CHAPTER THREE

REGULATION OF AGRICULTURAL MARKETING
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3.1 Regulated Market: An overview:

The infrastructure for marketing of agricultural produce in an organized manner was felt as early as 1897. Many of the agricultural goods being basic necessities of life, there is an ever growing demand for them with the ever increasing population. This continuous steady increase in demand for the agricultural goods, and the lack of infrastructure for marketing paved the way for the induction of many middlemen both at concentration and dispersion channel, who exploited the agricultural producers as well as the ultimate consumers. The agriculturists were illiterate, their production was meager and they were forced to sell their produce to meet their immediate financial requirements to these middlemen at a price, which neither covered the cost of cultivation nor the competitive market price. Lack of infrastructural facilities were the primary reason, which compelled the farmers to sell their produce to middlemen. As a consequence, neither the farmer nor the ultimate consumer were benefited.

Even before the setting up of Royal Commission on Agriculture, attempts were made to regulate markets for agricultural produce by enacting the Berar Cotton and Grains Market Law. This law was passed in 1897 for ensuring fair trade practices. The law provided *inter alia.*

a) All the markets as existed on the date of enforcement of the law came under its fold.
b) The residents could declare any additional markets as bazaars for the sale of agricultural produce.

c) The commissioner was empowered to appoint five members to the committee, two representing the municipal authority and three from among the traders.

d) Trade allowances or customs in usage were to be abolished.

e) Unauthorized market and bazaars were banned within 5.2 miles of the notified market.

f) Market functionaries were required to take license.

g) For the levy and collection of fees, licensing of brokers and weighmen and also for checking weights and measurement rules were formed.

h) The Act was applicable both for the grain and cotton markets.

i) For breach of the provisions of the law, penalties were prescribed.

The markets under the provisions of the law had their own limitations, since the growers of cotton were not represented on the committee. On the other hand, representatives of traders and municipal authorities who did not care for the primary producers were in the committee. The committee did not ensure fair trade practices, as majority of the members were traders who were primarily interested in their own benefits. Eventhough the law provided for the regulated market for all agricultural produce, market for cotton alone were established. This was done with a view to ensuring a steady supply of cotton to the mills of Manchester (UK). Further, there was lack of machinery for arbitration of disputes.
between the farmers and traders. In spite of these limitations, the Act was a commendable move forward in the regulation of markets, particularly for cotton\(^4\).

The Indian Cotton Committee set up in 1917, observed that, most of the cotton produced was sold to village merchants at cheap prices, since the farmer were taking loans from the village traders. Many middlemen were found for other commodities and the grower never got a reasonable price. The committee observed that market for cotton on Barer system should be established in other provinces\(^5\) having compact cotton tracts. This could be done by the introduction of suitable provisions in municipal Acts or under special legislation in Berar.\(^6\)

### 3.1.A. Bombay Cotton Market Act:

The Bombay Cotton Market Act, passed in 1927, provided for:

- a) Establishment of markets for both ginned and unginned cotton.
- b) Notification of a cotton market by the local Government in consultation with local authorities and district local board.
- c) Constitution of the market committee for managing the markets with a majority of members representing cotton growers.
- d) Compulsory appointment of dispute subcommittee.
- e) Banning trade allowances, which were not recognized under the rules, bye-laws were framed under the provisions of the Act.
- f) Levy of market fees.
- g) Using of authorized weights and measures.
- h) Discouraging dampening of cotton and admixture of sand.
- i) Prohibiting the establishment of other cotton markets.
The Bombay Cotton Market Act was a distinct improvement over the Berar Cotton and Grains Markets Law, since the defects in the latter were sought to be removed.

3.1.B. Royal Commission on Agriculture:

The Royal Commission on Agriculture was appointed by Government of India in 1928. This Commission pointed out sharply the defects and malpractices in the marketing of agricultural produce. The report highlighted the following defects.

a) Defective weights and measures.
b) Exorbitant market charges.
c) Unauthorized deductions and allowances.
d) Adulteration in agricultural produces.
e) Absence of standardization and grading.
f) Lack of warehousing and transport facilities.
g) Existence of large number of middlemen at various levels.
h) Secret bargaining through code languages.
i) Poverty and indebtedness of farmers.
j) Lack of market information.
k) Absence of machinery to settle disputes.

The Commission suggested remedial measures and recommended the establishment of Regulated Markets to relieve the farmers from the clutches of middlemen and to offer them a fair deal. The committee observed that, the
defects and chaotic conditions prevailing in the markets for agricultural goods, could be removed only by the establishment of properly regulated markets. The overall aim of the markets is to give solution to and remove the defects which are clear with the existing marketing system.  

The Royal Commission which brought to light numerous defects and malpractices in the marketing of agricultural goods, recommended the establishment of regulated market on the Berar pattern as modified by the Bombay Cotton Markets Act 1927, which would confer immense boon upon the cultivating classes in India.

The Commission outlined that:

a) The regulation should apply to all agricultural produce.
b) The regulated market are to be governed by market committees comprising of farmers, traders, co-operative societies and Government.
c) The State Government may enact special laws for the establishment of regulated markets.
d) Adequate provisions were to be made for arbitration and settlement of disputes.
e) Standardization of weights and measures.
f) Adequate storage and warehousing facilities were to be provided in the markets.
g) Brokers were to be prohibited from acting both as buyer and seller.
h) Encouraging the organization of co-operative sales societies.
3.1.C. Bombay Provincial Enquiry Committee:

In the meanwhile, the Bombay Provincial Enquiry Committee, 1929-30, brought out various defects in the working of markets and suggested that,

a) The Bombay Cotton Act to be made applicable to all important centers in the province.

b) Regulated markets were to be established for streamlining the trade of other agricultural commodities in addition to cotton.

c) Weights and measures were to be standardized.

d) Establishment of licensed warehouses in important centers.

e) Co-operative societies were to be provided with financial assistance for constructing godowns.

The Indian Central Banking Enquiry Committee, 1929-31, the Bombay Provincial Banking Enquiry Committee and Royal Commission on Agriculture held similar opinions on organizing and improving the agricultural marketing in India, by establishing regulated markets through legislative measures. With the objects of eradicating inequalities in the bargaining power between farmers and traders, eliminating the market malpractices with regard to short weights and measurements, the State Government enacted necessary laws. These also prohibited the recovery of unauthorized market charges from the farmers and provided for promoting mutual confidence among all parties concerning the deal, improving the marketing efficiency and finally reducing the cost of marketing for the mutual benefits of farmers and ultimate consumers.
The Hyderabad Agricultural Produce Markets Act, 1930, Central Provinces Agricultural Produce Act, 1935 and Bombay Agricultural Produce Market Act, 1939 are notable in this connection.

3.1. D. Regulation After Independence:

In 1939 there were only 122 regulated markets in India. The number increased to 470 in 1956. Though there had been much effort to regulate more markets, the movement got impetus only during the planning era. The following table shows the existence of markets.

Table 3.1: Number of Regulated Markets

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Regulated Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1939</td>
<td>122</td>
</tr>
<tr>
<td>1956 (End of I Plan)</td>
<td>470</td>
</tr>
<tr>
<td>1961 (End of II Plan)</td>
<td>725</td>
</tr>
<tr>
<td>1966 (End of III Plan)</td>
<td>1600</td>
</tr>
<tr>
<td>1974 (End of IV Plan)</td>
<td>2640</td>
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<tr>
<td>1979</td>
<td>4000</td>
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<tr>
<td>1980</td>
<td>4050</td>
</tr>
<tr>
<td>1985</td>
<td>5695</td>
</tr>
<tr>
<td>1990</td>
<td>6275</td>
</tr>
<tr>
<td>1992</td>
<td>6780</td>
</tr>
<tr>
<td>1997</td>
<td>7800</td>
</tr>
</tbody>
</table>

Source: Sontakki C.N., 2001, Modern Marketing, Kalyani Publishers, New Delhi, p. 79

The VI Five Year Plan envisaged the regulation of more markets and drafted a programme for the development of regulated markets. The scheme provided for

\[ t - 6 \leq 37 \]

\[ x : 5 \]
a) Expansion of the regulated markets both in terms of number and agricultural produces to be brought within the scope of regulation.

b) To strengthen and streamline the arrangements for improvements and inspection.

c) To ensure for a regulated system for open auction.

d) To streamline trading practices and margins to market functionaries.

e) To develop more rural markets where such facilities were not available.

As a result of the implementation of land and tenancy reforms in the country, launched by the states, the number of holdings increased tremendously. Most of these holdings remained small, far below the level of subsistence, with little or no surplus to market. The new agricultural technology generally called the "Green Revolution", eliminated the problems of scale and land size constraints. Thanks to the institutional and policy support which came in the form of special schemes such as Small Farmers Development Agency, Marginal Farmers Development Programme and Intensive Cultivation Scheme. They contributed to the emergence of marketable surplus and several new varieties of crops were introduced. This spatial distribution and multiplicity of varieties of marketable surplus complicated the problem of assembling, transportation, quality control and pricing.

After independence, a substantial progress was made in the development of conventional marketing functional facilities such as quality control, market intelligence, grading, etc. But, however, infrastructure facilities such as storage, warehousing, mechanized packing, etc., are yet to be developed. The setting up
of State Marketing Board (Directorate of Agricultural Marketing) has indeed accelerated the development of regulated markets and availability of infrastructure facilities.\textsuperscript{10}

Regulation of agricultural markets has made tremendous growth after the independence in the country. The growth is phenomenal during the planning period as it assumed special significance. Thanks to the Green Revolution of the country. However, the infrastructure market facilities lack uniform growth in all the states. This necessitated the review of working of the regulated markets on a regional basis in general and State in particular.

3.1.6 \textbf{Major Constraints in Marketing Agricultural Produce in India:}

The common constraints of the marketing of agricultural produce are

a) Scattered and specialized production.

b) Small scale production.

c) Seasonal production.

d) Variation in quality.

e) Bulky and perishable products.

f) Inelastic demand.

g) Lack of organization.

h) Forced sales.

i) Army of middlemen

j) High cost of marketing

k) Market malpractices and

l) Absence of marketing infrastructure.
a) **Scattered and Specialized Production**

Production of agricultural produce is scattered over a wide area unlike the industrial production, which is localized within the factories. Besides soil, rainfall and climatic conditions have most controlling effects in localizing the production of few goods or in the specialization of its production. Thus, for example, climate, the terrain and the rainfall have influenced in location of fruit gardens in certain areas only. Whereas, production of Virginia type of tobacco is confined to Andhra Pradesh mostly. Thus, the production of agricultural produce is scattered, small areas, far away from the consuming centers. This poses great problems in marketing the produce.

The bumper crop of apples in Kulu valley poses a great problem of marketing management to it, since, the consumption centers are the cities. This necessitates a marketing system which helps in the concentration of small quantities of agricultural produce of thousands of farmers into bigger lots. It is to be transported to cities or locations of demand for further processing.

Groundnut, cotton, tobacco, etc., are concentrated in local markets before they are sent to city markets. Then they are concentrated in central or terminal markets before they are disbursed to the manufacturers. Since concentration process is absolutely necessary for all the agricultural produce, its distribution channel involves a large number of marketing middlemen or market functionaries. This is inevitable in the marketing of agricultural produce. This is one of the reasons for the wide price spread in respect of the agricultural produce between what the primary producer gets and the final consumer pays for it.
b) Small Scale Production:

India has a lowest per capita land holding in the world. With this land showing diminishing returns, being cultivated for number of years and thereby loosing much of its "original and indestructible" power of reproduction. This smallness of holding and low yield has always created problems of marketing of the produce, particularly of consumer goods, if not of the goods in the category of raw materials such as cotton, tobacco, oil seeds which are agricultural goods acting as industrial raw materials. This smallness of quantity has resulted in many unorganized local markets without its proper links at creation of regional or national markets. The smallness of marketable surplus has hindered the creation of market infrastructure in the country on a wide scale, thus resulting in the existence of highly imperfect local markets.

c) Seasonal Production:

Most of the agricultural produce are raised during a specific period in a year. Paddy, jowar and cotton are harvested from December to March. They are flooded in the market in the month of March, April and May when they pose such marketing management problem as storage, grading and processing. Besides, these goods though pressing for marketing by the producers during a particular season, the demand for it is spread through out the year. During the above period of three months the produce moves from villages to local and central markets for sale. This creates an additional strain and demand for such services as transportation, storage and finance. The cost of these services therefore rises, thereby either increasing the cost of marketing or creating bottlenecks in
these services leading to rise or fall in prices depending upon the supply and demand.

d) Variation in Quality:

Uniformity in quality and quantity is proverbially absent in respect of agricultural produce. The quality and quantity vary from season to season, year to year and during the same year from region to region. Due to these variations, conditions of supply change with the consequent violent fluctuations in prices. The variation in the quantity poses problems of transportation and storage facilities. When quality varies, it creates problem of grading, threatening the smooth functioning of the marketing process. Rice produced in Punjab, to say, Basumati variety is not the same in quality of the Basumati of Andhra Pradesh. It varies in length, colour and taste besides the size. This poses difficult problems in the marketing.

e) Bulky and Perishable Products:

Agricultural produce is many times bulky and therefore, prone to weight shedding in the process as well as perishable when exposed to open climatic conditions for a longer duration. Sugarcane when cut has to be crushed for a better recovery percentage early, or else it loses its sucrose content. Cotton is a bulky commodity and for transportation to centers of consumption, it has to be processed and pressed into bales. Tobacco contains considerable amount of foreign materials like the ribs, stems, etc., which have to be removed before making it fit for transportation to the consuming centers or terminal markets. The bulkiness of the agricultural produce makes its transportation and storage
expensive. These factors are responsible for the determination of the size of the market for agricultural produce.

Parishability has posed problems of preservation. Air conditioning of the godowns is considered a must; but this facility is lacking in all the local markets. That is a positive constraint to the marketing of agricultural produce. Thus, mango which is considered a king among the fruits in India had so far only local markets. The recent development in the infrastructure in the marketing of mangoes has created a national as well as international market though we have yet to go a long way in getting a better price for this "king of fruits".

f) Inelastic Demand:

The demand for agricultural goods is rather inelastic and highly erratic, particularly, this is more pronounced in less developed and developing countries, though developed countries are also not free from this phenomenon.

If the supply of rice is not adequate either due to fall in production or due to artificial barriers of movement, the price rises immediately in the market and if its supply is more than necessity, its price suddenly falls. Even if the price falls considerably, the consumption does not increase sufficiently. This poses the problem of supply-demand imbalances leading to price instability.

g) Lack of Organization:

The farm producer in India has remained unorganized unlike the merchants (Merchants Association) and middlemen. The merchants and the middlemen have adopted a code of conduct—conducive to uniform policies and practices through their associations or the unions. A primary producer stands
alone amongst his large co-producers whose market surplus is limited, scattered and differing in quality. This has resulted in his ruthless exploitation and neglect by the Government. Today we find Royats associations coming up throughout the country and the organizations of the primary producers are making their presence. However, the organizations have not become effective to exert their influence on the marketing of the produce.

h) Forced Sales:

Majority of the formers are forced to sell their produce immediately after it is harvested due to various reasons, such as, smallness of marketable surplus, lack of storing facility, pressure of the money lenders for repayment of the debts and his pressing domestic needs to domestic, social and other obligations. This results in getting low price for his produce than he would have been otherwise entitled to, if markets had functioned normally. The primary producer has no holding capacity to withdraw this forced sales of his produce due to lack of credit and marketing facilities in villages. This has resulted in his exploitation by the merchant middlemen.

i) Army of Middlemen:

Agriculture marketing in India is flooded with large number of middlemen at various stages in marketing management. The village merchant functions as a local middleman. He is a monopolist in buying and as such dictates his own terms in buying the produce which is usually at the lowest price.

The agents or the representatives of the city assembling market also buy directly from the producers. In the assembling market the commission agent, is
called a "Kacha Arhatia" and the wholesaler a "Pukka Arhatia" are functioning. Before the produce reaches the final consumer, it passes through wholesalers and brokers in secondary market and the retailers. This army of middlemen, the village merchant, Kacha Arhatia, Pukka Arhatia, the wholesalers, and brokers including the speculators, buyer and the retailers, all add their share to the escalation of the price for the produce, thus raising the cost of marketing with the consequent increase in the gap of the price received by the primary producer and the price paid by the final consumer.

j) High Cost of Marketing:

Agricultural produce is exposed to the exploitation by large number of middlemen, in addition to the cost of transport, which is high due to bad road and storage, which is proverbially low and on top of it are local taxes and unauthorized deductions.

k) Market Malpractices:

Market malpractices involve manipulation of weight and scales, unauthorized deductions by the commission agents, underhand dealings in the disposal of the produce to themselves, acting both as jobbers and brokers or commission agents and taking away a large chunk of the produce by way of samples. All these malpractices add to the cost of marketing with its consequent low price for the primary producers. These market manipulations have resulted in the Government taking action in establishing regulated markets to stop this exploitation of the gullible producers by the mounting middlemen.
1) **Lack of Market Infrastructure**:

Marketing of agricultural produce involves an elaborate market infrastructure such as use of standard weights and measures, availability of standardization and grading, adequate and proper storage facilities, cheap and convenient mode of transport, credit facilities, dissemination of market information regarding the price trends, the supply position with a forecast for price trends and support price in periods of plenty by the Government. These facilities are either conspicuously absent or available only at a prohibitively high cost, thus rendering the farmers to sell their produce at a much lower price which does not cover even their cost of production. It is, therefore, rightly said that farming in India is a way of life. It is not organized like manufacturing industry, which aims at a fair return on the capital invested.

Having considered the traditional defects of the marketing of the agricultural produce in India, we will now analyse the steps taken by the authorities to remove these defects.

3.2 **Marketing of Agricultural Produce-A Preview**:

Marketing in simple terms may be defined as the set of human activities directed at facilitating and commensurating exchanges. This definition involves the following conditions.

i) Existence of two or more parties who are potentially interested in exchange of goods.

ii) Each party possessing things of value to the others.

iii) Each capable of communication and delivery.
Hence, for marketing of agricultural produce, the existence of two or more parties to sell and buy is necessary. The commodity to be marketed must be of some value. It should not be a free gift of the nature easily available for mere packing. The goods must be capable of being communicated and delivered physically. Marketing today is becoming more complicated with the advancement of the civilization. Man is not dependent on food and fiber in simple form. This has created many marketing problems like storage, packing, grading, processing, etc. This is what is known as marketing management. We are primarily concerned with marketing management today. Days of simple marketing are over. Marketing management is the order of the day, more pronounced in advanced countries but equally essential in developing countries like India in the marketing of the agricultural produce. It is needless to point out that marketing management means an analysis, planning, implementation and control of programmes designed to bring about desired changes, for the purpose of personal or mutual gain. It relies heavily on the adaptation and co-ordination of product, price, promotion and place for achieving effective response.

We have attempted in analyzing this co-ordination of agricultural produce and price promotional activities undertaken by the agency of regulated markets in an area declared as market yard for the purpose.

Marketing of agricultural produce is more complex than the marketing of manufactured goods as the latter is more organized with a positive control over production and distribution. In the marketing of agricultural produce, one is faced with the unique characteristics associated with their production and consumption.
3.2.A Objective of Karnataka Agricultural Produce Marketing (R)

Act 1966 and Rules 1968:

The KAPM (R) Act 1966 (Rules, 1968) has 155 sections and 96 rules. This Act was passed in 1966 which received assent of the President of India on 19th August, 1966. The main objective of the Act is to provide for the better regulation of agricultural produce and establishment and administration of markets for agricultural produce in the state.

The other objectives of the Act are as follows:

1. The grant of licenses for all kinds of market functionaries.
2. To introduce competitive atmosphere in trading activity.
3. To ensure standard weights and measures.
4. To restrict illegal and unauthorized market charges.
5. To settle disputes between producer, seller and buyer of agricultural produce.
6. To ensure prompt and quick payment to producer, seller as soon as goods are sold.
7. To provide adequate infrastructure facilities and amenities for the marketing of agricultural produce in and outside the market yard.
8. To publish and disseminate up-to-date market information.
9. To promote grading and standardization.
10. To introduce definite methods of sale of agricultural produce.
11. To prevent over trading.
12. To abolish the illegal deductions in payment.
13. Prevention of brokers from acting for both the buyers and sellers in the market.

3.2.B Important Provisions of KAPM (R) Act, 1966 and Rules, 1968:

To achieve the above objectives, the following provisions are included in the Act.

a) The chairman and vice-chairman of market committee must be producers (Section 41).  

b) Major representation is given to producers in the market committee, whose number is 11 out of a total 15 members (Section 10 and 11).

c) Issue of license through the market committee to market functionaries (Section 72).

d) Quick and prompt payment to the producer seller by commission agents as soon as the goods are sold (Section 75).

e) Authorised deductions are allowed by way of fees, market charges, taxes and advances prescribed by market committee (Section 75).

f) Provision of definite method of sale like tender or public auction or open agreement by sample, etc., approved by Director of Agricultural Marketing (Section 76).

 g) Clear mention regarding commission agents commission and his responsibility (Section 78).
h) Prohibition of certain collections for the purpose of religious, educational or charitable purposes (Section 79).  

i) All market charges payable after the sale of agricultural produce shall be recovered from the buyer (Section 79 A).  

j) No deductions in weight or payment other than those specified in the Act, rules or bye-laws (Section 80).  

k) Provision for settlement of disputes between producer sellers and buyers or their agents relating to quality weighment or payment for any agricultural produce (Section 84).  

l) Credit transactions are allowed only by undertaking cash security and bank guarantee (Section 85 to 88).  

m) Provision of establishing special commodity market and special market committees for commodities like cattle, sheep, fishes, fruit, etc. (Section 96).  

n) Provision of appointing village panchayat as the agents of market committee (Section 97).  

o) Prohibition of brokers from acting on behalf of both buyer and seller (Rule 82).  

It is observed a drastic change in the whole concept and purpose of regulated markets by the implementation of the above provisions by the KAPM (R) Act, 1966.
3.3 **Karnataka State Agricultural Marketing Board**:  

With an intention of overall development of State's agricultural marketing system and in addition to make it a bridge between State Agricultural Marketing Board and all the APMCs of the State, the Government of Karnataka has established Karnataka State Agricultural Marketing Board under Karnataka Agricultural Produce Marketing Act, 1966. It came into existence on 1\(^{st}\) September, 1972 and since then it has been functioning.

The Act provides for the establishment of the State Agricultural Marketing Board which is functioning with its headquarters at Bangalore. The role of the State Agricultural Marketing Board is that of coordination and bringing liaison between the market committees and the Government in several aspects of regulatory and allied activities. It is composed of as many members as there are districts in the State. The Minister in charge presides over the meetings.

The Board derives its income from the contributions to the market committees at the rate of 5 per cent of their income with a matching grant from the Government.

Marketing of the agricultural produce is assisted by the continuous efforts by various agencies. There are schemes to improve and develop the rural roads linking the villages to the marketing centers for improving agricultural marketing.

3.3.3 **Functions of the Board**:  

The functions of the board have been fixed under KAPM (R) Act, 1966 of article 112. The following are the functions of the board.
1. To suggest various agricultural marketing matters as put by the State Government.

2. To give legal advice to APMCs.

3. To assist the APMCs which take the developmental work of markets.

4. To prepare planning report for the improvement of marketing of the agricultural products at State level.

5. To take initiative in relation with the classification of agricultural products.

6. To sanction loan or grant to market committees which are financially not fit.

7. To make propaganda and do advertisement for controlling of agricultural market.

8. To train and educate in relation with agricultural marketing.

9. To conduct research in the matters of agricultural marketing.

10. To advice all the APMCs in bringing reformation.

11. To co-operate by supplying national and international marketing information to all APMCs.

12. To provide life insurance facility to the agriculturists of State and also to take measurers in repaying the money.

13. To arrange seminars, symposiums or exhibitions in relation with agricultural marketing.

3.4. **Karnataka State Agricultural Marketing Department:**

A separate department of agricultural marketing was constituted in 1941 to deal with problems of agricultural marketing including opening of regulated markets and grading stations, the improvement of containers and methods of
packing, storage and other facilities and the development of market news service, etc. The department is attending to the enforcement of the following Acts, in addition to the implementation of planned schemes drawn for improving agricultural marketing.

1. The Karnataka State Agricultural Produce Marketing (Regulation) Act, 1966.
3. The Agricultural Produce (Grading and Marketing) Act, 1937

Earlier, the state area was divided into four divisions for implementation of the Act. The divisions were (i) Bangalore, (ii) Mysore, (iii) Belgaum and (iv) Gulburga. Now these division offices have been taken back and administration is done through the deputy assistant directors offices situated in every district. We are concerned with the three districts, namely, Dharwad, Gadag and Haveri districts for the present research work.

Karnataka is one of the frontline states in the country to get the financial assistance in the marketing of agricultural produce through the regulated markets and other allied schemes by the World Bank. This has been a big boost to the marketing of agricultural produce in the State. This aspect of the development could be discerned by increased activities of the market committees in making available more and more facilities to the primary produces at the market yard.

3.4.A. Functions of Agricultural Marketing Department:

- To bring into force the classification of Agriculture Produce and Marketing Bill of 1937.
• To bring into force the rules of 1969 and Karnataka State Ware House Bill of 1961.

• To bring into force the commercial classification and agricultural marketing of agricultural produces.

• To bring into force developmental plan constructed by the State and Central Government in relation with agricultural marketing. At present 141 main markets and 345 sub markets are functioning in the State.

• The business of Rs.7995 crores of agricultural marketing has been maintained in the marketing board during 2000-01.

• Nearly Rs. 150 crores has been spent on various plans for the development of APMCs in the State.

• For better transportation of agricultural produces from villages to the markets, 3333 Kms of rural roads have been made by spending Rs. 44.54 crore.

3.5 Regulation of Agricultural Marketing in Karnataka:

In the year 1966 a common Agricultural Produce Marketing Act was passed to replace the five different Acts which were in force in different integrated parts of the State, under the title Karnataka Agricultural Produce Marketing (Regulation) Act, 1966. The areas and the Acts in force therein before the passing of this Act are as under.


The new Act came into force with effect from May, 1968. The Act is a piece of socio-economic legislation promulgated with the twin objective of eliminating fraud and exploitation at the stage where the primary producer converts his crops into cash and of providing amenities in the yards for the user of the markets.

The Act intends to provide many promotional, facilitative and functional services to the producers of every market through the market committees. The Act has made the following important provisions.

1. Weighment by licensed persons.
2. Enforcement of more open system of sale, such as tender and open auction.
3. Licensing market functionaries.
4. Recording of arrivals.
5. Enforcing prompt payment to help primary producers and to ensure market stability.
6. Prohibiting trade allowances.
7. Rationalizing market charges.
8. Arranging for market intelligence.
10. Provision of facilities through development of the yards.
11. Setting up of the State Marketing Board and the Department of Agriculture Marketing.

The growth of regulated markets in Karnataka over the years from 1956 is presented in the following table and chart 4.

<table>
<thead>
<tr>
<th>Year</th>
<th>Regulated Market (Main and Sub)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956</td>
<td>155</td>
</tr>
<tr>
<td>1971</td>
<td>186</td>
</tr>
<tr>
<td>1981</td>
<td>319</td>
</tr>
<tr>
<td>1991</td>
<td>411</td>
</tr>
<tr>
<td>1997</td>
<td>461</td>
</tr>
</tbody>
</table>

Source: Karnataka State Agricultural Marketing Board. Bangalore. 1997 March.

The table 3.2 reveals that the number of regulated markets (Main and Sub) in Karnataka has increased three times from 155 in 1956 to 461 in 1997 in a period of 41 years. The growth of regulated markets in Karnataka has been very high during the period 1971-81, during which the number of regulated markets rose from 186 to 319.

Earlier to 30.10.2001, there was lot of confusion among APMCs of the state about the notification of agriculture produce, where each individual APMC was to have its individual list of notified commodities.

3.6 List of Notified Commodities:

In order to avoid confusion and complications among farmers, functionaries and official of APMCs, the Government of Karnataka has
announced the common list of notified commodities on 31-10-2001 all over the State, which every APMC has to adopt as notified commodities.

List of notified commodities as per Government Order : SE :10:MRE : 2001

Dated : 30-10-2001 is given below:

I. Animal husbandry
   1. Cattle
   2. Goats
   3. Sheep

II. Fibres
   1. Cotton Ginned
   2. Cotton Unginned

III. Flowers: All flowers

IV. Food Crops
   1. Bajra
   2. Jau
   3. Jowar
   4. Kambu
   5. Maize
   6. Navane
   7. Paddy
   8. Ragi
   9. Rice
   10. Save
   11. Wheat

V. Forest Produce
   1. Antwala
   2. Bamboo
   3. Canes
   4. Hippe Seeds
   5. Honge Seeds
   6. Neem Seeds
   7. Soap Nuts
   8. Tamarind
   9. Tamarind Seeds
VI. Fruits
1. Apple
2. Banana
3. Borehannu
4. Citrus Fruits
5. Chakkotihannu
6. Guava
7. Grapes
8. Jack Fruit
9. Jamun
10. Lemon
11. Kharbuja
12. Mango
13. Mosumbi
14. Pine apple
15. Papaya
16. Pamogranate
17. Sapota
18. Siddota
19. Orange
20. Watermelon

VII. Oil Seeds
1. Groundnut (shelled and Unshelled)
2. Castor Seeds
3. Cotton Seeds
4. Linseed
5. Mustard
6. Niger Seeds
7. Safflower
8. Seasamum
9. Sunflower seeds
10. Soyabean

VIII. Plantation Crops and Species
1. Arecanut
2. Cashewnutt
3. Chillies (Dry)
4. Coconut
5. Copra
6. Corriander
7. Garlic
8. Ginger
9. Methi
10. Pepper
11. Turmeric
IX. Pulses

1. Alsande (Cowpea) 2. Avare (Whole & Split)
7. Horse Gram 8. Lakh
9. Matki 10. Masoor
11. Peas 12. Tur
13. Moath

X. Vegetables

1. All Vegetables 2. Gourds
3. Green Chillies 4. Onion
5. Potato 6. Suvarnagadde
7. Sweet Potato 8. Tomato

XI. Wood

1. Beete 2. Bilwala
3. Firewood 4. Ganjan
5. Hadga 6. Haldi
7. Hanimattal 8. Honne
17. Rampatre 18. Teak
19. White Cedar  
20. Silver Oak  

21. Eucalyptus  

XII. Other Products  
1. Betal Leaves  
2. Jaggery  
3. Seegu  
4. Dry Grapes  

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