
AGRICULTURE MARKETING AND REGULATED MARKETS IN INDIA

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Introduction

Agriculture constitutes the core of the economy of most of the developing countries in the world. Constructive progress in their agricultural sector is an indispensable prerequisite for the rapid economic growth and rural development of these countries in general and poverty reduction both within and outside the agricultural sector in particular. So as to achieve this, developing countries now aim at restructuring their agricultural sector along a successful line. India being a developing country is no exception to this phenomenon. Agriculture being the primary sector is the mainstay of the Indian economy and is central to all strategies of its planned economic development.

It contributes around 25 per cent to the GDP and employs 65 per cent of the workforce of the country. Furthermore, 80 per cent of Indians who live below the poverty line constitute the rural population which depends directly or indirectly on agriculture. India is planning to achieve a GDP growth rate of 7 to 8 per cent during the Tenth Five Year Plan and has set the target of 4 per cent growth in agriculture. The achievement of the desired and targeted growth becomes possible only when the needed farm and non-farm services are effectively provided by the government. Among the non-farm services, marketing is the most important one.

Agricultural Marketing in India

India is an agricultural country and one third population depends on the agricultural sector directly or indirectly. Agriculture remains as the main stay of the Indian economy since times immemorial. Indian agriculture contribution to the national gross domestic product (GDP) is about 25 per cent. With food being the crowning need of mankind, much emphasis has been on commercialising agricultural production. For this reason, adequate production and even distribution of food has of late become a high priority global concern.

Agricultural marketing is mainly the buying and selling of agricultural products. In earlier days when the village economy was more or less self-sufficient the marketing of agricultural products presented no difficulty as the farmer sold his produce to the consumer on a cash or barter basis.

Today's agricultural marketing has to undergo a series of exchanges or transfers from one person to another before it reaches the consumer. There are three marketing functions involved in this, i.e., assembling, preparation for consumption and distribution. Selling on any agricultural produce depends on some couple of factors like the demand of the product at that time, availability of storage etc. The products may be sold directly in the market or it may be stored locally for the time being. Moreover, it may be sold as it is gathered from the field or it may be cleaned, graded and processed by the farmer or the merchant of the village. Sometime

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processing is done because consumers want it, or sometimes to conserve the quality of that product. The task of distribution system is to match the supply with the existing demand by whole selling and retailing in various points of different markets like primary, secondary or terminal markets.

Most of the agricultural products in India are sold by farmers in the private sector to moneylenders (to whom the farmer may be indebted) or to village traders. Products are sold in various ways. For example, it might be sold at a weekly village market in the farmer's village or in a neighboring village. If these outlets are not available, then produce might be sold at irregularly held markets in a nearby village or town, or in the mandi.

The Problem of Regulated Markets

A sound marketing system should ensure reasonable benefits to the producers and consumers. Its principal goals, among others, are to consolidate the gains in the field of production by minimizing the costs of distribution, reducing the seasonal price differences and by handling efficiently the increased marketable surplus. With a view to achieving these objectives the Regulated Markets have been established. These markets by take into account the sufferings of the farmers at the hands of moneylenders, greedy merchants and commission agents and have introduced many measures beneficial to the farmers. They do not charge any commission in any form and weighing is made free of cost to the growers. These markets provide a place for assembling, prevent malpractices and ensure competitive bidding – all at no cost to the farmers. In addition to that, financing facility is also provided to the producers and traders on pledging the produce on a nominal rate of interest. These markets generally assure the producers an orderly and non-exploitative marketing system and fair business practices and try to equalize the bargaining power of both producers and traders.

The existence of the Regulated Markets can be justified only when their services are utilised by a reasonable number of farmers and traders. Another important factor to be considered in the study of Regulated Markets is the arrivals of quantum of increased marketable surplus due to the advancement in production technology followed by change in the cropping pattern. It is found not only in the aggregate but also in the outputs of most of individual crops. The other dimension to be considered in the study of Regulated Markets is the conflicting interests of parties which are at work. The consumers want adequate quantities with appropriate quality at the lowest possible price. The farmers' objective, on the other hand, is to get the highest possible price for their produces. The traders have their own objective in getting the largest possible total net profit. Without improving the efficiency of marketing system the conflicting interests of these parties cannot be served at best.

While looking at the performance of Regulated Markets at the national level, the various studies undertaken in this regard showed that they had limited success to the extent of achieving an orderly and transparent marketing system in assembly markets. But facilities available in these markets are grossly inadequate and the rate of using such facilities by the market beneficiaries was also at the lowest ebb. At the Tamil Nadu level also, the extent of utilization of the services of these markets by them is of mixed nature. It is reported that the degree of utilization of the services provided in the markets of the Cuddalore, Villupuram and

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Thiruvannamalai Market Committees by the market beneficiaries are higher whereas it was lower in case of markets of the Madurai, Ramanathapuram and Trinelveli Market Committees.

Origin and Growth Regulated Markets in India

The idea of regulating agricultural markets was first conceived in 1886 following establishment of the first market at Karanja. Even though some attempts were made to regulate markets in Hyderabad and Bombay states, the idea received wide recognition with the suggestions of the Royal Commission on Agriculture in 1928. The Royal Commission commented at length on the defects of agricultural marketing and recommended the establishment of regulated markets in the country. The Central Banking Enquiry Committee endorsed the views expressed by the Commission in 1931. Inspired by these recommendations, several states enacted the basic market legislations for the establishment of regulated markets. The Government of India took several steps to speed up the process of regulation. In 1938, the Central Government passed a model bill enabling market legislation, to serve as a guide for drafting similar bills in different states. The Government established the Office of Agricultural Marketing Advisor in 1935, which latter came to be known as the Directorate of Marketing and Inspection. This Office carried out various schemes for grading and standardization, statutory regulation of markets, market research and surveys, training of marketing personnel and market extension programme.

Until the Second World War, the progress in the field of regulated markets was slow and chequered, as during this period only 122 markets were regulated in the country. After independence, the policy of the government was to speed up the process of regulation of markets in the country. The Planning Commission in its first and subsequent plans emphasized the vital role played by regulated markets in promoting orderly marketing and the states which did not pass the legislation were urged to pass it. With the efforts of central and state governments, the marketing legislations came to be in force in 18 states and 4 union territories by the end of 1980.

State Wise Distribution of Regulated Markets in India

A majority of the states have enacted Agricultural Produce markets Acts. The States or Union territories yet to enact their own legislation are Kerala Manipur, Jammu and Kashmir, Meghalaya, Nagaland, Sikkim, the Andaman and Nicobar Islands, Dadra and Nagar Haveli, Daman and Diu and Lakshadweep. The State wise distribution of regulated markets as on 31st March, 2013 is presented in Table

Number of Regulated Markets in India as on 31st March 2013

Sl.No	State / Union Territory	Principal	SubMarket Yards	Total
1	Andhra Pradesh	323	578	901
2	Arunachal Pradesh	16	53	69
3	Assam	20	206	226
4	Bihar	APMR Act	Repeated	Act Repealed
5	Jharkhand	28	173	201
6	Goa	1	7	8

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7	Gujarat	196	218	414
8	Haryana	106	178	284
9	Himachal Pradesh	10	37	47
10	Jammu & Kashmir	APMR Act	Not Yet	Implemented
11	Karnataka	146	355	501
12	Kerala	APMR Act	Not Yet	Implemented
13	Madhya Pradesh	241	272	513
14	Chhattisgarh	73	111	184
15	Maharashtra	299	581	880
16	Manipur	APMR Act	Not Yet	Implemented
17	Meghalaya	2	-	2
18	Mizoram	APMR Act	Not Yet	Implemented
19	Nagaland		Reported Nil	
20	Orissa	45	269	314
21	Punjab	139	349	488
22	Rajasthan	127	303	430
23	Sikkim	1	-	1
24	Tamil Nadu	277	15	292
25	Tripura	21	-	21
26	Uttar Pradesh	249	356	605
27	Uttarakhand	25	33	58
28	West Bengal	46	641	687
29	A&N Islands	APMR Act	Not Yet	Passed
30	Chandigarh	1	-	1
31	D&N Haveli	APMR Act	Not Yet	Passed
32	Daman and Diu		Reported Nil	
33	Delhi	8	13	21
34	Lakshadweep	APMR Act	Not Yet	Passed
35	Pondicherry	4	5	9
	Total	2404	4753	7157

Source: <http://agmarknet.nic.in/agmastat.htm>

Table shows that the number of regulated markets is relatively more in the geographically larger states like Andhra Pradesh, Maharashtra, Madhya Pradesh, Uttar Pradesh and West Bengal. These Five states together account for 102.45 per cent of the total regulated markets in the country. The states of the Punjab and Haryana, though geographically small, have a large number of regulated markets. The two states account for 22.05 per cent of the total regulated markets in the country.

State Wise Area Served by Regulated Markets in India

The area served by each regulated market across the states is presented in Table

State Wise Area Served by Regulated Markets

Sl.No	State / Union Territory	Area (Sq.km.)	No.of Regulated Markets	Area covered Per Regulated Markets (Sq.km.)
1	Andhra Pradesh	275045	901	305.27
2	Arunachal Pradesh	83743	69	1213.67
3	Assam	78438	226	347.07

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4	Bihar	94163	Act Repealed	0.00
5	Jharkhand	79714	201	396.59
6	Goa	3702	8	462.75
7	Gujarat	196024	414	473.49
8	Haryana	44212	284	155.68
9	Himachal Pradesh	55673	47	1184.53
10	Jammu & Kashmir	222236	0	0.00
11	Karnataka	191791	501	382.82
12	Kerala	38863	0	0.00
13	Madhya Pradesh	308346	513	601.06
14	Chhattisgarh	135100	184	734.24
15	Maharashtra	307690	880	349.65
16	Manipur	22327	0	0.00
17	Meghalaya	22429	2	11214.50
18	Mizoram	21081	0	0.00
19	Nagaland	16579	0	0.00
20	Orissa	155707	314	495.88
21	Punjab	50362	488	103.20
22	Rajasthan	342239	430	795.90
23	Sikkim	7096	1	7096.00
24	Tamil Nadu	130058	292	445.40
25	Tripura	10486	21	499.33
26	Uttar Pradesh	238566	605	394.32
27	Uttarakhand	55845	58	962.84
28	West Bengal	88752	687	129.19
29	A&N Islands	8249	0	0.00
30	Chandigarh	114	1	114.00
31	D&N Haveli	491	0	0.00
32	Daman and Diu	112	0	0.00
33	Delhi	1483	21	70.62
34	Lakshadweep	32	0	0.00
35	Pondicherry	492	9	54.67
	All India	1480190	7157	28982.67

Source: <http://agmarknet.nic.in/agmastat.htm>

Table shows that the area served by each regulated market varies from 54.67 sq. km. in Puducherry to 1184.53 sq. km. in the Himachal Pradesh. On an average a regulated market serves 828.07 sq. km. area in the country. Farmers have to travel a long distances with their produce to avail of the facility of regulated markets. The National Commission on Agriculture (1976) recommended that the facility of regulated market should be available to the farmers within a radius of 5 km. If this is considered a benchmark, the command area of a market should not exceed 80 sq. km. But, at present, except Delhi and Puducherry in no state the density of regulated markets is even close to the norm. The area served by a regulated market is as high as 1465.08 sq. km. in the Himachal Pradesh, 938.32 sq. km. in Uttarakhand, 822.69 sq. km. in Rajasthan. It is suggested by S.S.Acharya that the norm can be achieved if the

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remaining wholesale markets and rural periodic markets are developed as regulated market places. The average area served per regulated market would then come to 95 sq. km.

Recent Developments in the Regulation of Agricultural Marketing

Agricultural marketing is witnessing major changes the world over, owing to the liberalization of trade in agricultural commodities. To benefit the farming community for the new global market access opportunities, the internal agricultural marketing system in the country needs to be integrated and strengthened. In this context, the Government of India in the Ministry of Agriculture appointed an Expert Committee on 19th December 2000. Its report noted that the situation of control over agricultural markets by the State has to be eased to facilitate greater participation of the private sector, particularly to attract massive investments required for the development of marketing infrastructure and supporting services.

Therefore, it was necessary to promote the development of a competitive marketing infrastructure in the country and to bring about professionalism in the management of existing market yards and market fee structure. While promoting the alternative marketing structure, however, Government needs to put in place adequate safeguards to avoid any exploitation of farmers by private trade and industries. For this, there was a need to formulate model legislation on agricultural marketing. Accordingly a Draft Model Legislation was developed after a series of deliberations and it was finalized on 9th September 2003. The Act was titled "The State Agricultural Produce Marketing (Development and Regulation) Act, 2003" and later it was passed in the parliament and came into effect from October, 2005. It redefines the role of the present Agricultural Produce Market Committee in respect of an alternative marketing system, contract farming, and direct marketing and farmers'/consumers' markets. It also redefines the role of the State Agricultural Marketing Boards in order to promote standardization, grading, quality certification, market-led extension and training of farmers and market functionaries in marketing related areas. Provision has also been made in the Act for the constitution of a State Agricultural Produce Marketing Standards Bureau for the promotion of Grading, Standardization and Quality Certification of Agricultural Produce. This would facilitate pledge financing, E-trading, direct purchasing, export, forward/future trading and introduction of a negotiable warehousing receipt system in respect of agricultural commodities.

All the State Governments were asked to make suitable amendments in the respective state Acts. Further, the Government of India also informed the State Governments that the dispersal of certain specified agricultural grants would be linked to the modification of their respective Agricultural Marketing Acts following this Model Act.

Regulated Markets in Tamil Nadu

The origin of regulated markets in Tamil Nadu could be traced back from the passing of the legislation of the Madras Commercial Crops Market Act, 1933. Market regulation in Tamil Nadu was necessitated by the central procurement of cotton by British traders for their textile mills in London. It is for this purpose regulated markets were created as assembly centers so that cotton could be purchased at particular centers.

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On the recommendations of the Royal Commission on Agricultural in 1928, the Government of India decided on regulating marketing practices in agricultural commodities and formulated guidelines for the states in the 1930s. The commission recommended setting up of a Central Department of Agricultural Marketing as the agency of inspection and advisor of states with a permanent Advisor of Agricultural Marketing to the Government of India with regional offices.

On the basis of the guidelines the then Government of Madras enacted the Madras Commercial Crops Market Act 1933. The Madras Presidency covered the present whole of Tamil Nadu, a major part of Andhra Pradesh, Karnataka and Kerala. The Act was introduced in the year 1935 and it declared only a few commercial crops as notified and that too in limited areas such as cotton in Tiruppur, tobacco in Guntur and groundnut in Cuddalore. The first regulated market established was at Trippur in 1936 in the name of Trippur Cotton Market Committee.

After reorganization of the states, the 1933 Act was modified as “The Tamil Nadu Agricultural Produce Market Act 1959”. The Act gave wider scope to cover not only commercial crops but also other crops like cereals and pulses as notified crops. This Act envisages the formation of the Market Committees at district headquarters with functions of identifying the agricultural produce, notifying them under the Act and establishing regulated markets in important assembling centers. Subsequently, the 1959 Act was revised as “The Tamil Nadu Agricultural Marketing (Regulation) Act 1987” and brought into force from 1st February, 1991.

The Tamil Nadu Agricultural Marketing Board is an apex body of the Market Committees and serve as an effective and crucial link between the Government, the Department of Agricultural Marketing and the Market Committees for ensuring uniformity in the practice and procedure in the day-to-day administration of the Market Committees. The Department of Agricultural Marketing which has been functioning since 1977 with the main objective of the Regulation of Agricultural Marketing was renamed in the year 2001 as Department of Agricultural Marketing and Agri Business in order to focus on Agri Export, post-Harvest Management, Food Processing and related activities.

There has been a considerable increase in then numerical strength of the regulated markets in the State. The first regulated market was started in 1936 and the number grew to 17 at the end of 1940 and to 273 in 2013.

Regulated Markets

There are 277 Regulated markets, 15 check posts, 108 Rural Go downs and 108 grading centers functioning under the market committees competitive and remunerative prices are ensured for the produce sold by the farmers through closed tender system in the Regulated markets. Free grading facilities for agricultural commodities and issuing pledge loan during distress sale also available in the Regulated markets. The formers of states of Maharashtra, Karnataka and Andhra Pradesh, sell their produce only through regulated markets as compulsory marketing is in force 1to2% of the value of the produce is collected as market fees form the traders who procure the produce from the farmers. The procurement method is simplified in Tamil Nadu so as to benefit the farmer 1% of the value of the produce is collected as market fee from traders. Action is being taken for the construction of own building for

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nilagiris market committee and 4 regulated markets at Ooty, kothagiri, coonur, and Gudalur during this year as a cost of Rs3.25 corers. Necessary steps will be taken to acquire land for this purpose through Districts collector, Nilgiris.

Services Rendered in the Regulated Markets

Regulated markets provides facilities such as correct weighment by using electronic weigh bridges and weighing balances, go down facilities, bank facility, immediate payment, daily price information, rest sheds, drinking water facility, cattle sheds, free medical aid to farmers, input shops, phone and tax facilities etc. Under "AGMARKNET" centrally sponsored scheme 93 regulated markets have been provided with computer and internet connectivity for effective price dissemination among farmers through AGMARKNET website. The information on commodity prices prevailing in various markets are made available the farmers would be able to get better price of their produce by moving their produce to the market which pays higher. During the year 2007-08, 100 Regulated Markets were computerized through AGMARKNET. The market committee wise infrastructure facilities provided in the Regulated.

Tamil Nadu State Agricultural Marketing Board

In the year 1970, the Government considered the desirability of speeding up the development and functioning of Regulated Markets in the State and coordinating the activities of various Market Committees by entrusting the work to a separate body. Accordingly the Tamil Nadu State Agricultural Marketing Board was constituted by an order of the Government in G.O.2852, Agricultural Department, dated 24.10.1970 as an apex organization to coordinate the activities of the Market Committees in Tamil Nadu and maintaining to the extent possible uniform standards of practice in trading and to serve as an effective and crucial link between the Market Committees and the Government. The Board is a body corporate with jurisdiction over the entire state of Tamil Nadu for exercising the powers conferred on it, performing and discharging the duties imposed on it.

The Tamil Nadu Government materialized the idea of a separate Directorate of Agricultural Marketing on 14th October, 1977. The aim was to promote and develop the Agricultural Marketing Schemes in the State. The office of the Directorate of Agricultural Marketing is functions at Trichy and the Directorate is assisted by a Deputy Director at Alandur, Madras, and eight Assistant Directors of Agriculture (Marketing) at Vellore, Kancheepuram, Salem, Cuddalore, Trichy, Madurai, Tirunelveli and Coimbatore besides the administrative staff. The Market Committees now functioning under Special Officers appointed in the cadre of Joint Director of Agriculture with effect from 7.6.1978 in the place of the committees as an emergency measure. There are fourteen Special Officers for each of the Market Committees functioning under the control of the Directorate of Agricultural Marketing to look after the developmental activities of the Regulated Markets. A Deputy Director of Agriculture stationed at Madras with an Assistant Director of Agriculture (Grading) looks after the grading and quality control works. He is assisted by a Regional Assistant Director of Agriculture (Marketing). Besides there are two Assistant Directors of Agriculture functioning at Tiruppur and Rajapalayam exclusively in charge of cotton certification and enforcement schemes.

AGRICULTURE MARKETING AND REGULATED MARKETS IN INDIA**Conclusion**

It is only to protect the farmers from the exploitation of commission agencies and traders that the Royal Commission on Agriculture recommended the establishment of Regulated Markets as early as 1928. But nowadays, farmers and traders who are about to fit the body of regulated markets as flesh and blood leave these markets a mere skeleton by their absence. Here, it should be remembered that besides farmers the lack of dynamic participation by traders impedes the better performance of these markets. The regulated markets being an institution aiming at serving the farming community should gain the confidence of the farmers as well as traders which is a prerequisite for the success of these markets. In view of that, the state while regulate the activities of the regulated markets aiming at ensuring remunerative prices to farmer-sellers the significance of the traders may not be ignored.

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