CHAPTER EIGHT

MAJOR FINDINGS AND SUGGESTIONS
CHAPTER VIII

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The present chapter, with which the study concludes, consists of two sections. The first section includes a summary of the major findings of the previous chapters, made by the researcher on the basis of both primary and secondary data. In the second section, the suggestions are made in the light of the major findings which could be found to be useful tips, for toning up the functioning of APMCs in the State and the country.

SECTION I

GENERAL FINDINGS

This section, as mentioned above, summarises the major findings of the previous chapters. The chapter wise major findings are enumerated below under appropriate sub heads.

1. Introduction, History and Development of Agricultural Marketing, Objectives, Review of Literature and Methodology.

   In this chapter, the history, genesis, need and development of agricultural marketing in India are studied in detail. For understanding these things, the attempts made by the earlier researchers were reviewed from different
induced the researcher to take up the present investigation with a set of objectives. The research methodology followed by the researcher has also been described in this chapter. The major findings from this chapter are summarized below.

1.1 The anxiety of the British rulers to make available supplies of pure cotton at reasonable prices to the textile mills at Manchester, originally, motivated the desire for improving and regulating the marketing functionaries at the level of mandies.

1.2 In India, first regulated market was introduced in "Karenja" of Hyderabad State (now called as Andhra Pradesh) during the year 1886 under the Hyderabad Residency Order. Subsequently, a special law known as "The Cotton and Grain Markets Law" was enacted in Berar, then known as "The Hyderabad Assigned District" in 1897. The institution of regulated market thus came into existence.

1.3 Karnataka State lagged behind in implementing "Marketing Regulation Act" as compared to other states in India. In the year 1934, the first regulated market for cotton was started in "Raichur" under Hyderabad Provence Agricultural Produce Marketing Act, 1933. Subsequently, the regulated markets at Bailhongal, Tiptur, Bellary and Mangalore were established in each of the then existing provinces during 1936, 1948, 1949 and 1951, respectively.

1.4 The need for regulation of markets was mainly: (i) To avoid heavy village sale of agricultural commodities. (ii) To avoid immediate post-harvest
sale by farmers. (iii) To provide institutional marketing infrastructure. (iv) To avoid the existence of large number of middlemen. (v) To avoid malpractices in marketing, and (vi) To provide reliable and up to date market information.

1.5 By analyzing the annual reports of all the APMCs working in Dharwad, Gadag and Haveri districts, Hubli, Gadag and Ranebennur APMCs were found to be the biggest markets and Kundagol, Mundargi and Hirekerur APMCs were found to be the smallest markets, functioning in the respective districts.

2 Commercial Dimensions of the Study Area:

Economic and social view of Dharwad, Gadag and Haveri districts along with administrative and population details are described in the first part of this chapter. In the second part, the general characteristics of the selected farmer respondents were analysed. The highlighting features of the chapter are enumerated below.

2.1 Literacy rate in Dharwad district was found to be the highest (62.73%), followed by Haveri district (55.36%) and Gadag district(54.00%). It is proved from the present study that higher literacy level induces the farmers to sell through APMCs, thereby reaping higher returns.

2.2 As per 1991 Census, the population of Dharwad, Gadag and Haveri districts were 13.75 lakhs, 8.56 lakhs and 12.69 lakhs, respectively.

2.3 There are 5 main and 11 sub markets in Dharwad district, 5 main and 13 sub markets in Gadag district and 6 main and 12 sub markets operating in
Haveri district. In all, 16 main markets and 36 sub markets are prevailing in the study area for the welfare of the farmers.

2.4 Hubli APMC was established in the year 1943 under Bombay Agricultural Produce Marketing (Regulation) Laws, 1939 and at present functioning as per KAPM (R) Act, 1966.

2.5 Upto 1997, the market yard of this APMC was situated in the heart of Hubli city in an area of 56 acres. Due to increased business transactions, the market yard was shifted to a new premises spread over an area of 435 acres, which is the biggest market yard in entire Asia.

2.6 The major crops traded in Hubli APMC are cotton, groundnut, chillis, onion, potato, jowar, wheat and pulses.

2.7 Kundagol APMC was established in 1961. At present it has one main market at Kundagol and 2 market sub yards at Gudigeri and Samshi.

2.8 The major crops traded in Kundagol APMC are cotton, chilli, onion, groundnut, jowar and paddy.

2.9 APMC Gadag was established during 1943 under the Bombay Agricultural Produce Marketing Act, 1939. At present, it has a main market yard at Gadag and six market sub yards at Mulagund, Hulakoti, Hombal, Kotamachagi, Sortur and Kurtakoti.

2.10 Gadag APMC has established as many as 29 godowns in different villages, apart from providing most of the facilities and amenities required by the farmers as well as the traders in the main market yard. Because of
these facilities, the market has attracted the traders from all over the country.

2.11 The major crops traded in Gadag APMC are cotton, groundnut, chilli, oilseeds and pulses.

2.12 APMC of Mundargi, which comes under Gadag district, was established in the year 1958. The main market yard is spread over 8 acres and a market sub yard at Dambal is spread over 8 acres. The committee has proposed to shift the market to a new yard, which is having an area of 20 acres.

2.13 The main crops traded here are groundnut, sunflower, maize, cotton and safflower during 2001-02.

2.14 Ranebennur APMC is established in 1953 with one market at Ranebennur and one market sub yard at Halageri. The main market yard is spread over an area of 56 acres.

2.15 The main crops traded in Ranebennur APMC are cotton, maize, jowar, groundnut, wheat, garlic, chilli, onion, pulse crops, betal leaves. Among these crops, cotton and maize account for a lion's share in the total value of the commodities traded.

2.16 Hirekerur APMC came into existence as early as 1963. At present it is having one main market yard at Hirekerur and market subyards at Masur and Rattihalli.

2.17 During 2001-02, the agricultural commodities worth Rs.7.44 crores were traded through Hirekerur APMC, of which maize, accounts for about 87
2.18 Of the 200 farmer respondents selected for the study, 44.50 per cent of them are illiterate, 37 per cent are having only primary level of education, 14 per cent have studied up to SSLC and only 4.50 per cent of the farmer respondents have PUC (10 + 2) or higher educational qualification.

2.19 Around 45 per cent of the respondents are having less than 2.5 acres of land for cultivation (marginal farmers), 22.00 per cent of them are small farmers (2.5 acres or more but less than 5.0 acres), 21.00 per cent of them are medium farmers (5.0 acres or more but less than 10 acres) and only 12.5 per cent of the farmer respondents are large farmers (10.0 acres or more).

2.20 Majority of farmer respondents (72.00%) cultivate cotton, followed by jowar (59.50%), groundnut (49.00%), maize (46.00%), chilli (39.50%), wheat (31.50%), sunflower (30.00%), pulses (24.50%), onion (21.00%), paddy (7.50%), savi (1.50%), ragi (1.00%) and sugarcane, vegetables and soybean (0.10% each).

2.21 The farmer respondents sell more than 80 per cent of their production through APMCs in the crops like Cotton, Maize and Groundnut. All these three crops being commercial in nature and need further processing before consumption, such type of results are very certain in case of crops which cannot be consumed directly. On the other hand, majority of the farmers who sell less than 50 per cent of the produce through APMCs
are the crops like jowar, pulses, wheat and paddy. These crops are very essential for home consumption and hence they sell less quantity through APMC. In case of crops like chilli and onion, a portion is kept for home consumption, a portion is sold in local market to meet their immediate cash needs and only a small portion is sold through APMCs.

3. Regulation of Agricultural Marketing.

Regulation of agricultural marketing is of paramount importance in orderly marketing of agricultural commodities for the benefit of farming community. In this chapter, regulation of agricultural marketing, the Acts, Commissions and Committees related to regulation of agricultural marketing are briefly described.

3.1 Berar Cotton and Grains Market Law was enacted, 105 years ago, during 1897 for orderly marketing of agricultural commodities in India. This was enacted in view of ensuring a steady supply of cotton to the mills of Manchester and Bermingham (UK). Perhaps, this was the foundation stone for the era of orderly marketing of agricultural produce in India.

3.2 For the first time, Government of India appointed Central Cotton Committee to study the socio-economic conditions of the farming community in light of agricultural marketing in 1918.

3.3 Bombay Cotton Market Act was passed in 1927. This Act, concentrated mainly on orderly marketing of cotton.

3.4 The Royal Commission of Agriculture was appointed in 1926. The report submitted by the Commission in 1928 pointed out the defects and malpractices in the marketing of agricultural produce.
Hyderabad was the first State in India to pass Agricultural Produce Market Act, as early as 1930.

Over a period of time, from a meagre 122 markets in 1939, the number of regulated markets increased to 7800 during 1997. Though there had been much efforts to regulate more markets in India, the movement got impetus only during the planning era.

Before the linguistic reorganization of States, the present Karnataka State was under the control of five different Provincial Governments. Different Agricultural Produce Market Acts, governing the regulation of agricultural marketing in the then existing provinces were identified. Bombay Agricultural Produce Markets Act, 1939 was applicable in Bombay-Karnataka region, Mysore Agricultural Produce Markets Act, 1939 in old Mysore State, Madras Commercial Crops Act, 1933 in Madras-Karnataka region, Hyderabad Agricultural Markets Act, 1930 in Hyderabad-Karnataka region and Coorg Agricultural Produce Markets Act, 1956 in Coorg district.

To bring uniformity of orderly marketing of agricultural commodities in the present Karnataka State, a new Act, Karnataka Agricultural Produce Marketing (Regulation) Act, was passed in 1966 and rules were framed in 1968. This Act has 155 sections and 96 rules for better marketing of agricultural commodities in Karnataka.

Karnataka State Agricultural Marketing Board came into existence on 1st September 1972. The role of this board is co-ordination and bringing
liaison between the market committees and the Government in several aspects of regulatory and allied activities.

4 Facilities and Amenities in APMCs

Facilities and amenities as enumerated by Indian Standards Institution, schemes provided by State Government for the farmers, particularly in marketing of agricultural produce and the facilities and amenities in APMCs of the study area are described in this chapter.

4.1 State Government and APMCs have introduced the "Floor Price Scheme" to assist the farmers to get fair price, whenever the price comes down because of glut in the market.

4.2 In association with all the APMCs, the State Government has introduced "Raita Sanjeevini Apaghat Vima Yojane" to provide financial security to the agricultural families by assisting them financially, if they meet with an accident while selling their goods or keeping themselves on agricultural work. A compensation of Rs.25,000/- is paid when a farmer dies of an accident. If he becomes disabled, Rs.1,500-15,000/- is paid depending on the disability.

4.3 KSAM Board and Agricultural Marketing Department have joined hands with LIC of India to help the farmers below poverty line through an insurance scheme, "Janashree Insurance Scheme". As per the provisions of the scheme, the premium to be paid by the farmer is Rs. 100 per annum. The compensation amount varies with the level of disability, i.e., with the severity of the accident.
4.4. In Hubli, Gadag and Ranebennur APMCs, all the major facilities and amenities are being provided. There is further scope for improving the facilities and amenities in Kundagol, Mundargi and Hirekerur markets.

4.5. Hardly 15 per cent of the farmer respondents expressed their satisfaction towards weighing facility provided by the APMCs.

4.6. As many as four fifths (80.50%) of the farmer respondents are satisfied with the commission agents and the services rendered by them.

4.7. The majority of the farmer respondents, however, are unhappy with the facilities and amenities provided by the APMCs with respect to storage, processing, grading, insurance and they also expressed that there are inadequate number of coolies in the markets.

5. Functionaries of market and their activities

   Chapter V contained description of market functionaries and their functions, as per KAPM (R) Act, 1966. Apart from this, brief account of market functionaries in the selected APMCs, their role in pursuing the farmers in bringing their produce to the market and the general characteristics of them are discussed in detail.

5.1. KAPM (R) Act of 1966 listed as many has 17 functionaries. It has also assigned the duties and responsibilities to each of these market functionaries for smooth functioning of the market.

5.2. During 2001-02 in Hubli APMC, the major market functionaries were commission agents, traders, stockists, importers, coolies and exporters in
the order of their proportion to the total market functionaries. The total number of market functionaries was 3391 during 2001-02.

5.3 Kundagol APMC, being a small market had in all 465 market functionaries during 2001-02. Among them 63.66 per cent was constituted by retailers followed by hamals (13.12%), traders (6.02%) and exporters (5.16%).

5.4 The total number of market functionaries in Gadag APMC was 3556 during 2001-02. The major categories of market functionaries functioning in Gadag APMC were commission agents, traders, ginners, importers, exporters, retailers, etc.

5.5 Mundargi APMC, operating in Gadag district, had only 502 market functionaries during 2001-02. The composition of market functionaries include, retailers (32.47%), coolies(28.69%), traders (5.98%), stockists (5.78%), exporters (5.38%), importers (4.98%) and commission agents (4.58%).

5.6 There were 1869 market functionaries functioning in Ranebennur APMC during 2001-02. Commission agents, coolies, traders, exporters, importers and pressers were the major market functionaries operating during 2001-02, whose proportions were 28.57, 18.24, 15.94, 15.78, 15.20 and 10.27 per cents, in that order.

5.7 Hardly 335 market functionaries were operating in Hirekerur APMC during 2001-02. Retailers were holding major power (45.67%) in the market, followed by traders (15.52%), exporters (11.64%) and commission agents (10.45%).
5.8 Majority of the selected market functionaries had studied upto SSLC or PUC in the present investigation (79%).

5.9 For majority of the functionary respondents (48.00%) the business has come as a hereditary business.

5.10 As many as 36 per cent of the market functionaries are in the business for more than 25 years.

5.11 More than 50 per cent of the functionary respondents have expressed that the APMCs have provided them facilities like shop block, electricity, water, canteen, communication and market information.

5.12 Around 73 per cent of the farmer respondents expressed that they are getting suitable services from commission agents and 59 per cent of farmer respondents are satisfied with the services provided by commission agents. Hence the hypothesis number five of research study, "Farmers are not satisfied by services provided by commission agents" is rejected.

6. **Trade practices in selected APMCs**

In Chapter VI the trade practice, followed and their significance are dealt in detail vis-a-vis the trade practices followed in the selected APMCs, the malpractices identified and the problems in the existing marketing practices.

6.1 Some of the important stages in the existing marketing practices in APMCs are unloading, assembling, weighment, stocking, grading, sale, delivery and payment.
6.2 To study whether there is any significant difference in the growth rate of sale values of produce sold in these six APMCs, during five years from 1997-98 to 2001-2002, ANOVA technique has been applied. Considering sale values in six APMCs during 1997-98 (base year), sale values have been taken as 100 to have a common base and indices for sales values were computed for remaining four years. Then ANOVA technique has been applied to there indices to test whether these is any significant difference in the growth rates of sales values of produce in these six APMCs.

From the results of analysis using ANOVA technique, it is found that there is significant difference in growths of sales values of produce in six APMCs. Hence, the hypothesis number two, "There is no difference in the growth rate of sales values of agricultural produce among different APMCs during the study period" is rejected. However there is no significant difference within the five years of each of these APMCs.

6.3 About three fourths of the farmer-respondents depend on hired vehicles to bring their farm produce to APMCs. The remaining 26 per cent of them have their own vehicles to bring produce to APMCs.

6.4 Two-thirds of the farmer respondents (67.00 %) are of the opinion that the quality of services provided by the APMC is average; 13.5 per cent of the respondents are of the opinion that it is good and 5.0 per cent of the respondents are of the opinion that it is very good. That is to say, that 85.5 per cent of the farmer respondent are of the opinion that the services
provided by APMC is average and above average. Hardly 3.5 per cent of the respondents expressed that the services provided are very bad.

6.5 The highest percentage of farmer respondents (46.50%) are of the opinion that arbitrary deduction in the sale amount of produce by commission agents is major malpractice experienced by them. The second highest percentage of farmer respondents who are of the opinion is unfair charges collected by commission agents while selling their produce.

6.6 The farmer respondents are of the opinion that APMC is exercising supervision over the malpractices with regard to selling/ pricing the commodity. The APMC has intervened to eliminate malpractices in weighment, as opined by 4.50 per cent of the farmer respondents. Hardly 2.00 per cent of the respondents were of the opinion that APMC is supervising over grading activities to eliminate the malpractices in grading. However, all the respondents are of the opinion that APMC has not taken any measures to eliminate malpractices in payment. Hence, the hypothesis number one of the research study, “Malpractices have not been curbed by implementation of KAPM (R) Act, 1966” is accepted.

6.7 In all, 57.50 percentage the farmer respondents are happy with the timing and adequacy of services rendered by the APMC officials. However, there are some complaints about the APMC officials. Some farmer respondents are of the opinion that the APMC officials are indifferent to their problems (20.00%), extract more payments from them (12.00%).
slow in taking decision i.e., lethargic (10.00%) and favourable to buyers (8.00%).

6.8 Some of the respondents have disputes with commission agents for one or the other reason. One of the major reasons for dispute being delay in payment followed by weighment of the produce.

6.9 Nearly one fourth of the farmer respondents are of the opinion that disputes are settled by secretary of the APMCs. Only 4 per cent of the respondents are of the opinion that disputes are settled by the court.

6.10 Nearly one fourth of the respondents (i.e. 24%) are satisfied with settlement of disputes. However 27 per cent of respondents are not satisfied with settlement of disputes. Remaining 49 per cent of them have not given any opinion about settlement of disputes. Living aside those who have not responded to this question, around half of the farmer respondents are satisfied with settlement of disputes and half of them are not satisfied.

6.11 From the results of multiple regression analysis it is found that, among the five motivational factors considered in the analysis, following results were observed.

(a) Satisfaction of farmer respondents by the facilities and services provided by the commission agents is most influencing factor and it is highly significant. Hence, the research study hypothesis number four, “Facilities and services provided by commission agents have no influence on the arrival of agricultural produce” is rejected.
(b) Among the other motivational factors considered, positive correlation of percentage of sales through APMC with infrastructure of APMC was found non significant. This indicated that the hypothesis number three "Infrastructure of APMCs have no influence on arrival of agricultural produce to APMCs" is accepted.

(c) Similarly, with the educational level of farmer respondents, the correlation was positive but non-significant. Hence, the hypothesis number six, "Farmers' educational level will not have any influence to bring their agricultural produce to APMCs" is accepted.

(d) Land holdings of farmer respondents with the percentage of sales through APMCs was also found to be positive but not significant. Hence, the hypothesis number seven, "Land holdings of farmers will not have any influence to bring their produce to APMCs" is accepted.

(e) However, the correlation of sales through APMCs with reasons for local sales was found to be negative and significant. Hence, the hypothesis number eight, "Reasons for sales in local market will not have any impact on arrival of produce to APMCs" is rejected.

7. Financial Analysis

Chapter VII deals with the sources of income and areas of expenditure of APMCs. Income and expenditure position of the selected APMCs and these trends are discussed at length in this chapter.

7.1 The major sources of income to an APMC are market fees, license fees and penalty as envisaged in KAPM (R) Act, 1966.
7.2 The major areas of expenditure to an APMC are market committee fund, contribution to State Consolidation Fund and contribution to KSAM Board, apart from administrative and maintenance expenditures of the APMCs.

7.3 In Hubli APMC, market fee (cess) holds the lion’s share in the total income to an extent of 74.53 per cent. A major share (43.96%) of the total expenditure was towards contribution to State Consolidation Fund, followed by contribution to KASM Board (24.96%).

7.4 During 2001-02, the total income of Kundagol APMC comprised of market fee (78.91%), followed by levy and license fee from fixed assets (13.07%). The major heads for which the APMC has spent during the year were State Consolidated Fund (24.40%) and expenditure on amenities (22.51%).

7.5 The income figures with respect to the financial year 2001-02 indicate that market fee contributes the most (71.7%) to the total income of Gadag APMC. The major components of expenditure include contribution to State Consolidation Fund (41.5%) and expenditure on amenities (29.04%).

7.6 Mundargi APMC, being a small APMC operating in Gadag district, has a total income of Rs. 7,36,741 during 2001-02 against an expenditure of Rs. 2,70,248. The major heads of income and expenditure were found to be market fee and contribution to State Consolidation Fund, respectively.

7.7 Similar trends were observed in Ranebennur and Hirekerur APMCs with respect to the constitution of income and expenditures.
PART II

SUGGESTIONS

On the basis of the findings of the present study, the researcher has made certain suggestions to improve the working of APMCs, so that they can be effective instruments for bringing about desirable socio-economic transformation of the farmers in particular.

1. All the provisions of KAPM (R) Act, 1966 and rules 1968 should be implemented in all the APMCs to Karnataka in toto.

2. All the facilities and amenities suggested by Indian Standards Institute should be provided in all the APMCs for the benefit of farmers as well as the market functionaries.

3. Around 80 per cent of the farmer respondents have expressed their satisfaction towards the commission agents and the services rendered by them. Since, the commission agents play an important role in smooth conduct of marketing of agricultural commodities in APMCs, they cannot be dispensed with.

4. Adequate number of coolies, weighmen, etc., should be provided in all the APMCs who act as facilitators to the farmers. These market functionaries are prone to all types of accidents while rendering their services. To safeguard the interest of these people, some facilities, like group insurance, should be provided.
5. In all the APMCs public health and veterinary hospital facilities should be provided, apart from providing pure drinking water facilities, fire fighting arrangement, security to the farmers and their produce, etc.

6. The agricultural commodities are bulky and perishable in nature and they are to be transported from 6 distant places to the APMCs. Presently farmers are facing lot of problems in transporting their produce. Hence, quick and cheap transport facilities should be provided by the APMCs for the benefit of farmers.

7. Similarly, linking roads from all the surrounding villages to the market yards should be provided.

8. Gadag APMC has established as many as 29 rural godowns in the surrounding villages to facilitate farmers to store their produce before being brought to the market for sale. Such an attempt can be replicated by other AMPCs also to cater to the needs of the farming community in the hinterlands of the market.

9. Marketing of agricultural produce thorough cooperative marketing societies should be encouraged. This may ensure avoiding all sorts of malpractices in APMCs, reducing the number of middlemen in handling the produce, there by ensuring better share to the farmers in consumer's rupee.

10. "Rural marketing" of the farm produce has to be stopped so that the farmers get good price for their produce. An inspection squad has to be formed to stop rural marketing i.e. local sales. The members of this squad should visit all the villages coming under the limits of the APMC during the
harvest season. If they come across any unauthorized (unlicensed) person engaged in business, immediate action should be taken against them. By this, the rural marketing can be avoided and the farmers' produce can be sold at the authorized market, thereby the farmer gets competitive price for his produce and APMC will also get more income in the form of cess.

11. Changes have to be made in the present weighment system. The number of weighmen has to be increased and they have to be controlled fully. Whenever any agricultural produce enters into the market, it has to be weighed immediately and the 'weighment slip' has to be provided to the farmers at once. The old weighing machines have to be replaced by the new electronic weighing machines. By adopting these changes the existing weighment system can be improved.

12. Improvements have to be made in the present grading system in the APMCs. First of all, the commercial grading system which is presently in practice, has to be changed to the scientific grading system. All agricultural produce entering into the market should be compulsorily graded. While grading the produce, the modern machinery should be used. Then only it will be possible to provide fair price to the agricultural produce and every farmer will be benefited by such grading.

13. The market news should not be confined only to the 'Market New Center', but it has to reach all the farmers in the villages. Along with the market news, the condition of the crops in different parts of the country, their price
and demand, at what time these crops fetch good price, the time when the farmers could sell their produce, which crops have greater demand and can fetch good price during the next year, etc., all such information should be easily available to the farmers.

14. Lots of changes have to be brought into the sales system. In order to stop the harassment of the farmers, the marketing committee has to announce ‘minimum support price’ to each of the produce and the buyers should not be allowed to buy below that fixed price. While fixing the minimum support price, certain things such as the produce and its production cost, the farmers efforts etc., will have to be taken into account. The farmers get good reward for their efforts by this. The officers of the APMCs should inspect the marketing system to rectify the injustice done to the farmers, if any.

15. To avoid injustice at the time of payment to the farmers, the APMC should direct the commission agents not to delay the payment and also to pay the full amount at a time. If at all the APMC gets any complaint from the farmers regarding the delay in payment from the commission agents, immediate action against such commission agents should be exercised.

Besides this, another important thing is to stop the delay in payment by the buyers to the commission agents. In this regard, the buyers could be divided into different groups viz., Class I, Class II and Class III or category A,B,C etc., and each class or category should be permitted to buy only a fixed amount of produce from the market. They
should be permitted to buy the next installment only when they pay full amount, to the commission agent, of the produce bought earlier. If any buyer makes delay in the payment, he should pay more amount to the commission agent or to the APMC in the form of fine or interest. In this way the proper amount to be paid by the buyer to the commission and from the commission agents to the farmers will be paid and the farmers' inconveniences will be avoided.