma and Gill (1970)\textsuperscript{31} studied the behaviour of the producer sellers to sell the produce to the specific commission agent and found that so far as the structure of rural markets is concerned, there was predominantly dependence of farmers on village money-lenders and on traders. They observed small farmers sold their produce in the local market to one commission agent with whom he had long ties in the state. The larger farmers patronized commission agents and the Co-operative marketing society.

Srivastava, et al (1970)\textsuperscript{32} concluded from their study that producer got 58 paisa and 52 paisa in case of wheat and rice respectively. They pointed out that Munshi and Sinha estimated in 1945 that the share of the middlemen remained as 26.3 to 57.7 per cent of different agricultural commodities. They suggested that;

(a) Regulated markets should be established throughout India which removes most of the malpractices. These have been claimed many advantages such as regulation of market practices, correct weighment, periodical inspection of weights and scales, provision of reliable statistics regarding the arrivals of commodities, their stocks and prices, provision for packing space, storage accommodation and low deduction of market charges.

(b) Producers pays a variety of incidental charges which further reduce the return such as octroi duties they are required to pay arhat (commission), tulai (weighment charges), dalai (brokerage), hammali or palledari, dharma khata (for gaushala), shagirdi (in Punjab), karda


(deduction for impurities in the produce), delta (for loss in weight due to presence of excessive moisture in the produce) and for the sweeper, piao, pathshala, dispensary etc. It is surprising to note that not only the arhtia and dalal (Commission agent and broker) but also a host of others including the munim, chowkidar, waterman, arhtia's cook and beggars consider themselves entitled to a share in the produce sold by the farmers.

(c) Settlement of Price under Cover is a peculiar phenomenon to settle the price in secrecy and under cover of cloth. In India, this is known as Hatha system also, according to which buyers or their representatives offer their rates by twisting the fingers of the commission agent, under a piece of cloth. The seller of the produce is kept in the dark about what has been quoted and is easily cheated.

(d) A variety of standard weights and measures are used in our country. In many areas the weights used in villages are different from those used in the mandis as a result of which the sellers of produce suffer.

Tyagi (1979) concluded from his study that the farmers were not provided the better price although imported produce were distributed at prices below the open market prices. It was further revealed that increased physical and economic access to food did not allow the prices received by the farmers to go up even when production stagnated during the period between 1950-51 and 1960-61.

Venkataraman (1980), Acharya, (1985) reported that market sales by farmers have increased by and large, physical losses during handling, storage and transportation were also reduced. The study further revealed that the process of price discovery in most of the markets was visibly open, market charges have been rationalized and backward and forward linkages of wholesale markets had considerably increased. This all was in the interest of farmers.

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Panday (1983)\textsuperscript{35} indicated that in Bihar, market infrastructure was created with huge investment of resources but this could not have positive effect on the quantity of arrivals in the regulated markets. Even, agricultural produces have decreased up to the extent of 20 to 30 percent. This means regulated markets were not playing positive role for which these were established.

Harris (1984) and Urs (1987, 1995)\textsuperscript{36} conducted a study on regulated markets and concluded that these markets have failed to attract producer-sellers from their respective hinterland. All the wholesale markets of Karnataka indicated that these regulated markets were not fulfilling their purpose. The private traders were more benefitted instead of farmers. This, not only legitimized transferring agricultural produce but channeling of resources for the operation of these as market places by way of improving infrastructure for markets.

Krishnaji (1987)\textsuperscript{37} reported that buffer stocks of food grains played a positive role in stabilizing returns to the farmers in the face of fluctuations in production. This prevented a fall in the prices so that these should not go up to unremunerative levels during the years of bumper production. The second one was to check undue price rise during the years when domestic output declined very sharply.

Johl (1989)\textsuperscript{38} observed that even the concept of a regulated market carries different meaning for different states. Whereas in Punjab and Haryana regulation of markets enjoins upon the seller and the buyers to interact and operate under open-bid system in declared market yards and their rights and obligations as well as market fee and other charges are stipulated, most parts of the country the regulated markets create only facilities in terms of market

yards, godowns and other infrastructures which were used mainly by the traders, often to the disadvantages of the producer-sellers. Thus, notionally the regulated markets and markets yards exist, but functionally these were quite defunct and often did not work to the advantage of the producer-sellers. Therefore, the producer-sellers invariably and per force operate in buyer’s markets.

Tyagi (1990) Kahlon and George (1994)\textsuperscript{39} reported from their study that no doubt the market structure and marketing system is more developed in surplus producing regions yet, the problem of congestion and choking of the markets in these regions has been a common feature in recent years. This situation has arisen as the production of various agricultural produces has increased and the food grains production specifically increased.

Ahmed (1992)\textsuperscript{40} reported that the availability of infrastructure affects the choice of technology and it reduces the transaction costs and stimulates market operation which produces powerful impetus to production. He also pointed the positive affect of availability of infrastructure on income distribution because low per capita infrastructure limits the access of small and marginal farmers to the market.

Pursell et al (1993)\textsuperscript{41} keeping in view the present policies of agricultural marketing has reported that Agricultural sector was critical for the overall health of the economy and a strategy of economic reforms may not succeed without sustained and broad based agricultural development. Therefore, there was a need to have a fresh look at the agricultural marketing, trade and price policies”.


Banakar and Shankararamurthy (1994)\textsuperscript{42} studied the investments in regulated markets and their impact on market arrivals by market intermediaries. They conclude that the market concentration was viewed from the relationship between arrivals and strength of intermediaries, there seemed to be oligopolistic activities operating even after the development of markets (post investment period). Hence, there was a need to keep a constant watch on such activities through legislation and thus given the wave for the emergence of competitive condition in the market of Karnataka.

Bansal (1994)\textsuperscript{43} pointed out that considering such a vast growth potential, development of rural markets should receive a high priority in the plan of development of agricultural marketing in the country. There is an urgent need to prepare State Master Plan for development of rural markets, both at macro and micro levels. Development of rural primary markets is a sine qua non in the marketing of farm produce in the country.

Haridoss et al. (1994)\textsuperscript{44} studied the determinants of market arrivals in regulated market and under the Madurai Market Committee, Tamilnadu. The study revealed that the regression model, used for identifying the determinants of market arrivals is statistically significant for all the four selected crops. In the crops except groundnut, marketable surplus has been the most significant factor, which influenced the market arrivals. The variable production had also been identified as a significant factor in addition to that of area under cultivation and marketable surplus for respectively.

Singh and Yadav (1995)\textsuperscript{45} concluded from their study that the farmers in the wheat growing areas of the state bring a substantial part of their produce for sale in the market during post harvest months and get a

comparatively lower price for their produce. The seasonal variation in arrivals of wheat was more apparent in primary markets than in secondary markets. As much as one third of variation in annual arrivals of wheat was governed by the variation in prices in both the primary and secondary markets. However, wheat arrivals were more sensitive to their ruling prices in secondary markets than that of primary markets.

Bhalla and Singh (1996)\textsuperscript{46} emphasized that Minimum Support Price policy currently followed in the case of wheat, paddy and cotton should be continued in future also. They suggested that contract farming between farmers and exporters or processors could prove beneficial in the case of highly perishable crops. The steps in this regard are required to be taken to ensure the benefits to small and marginal farmers from these arrangements.

Singh (1996)\textsuperscript{47} concluded from his study that the availability of good marketing infrastructure has helped the agro-processing industry in Gujarat along with location advantage it has in terms of its proximity to terminal markets like Bombay. Co-operative intervention is important to make the markets more efficient. There was need to make existing cooperative structure more competent and to regulate the market operations to curb marketing malpractices. Also, there was need to ensure multiple outlets for the produce in order to avoid dependence of the producers on a single outlet. When there are competing demands for the same produce, there was more efficient functioning of the markets to the benefit of producers, since agro-processing depends on regular supply and quality raw materials, the locally linked agencies need to operate for this and work directly with producers.

Singh and Dhillon (1996)\textsuperscript{48} concluded from their study that Government of Punjab should adopt some special measures to implement the market regulations in the State to save farmers from the clutches of the unscrupulous commissions agents, procurement agencies and other functionaries involved in marketing. Farmers should also be trained in

handling the produce from the farm to market level so that the efficiency of different marketing function increases.

Rangarajan (1997)\textsuperscript{49} studied that liberalization of domestic marketing and trade policy is leading to structural changes in the market for farm products. He reported that market structure affects the conduct and performance of the market therefore performance of the market ought to be assessed on the basis of more efficient use of natural resources in various regions and it encourage the adoption of new technology for expanding the size of agricultural output and invention of new forms of products so as to maximize social gains. Moreover, it also reduced the cost of marketing and margins of intermediaries and it reduce inter-personal, inter-group and inter-regional disparities in incomes. Keeping in view these paths, the reforms need to be redefined accordingly.

Atibudhi (1998)\textsuperscript{50} concluded from his study that there should be strong producer’s organization in the form of market committee to protect the interest of the farmers as well as for streamlining better marketing system for any significant increase in producer’s share in consumer’s rupee. Bye this, marketing efficiency will also increase and the exploitation of farmers by the traders can be minimized by strengthening the market committee. He suggested that government must ensure through the market committee and its marketing department the functioning of these organizations is improved by providing proper marketing facilities, competent staff and strict enforcement of different provisions of Regulated Markets Act.

Selvaraj et al (1998)\textsuperscript{51} studied and assessed the farmers’ perception and functioning of regulated markets. The study revealed that most of the farmers were not aware of the functioning of regulated markets and the results of awareness model indicated that educational status of the farmers was found to be an important factor. This factor influenced the farmers’


awareness about the regulated markets. Hence, it was suggested that efforts to be taken to disseminate the benefits of the regulated markets among all the farmers through publicity and propaganda activities so that he may be educated on this.

Shiyam and Pandya, (1998)\textsuperscript{52} attempted to examine the performance of two regulated markets in Sambhara region. The results of the study revealed that there were four main dimensions in the performance of regulated markets. These were basically, income indicators, development indicators, sundry indicators and markets intelligence indicators. It was further revealed that these four dimensions explained 74 percent of the total variation in the configuration. The total weightage assigned to the income indicators significantly increased during the period of sixteen years, whereas weighting of sundry indicators declined drastically in the same period. Wide fluctuations in the relative performance indices of the two markets were noted.

Varghese, Sharma and Gupta (1998)\textsuperscript{53} reported that by ensuring correct weighment, fair dealings, prompt payments and open auction of the produce has been the main idea behind market regulation in the State of Rajasthan. The study further brought out that the commercial grading ensures consumer satisfaction on one side and ensures remunerative prices to the producers on the other side. The supply of information on wholesale prices, market arrivals etc. were also taken up through various sources of the media as a part of market intelligence.

Chahal and Dhawan (1999)\textsuperscript{54} concluded that positive price policy of a few commodities (e.g. wheat and rice) consequently increased the income and capital formation in the agricultural sector. A favorable agricultural price policy along with the evolution of high yielding varieties of crops particularly of wheat and paddy has helped to achieve self-sufficiency in foodgrains.

production. Thus, it could be inferred safely that agricultural pricing policy has played a positive role in eliminating the hunger from the country.

**Chhina and Chahal (1999)** concluded from their study that the grain market of Khanna was selected to represent the state during 1992-93 and study revealed that 92.20 percent of wheat was sold through the regulated markets whereas 1.90 per cent was sold to the consumers directly. The rest of the produce (5.90 per cent) was sold through irregular channels. Therefore, it can be said that regulated markets are playing a great role in the marketing of food grains.

**Nahatkar et al (1999)** studied the market arrivals and prices of wheat in Sehore regulated market of Madya Pradesh and found that the arrival of wheat in Sehore regulated market increased overtime. The average annual arrivals during the last eleven years were 252.62 quintals, while the average monthly arrivals were 58.81 percent. The price of wheat in general had shown increasing trend. The variation of annual prices over the last eleven years was less than variation of arrivals. Similarly, model price of wheat showed less variation as compared to the variation in the maximum prices. But it showed more variation as compared to the variation in minimum prices. During the months of December, January, February, March, April, August and September prices of wheat were higher as compared to average annual modal price.

**Pandey (1999)** reported that future research in agricultural marketing should focus more on organizational and management aspects of markets and marketing, case studies of innovative methods and practices in agricultural marketing and of successes and failures in agricultural marketing and export and import of agricultural commodities.

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Puranandam and Kumar (1999)\textsuperscript{58} concluded from their study that regulated markets are considered by farmers as ‘boon’. The expenditure incurred on regulated markets was used by the Government of a country to ensure a fair and reasonable price to the farmers and money-lenders. They concluded that in any developing economy, such welfare measures for a larger section of population would go a long way in establishing a sound system.

Raju (1999)\textsuperscript{59} concluded from his study that the market arrivals as compared to percentage of production is very low in case of food crops (rice, jowar, bajra) whereas commercial crops (groundnut, and chilli) as most part of the foodgrains produced is used for domestic consumption. The domestic consumption and retentions for home consumption are low in case of commercial crops. The study revealed that production trend is on higher side but and arrivals of selected commodities was less as more progress is very much essential for improving the market arrivals. There was large gap between the promises made while setting up of regulated markets and the actual performance shown. The interviews held with the officials of the Marketing Department revealed that considerable time lag is indispensable to bridge this gap, as majority of the farmers are still illiterate besides having many social and economic constraints. Therefore, it can be inferred that regulated markets are not fully used for sale of agricultural produces.

Kumar et al. (2000)\textsuperscript{60} studied the price response analysis of agricultural commodities in the selected regulated markets of Andhra Pradesh. It was concluded from the study that the prices of competing crops in the previous year had significant positive influence on the prices of selected commodities in the current year. After using the regulated markets, it was implied that the farmers were very much pricing conscious and thus, they


were bringing the agricultural produces to the regulated markets and have increased the average of the competing crops in the current year.

**Mishra, Uddin and Bajpai (2000)**\(^{61}\) analyzed the impact of implementation of regulation on food grains marketing in U.P. For this, they used the co-efficient of price variation and correlation matrix. Ultimately they found the results of pricing behaviors and market interrogation have suggested that market regulations have reduced the degree of imperfections in marketing of food grains in the state of Uttar Pradesh i.e. market regulation is paying to the farmers.

**Rajagopal (2000)**\(^{62}\) reported that in order to regulate marketing system of agricultural produces, more emphasis has been laid on ensuring the accuracy in prices, weighment, standardization and packing. It was further revealed from the study that besides these regulations, the health and hygiene of the consumers has also been considered in formulating the regulations. However, the regulation of agricultural marketing has been the state subject and thus reflecting heterogeneity in implementation. It was also commented that DMI has been limited to the standardization aspect only which is during the post sales period. Ultimately it was suggested that it was important to consider a uniform pattern for implementation of the marketing acts/rules/orders.

**Devasahayam (2001)**\(^{63}\) reported that the committee constituted by Government of India “Alternative Food Security System” had given the recommendations such as:

(i) “Protecting the farmers and consumers against the vagaries of production and the market forces in order to enhance agricultural productivity and ensure fair prices”.

(ii) “Withdrawing all controls, except quality controls, on movement, processing, marketing and export of farm products except in years of

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Jain (2002)\textsuperscript{64} reported that private sector needed more participation in agricultural marketing because they can invest huge. Therefore, it was required that Agricultural marketing Acts of various states needs amendments which is required for development of alternative marketing infrastructure and supporting services. The Government’s role should be of a facilitator rather than that of having control over the management of markets. It was also suggested that the APMC Acts be amended to permit private, corporate and cooperative entities to undertake ‘direct marketing’ of agricultural commodities from the producing areas and farmers fields, without the necessity of going through licensed traders and regulated markets. It had called for replication of direct Marketing initiatives, such as the Apni Mandis in Punjab and Haryana, Rythu Bazaars in Andhra Pradesh and Uzhavar Santhaigal in Tamil Nadu, to other parts of the country.

Malhotra (2002)\textsuperscript{65} studied that wheat and paddy is being procured by Government but intervention in pricing and procurement of foodgrains continues to suffer heavily on account of losses and wastages incurred during the post harvest period in India. It has been revealed in the study that these are more man-made rather than natural. The losses occurred with the arrival of foodgrains in the regulated and wholesale markets and continue till food grains reach their destination.

Rao (2002)\textsuperscript{66} reported from his study that some changes in the interest of agricultural marketing. The structural issues as marketing should be solved if farmers were to shift from food crops to cash crops and moreover private sector investments be encouraged in the agricultural sector which was not to the expected levels. Commodity Boards should be formed to take up issues such as production, processing and marketing and offer a range of services.

Sinha (2002)\textsuperscript{67} in 2002-03 budget presentation explicitly concluded

that there is need for a third revolution of agricultural diversification and food processing. This required policy changes, marked thrust on agricultural research and innovations and a new climate that encourages greater investment in several activities involved in the process of moving the agriculture produce to the consumer. Removals of the regulatory and procedural rigidities are essential for this revolution that would result in countrywide integrated markets for agricultural products. It was found that several amendments have been proposed and states have also been encouraged with several incentives for adopting this new strategy.

Damodaran (2003)\(^\text{68}\) reported that informal deductions effected by stockiest and commission agents have served to defeat the very philosophy of regulated markets as institutions of fair trade. By ensuring procurement points near farm gates, intermediation can be reduced. This, coupled with decentralized distribution of foodgrains can go a long way in providing consumers with food of the required quality at the right price.

Patil (2003)\(^\text{69}\) reported that international markets to India has emerged due to the World Trade Organization. These emerged trends have radical changes in regulated markets. Therefore, this situation has brought higher challenges to traders in India and ultimately, it has created international quality standards for products and services so as to make them price competitive. Infrastructural facilities and the regulated market yards are needs to be improved so that regulated markets may be made more beneficial.

Agarwal (2004)\(^\text{70}\) reported that there was need to amend the present market system and road map needs to be established. The reforms such as promotion of competitive agricultural markets in private/Co-operative sectors; encouragement of direct marketing and contract farming programmes; facilitation of procurement of agricultural produce directly from the farm gate; establishment of effective linkages between farm production and retail chains, public-private partnership to promote professionalism in existing markets;

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stepping up of pledge financing and marketing credit; introducing negotiable warehouse receipt system in storage projects, linking of commodity exchanges with market yards for price and risk management and using of information technology to promote trade/market led extension services. Therefore, the established reformed system is required because livelihood of farming population is linked to agriculture prices.

Singh (2004)\textsuperscript{71} concluded from his study that agriculture marketing system needs a fresh look. There existed many internal barriers and those must go. He realized that re-examination of those aspects of policies which prevent a direct interaction between farmers and agro-industries. He suggested that single market across the country will be beneficial for both manufactured and agricultural produce with encouragement of agro-industry linkages. Since agriculture sector is important sector therefore it must receive the priority attention, as it deserves. Agriculture research, training and extension require much greater attention.

Johl (2005)\textsuperscript{72} disclosed that for higher and sustainable growth, it is required that policy on agriculture must pay thrust on multiple tracks. The major thrusts were infrastructure development, market information, adequate and fair credit, effective research and development input, close interaction between researchers, extension workers, farmers and policy- makers and lastly, effective market clearance of demand-driven production. The farmers were getting assured price i.e. minimum support price and it has created such procurement system which is serving very well in eliminating market uncertainty for farmers. But, the rigidities of the system put the prices of foodgrain out of alignment with international prices. Private sector must play a key role so that they may be enabled to play a competitive role in the agricultural markets although amendment in the Agricultural Produce Markets Act in the states would be required accordingly. Presently the markets are being established by public sector and this will reduce the pressure on the


public sector market operations and simultaneously, this system will control unhealthy market practices of private players.

**Kumar (2005)** reported that Punjab government is likely to introduce Agriculture Produce Marketing Act on the same pattern as its neighbour Haryana has implemented. He also pointed out that there is a need to educate and inform the farmers at village level to make the crops diversification and contract farming, a success. Since majority of the farmers are uneducated and the companies involved in the contract farming did not discuss the terms and conditions of the contract farming with the farmers in detail therefore, there is need to provide awareness among them so that farmers may be provided with genuine returns for their produces.

**Kumar, Kundu and Suhag (2005)** concluded that although growth in area has declined but growth in food production in the post-green revolution period has largely increased. Two states Haryana and West Bengal registered impressive growth in food production in the post-green revolution period. So far as the performance of food production and some marketing issues in India is concerned the study pointed out that the food grain production front achieved a much but agricultural marketing lagged behind. It was suggested that grading facilities may be extended to all regulated markets in the country, so that the farmers may realize economic benefits of selling graded products.

**Raghurama (2005)** pointed out that organized marketing institutions must be set up in the rural areas to provide better price. Removal of exploitation of the farmers by the middlemen and money lenders and infrastructures for development also needs to be looked. Although globalization and opening of the economy was there but it not the immediate answer to the marketing problems of rural farmer to ensure organized marketing system and better prices to the rural farmers. He suggested that the establishment of organized marketing institutions will not only ensure

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higher income to the farmers but will also ensure prosperity to rural Dakshina Kannada. He also pointed out that the rural areas of Dakshina Kannada are devoid of basic infrastructural facilities like communication, all weather connecting roads, timely and adequate credit, transport and marketing facilities that are needed for development. Due to the lack of these basic inputs, the process of development was adversely affected.

Jha (2006)\textsuperscript{76} said that the agrarian crisis in the food bowl of India must be solved at the earliest. “It is Punjab’s agricultural base and the farmers’ entrepreneurship which can help us participates substantially on global trade.” This was stated on the basis of the production as well as marketing of food grains in the state achieved new heights for the last couple of years.

Srivastava (2006)\textsuperscript{77} pointed out that some specific states and moreover big farmers seen to reap more benefits. For instance, Kerala farmers are being denied chances of attaining the true benefits of the MSP while big farmers of Punjab, Haryana and West UP practicing wheat paddy rotation and moreover paddy farmers of Andhra Pradesh are having great benefits. STC and FCI are also blamed that they have shown vested interests while procuring.

On the fixation of MSP linkages, he clearly explained that MSP should cover at least the operational expenses plus the cost of family labour, and remuneration for the managerial job performed by the farmer with some profit margin. He also pointed out that due to the vested interests, ultimate consumer price does not reach the growers and moreover role of commission agents in major producing States is not proper and lining the pockets of intermediaries. In the support of this he mentioned that “in a recent study conducted by Indian Institute of Management Ahemedabad (IIMA), on ‘Wheat Marketing and its Efficiency in India’, it was revealed that the estimated average total marketing cost of wheat is found to be of the order of Rs. 266 per quintal, and in this transport has the largest share of 40%, commission and taxes make up 25%, and wastage another 15%. The study shows that

when comparing the consumer farmer price spread, the marketing costs account for 74% of the spread, leaving 26% for margins. It further brought out the fact that the farmers receive on an average only 66% of what the consumer pays and the rest goes to margin players who do not add any significant value to the produce”.

Srivastava (2007) explained that as per Agricultural Produce Market Committees Act (APMC), farmers cannot sell directly to consumers and they have to sell their produce only through APMC traders. Literally, farmers cannot ask for a particular price rather it is the buyer who can do so. He apprised that some of the states have amended their Act but some are yet to amend the law as per the recommendation of the Union Government. Basically, allowing private sector participation in direct purchases of farm produce is required to be enacted which is yet to be looked into by various states.

Tripathy and Jain (2007) reported that the measures undertaken to rejuvenate and popularise commodities futures market have not been very successful in the post-reform era. The economic standards of the poor farmers can only be undertaken if introduction of futures markets are governed with adequate and appropriate actions and the adequate pricing of goods. They also revealed that the prevailing policy on fixation of support prices of food-grains, their procurement and distribution mechanism have not been restructured satisfactorily.

Vedamani (2007) revealed that India has gone through many phases of agricultural marketing and present agricultural produce marketing systems in India is having successful series of agricultural marketing. It has protected the interest of farmers by various ways and means although selling through co-operatives also. The contract farming is the need of the hour as agricultural produce marketing systems needs direct access of farmers to the retailers. It is time that farmer must get right price of his produce as this sector has grown

currently to a matured level. The relationship of farmers with the retailers will certainly ensure right prices directly from retailers and moreover will even partnering with the food and grocery retailers on a co-operative basis for mutual future growth.

Arabi (2008)\textsuperscript{81} examined the micro dimensions of food security problems in India and suggested that minimum support price should remain at a level that protects the farmer against risk of losing money due to collapse of the price of the product. He suggested that stabilization of cereals prices should continue to be one of the important objectives of food policy which can be achieved through the operation of a buffer stock combined. The price was controlled with timely intervention by the FCI in domestic markets and a liberal import-export policy for food grains. Ultimately, it was suggested that MSP should not exceed the sum of variable cost and family wages, at least as long as cereals stocks with FCI exceed the recommended buffer stock.

Mathur (2008)\textsuperscript{82} explained that interest of the State, traders and the customers were watched during Kautilya’s regime regarding trade. Superintendent of trade was to look after the administration of trade. Keeping in view the factors as investment of capital, interest charges, duties paid, rent etc. were used to fix prices of the various commodities. A profit was also fixed to five percent on indigenous goods and ten percent on foreign goods. In case of violation, State involved a very heavy fine. When there used to be glut of any commodity, the Superintendent of trade is to intervene and centralise the sale of that commodity so that prices do not slump.

Superintendent of Markets was to watch the interests of consumers and was protected from traders and artisans who could cheat them by fraud in weighing as well as supplying interior quality of goods. State was also engaged in trade in a big way vis-à-vis private trade. The Superintendent of trade was to supply and demand of each commodity and to fix prices, raising or lowering them accordingly as per the availability of goods and was also to protect the interests of the consumers. The Superintendent of trade was

responsible for export was to take into consideration factors such as expenses of the journey, duties paid, prevailing prices in different places to determine the profit for the State. He may also investigate the possibility of bartering state goods from foreign land. There was a ban on goods to purchase direct from the place of their production.

Mishra (2008)\textsuperscript{83} studied the system of Minimum Support Price (MSP) which is in existence for the last so many years. He noted that an unprecedented increase in the MSP has taken place in last three years specifically for cereals, pulses and oilseeds in order to ensure remunerative prices to farmers and to protect their interests. He also revealed that marketing infrastructure is important to reduce price risk and moreover various initiatives have been taken to provide greater options to farmers to sell their produce. So as to make the reforms in the marketing law is concerned, a model Act has been circulated by Government of India to states to facilitate them to make such provisions for better marketing.

Prasanna (2008)\textsuperscript{84} offered suggestions to stakeholders who are in food and agribusiness sector such as farmers, trade intermediaries, processors and Government agencies. Basically with regard to marketing, farmers have been suggested to be aware of consumer and market needs. Traders are required to work towards reducing and decomposing wastages of produce and interact with farmers on market requirements. Processors are required to have long-term view, build value addition capacity, run business on sustainable models, adherence to standards and should use effective backward and forward linkages. Government agencies are required to have national policy on quality and export etc. It has been suggested that regulation should be supportive and easy to comply.

Reddy and Prasad (2008)\textsuperscript{85} studied the marketing and fixation of price and pointed out that farmers could not be provided with fair prices for

agricultural produces and also revealed that the share of a farmer in total retail price has been declining and marketing/trader share has been increasing. Although, improved infrastructural facilities have been provided but these are not helping much to the farmers. They also pointed out that Minimum Support Price fixed by Government has not been regulated effectively and it remains on paper due to lack of proper marketing system, regulations, policies, punishments, etc. Thus, farmer was encountered with low prices as compared to cost of production and ultimately, they suggested that there is a need to develop infrastructural facilities for storage and transportation of agricultural produce.

Sharma et al (2008)\(^{86}\) studied the marketing of organic produce and explained that agricultural marketing is the most important multiplier of agricultural development which was as critical to better performance in agriculture as farming itself. The importance of an efficient marketing system which is a vital link between the farmer and the consumer was recognised and it could only be possible after the recommendations given by the Royal Commission on Agriculture (RCA) in 1928. Since then, a good deal of progress has been made in organizing agricultural marketing by the adoption of various administrative and legislative measures by the Government of India. These were establishment of Directorate of Marketing & Inspection (DMI) in 1935, enactment of the Act for grading and standardization of agricultural commodities, conduct of commodity market surveys and the establishment of regulated markets. Further, it was cautioned that the marketing of agricultural produce is going to be very complex and ticklish in nature. Therefore, market reforms ought to be an integral part of any policy for Agricultural Development.

Shivay and Rahal (2008)\(^{87}\) concluded that the prices of food grains are rising all over the world and also guaranteeing the food security which ensures the livelihood of over one billion people of India. They revealed that


“there is no alternative for improving productivity, production and profitability of farming enterprise through harnessing existing production potential; integrating farm research, education & extension services; developing rural infrastructure; streamlining the system & procedure of procurement of food grains; timely determining their minimum support price; efficient storage; improving the quality of public distribution system and developing & regulating agricultural commodity futures’ markets.

Singh (2008)\(^{88}\) revealed that corporate initiative in farm-product marketing may better be taken up as an opportunity to modernize the age-old system of agricultural marketing in our country. He reported that, for achieving the goal to provide higher prices to farmers, elimination of multiple layers of intermediaries between the farmer and the final consumer are required to be reduced which is the single most effective instrument as recommended by Royal Commission on Agriculture in 1928. He suggested that a better option perhaps would be to let big corporate groups manage the supply chain and should encourage the self-help groups and Panchayats to act as representatives of the farmers so as to improve the farmer’s market power.

Taylor (2008)\(^{89}\) briefed regarding the emerging trends and issues in agricultural sector with respect to developing countries. Markets are opening up worldwide. Indian farmers are no longer competing only with other Indian farmers but with farmers from many other countries. It is not only in export markets but also in the Indian domestic market. He also revealed that high value crops are paying more to farmers therefore; most developing country governments are encouraging farmers to diversity from basic commodities to high value crops including horticulture.

Yadav (2008)\(^{90}\) revealed that Kautilya’s economic ideas are very relevant to the accelerated healthy growth of Agriculture sector and it will protect farmers in particular and economy in general. He suggested some

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measures regarding agriculture marketing which includes protecting the interests of cultivators by fixing fair price for their produce and restriction of entry to outsiders and moreover regulation of trade to protect the interest of domestic agriculture and industry.

At last, Yadav concluded that even today, the Indian farmers were facing exploitation by the richer sections of rural society and traders are continued to control the market system. He revealed that time has come to act on Kautilya’s prescriptions and the sage words of Valluvar.

Raghuvanshi (2009)\textsuperscript{91} examined facilities needed for agricultural marketing to ensure that agriculture marketing reaps the desired results. The study brought out that the farmers must be provided certain basic facilities such as proper facilities for storing their goods so that they hold their produces to get better prices during off season. Cheap transport facilities must be provided to enable him to take surplus produce to the Mandi rather than dispose it of in the village. Information regarding ruling prices in mandis must be provided to them. There was need to minimize number of intermediaries so that the middleman’s profits are reduced and farmer’s returns may be increased.

Sakthivel (2009)\textsuperscript{92} concluded from his study that regulated market was very useful to farmers for marketing their agricultural commodities but it was not free from problems such as; time consuming i.e., sale proceeding in regulated market takes more time, lack of market news services, lack of transportation facilities, lack of facilities for marketing all agricultural commodities, lack of amenities and moreover lack of storage facilities for keeping all types of agricultural commodities. Keeping in view of this, the study recommended that regulated market authorities and government may take steps to improve the awareness among farmers about regulated market and regional news papers, radios, televisions to publish their market conditions like price of different agricultural commodities through notice board.

Samit (2009)\(^93\) concluded that agriculture was becoming less remunerative along with the passage of time and as a result, poor farmers were compelled to become dependent on non-agricultural livelihoods. The study further revealed that the introduction of the practice of agri-business in the rural economy of West Bengal was like an exercise of mere window-dressing with the skeletons in the cupboard remaining intact. In order to revamp the system it was suggested the necessity that more roads, more storage and warehousing facilities, better connectivity with the trading centers, better access to credit and non-farm inputs for a poor farmers was absolutely necessary.

Singh (2009)\(^94\) emphasized the impact of Union Budget 2009-10 on agriculture and its challenges ahead and moreover outlook of Indian agriculture as there was a need to narrow the gap between producer prices and consumer prices through proper marketing support. It was further revealed from the study that the development of marketing infrastructure, storage and warehousing, cold chains and spot markets that are driven by modern technology, these will go a long way in addressing this need.

**Inferences Drawn from Review of Literature**

Literature on the establishment of regulated markets and regulation of trade is mainly confined to the producers, commission agents, purchasers and implementing officials’ vis-à-vis policies of the Government from time to time. The analysis of available literature has not clearly assessed the impact of regulation. Most of the studies are in favour of proper regulated markets and found that the producer sellers are still not getting genuine returns on their produce. The conclusions also infer that enforcement of law in the form of Act in its real intention is not proper, that is why the regulation of sale and purchase is not proper. Haque (1945) explained that traders exploit farmers and Sharma and Gill (1970) studied that farmers depend on traders. Tyagi(1979) reported that farmer’s are not provided with better price. Harris


(1984) and Urs (1987, 1995) and others point that producer sellers are not happy with the regulation i.e. unfair price and other malpractices still prevail in markets which do not attract farmers to sell his produce in markets. The producer sellers have benefited more from simple market regulation. It is evident from many studies that producer sellers are still being exploited by traders with the connivance of commission agents. Rajagopal (2000) reported that law must be implemented and there is need to provide alternate marketing system. Singh (2004), Parveen Kumar, K.K. Kundu and K.S. Suhag (2005), Srivatsva (2006), Jha (2006) and Suresh (2006) stressed that agriculture marketing needs fresh look which requires amendments and changes in the present rules and regulations. Mishra (2008) studied rejuvenating agriculture with a focus on farmers and objective of the ongoing process of reforms in agricultural marketing is to provide wider choice and greater options to farmers to sell their produce. It has also been pointed out that the share of a farmer in total retail price has been declining and marketing/trader share has been increasing. It has also been suggested in the studies that minimum Support Price should be at a level that protects the farmer against risk of losing money due to collapse of the price of the product. Some of the studied that market reforms ought to be an integral part of any policy for agricultural development and even though regulated market is very useful to farmers for marketing their agricultural commodities but it is not free from problems and regulated market authorities and government may take steps to improve the awareness among farmers about regulated market. There is a need to narrow the gap between producer prices and consumer prices through proper marketing support and farmer should enjoy certain basic facilities in order to ensure that agriculture marketing reaps the desired results. Sakthivel (2009) and other studies pointed out that regulated markets are needed to protect farmers.

**Research Gaps**

Most of the studies are descriptive in nature. The studies also have not covered various facets of the agricultural marketing in an integrated manner. The studies further have relied upon secondary rather than primary data. Therefore, it can be concluded that enforcement of rules and regulations
still needs more attention at the level of the policy makers, regulators, buyers, farmers and commission agents. Thus, it needs a fresh study by focusing specifically on ensuring of proper price to producer sellers, correct weighment of produce and stopping payment of illegal trade allowances, the three pillars of regulation of agricultural marketing. The present study is having more coverage on these three issues as compared to earlier studies by adopting improved research methodology in the form of collecting data from all categories of the stakeholders (producer sellers (farmers), concerned officials, commission agents, purchasers, policy makers, etc) and also analysing secondary data.

V
Scope of Study

The study has been confined to the State of Punjab which has been purposely selected as it is the food-basket of India. Punjab is hub of green-revolution technology resulting in tremendous increase in foodgrains production and contributing major chunk of total procurement of foodgrains in the country to the central pool. The study further has been limited to two major foodgrain crops of Punjab i.e. Wheat and paddy as these two crops together account for about 90 percent of foodgrains marketed in Punjab state. The study has covered only three facets, namely, fair price, weighment and trade allowances.

Concepts

Fair Price: Market regulation provides various amenities, facilities and ways by which producer-sellers can be assured fair prices of produce. This attracts the producer sellers to sell their produce in the regulated markets so as to get maximum returns from their produce. Regulation aims to give maximum returns to the producer-sellers and encourages the producer-sellers to sell their produce in the regulated markets. The satisfaction of producer-sellers of Wheat and paddy is still lacking on this count.

Weighment: The weights as per The Punjab Weights and Measures Act, 1958 and weighment as per units fixed by the Punjab State Agricultural Marketing Board from time to time under “The Punjab Agricultural Produce
Markets Act, 1961” can only be used. These provisions ensure that the instruments for weighment and the produce to be weighed are being correctly enforced. If these are not provided then the commission agents may use the unauthorized weights and may weigh wrongly agricultural produce. This can also be seen from past experience when Sir Chhotu Ram while working as Minister of Punjab Government during 1924-26 and 1937-45 observed that fraudulent weights were prevalent in sale and purchase of agricultural produce. Quoting a banking report, Sir Chhotu Ram said that 43% of the 6,000 weights and 69% of the 8,000 scales checked were found to be fraudulent. So it can be drawn out that the knowledge of standard weights and measures and of filling units of bag of agricultural produce for different commodities is essential.

**Trade allowances:** These had been prevalent in the markets and even now other types of unauthorized trade practices prevails in the markets and are realized from producer sellers and sometimes even some quantity of actual produce is being taken away by the traders for him and for his workers for domestic use. Thus the removal of unauthorized trade allowances is also required for ensuring fair returns.

The present study has been undertaken to examine in detail only the following objectives due to the time and resource constraints on the part of the investigator.

**VI**

**Objectives of the study**

The present study has been undertaken to examine:

1. the overall policy and institutional mechanism for regulation of marketing of agricultural produce provided under the ‘The Punjab Agricultural Produce Markets Act, 1961’.


VII

Hypotheses of the Study

In consonance of the objectives, following hypotheses are formulated:

1. Price fixation mechanism is not fair due to the faulty system and deviates from the price fixation mechanism prescribed under ‘The Punjab Agricultural Produce Markets Act, 1961.’ This hypothesis has been splitted into the following sub-hypotheses;
   (i) Modes of Transactions such as Open auction or through bilateral sale mode of transactions are not working in their true spirits.
   (ii) Produce is not cleaned as per the prescription.
   (iii) Specifications issued for Minimum Support Price are not practically implemented.
   (iv) Facilities for grading and standardization are lacking.
   (v) Secret signs or bids prevail during open auction.
   (vi) Producer’s consent is not obtained for acceptance of sale price.
   (vii) Deductions on agreed price of the produce do prevail.
   (viii) Bid Price of minimum of 50 Paise in price fixation mechanism is not working well.
   (ix) Information on prices of produce prevailing in other markets is not displayed.
   (x) Majority of sale of produce is conducted on dirty or kachha places.

2. The weighment of wheat and paddy is not proper in the regulated markets and deviates from the weighment policy prescribed under ‘The Punjab Agricultural Produce Markets Act 1961’. This hypothesis has been splitted into the following sub-hypotheses;
   (i) Majority of stakeholders do not have knowledge about weighing instruments.
   (ii) Weight of filled bags is not as per fixed standards.
   (iii) Actual weight of empty gunny bag is not taken.
   (iv) Test weighment is not conducted.
(v) The present standards of fixed packing units for wheat and paddy are not satisfactory.

(vi) Facility of weighbridges in the markets is almost non existence.

(vii) Non wearing of badges by weighmen harms the interests of farmers.

3. Unauthorised trade allowances are prevalent in the regulated markets from the producers as are not prescribed under 'The Punjab Agricultural Produce Markets Act, 1961.' This hypothesis has been splitted into the following sub hypotheses;

(i) Lack of knowledge about the trade allowances to be deducted among stakeholders is widely prevalent.

(ii) Unloading charges are not deducted as prescribed.

(iii) Sieving charges are not deducted as prescribed.

(iv) Customs and unauthorized deductions prevailed in the markets.

(v) Issue of “J” forms to the farmers is poorly implemented.

(vi) Facility of display boards is poorly in existence in the markets.

VIII
Research Methodology

Material and Methods

For the purpose of this study, both primary and secondary data have been used. These relate to fair price, weighment and trade allowances during marketing seasons i.e. linked with the period of Government purchase of wheat and paddy. The primary data pertains to the marketing year 2005-06. The primary data also includes arrivals, prices including minimum support price as well as open market price and incidental charges borne by the producer sellers. The primary data has been collected from the stake-holders of selected Market Committees in the state after framing the questionnaires. Six Market Committees from each division i.e. Ferozepur and Faridkot (Old Ferozepur Division), Jallandhar and Patiala Division have been selected. Further, one Market Committee from each of the following groups of Market Committees has been selected on random basis.
(i) Market Committees having per year income up to Rs one crore.
(ii) Market Committees having per year income of more than Rs one crore but not exceeding two crores.
(iii) Market Committees having per year income of more than Rs two crores but not exceeding three crores.
(iv) Market Committees having per year income of more than Rs three crores but not exceeding four crores.
(v) Market Committees having per year income of more than Rs four crores but not exceeding five crores.
(vi) Market Committee having per year income of more than Rs five crores.

The sample for collection of primary data has been drawn from the producer sellers i.e. farmers, commission agents, private purchasers, concerned authorities and officials of Government, Punjab Mandi Board, Market Committees and procurement agencies, weighmen and palledars of the selected market committees as under :

Producers (farmers)-Twenty farmers from each of the selected Market Committee had been randomly selected during the sale of the produce in the regulated Market. The total number of producer-sellers selected were (20x6x3) 360.

Commission Agents - A sample of 10 (ten) commission agents from each selected regulated market had been drawn with the total number of commission agents as (10x6x3)180.

Officials- All the concerned officials of the selected Market Committees were interviewed. On an average there were five officials per market committee and thus total number comes to 90. As mentioned earlier, the role of the Punjab State Agricultural Marketing Board is advisory as well as enforcing. With a view to study the role of Board, Mandi Officers of selected Market Committees and head office officials and authorities were interviewed and the State Government officials and authorities dealing with the policy and administration of the regulation of agricultural marketing were also interviewed which comes out (5x6x3) 90.
Official purchasers - Two (2) officials of the concerned procurement agencies from each of the selected market committees were also interviewed and their total number is (2x6x3) 36.

Private Purchasers - Two (2) private purchasers viz. wheat flour millers as well as rice millers where ever available otherwise private purchasers were selected from the concerned market committees and were interviewed (2x6x3) 36.

Weighmen - A sample of 10 (ten) Weighmen from each selected regulated market has been drawn with the total number of Weighmen as (10x6x3) 180.

Palledars - A sample of 10 (ten) Palledars from each selected regulated market with the total number of Palledars as (10x6x3) 180.

The analysis has been carried out on the basis of views and responses of the above respondents viz. producer-sellers (farmers), commission agents, officials of market committees, private purchasers, procurement agencies, weighmen and palledars. The purpose of this part is to analyze and critically examine to what extent, different provisions regarding fair price, weighment and trade allowances are being executed in actual practice. The recorded responses are presented in absolute number with percentages for better clarity and presentation. Weighted Arithmetic Mean has been worked so as to calculate the overall percentage of the different stakeholders because number of respondents varies in each hypothesis and sub-hypotheses. Government as well as mandi board authorities and officials who were involved in policy making or advice were also informally involved in the discussions. The news papers of English, Hindi and Punjabi which basically publish news regarding sale and purchase of wheat and paddy have also been used as source of secondary data Secondary data has also been collected from the reports and published documents of the Department of Agriculture of Punjab, Five Year Plans of India, Punjab Agricultural University and Directorate of Marketing Inspection, Government of India and research studies.
IX
Chapter Scheme

Text of the thesis runs in following six chapters:

1. **Introduction**: This chapter includes evolution of regulated markets with special reference to Punjab State, objectives and hypotheses of the study, review of literature, scope and research methods adopted for the study.

2. **Overall Policy and Institutional Mechanism for Regulation of Marketing of Agricultural Produce in Punjab State**: In this chapter overall provisions regarding sale and purchase of agricultural produces as per the ‘The Punjab Agricultural Produce Markets Act 1961’ have been articulated. Role of concerned Institutions viz Department of Agriculture (Punjab Government), Punjab State Agricultural Marketing Board and Market Committees and their involvement in regulation viz-a-viz producers, commission agents, traders such as purchasers, weighmen and palledars has also been described.

3. **The Evaluation of Agricultural Marketing Regulation Policy for Fair Price**: This chapter deals with the concept and rationale of fair prices of wheat and paddy; fair price as laid down in the Act, Rules and Bye-laws framed from time to time. The responses of the stakeholders regarding fair price have also been examined in the chapter. Finally, the suggestions and conclusions have been presented.

4. **The Evaluation of Agricultural Marketing Regulation Policy for weighment**: This chapter describes the concept and rationale for correct weighments of wheat and paddy; weighment as laid down in the Act, Rules and Bye-laws framed from time to time. The responses of the stakeholders regarding weighment have also been studied in the chapter. The suggestions and conclusions have been reported in the chapter.

5. **The Evaluation of Agricultural Marketing Regulation Policy for Trade Allowances**: In this chapter, concept and rationale for genuine trade allowances of wheat and paddy; trade allowances as laid down in
the Act, Rules and Bye-laws framed from time to time have been described. The opinion of the stakeholders regarding trade allowances have also been examined in the chapter. Finally, the suggestions and conclusions have been presented.

6. **Summary, Conclusions and Policy recommendations**: This chapter includes a brief summary of the findings of the study and identifies policy recommendations pertaining to the various aspects for such as fair price, correct weighment and legitimate trade allowances of Wheat and paddy to the producers.