CHAPTER VIII

FINDINGS AND SUGGESTIONS

8.1 Findings
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FINDINGS AND SUGGESTIONS

This research study has been undertaken with an object of conducting an in-depth inquiry into the warehouse regulations which protect depositor’s interest and promote the trade. The adequacy of food grain storage in India and licensed warehouse storage capacity growth in study area is also judged. The defiance in implementing the regulations is also a subject matter of the study so that suggestions could be offered to make the overall system more reliable, amenable for warehouse receipt trading and overall growth of industry.

The major findings of the study are summarized below.

8.1 FINDINGS:

8.1.1) Agricultural Produce Storage Capacity at All India Level

1. There is a linear relationship between the increase in the population of India and the time period. There is a high degree of positive correlation between them.

2. There is no linear relationship between food grain production and time period changes at all India level. There is moderate degree of positive correlation between changes in food grain production of India and the time period.

3. There is a linear relationship between the two variables warehouse storage capacity and time during the study period at all India level.

4. There is no significant relationship between the warehouse storage capacity and food grain production at all India level.

5. There is a significant difference in population means of food grain production and warehouse storage capacity at all level.

This implies to conclude that there is no adequacy of the averages of food grain production and warehouse storage capacity during the study period.

6. There is no linear relationship between the ratio of warehouse storage capacity to agricultural food grain production and time period changes at all India level.

This implies that, there seems no linearly associated increase in warehouse storage capacity requirement during the study period in India.
8.1.2) Regulations Governing Warehousing Business

1. There was absence of pan India law to regulate warehousing business and trade related to negotiable warehouse receipt until recently, but now the warehousing Development and Regulations Act (WDRA) 2007 has been brought by Indian government. From October 2010, it will regulate the warehouse business which will issue negotiable warehouse receipt in India.

2. Many state governments have their own laws and rules to govern warehousing business in the country. The Maharashtra State government has got tool from 1960 in terms of Bombay warehouse Act, 1959 and Bombay Warehouse Rules, 1960 to regulate the business of warehousing in the state. According to these laws and rules the warehousing business in the state is supposed to function.

3. The body of Maharashtra state government, which is regulating this business as a prescribed authority is District Deputy Registrar of Cooperatives.

8.1.3) Licensed Warehouse Capacity Growth in the Study Region

1. The population of the study area is increasing linearly with respect to time in the study period.

2. The food grain production in the study region is increasing but it has got very low degree of positive correlation between it and time period and also between it (food grain production) and population.

3. There is no linear relationship between the licensed warehouse storage capacities in the study region with respect to time.

4. There is negative correlation of low degree between warehouse storage capacity and time period. That is there is slight decrease in the licensed warehouse capacity in the study region, in the study period.

8.1.4) Number of Licensed Warehouse Holders and Their Storage Capacity in the Study Region

1. The Maharashtra State Warehousing Corporation (MSWC) and Central Warehousing Corporation (CWC) have dominated the licensed warehouse business in the study region in the study period. Out of total number of licensed warehouses little more than 50% are the CWC and MSWC.
warehouses. High fluctuation was observed in the number of private and cooperative kind of licensed warehouse and discontinuity in holding license was also observed in them. Only one agricultural produce market committee was active in the region which was holding warehousing license and doing business continuously.

2. Though CWC & MSWC warehouses were around 50% in numbers, as they are large sized i.e. their storage capacity is more, they bear around 77% of the total licensed warehousing capacity available in the study area in the study period. This indicates dominance of government warehouses both in numbers as well as in storage capacity.

3. The total licensed warehousing capacity available in the study region was nearly constant in the study period.

8.1.5) Regulatory Practices of Warehouses in the Study Region

1. The incidence of revoking or cancelling of warehouse license once granted for the particular period had not taken place because of any misconduct of warehouse or for non fulfillment of regulations.

2. Also non-granting of warehouse license to the applicant owing to non fulfilling terms and conditions of grant of license was negligible.

3. No complaint was found recorded with the prescribed authority by the depositors against warehouseman or against weighers, samplers or graders working in the warehouse. No arbitrator panels ever formed by the prescribed authority to resolve any dispute between depositors, warehouseman or weighers, samplers or graders in the study period. This indicates that either depositors or other parties were not willing to approach to P.A. to resolve their disputes or there might not be any disputes that had came up in the study period or depositors might not be aware of the fact that there is a provision to take rescue under Bombay warehouse act against loss due to warehouseman or due to weighers, samplers & graders.

4. Timing for application of warehousing license was fixed by the Bombay warehousing Act; it was observed that some cooperative and private warehouses were not serious about it, only all the government warehouses applied for the renewal at right time. While calculating the warehouse license fees mistakes were committed by the applicants and it was
overlooked by the prescribed authority and therefore right amount of license fees was not furnished, it was a revenue loss to the government. There was no audit conducted by the government authorities regarding proposed warehouse space utilization and license fees paid by the applicant who had granted warehouse license by the prescribed authority of the government.

5. The Bombay Warehouse Act has given only one way time period stipulation, regarding renewal of license by the warehouse license applicants. It says the applicant seeking renewal of warehouse license should apply at least one month before the year for which it is required. After the full-fledged application submission, in how many days the license should be given to the applicant or the maximum processing time that should be taken up by the prescribed authority is not mentioned in the regulations. The consequence of this thing is that prescribed authority takes different time each time, and it is not limited to one month so that before 1st of October when new warehouse license period starts, warehouseman could receive the license. In such cases warehouseman continue warehouse business, subject to the grant of license by the authority. If because of some valid reasons, authority doesn’t issue license then legal complexity may arise for earlier transaction done by warehouseman.

6. The Bombay Warehouse Act says that the warehouses which are established under warehousing development & regulations Act 1962 only are exempted from furnishing security deposit. It was observed that those warehouses which were not established under this Act, many of them had not furnished security deposit, but were granted warehouse license. Along with this the mode of security amount deposit was not directed in the Act. In some cases it was observed that Xerox copy of the banks fixed deposit was considered as security deposit. Such fixed deposits could be withdrawn from the bank by the depositor without any notice or consent of prescribed authority. The amount of security deposit is also very less. It is Rs. 1000/- for many years and so far no change has been made in it.

7. There are no mandatory inspections with a time frame directed by Bombay Warehouse Act & Rules. It is expected from the authority that it should inspect the warehouse while taking decision of grant of license, to check whether terms and conditions of license are fulfilled. It can give directions to
warehouseman for the compliance of the Act. It was observed that normally prescribed authority visited the applicant’s site who was demanding newly a warehouse license or its renewal, but for government warehouses of CWC & MSWC, many times annual visit at the time of renewal was avoided by the authority. It seems that, as relations get developed with the warehouseman or because of the things that are taken for granted for government warehouses, the prescribed authorities’ representative completes paper work through office, getting information by telephonic communication without actual visit to the site.

8. Worst is the case of midterm inspections. With few inspections of private warehousing in particular year, there was absence of midterm inspections to check whether warehouses were working according to warehousing rules and regulations. No midterm inspection report was observed in the prescribed authority office which is kept as a record.

9. Numerous records are kept by CWC & MSWC warehouses. These records are standardized at organization level. Other warehouses had kept limited records. Out of mandatory records the stock register was kept by everybody, but ledger for each depositor or insurance register was not kept by many of the private and cooperative warehouses. The alone APMC warehouse had not kept insurance records as it was not insuring the goods. Because of the organizational audit and inspections the records of the CWC & MSWC warehouses were neat and up-to-date.

10. The warehouse license number was posted in the office of the warehouses with few exceptions of private & cooperative warehouses. The storage capacity in metric tons and percentage utilization for the last month was exhibited in most of the CWC & MSWC warehouses. The regulation also asks to exhibit tariff i.e. the rent of the storage of goods. In many CWC and MSWC warehouses tariff card was not displayed and one cannot see it without demanding to see. Except one, all the private, cooperative & APMC warehouses had not displayed tariff card in the office. It was a breach of the regulation.

11. The proportion of implementation/execution of sub rules 1 to10 of the rule no. 19 of Bombay Warehouse Rules, regarding the points of maintenance in
the four types of warehouses i.e. CWC/MSWC, Private, Cooperative and APMC are homogeneous.

12. Majority of the rules for maintaining of godowns were followed by all the warehouses, yet highest percentage of implementation of these rules was seen in CWC & MSWC warehouses.

13. The regulation clearly demands that activity of weighing, sampling and grading should be done by licensed weighers, samplers and graders. But it was noticed that only five CWC warehouses had persons which had taken such licenses of weighing, sampling and grading. In these five warehouses also rules concerned with weighers, samplers and graders like wearing badge while working, keeping records of activities as per formats, returning of license after its expiry was not followed.

14. The regulation also says that in areas where there are no weighers, graders or samplers licensed under the Act, the weight, quality or grade of goods will be as determined by the warehouseman. But this rule doesn’t specify that, to perform such activity whether warehouseman should take license as weigher, sampler or grader. If it is considered that warehouseman does not need to take license as weigher, sampler or grader to do the related activities, then the two regulations, one asking license to work (section no.28 of B.W.A. ) & one allowing to do activity without license (rule no. 45 of B.W.R.) becomes contradictory to each other.

15. Although mandatory, few of the private & cooperative and the single APMC warehouse didn’t insure the goods for mandatory risk factors of fire and burglary. All the CWC and MSWC warehouses insured goods kept in them for mandatory risk factors. This thing is done by their respective head office through organizational contract. With one exception of private warehouse all other warehouses were not insured for optional risk factors like storms, flood, riots etc. The insurance company needs to be approved by the prescribed authority according to the Act. But no such approved companies list was available with the authority.

16. The depositors of CWC & MSWC warehouses availed facility of finance to a significant extent by pledging the warehouse receipts. The private warehouses do not enjoy trust of the banks as that is enjoyed by CWC & MSWC warehouses. Yet few of the private licensed warehouses which were
issuing negotiable warehouse receipts could able to get finance for their depositors. Largely this thing depends upon the relation of private warehouse manager & the bank authorities. In some cases where collateral management company was looking after warehouses, banks were happy and eager to finance such warehouses, as they could get assurance of their loan amount by the third party which has got more credentials and security to work with.

17. The two collateral management companies have shown their presence in the region and are getting good business.

8.1.6) Functioning of Warehouses Based on Some Business Parameters

1. Average percentage space utilization for all warehouses is 60% to 70%. Highest is in CWC and MSWC warehouses which is increasing.
2. Stack method of storage prevails in all the warehouses.
3. Loan on goods stored was availed in highest percentage from CWC and MSWC warehouses.
4. Labour though essential element for goods movement, were not employed as a permanent staff on salaried basis, but largely (72.5%) on contract basis. The reason was to avoid permanent liability and labour laws.
5. The increase in the permanent storage capacity is done by 15% of warehouses and 83.33% of them have availed government scheme for construction of godown.
6. There is absence of major income generating value adding services provided by warehouses like packaging, labeling and assembling etc. The services which happen to become almost mandatory like standardization and gradation while providing basic services of warehousing are provided by the warehouses.
7. Except one private warehouse which was utilizing stacker, no trace of regular use of materials handling equipment was identified.
8. In few cases who were storing the goods in bulk like textile mills, brought fork lift trucks with them for cotton bale movement.
9. For any business concern use of computers is common now a day, but it was surprising that except few private & cooperative warehouses, which were utilizing simple inventory management software and tally for office
work, none of the CWC & MSWC warehouses had used computers for their office work. But in these CWC & MSWC warehouses, where FCI had its reserved storage, it had given computers to these warehouses and information related to FCI storage was sent to FCI headquarters through internet. No warehouse was utilizing warehouse management software for its operations.

10. The CWC and MSWC warehouse employee’s had undergone regular training from professional bodies for efficient management and for effective pest control, but private & cooperative units were not serious about employee training to improve operational efficiency.

11. Warehouse efficiency measures, except percentage space utilization measure, other productivity measures like financial performance measures, warehouse cycle time, etc. have not been applied in any warehouse, warehouseman in the region were not aware of these things.

8.1.7) Depositors of Warehouse

1. Largely the customers of the licensed warehouses i.e. depositors were unaware of the existence of Bombay warehouse Act and Rules. Some who were aware of the Act, were ignorant about the provisions of the regulations which can protect their interest arising out of negligence and misconduct of warehouseman or by weighers, samplers and graders.

2. While selecting the site for constructing warehouse godowns, the entrepreneurs/organizations have chosen the place near the market yards, rail stations & MIDC areas, so most depositors find it at suitable place.

3. Composition of warehouse customers i.e. depositors include farmers, traders, manufacturing industries, cooperative societies & ‘other’. The ‘other’ includes the individual who had not stated their profession, government & government organizations like FCI. The highest percentage in terms of numbers was that of traders, then farmers, manufacturing industries, others and cooperative societies. But this sequence had not followed in terms of storage space occupied by these depositors because space occupied by single customers like FCI which comes in ‘other’ category occupies large space at a time than other depositors. Same is the case with traders &
industries where a single customer in this category normally occupies more space than individual farmers.

4. Two major reasons were identified about why depositors decided to use warehouse for their goods, they are risks minimization and value appreciation. The traders received more value appreciation than other kinds of depositors.

5. The alternatives available to depositors for warehouse facility which they utilize were not significant. The reason behind it is, huge capital investment prohibits entrepreneurs to establish warehouse, though apparently they find business opportunity. Also government warehouses like CWC & MSWC can provide facilities with minimum charges which newly constructed warehouse of a entrepreneur cannot afford to provide. This happens because CWC & MSWC warehouses were largely built long back and their capital investment were recovered and they take decisions at the organizational level. Also for getting pledge finance CWC & MSWC were more suitable and speedy to depositors, because credibility of other licensed warehouses was not that acceptable to financial institutes as that of government warehouses.

6. Majority of the depositors expressed their satisfaction over the services they received from warehouses. It was observed that depositors haven’t had any comparative thought over the services they received; also they were not largely aware of the mandatory services they should receive according to the regulations.

7. The level of satisfaction for the services received by various types of depositors is not homogeneous.

8. 28.57% of depositors expressed dissatisfaction on some issues. The most significant among them was high labour charges they had to pay for goods movement. The second was the depositors had not got the required warehouse space at the time when required. In both of these reasons farmers were the most unsatisfied. Among other major reasons were improper gradations of goods, high rent, not getting basic amenities, non easy finance, improper care of goods while in storage, poor hospitality shown by warehouseman, additional fumigation charges levied etc.
8.1.8) Organizations Benefited under Rural Godown Scheme & APMC Godowns

1. Large numbers of godowns in the study region are working under private/co-operative kind of ownership which are basically meant for agricultural produce storage. They include godowns constructed/ renewed under rural godown scheme of central government and APMC godowns.

2. Numbers of these godowns have stated, profit making as one of the objective along with major objective of serving the society. In large number (53.62%) they are engaged in fertilizer distribution to farmers by keeping stock of these fertilizers in their godowns. By this activity they are not earning fair amount of profit and they work largely under no loss no profit basis.

3. Very few of these godowns had worked as a warehouse but that also without taking warehouse license. Thus resulting into unlawful activity. They were not noticed by the Authority and were not penalized under any Act.

4. Large number of these organizations (71.01%) were aware of the Bombay warehouse Act & the licensing procedure, but they had not taken warehouse license and no pure warehousing activities were observed with these godowns.

5. The major reason why they had not started the warehouse activity was non availability of business in the region. Many of them expressed that this region is sugar belt. Large numbers of farmers have small land holdings and out of that holding at least 50% and more is sugarcane. The result is that food grain and the like commodities are not produced in large quantity so as to store. For small quantities transportation & storage charges were not affordable so as to result into satisfactory margin by storing them for some time period. The second significant reason was small sized godowns. Large numbers of these godowns are up to 500 metric tons capacity. The theory of economies of scale is applicable to warehousing activity also. For warehousing activity to be economically viable some minimum storage capacity is essential at a single premise. Other things affecting warehousing activity includes local conditions like demand, competition, skilled person to manage, labour availability etc.
6. Some organizations kept their godowns empty, while some using it for the purpose not intended in the objectives of government’s schemes which helped them to construct godwons to store agriculture connected things. Their percentage is around 14.48% which is not ignorable for policy and regulation makers. Rest of the organizations was observed keeping agricultural implements as storage.

8.2 SUGGESTIONS/ RECOMMENDATIONS:

8.2.1) Recommendations to the Law Makers

1. Legal provision should be made by amending the Bombay Warehouse Act for minimum scheduled and surprise inspections by the prescribed Authority to the licensed warehouses in the licensing year.

2. There is a provision in the Act for non discrimination among depositors by warehouseman. This provision is regarding to provide warehouse space if available to the depositor, who so ever approaches to warehouse. But how a depositor can come to know about he being not discriminated when he would be told about non availability of warehouse space? The solution is that warehouses should display the occupied and vacant space available for storage at the end of previous day. This effect needs to be given by making amendment in the Act.

3. As the present penalties mentioned in Bombay Warehouse Act are lenient and small, heavy penalties need to be imposed on violation of the act and amendment to that effect should be made in the act.

4. The date of expiry of license is mentioned on the warehouse license given, therefore returning of license after expiry has got no meaning. So this provision in section no. 11 and 27 of Bombay Warehouse Act need to be done away with.

5. There is no provision in the Bombay warehouse Act & Rules to provide basic amenities to depositors coming in the warehouse. Act should be properly amended to include provisions to be made for pure drinking water, toilets and urinals, arrangement for sitting etc.
6. Legal provisions should be made in new WDRA Act 2007 and Bombay Warehouse Act 1957 for the effect of both non uses of hooks for lifting of sacks & for use of knitting machine to close the pierced hole made at the time of sampling to reduce wastage.

7. The Maharashtra state government should think about the need of Bombay Warehouse Act for warehouses issuing negotiable warehouse receipts in the light of WDRA Act of central government, as the revenue from the BWA is insignificant and it has got other tool of essential commodities Act to control malpractices in any warehouses to safeguard social interest.

8.2.2) Recommendations to the Prescribed Authority (P.A.)

1. Non receiving of the official complaint by depositors against warehouseman or against weigher, samplers or graders doesn’t mean that there is no misconduct and unlawful activities happening. Trace of it could be observed in unsatisfied depositors on various issues. Sufficient midterm inspections could reduce any possible unlawful activities. So the prescribed authority should undertake some minimum inspection in a licensed year and report of the inspection on various parameters need to be produced. With this activity awareness about the legal provisions could be made among all stakeholders of warehouse business.

2. Proper inspection of the warehouse by the prescribed Authority can check probable misconduct in gradation of goods and deciding about its value. Record keeping, activity of weighing sampling & grading by authorized person and their record keeping, mandatory displays & insurance, proper upkeep of goods, issuance of negotiable W.R. and accordingly stock present in the godown etc. So inspections need to be done with focus on these issues.

3. It is necessary to increase the awareness among the depositors for provisions in the Bombay warehouse Act & Rules which can safeguard them & compensate for loss due to misconduct of warehouseman. For this purpose special drives need to be undertaken by the prescribed Authority with the help of warehouses. Voluntary organizations and law colleges can be asked and induced for conducting programmes for this.
4. Before issuing driving license as tests were conducted to check about information of traffic rules to the candidate, in a similar fashion same sort of knowledge check need to be put at the prescribed Authority level like a formal interview of the applicant of warehouse license and that of weighers, samplers & graders regarding the provisions of warehouse Act and Rules.

5. Distribution of badge to the licensed weighers, samplers & graders should be undertaken by Prescribed Authority to follow the regulation.

6. Prescribed Authority should see that names and address of licensed warehouses get published in the government gazette, as the regulation asks it to do so. They should follow this regulation.

7. Along with publication in official gazette, P.A. can develop web page or a link in the official website of it, the name, address, telephone no. & storage capacity, reservations if any, in the warehouse, about all the licensed warehouses in the district. With this facility depositors of long distances & out of state traders who requires warehouse space in the area could come to know regarding the facilities & utilize it. For this service P.A. can levy required fees along with license fees. With this facility concerned warehouse will be benefitted as it will be their indirect advertisement.

8. System of internal audit needs to be developed by P.A. so as to ensure correctness in warehouse license fees paid and the proposed warehouse space utilization, security amount deposition at the time of applying for license by warehouses.

**8.2.3) Recommendations to Warehouse Organizations**

1. Warehouses should follow the mandatory provisions of the warehouse Act and display the provisions in the act which protects the interest of the depositors in the office of the warehouse. By doing this they can enhance faith among depositors and financial institutions for the warehouse organization.

2. Labour expenditure on sack movement is a significant cost element in total cost of storage. Warehouses in the study region have not tried the use of material handling equipment like fork-lift trucks, though it can be used for food grain sack movement. To retain some worth margin to depositor, so
that he could be induced further for the use of warehouse, cost cutting must be adopted where ever possible. So warehouse owners & managers should go for cost-benefit analysis of using material handling equipment for goods movement and should possibly reduce the total storage cost of depositors by adopting material handling equipments.

3. One solution to avoid hooks for lifting which damage sacks thereby wasting of commodities is to have sacks with loops to it for lifting. The manufacturers & suppliers of the grain bags should be conveyed & demanded for such kind of sacks so that they could manufacture such bags with ergonomic consideration.

4. Taking samples from sacks by piercing instrument in it causes hole in the sack & way for goods to leak away. Traditional sacks of jute were seen knitted by hands after taking sample but this is a rare practice. The good solution to this is, use of small hand held knitting machine which could knit while sacks are in the stack & which could be used for both traditional as well as plastic/ synthetic polymer bags.

5. Many instances of non availability of warehouse space is observed, when the depositors had to go back (especially in the peak of season). CWC & MSWC warehouses can take other organizations’ godown on lease or on rental basis but it was a rare practice & needs sanction from head office. One solution to this and for increasing business is creating pool of storage organization from nearby area. The organizations having godowns, they may be of Rural Godown Scheme or of Co-operative Unit from a 5 to 10 kms area, could be joined & a tie-up can be created for empty space utilization among these storage structures and between licensed warehouses. Security guaranty from organization having godown & insurance company could lead this programme worth to implement. Some additional charges could be charged to depositors for additional expenses on transportation & management to be done from mother warehouse. One major advantage to depositors is that they could get the finance on warehouse Receipt easily, especially from the structures managed by CWC & MSWC warehouses.

6. The warehouses which are not using computers should immediately go for computerization of their office work. The present changeover was slow
and it should be increased. Though the scope for using sophisticated warehouse management system is low for food grains warehouses, the warehouses can have customized software’s to suit their need, Because of the WDRA 2007 Act, computerization is inevitable for the warehouses issuing negotiable Warehouse Receipts.

7. Warehouse managers should see the applicability & feasibility of various warehouse measures like productivity, financial performance, cycle time measurement etc. for improving the efficiency of their warehouse. After selecting particular measures they should collect and compile relevant data of warehouse operations from time to time for analysis.

8. Warehouse management can demonstrate benefit of warehousing the goods for some specific period of time to depositors, especially to farmers. They can do this by using current prices of depositors goods, prices in ‘futures’, hedging tool to reduce risk and the probable profit the depositor can get. If such kind of conscious effort done by warehouses, they can increase the frequency of deposition by depositor as well as can expand the depositors base & there by the business.

9. Instead of waiting for depositors, if warehouses want to increase their business especially from agricultural produce, they can approach to farmers at the time of harvest like merchants do. Bearing the cost of packing & transportation initially they can take the produce for warehousing. They can recover it when farmer wants to sell out from the warehouse itself. This programme & way of business can make the weaker depositors to avail facility of warehousing and pledge finance and better prices to their produce.

8.2.4) Suggestion of Model by Researcher for Warehouses to Increase Business Using the Concept of Vertical Integration

Concept of vertical integration can be applied in warehousing business. At the lower end, warehousing can undertake task of getting agricultural produce for deposition when produce is in the field. It can undertake tasks of initial packing the sacks if necessary & transportation up to warehouses, drying of goods by modern dryers etc. At the upper end it can assume some of the tasks of merchants like necessary packaging as per the customers demand &
creating a facility of sales like on-line selling of goods. With this programme, warehouses definitely going to add into their business volume & thereby in profit. Also this programme will help to the economically weaker section of farmer depositors.

**Proposed Model**

1. **Framing a policy at organization level**: The extent of business to be done, decisions regarding investments in infrastructure facilities like, transportation, on line trading, commodity exchange desk, material handling equipments, area of operations, deciding long term objectives etc. are part of policy framing.

2. **Developing a business plan**: A well defined business plan will include decision on short term goals, partners like banks, assessing requirement of employees with skills, required investment, deciding time frame of operations according to crop seasons, preparation of database of farmers and possibility of taking part in this scheme, preparation of well defined scheme of business for communication to farmers etc.

3. **Arrangement of necessary funds**: Funds needs to be generated for facilities of online trading, fumigation, commodity exchange desk & for operations of initial packing like on sacks & transportation and on labours.

4. **Developing/hiring necessary infrastructure facilities**: Actual arrangement of transportation vehicles need to be made. Along with that labours arrangement for stitching the sack of goods & carrying it to vehicles in sufficient numbers need to be made. The supervisors for this operation should be employed.

5. **Operating the programme**: This model is based on bearing the cost of packaging (sack) and transportation by warehouses initially, so that economically weak farmers could be induced for warehousing. Agreement of that effect can be done on the farmers spot i.e. in the field. Warehouse receipts for the goods taken into custody by warehouseman or his representative is given to farmers. If the farmer demands, then loan as a pledge finance on warehouse receipt is provided to farmer on the spot by
bank as per the agreement between bank & warehouse. Warehouseman will complete the required formality for it on the spot itself and demand draft of that effect will be given to farmers.

**FLOWCHART OF PROPOSED MODEL**

6. **Providing value adding services**: Process of cleaning of goods brought to the warehouse, its grading and creating standardized packs could be made considering the local demand from merchants or ultimate customers. If the farmer agrees upon & enters with the agreement with warehouseman then these value adding activities could be provided, there by increasing profit of
warehouse and fair price to farmers. To facilitate this, additional desk or counter can be created in the warehouse premises. To avoid rush of buyer at the warehouse site, facility of internet buying, sending samples to the customers place etc. can be undertaken & managed effectively. Considering scale of operations separate logistics wing can be created.

If farmer doesn’t want any processing then he can take out the goods after storage period with his own understanding & sell out. For a better price realization to decide timing of sale, he can take help of expert or consultancy service provided by warehouse with fees paid to them. One more option can be kept to him is that, entering into futures contract through commodity exchanges. For this purpose if depositor doesn’t hold minimum amount of goods to enter into contract, then group of customers having same kind of goods having same grade can come together. Warehouse can play important role in this task with proper co-ordination & providing facility of commodity trading through exchange.

7. **Recovery**: While delivering the goods out of warehouse, the farmer depositor should pay the bills of services he received from warehouse which can include the charges of transportation & packaging if it was done under this model when the goods were brought to the warehouse.

8.2.5) **Suggestions to Depositors**

1. Depositors should become aware of the provisions of regulations which are meant to safeguard their interest.

2. The depositors (storing same commodities) who are interested to trade through commodity exchanges, on the warehouse level they should come together to fulfill the quantity requirement. For this purpose they can take help of warehouse management.

3. Farmers having small holdings should come together and collectively they should bring their goods for warehousing. As the cost of transportation is major one which deters farmers to take advantage of warehousing & probable good future price, collective transportation with full truck/cart load can ensure reduced transportation cost to everybody. So farmers/ depositors of nearby locality should form group or the organizations like
co-operative society can take initiative for this by maintaining data bank of regular depositors of the nearby locality. By this they can ensure low cost transportation up to warehouse & there from to mandi/wholesale market collectively.

4. Depositors should register their requirement and demand of various value adding services with the warehouseman so that warehouses could come to know about possible volume of business for value adding services. e.g. drying and cleaning of food grains, it’s gradation and assortment, packing, labeling and for other possible services. With these services depositors also could be benefited.

8.2.6) Recommendations to Rural Godown and APMC Godown Operators/ Owners

1. To increase economic viability for warehousing business, godown owners of nearby vicinity should come together and form a group for developing common facilities like fumigation equipments, hiring of skilled persons and other necessary equipments for warehousing. Collectively they can give offer to the CWC & MSWC warehouses and the government (under public distribution system), for utilizing their godowns, so that cost of transportation and management could be reduced. With this programme they can increase utility of their godowns and earning.

8.2.7) Recommendations to Policy Makers

1. Government should continue with schemes which are designed for enhancing agricultural warehouse storage capacities and for the promotion of rural godowns. It should see that rate of increase in the warehouse storage capacity should be adequate with the rate of increase in food grain production and requirement in India.

2. Subsidized schemes need to be started for modernizing warehouses, like for purchase of materials handling equipment, silos, temperature controlled warehouses, roofing, warehouse management software etc. Such kind of scheme could lead to increase in pace of adoption of new technology & thereby professionalism in warehousing.
3. To encourage entrepreneurs to enter into warehousing business with huge initial investment, tax exemptions for few years need to be given for the services provided by warehouses and for local government taxes.

4. Task of recording and updating of it for all the storage structure beyond some specific sizes and their use need to be maintained by some government department. This will facilitate for knowing total storage capacity in the region by all the organizations including private. Also it will help for devising effective storage policy.

5. Government is giving capital incentive under rural godown scheme. It should observe at least for ten years or so, whether godowns benefited under the scheme are used for storing agricultural produce/implements. For this sake inspection and penalty procedure need to be devised.

6. Instead of building new godowns for public distribution system, government should first consider possibility and devise scheme for utilizing empty and underutilized godowns built under Rural Godown Scheme and APMC.

8.3 CONCLUSION:

The Warehousing business in India is undergoing major changes from the recent past. The government is trying to increase agricultural produce warehouse storage capacity. To boost warehousing business, the pan India law called Warehousing Development & Regulations Act 2007 has been brought into existence. Earlier state laws are also exist. The effectiveness of Bombay Warehouse Act & Rule in the study region to regulate business of warehousing is quite low. The various provisions of this Act are overlooked by the licensed warehouses and the prescribed Authority of the government. Depositors of these warehouses are also not much aware of provisions of warehouse Act which safeguard their interest. These things can be improved by few amendments in Act & Rules and by modifying working of the Prescribed Authority. With few exceptions the godowns benefited under rural godown scheme and APMC godowns are not functioning as a warehouse. Collective warehousing by depositors having small holdings, reliable electronic warehouse receipt system can lead the Indian warehousing Industry to prosperity.
8.4 SCOPE FOR FURTHER RESEARCH:

The present study is up to the period 2008. The central government Act The Warehousing (Development & Regulations) Act 2007, came into practice from October 2010. It is worthwhile to study the effect of this new warehousing Act on warehousing industry of India and whether it is helping to promote the warehouse receipt trading in the country.

In the light of commencement of commodity and spot exchanges, it will be useful research to find whether there is increase in the warehouse business in the country and also to what extent state and central Acts & Rules are developing faith & trust among the depositors and financers for the private and cooperative sector warehousing in India.