

**A STUDY OF
THE EVOLUTION AND WORKING OF
REGULATED MARKETS IN TAMIL NADU**

By

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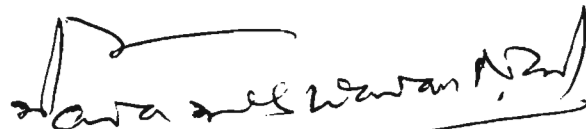
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This is to certify that the thesis "A Study of the Evolution and Working of Regulated Markets in Tamil Nadu" submitted by Sri N. Rajan Nair for the degree of Doctor of Philosophy in Social Sciences is a record of the original work done by him under my supervision and guidance.


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DECLARATION

I, N. Rajan Nair, hereby declare that the thesis submitted by me for the award of the degree of Doctor of Philosophy in Social Sciences is the original work done by me under the supervision of Dr.N.Parameswaran Nair, Director, School of Management Studies, University of Cochin. I also declare that this thesis has not previously formed the basis of the award of any degree, diploma, associateship, fellowship or other similar title.

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CHAPTER - I

INTRODUCTION

Agriculture is recognised as the most ancient occupation of mankind. It continues to play a critical role in the lives of people all over the world. The remark made by Carl Eicher and Lawrence Witt is very apt in this connection. "Economic historians generally concur that there are no cases of successful development of a major country in which a rise in agricultural productivity did not precede or accompany industrial development".¹ A study of the economic histories of various nations would reveal that agricultural progress was clearly the major contributor to their subsequent development.² Some countries experienced difficulties initially for a breakthrough in agricultural development due

¹ Eicher, Carl and Witt, Lawrence (Ed.), Agriculture in Economic Development, (New York, 1964), p.8.

² Nicholls, H. William, "The Place of Agriculture in Economic Development" in ibid., p.17. Bat, Dantwala, M.L., in "The Problems of a Subsistence Farm Economy - The Indian Case" does not seem to accept this proposition. He says that economic development should be preceded so as to relieve pressure of population from land. See also, Clifton, Wharton, R. Jr. (Ed.), Subsistence Agriculture and Economic Development, (Chicago, 1968), pp.382-384.

to factors like high land-man ratio, tenancy structures, lack of infrastructural facilities, etc. Though the problems faced by the different western countries differed in nature and intensity, it is a fact that their present industrial development was preceded by a long drawn period of agricultural growth.

India could have drawn very practical lessons from the experiences of these nations. It has often been criticised that except in the First Five Year Plan (1951-56), agriculture in India was not given its due importance in planning for development. Table 1.1 gives the total outlay on agriculture under the different Five Year Plans. It has been stated that success of agricultural development in India appears more to be random happenings than the result of careful planning.³

It should be recognised that agriculture is not meant to provide food for masses or for supplying raw materials to the industrial sector alone. This is a very narrow concept. On the contrary, agriculture has to perform a wide spectrum of functions in a broader view, viz. promoting welfare of

³ Sinha, S.P., et. al., "A Study on Price Spread of Important Foodgrains in Two Agricultural Markets of Bihar", Indian Journal of Agricultural Economics (Vol. XXXIV, No.4, Bombay, 1979) p.136.

Table - 1.1

Outlays on Agriculture under various Plans

| Head | (Rs. Crores) | | | | | | |
|--|-----------------------|------------------------|-----------------------|-------------------------|------------------------|-----------------------|-----------------------|
| | First Plan 1951-56 | Second Plan 1956-61 | Third Plan 1961-66 | Annual Plans 1966-69 | Fourth Plan 1969-74 | Fifth Plan 1974-79 | Sixth Plan 1979-83 |
| Agriculture and Community Development | 291 | 530 | 1,089 | 1,107 | 2,320 | 4,644 | 9,525 |
| Irrigation | 310 | 420 | 664 | 471 | 1,354 | 3,434 | 7,925 |
| Total | 601 (31) | 950 (21) | 1,753 (20) | 1,578 (26) | 3,674 (23) | 8,078 (21) | 17,450 (25) |
| Total Plan Outlay | 1,960 | 4,600 | 8,577 | 6,625 | 15,779 | 39,322 | 69,380 |

Note: Figures in brackets show percentage of outlay on Agriculture to the total Plan outlay.

Source: Government of India, Draft Third Plan, (New Delhi, 1961) p.33.

Government of India, Pocket Book of Economic Information (New Delhi, 1973-74) p.294.

Government of India, Draft Sixth Plan (New Delhi, 1977) p.18.

Government of India, India's Agriculture in Brief (New Delhi, 1979) p.196.

the community, contributing for the economic development of a nation and to act as an innovator replacing traditions and customs. But even today agriculture is considered the premier industry of India in its narrowest sense. Agricultural production constitutes the single largest economic activity in our country. The agricultural sector contributes nearly half of the national product and provides jobs to about three fourths of the population.⁴ Table 1.2 shows the comparative position of India with other countries in this respect.

Table - 1.2
Size of Agriculture, 1979

| (In thousands) | | | | | |
|----------------|-----------------------------------|--|---|---------------------------------------|--|
| Country | Agricul- tural pe- pulation | Work- ing po- pula- tion in agri- culture | Percent- age of the work- ing popu- lation in agricul- ture | Total population (mid. 1979) | Percentage of national income deri- ved from agriculture |
| India | 421,603 | 151,224 | 69.3 | 644,732 | 44 |
| U.S.S.R. | 62,288 | 30,196 | 25.7 | 242,768 | N.A. |
| Japan | 20,501 | 10,491 | 19.6 | 104,331 | 6 |
| U.S.A. | 7,525 | 3,200 | 3.7 | 204,879 | 4 |
| Canada | 1,762 | 708 | 8.2 | 21,406 | 5 |
| U.K. | 1,555 | 721 | 2.8 | 55,480 | 3 |

Source: Government of India, Indian Agriculture in Brief (New Delhi, 1980) pp.265, 268-69.
Commerce Annual Number 1979 (Vol.139, No.2577)
(Bombay, 1979) p.261.

⁴ Singh, Daroga, "Imbalances in Agricultural Growth", Indian Journal of Agricultural Economics (Vol.XXXVI, No.1, Bombay, 1981) p.1.

Thus, inspite of the long history of Indian Agriculture, it is doubtful whether we have achieved real efficiency in agricultural growth and development. The factors responsible for this state of affairs are many and varied. Generally they have been grouped under the following three types of factors -- institutional, technical and human.⁵

As in the case of many other economic activities, the British rule in India had some vested interests in modifying and moulding the agricultural developments to suit their colonial needs. In the words of V.B. Singh, "In seeking to establish a social base in India for imperialist exploitation, the British rule founded an agrarian system which was inherently incapable of producing food and raw materials for a developing economy; it kept the peasants at the subsistence level or even below which not only restricted the internal market, but also dried the very fountain which could have been a source of producing economic surplus for investment and development. The agriculture, the primary source for capital accumulation in a predominantly agricultural country, was organised on a basis which could give rise to an arrested and thwarted underdeveloped economy".⁶

⁵ Agarwal, A.N., Indian Agriculture (Delhi, 1980) p.42.

⁶ Singh, V.B., Indian Economy, Yesterday and Today (Delhi, 1970) pp.15-16.

Thus, the British policy on agriculture was basically designed to create an export market for selected commodities such as, cotton, groundnut and tobacco. In this effort they failed to create a chain of well integrated markets from village level to a national level. By creating potential markets for cash crops a shift in the method of cultivation was rather forced on to the growers. The heavy demand for export market followed by remunerative prices attracted the cultivators to make the shift in the cultivation for home consumption to cultivation for export market. As a consequence of this shift, it was later realised that with prices falling, the cultivators suffered. The then existing marketing system also would have been responsible for this as it was largely monopolised by the powerful money lenders and exploitative agent middlemen.

But, the British administration organised the Department of Agriculture and appointed a few commissions, for example, the Royal Commission on Agriculture (1928), the Central Banking Enquiry Committee (1931), etc. Some relief schemes were also introduced to ameliorate the problems of poor agriculturists.⁷

⁷ To list some of them: Laws for the reduction of rural indebtedness, prevention of sub-division and fragmentation, charging reasonable rents, credit thro' co-operative institutions, etc.

The growth of Indian agriculture since independence has also not been quite satisfactory. The plan outlays and allocations to agriculture given in Table-1.1 is illustrative of this. It has been pointed out that the agricultural policy of the Government of India from 1947 till the current plan, was one that started off well, continued to be conceived somewhat correctly, but fumbled much in implementation.⁸ Government took corrective steps, initiated technological improvements in production techniques, emphasized the use of quality inputs and created a chain of institutions specially designed to improve the standard of living of the rural population.

Statistically, the average annual growth rate of agricultural output of India has increased from 1.9 per cent per annum during 1960-70 to 4.1 per cent during 1970-77.⁹ Perhaps on this basis the Government of India contends that "this testifies to the basic soundness of the strategy for agricultural development adopted since the late sixties."¹⁰ But economists sharply differ on this evaluation. Some of them are not prepared to accept this claim. They are of the

⁸ Agarwal, A.N., op. cit., p.87.

⁹ The World Bank, World Development Report, 1979 (New York, 1980). See also, Ministry of Agriculture and Irrigation, Government of India, Estimates of Area and Production of Principal Crops in India, 1977-78 (New Delhi, 1979) pp.12-26.

¹⁰ Ministry of Finance, Government of India, Economic Survey 1979-80 (New Delhi, 1980) p.26.

opinion that, "What revolution there was in agriculture has been regionally limited in sweep and that its scope has been limited to very selected crops".¹¹ M.L. Dantwala is of opinion that "the co-existence of huge stocks of foodgrains along with widespread poverty and unemployment clearly indicates that something has gone wrong not only with the strategy of growth in agriculture but that ^{OF} the entire economy".¹² Thus the conclusion is that on one side there is visible growth in agricultural development but the benefits accruing from such developments have not been equitable at all.

One possible reason for this state of affairs stems out from the fact that "there is what might be called the emergence of a dualistic pattern of agricultural development in India".¹³ On the one hand, holdings of less than one hectare account for more than a half of all agricultural holdings in India. On the other, large farms with holdings of more

¹¹ Kaneda, Hiromitsu, "Growth and Equity in India's Agriculture in Recent Years - An East Asian Perspective", Indian Journal of Agricultural Economics (Vol. XXXVI, No.1, Bombay, 1981) p.40. See also articles in the Economist 28 June, 1980, and Srinivasan, T.N., "Trends in Agriculture in India 1949-50 to 1977-78", Economic and Political Weekly (Vol.XIV, No.30, 31 and 32 Special Issue, Bombay, 1979) and Swaminathan, M.S., "Bread Basket or Begging Bowl", The Illustrated Weekly of India (Bombay, January 4, 1981) p.17.

¹² Dantwala, M.L., "The Poor should become Producers", Commerce Annual Number (Vol.139, No.3577, Bombay, 1979) p.9.

¹³ Kaneda, Hiromitsu, Op. Cit., p.45.

than ten hectares, while constituting less than four per cent of all holdings in number, control nearly a third of agricultural land. The Table-1.3 gives a detailed account of this paradoxical situation and shows that small and marginal farmers cultivate nearly 73 per cent of the number of operational holdings in the country although this accounts for only about 23 per cent of the area under cultivation. Further, the Table indicates that the percentage of small and marginal holdings shows an increasing tendency.

Thus the cleavage is widening between those who enjoy higher rates of productivity growth and those who do not. Vadilal Dagli observes that the crisis in the Indian economy can be traced to this neglect, not of agriculture as such but of the small man of agriculture. He poses a very pertinent question: "Shall we continue to cling to the discredited strategy of more output through rich farmers or adopt a more sensible strategy of bringing millions of poor farmers and landless labourers into the process of modern production?"¹⁴

The recent developments in Indian agriculture exhibit stark structural imbalances. A deeper analysis would reveal that these structural problems are largely institutional

¹⁴ Dagli Vadilal, "The Gap Between the Average and the Best", COMMUNIST ANNUAL, ON: G&A, p.27. See also, Vyas, V.S. and Namboodiri, N.V., "Strategy for Rehabilitation", COMMUNIST ANNUAL, ON: G&A (Vol.139, No.3577, Bombay, 1979) p.31.

Table - 1.2

Number of Operational Holdings for 1970-71 and 1976-77

| Class | Size (Hectare) | Number of Holdings | | Area | | Percentage |
|-------------|-------------------|--------------------|---------|------------|---------|---------------------------|
| | | In Million | | In Million | | |
| | | 1970-71 | 1976-77 | 1970-71 | 1976-77 | |
| | | | | | | |
| Marginal | Below 1 | 35.68 | 44.53 | 50.6 | 54.6 | 14.54 17.50 9.0 10.7 |
| Small | Between 1 to 2 | 13.43 | 14.70 | 19.0 | 18.0 | 19.28 20.86 12.9 12.8 |
| Semi-medium | Between 2 to 4 | 10.68 | 11.64 | 15.2 | 14.3 | 29.99 32.36 18.4 19.8 |
| Medium | Between 4 to 10 | 7.90 | 8.21 | 11.3 | 10.1 | 48.23 49.60 29.7 30.4 |
| Large | 10 and above | 2.80 | 2.44 | 3.9 | 3.0 | 50.08 42.82 30.0 28.3 |
| | | 70.49 | 81.52 | 100.0 | 100.0 | 162.12 163.14 100.0 100.0 |

SOURCE: Government of India, All India Report on Agricultural Census, 1970-71 p.26.

See also, Illustrated Weekly of India (January 4, 1981) p.19 and Commission Annual Report (Vol.139, No.3577, Bombay 1980) p.263.

problems. The failure to evolve an efficient market mechanism is also an allied factor in this respect. The vital role marketing could play to place agriculture on a basis of economic equality with industries was totally ignored.¹⁵ The fundamental mistake made was that production and marketing were viewed as separate and independent functions. This conceptual error has corroded the already inefficient agricultural sector further. Marketing, in fact, may be seen as a part and parcel of the productive process - the part at the end that gives point and purpose to what was gone before. What is gained by increased yield per unit of land will be offset by low uneconomic prices and the wasteful marketing system now obtaining in private mandis. If farmers' income is to be enhanced appreciably, the adoption of improved production techniques must go hand in hand with efficient marketing.¹⁶ John P. Lewis of U.S. Agency for International Development pleaded so long back for bold steps to invigorate the market mechanism which he has described as the most effective self-adjusting incentive system yet discovered for mobilising the purposes and energy of the individual

¹⁵ Rao, B. Rama, "Marketing of Agricultural Produce", Agricultural Marketing (Vol.VI, No.3, Nagpur, 1963) pp.14-17.

¹⁶ Mirchandani, "Marketing and Farm Management in India", Agricultural Marketing (Vol.VI, No.1, New Delhi, 1963) p.2.

cultivators to the furtherance of national interests.¹⁷

According to M.S. Swaminathan, "Marketing becomes essential to insulate the farmers from the vagaries as well as the exploitative nature of the market mechanisms prevailing in most parts of the country".¹⁸ The need for an efficient marketing system and its contributions to agricultural and economic growth and total development have been stressed in numerous studies.¹⁹

¹⁷ Quoted in, Singh, Pratap, "Better Marketing as a Powerful Incentive for Increasing Agricultural Production", Agricultural Marketing (Vol.XI, No.2, New Delhi, 1968) pp.1-2.

¹⁸ Swaminathan, M.S., op. cit., p.19.

¹⁹ Fletcher, L.B., "Commodity Markets and Marketing", in Iowa State University Centre for Agricultural and Economic Development: Economic Development of Agriculture - The Modernization of Farming, (Des Moines, Iowa, 1965) pp.132-141.

Abbot, J.C., Marketing Problems and Improvement Programmes F.A.O. Marketing Guide (Rome, 1958) pp.65-90.

_____, "The Role of Marketing in the Development of Backward Agricultural Economics", Journal of Farm Economics (Vol.44, May 1962) pp.349-362.

Schultz, Theodore, W., "Economic Growth from Traditional Agriculture", in Agricultural Science for the Developing Nations, American Association for the Advancement of Science Publications, (Vol.76, New York, 1964) pp.185-205.

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Israeli, Dov, et. al., Marketing Systems for Developing Countries (Jerusalem, 1976) pp.1 to xv.

Rao, Rameshwara, T., (Ed.), New Perspectives in Marketing (New Delhi, 1976) pp.1-16.

Inspite of the fact that the need for an efficient agricultural marketing system is stressed in all these writings the Indian experience in this respect is ^{not} quite satisfactory. Agriculture is described as the "mother of Indian economy" since this sector provides employment to 70 per cent of the working population.²⁰ If Indian agriculture is still showing the latent characteristics of subsistence farming, the neglect of evolving an efficient marketing system accounts in large part for the phenomenon. Perhaps this may be the case with all less developed economies. This neglect is because, as J.C. Abbot points out, an "explicit analysis of the role of marketing in the development of the less advanced countries began only a few years ago".²¹ It should be stated here that the optimal functioning of an economic system depends upon the even matching of the capability and efficiency levels obtained by its productive and distributive systems. Even the most sophisticated productive system would be incapable of attaining and maintaining peak efficiency levels, if the distributive system fails to function at the desired level of efficiency. The technology and newer inputs may, no doubt,

²⁰ Department of Agriculture and Co-operation, Report 1951-52 p.1. See also Table 1.2.

²¹ Abbot, J.C., "The Development of Marketing Institutions", in Herman, M. South Worth, et. al., Agricultural Development and Economic Growth (Ithaca, New York, 1973) pp.267-298.

initiate improvements in agricultural production but, to sustain the development there should be an efficient marketing system.

The critical and continuing role of marketing in agricultural production and economic development becomes clearer when its linkages to other sectors is examined in greater detail.

Marketing had its beginning in agriculture. It developed beyond the stages of self sufficiency, when man was able to produce more food than he needed for himself. This transition from "production for consumption" to "production for exchange" came about slowly. In fact, the marketing economy of India today is still a part of this transitional stage.²²

This may also be true of other less developed countries. Because agriculture in these different countries is diverse, they present a corresponding diversity of development problems. Countries differ with respect to endowment of natural resources and density of population in relation to them. They also differ with respect to the level of technology and the structure of production, the social, cultural

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Brunk, E. Max, and Darrah, L.B., Marketing of Agricultural Products (London, 1955) p.18.

and educational pattern and the stages of economic development itself.²³

The real role played by the agricultural marketing in economic development is emphasized by Kahlon. He says: "Expansion of marketing outlets is, to a great extent, a necessary accompaniment by the process of economic planning".²⁴ Production, processing and all levels of selling should become highly coordinated units of a single marketing system. This alone will tend to shift from subsistence to commercial agriculture. Needless to say, such a process will ultimately result in increasing the amount of marketable surplus in the economy as a whole. The same viewpoint has been expressed in a host of writings in this respect.²⁵

²³ Herman, M. South North and Bruce, F. Johnston, Agricultural Development and Economic Growth op. cit. p.IX. See also, Desai Vasant, Agricultural Development - A Case Study (Bombay, 1976) pp.83-93. Desai, V.R. Mutalik (Ed.), The Strategy of Food and Agriculture in India (Bombay, 1969) p.157.

²⁴ Kahlon, A.A. and Reed Charles, "Problems of Marketable Surplus in Indian Agriculture" Indian Journal of Agricultural Economics (Vol.XVI, No.1, Bombay, 1961) pp.46-50.

²⁵ See, Collins, N.R. and Holton, R.H., "Programming changes in Marketing in Planned Economic Development", Indian Journal of Agricultural Economics (Vol.XVI, No.2, Bombay, 1963) pp.123-135; "Seminar on Emerging Problems of Marketing Agricultural Commodities", The Indian Society of Agricultural Economics, (Bombay, 1972) p.261; Food and Agricultural Organisation, Marketing Problems and Improvement Programmes (New York, 1958) p.229; Anand, H.S., "Marketing of Apples" Economic Times (Bombay, 29 August, 1976) p.8; Iyengar, S. Keesava, "The Failure of Indian Agriculture", Indian Journal of Agricultural Economics (Vol.1, No.1, Bombay, 1946) pp. 42-50; Vyas, V.S., "Marginal Farmers: Strategy for Rehabilitation" and Rajagopalan, V., "Tamilnadu: Focus on Efficient Production", in Commerce Annual Digest (Bombay, 1960) pp.13 and 247.

According to C.D. Vincent, the importance of agricultural marketing does not come from viewing it in the sense of cost reduction and economy in the movement of goods.²⁶ The marketing system has an important function to perform in economic development in stimulating and facilitating the production of goods for the market, and to this end action and investments in the various aspects of the chain can be advocated. Fletcher, L.B. on the other hand, is against the centuries old belief that marketing is unproductive in nature. Countering the crude notion of the nonproductivity of marketing is the growing realisation that the activities performed in transforming farm products in space, form and time are a useful and necessary part of the economy.²⁷ Thus it could be stated that there is an unbreakable linkage among efficient agricultural marketing, agricultural growth and the resultant economic growth of a country.

Unfortunately, this linkage and its consequent effects on other sectors were not recognised in full perspective or were neglected in the past. Ample evidences are available to prove this neglect, as was indicated in one of the earlier paragraphs. For instance, during the preindependence period the National Planning Committee, in response

²⁶ Vincent, C.D., "Marketing and Economic Development", in Warley, T.K., (Ed.), Agricultural Producers and their Markets (London, 1967) pp.75-79.

²⁷ Fletcher, L.B., Op. Cit., pp.132-141.

to the report of a Subcommittee on Rural Markets and Finance, endorsed many resolutions on credit but only a few on marketing. It may be thought that this state of affairs, like the frequent neglect of transport and marketing in colonisation schemes, was the consequence of an ideological revulsion against a market economy with its general overtones of capitalism of specific association with rapacious money lending traders.²⁸ J.C. Abbot states that the marketing content of most national development plans is at present very low.²⁹ Uma Lale attributes specific reasons for this neglect, viz. lack of data. The nonstandardised marketing system, together with multiplicity of small scattered transactions, makes the actual working of the agricultural trade remain a dark area about which very little is known.³⁰

In most of the less developed countries this neglect continues. They have not fully accepted the view that agricultural marketing is an essential element in agricultural development. It is stated that the principal cause for this

²⁸ Farmer, B.H., Agricultural Colonization in India since Independence, (London, 1974) pp.200-210.

²⁹ Abbot, J.C., "Marketing Issues in Agricultural Development Planning", in Reed, Meyer, et. al., (Ed.), Markets and Marketing in Developing Economies (New York, 1968) pp.87-123.

³⁰ Lale, Uma, J., "Traders of Sholapur", in Mellor, John, W., et. al., Developing Rural India - Plan and Practice (Ithaca, New York, 1968) p.237.

neglect is the lack of understanding on the part of government officials of what constitutes agricultural marketing, particularly on the part of officials at the policy making level.³¹

The neglect or ignorance about the working of the markets has very serious implications. There is the possibility that there could be certain misconceptions about the existing system. The bureaucracy might take it for granted and may design and implement policies which are later on, found to be costly and irreversible. For instance, there exist certain misconceptions on the function of middlemen, who are repeatedly described as miscreants and should therefore be eliminated.

As far as India is concerned the introduction of the co-operative system was once considered the most logical policy for bringing about efficiency in the distributive system by eliminating the traditional middlemen. Consequently, public investment was enlarged but the impact created by such an institution has not been completely satisfactory.

³¹ Spinks, G.R., "Attitudes Towards Agricultural Marketing in Asia and the Far East", in The Indian Society of Agricultural Economics, Corporate Experiences of Agricultural Development in Developing Countries of Asia & the South East since World War II, (Papers and Proceedings of International Seminar held at New Delhi, 1971) pp.205-224.

In the words of P.K. Mukherjee, "The role of rural institutions in the agricultural development of less developed areas, though widely recognised, is either not always properly defined and delineated or, what is worse, is unduly exaggerated so that very high expectations are built around many such institutions".³² One of the best examples in this context is India herself.

The diagrammatic representation given in Fig.1.1 will show the fundamental components leading to the various defects in the existing system of agricultural marketing.

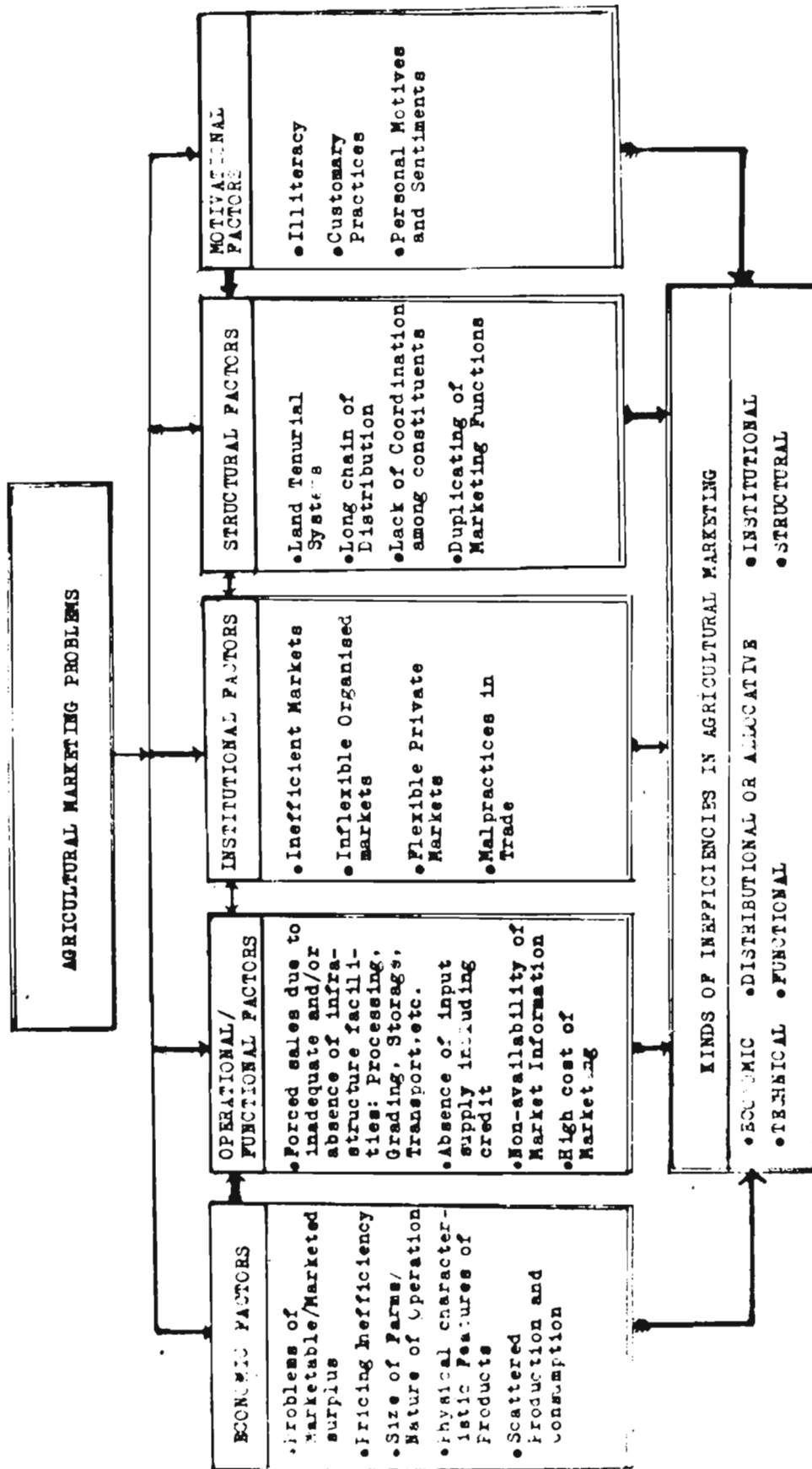
Normally production influences the marketing channels practices, costs, margins, etc. A large marketable surplus necessitates an efficient marketing structure which in turn has a powerful stimulating effect on the emergence of additional surplus.³³ Some recent studies have revealed that there exists considerable economic inefficiency in the existing marketing system.³⁴ The wide price fluctuations, often without corresponding changes in supply and demand are indicative of this. Table-1.4 below indicates the extremely wide variations in the prices of agricultural products during the year 1978-79

³² Mukherjee, P.K., "The Role of Institutions in Asian Agricultural Development", in Asian Agricultural Survey, by the Asian Development Bank, (1969) pp.403-432.

³³ Jadarwalla, Zaibun, Y., Marketing Efficiency in Indian Agriculture (Bombay, 1966) p.2.

³⁴ One such study has assessed the extent of the inefficiency to the tune of even 36.53 per cent and that farmers' income can be increased by 56.55 per cent over the existing level by proper utilisation of the resources and technology. See, Sampath, R.K., "Nature and Measurement of Economic Efficiency in Indian Agriculture", Indian Journal of Agricultural Economics (Vol.XXXIV, No.2, Bombay, 1979) pp.17-34.

FIG. 1.
 Diagram showing Interrelationship of Various Marketing Problems



period indicating the basic economic inefficiency of Indian agriculture. There are marked variations in other years also, though perhaps not to the same degree.

Table 1.4
Price Variations of Certain Selected Commodities
1978-'79

| Commodity | Place | Price per quin- tal | | Percentage of varia- tion |
|-------------------------|----------|------------------------|-------------------|---------------------------------|
| | | 1978 April Rs. | 1979 April Rs. | |
| Potato- Desi variety | Patna | 45 | 120 | 266.66 |
| Onion Bombay variety | Calcutta | 55 | 130 | 236.36 |
| Groundnut oil | Bombay | 672.50 | 750 | 115.24 |
| Sugar | Bombay | 209 | 362 | 173.21 |
| Tomato | Nadras | 65 | 168 | 258.46 |

Source: Directorate of Economics and Statistics, Agricultural Situation in India, May 78 to April 1979 (New Delhi).

The economic inefficiency may be due to more than one factor, viz., inflationary impact, trade manipulations or inadequacies of storage, processing and transportation facilities. In the context of such wide price fluctuations it will not be desirable to leave agricultural marketing

to the mercy of uncertain market forces. Allied with this is the problem of increasing marketable surplus and marketed surplus to economically viable quantities. The size of marketable surplus depends on the volume of production and the market prices. It also depends on the quality and other factors pertaining to the commodities. The rules and regulations of markets and levies and taxes on marketing also have an impact on the size of the marketable surplus. A developing economy, starting with a large agricultural base should aim at increasing its marketable surplus. Indian experience, however, is not very steady in this respect. On the contrary, there has at times been a decline in marketable surplus in respect of certain commodities.³⁵

V.R. Mutalik Desai asserts that this is the crux of the agricultural marketing problem.³⁶ This problem is aggravated "in a country of the size of India, with such a wide range of agricultural products cultivated over different agro-climatic regions".³⁷

The various economic inefficiencies listed are, in fact, contributed by other factors. These causes individually and jointly operate in a vicious circle causing a

³⁵ This may be partly due to a variety of reasons, such as growth of population, lowering of production due to vagaries of climate, fragmentation of holdings, etc. for a detailed discussion, see, Saxena, B.S. and Khoskar, R.A., "Role of Agricultural Marketing", Commerce Annual Number (Bombay, 1960) pp.12.

³⁶ Desai, V.R., Mutalik (Ed.), pp.166.

³⁷ Central Advisory Committee, Report of the Working Group on Agricultural Marketing and Role of Regulated Markets, 1979, p.2, quoted in Saxena, B.S., et. al., pp.12.

total inefficiency in agricultural marketing. This will be evident from the analysis of operational or functional inefficiencies. One such is the "forced sales" or "immediate post-harvest sales" in villages. Most of the functional inefficiencies noted in Fig.1.1 contribute directly and/or indirectly to this state of affairs.

Agricultural commodities have certain peculiar characteristic features. They have varying physical attributes such as bulk, perishability and in most cases the products need processing before they are brought to the market. These constraints often compel the producers, especially the small and marginal ones, to sell the products in local markets. For example, cultivators of tapioca at present receive only a nominal price when they sell the produce in the easily perishable form as tuber or as chips which may last only for a few months. Consequently, these find a sale only in a local market. On the other hand, tapioca processed into flour and starch would have enabled them to expand the market for their products and secure higher prices.³⁸ Contrary to this

³⁸ Tamil Nadu offers best example in this instant. Tapioca flour manufacturing initially was concentrated in Salem District, where no tapioca was locally produced. The supply of tuber for these mills had to be arranged from southern districts, and the growers' anxiety to sell away the produce at the earliest was capitalised by the intermediaries. This position continued till the dispersal of flour mills to other areas. By the time, tapioca cultivation began in the Northern Districts also.

practice is the case of cotton in U.S.A. which is first ginned and then sold.³⁹ Due to the non-availability of ginning facilities, the cotton growers in India are forced to sell unginned cotton and thereby suffer price disadvantages.

Another reason traceable to the 'forced sales' is the lack of institutional credit facilities. It is said that, "Indian farmer is born in debt, lives in debt and dies in debt". In more recent times, the situation has undergone some change and they are less at the mercy of the moneylenders. But much more requires to be done to redeem the Indian farmer from his indebtedness.⁴⁰ The moneylenders force the farmers to sell their produce much below the market price and that too immediately after the harvest. In most cases Indian farmer is a "price taker" only and he is forced to make contracts for sale of his products even during pre-harvest periods.

An opposite view, however, does not accept that indebtedness is the sole reason for forced sales. Studies have been conducted to prove that "during seasonal period..... farm and retail prices would be rising after harvest to cover holding costs but the margin between these prices is

³⁹ Srivastava, R.S., Agricultural Marketing in India and Abroad (Bombay, 1960) p.76.

⁴⁰ Agarwal, V.K., "Problems of Agricultural Marketing in India", Indian Journal of Marketing (Vol.XI, No.9, New Delhi, 1981) pp.23-24.

any given period would be relatively constant throughout the year".⁴¹

Besides, lack of storage and of transport facilities also compel the growers to dispose off their products at the earliest.^{41A}

Lack of availability of market information is another important area that requires special treatment. At present, there are no effective means to transmit market information from one market to the other. For performing the equalization function of marketing, availability of such information and their processing is indispensable. Some commodity survey reports have been published but they are not helpful in the present context. Institutional, area and functional approaches would have been more useful to identify specific problems and in suggesting their solutions. Moreover, such

⁴¹ Leon, A. Mears and Teresa, L. Anden, Who Benefits from Post-Harvest Rice Price Rise? The South East Asian Studies, (Vol.9, No.4, March, 1972) pp.136-152; See also, Lele, Uma, J., Efficiency of Jaggery Marketing - A Study of Regulated Markets in Western India, Unpublished Ph.D. Thesis, Cornell University, 1965; Malcom, J. Purvis, Marketing of Food Grains in India - An Economic Appraisal of Government Intervention, unpublished Ph.D. Thesis, Cornell University, 1964 (Both as reported by Meller, W. John in The Economics of Agricultural Development (Ithaca, 1966) pp.33-41.

^{41A} Naidu, M.R. and Reddy, T. Govardhan, "A Critical Review of Jaggery Marketing at Anakappali R.M. (A.P)", Agricultural Marketing (Vol. XXIV, No.3, New Delhi, 1961) pp.13-18.

information should flow from one end to the other almost continuously to make a regular assessment of the situation, because production techniques or marketing procedure do not remain static, especially under the planning and growth stage.

Finally, the seller of agricultural produce is beset with the incidence of high cost of marketing. The high cost of marketing is normally reflected in the final price paid by the ultimate consumers. One reason for this high cost is that the marketing channels for most of the agricultural produce is unduly long. It is also characterized by the presence of a large number of middlemen. Each middleman normally specialise in any one of the marketing functions only and, this ultimately ends up in high prices. In certain other cases where the channel of distribution is relatively shorter, the cost may not be proportionately reduced. This is due to the rendering of services most inefficiently. A glaring example is found in the marketing of foodgrains at the national level, where a clear misallocation of supplies over time and space is found. (For example, distribution of foodgrains by Food Corporation of India.) One fact needs to be stressed here. If marketing costs can be reduced through the operation of a more efficient system, consumption will be enhanced through the lowering of retail prices without any comparable reduction in the prices received by the farmers.

But it should also be understood that increase in marketing costs might be due to better marketing services. In developed countries high marketing costs are often justified on the basis of better services provided to consumers.⁴²

It has been pointed out that the agricultural marketing situations existing in most of developing countries are comparable to each other. For example, in Ghana institutionalised buyers offer very little competition to private trading at the farm level and do not help the farmer to solve his transport problems. In areas where it is difficult to obtain transport, farmers have no choice but to sell to any private trader who approaches them. The private traders' hold on the farmer is strengthened by his role as a supplier of credit. From this vantage position he can often dictate to the farmer the time and place of sale and the price of commodity.⁴³ In spite of the presence of institutionalised buyers like, Food Corporation of India; Cotton Corporation of India, etc. the Indian ^{condition} ~~Cotton~~ is in no way different from or better than what is described above.

⁴² Mathew, E.T., "Towards Better Marketing Organisation for Indian Agriculture", Indian Journal of Agricultural Economics (Vol.XII, No.2, Bombay, 1957) pp.186-195.

⁴³ Anyane, S. La; "Some Constraints on Agricultural Development in Ghana", in Islam, Nural (Ed.) Agricultural Policy in Developing Countries (New York, 1974) p.396.

From the foregoing discussion it would be clear that operational or functional inefficiency in Indian agricultural marketing is the fundamental defect. The effect of this is spread to other components and thereby making them also inefficient.

Institutional factors form the third major group of defects in Indian agriculture. India has set up a chain of institutions with specific objectives of helping the growers. But these institutions have mostly failed to achieve the objectives for which they were established.

One reason for the failure of these institutions appears to be that the idea of these institutions were taken from the West and implemented in India without making any alterations to suit the Indian conditions. As Galbraith says, "Transferred to Africa or to India they (organisations or institutions) may be as redundant and even damaging as they would have been in the United States in its comparable stage of economic development. The burden of proof must be on those who propose the transfer of organisation and services."⁴⁴ Most of the institutions were initiated by the Government and naturally the 'return on public investment'

⁴⁴ Galbraith, J.K., Economic Development (Cambridge, Massachusetts, 1964), pp.1-12.

was the underlying criteria that often decided the nature of these organisations. The demand for any organisation with a fundamental reform should come from the affected parties if such an organisation is to be result-oriented.⁴⁵ It was thus that in organising Commodity Boards, U.S.A. and U.K. followed the principle that the demand for such Boards should come from the growers of a particular commodity.⁴⁶

The various institutions created in the field of agricultural marketing remained inefficient partly due to the conceptual defects and partly due to the influence of other inefficient elements illustrated in Figure 1.1. The co-operative societies working in India are good examples of such inefficiencies.

Another important aspect to be considered under the institutional factors is the absence of vertical integration in the Indian agricultural marketing. "Vertical Integration exists where one firm owns or completely controls several stages of production of a commodity and where at each stage there is produced a commodity which can itself be independently

⁴⁵ Ganquice, N., The Indian Peasant and his Environment - The Linlithgow Commission and After (London, 1935) pp.65-67.

⁴⁶ A detailed analysis of the organisation and working of the Commodity Boards is given in Chapter 6.

marketed.⁴⁷ The process of vertical integration is an important development in the market structure realm as it represents intricate interrelationships between market structures and firm conducts.⁴⁸ But in India, due to lack of such an integration the farmer becomes, ineffect, little more than a paid employee, though he is paid for his output rather than for his time.

According to Breimyer, when horizontal concentration and vertical integration are combined, a great deal of market power can be generated.⁴⁹ Wherever traditional agriculture system is followed, the entrepreneurial factor is always independent from its supplies and its buyers. Vertical integration can, therefore, be treated as an antithesis of the entrepreneurial independence.⁵⁰ Thus, vertical integration means an acquisition of control by a firm of one production process of inputs, processes, or output levels of other production processes. This is usually done through a contractual system or by simple understanding for mutual benefits. It should, however, be noted that this may cause some sort of

⁴⁷ Capetis, Margaret, The Economics of Agriculture, (London, 1970) p.110.

⁴⁸ Norton, R. Solomon, The Structure of the Market in under-developed Economics, (New York, 1957) p.62.

⁴⁹ Breimyer, Harold, F., Individual Freedom and the Economic Organization of Agriculture, (DeMolnes, Iowa, 1965)pp. 108-111.

⁵⁰ Ibid.

market imperfections but the integrator has a more decisive say in the margins. Theoretically, therefore, it is not incorrect to say that this type of integration brings about great operational efficiency and more production than in the less integrated systems. This is because vertical integration is not a simple addition of one or more stages of the production and distribution processes. Rather it imparts a qualitative change to the whole process alongwith its cost structure and technical co-efficients, thus becoming a crucial force of structural change.⁵¹

In India, the progress of integration is weak. It is all the more so in the case of agricultural marketing where sub-divisions and fragmentations still hold the reins. Infact, one of the aims in introducing the principles of co-operation was to offer certain powers to farmers through a vertically integrated organisation and thus to free them from the clutches of the many evils to which they were subjected to in the past. But the idea did not turn out to be quite successful. At best, their activities were limited

⁵¹ Merton, R. Solomon, op. cit., p.78. He further suggests that a vertical integration model of "Producer-Handler-Consumer" will be apt for India. Under this model there will be complete integration. It will assure elimination of market malpractices, and will ensure stability of prices and income for the whole agricultural sector. Regulated Markets (RMs) ought to have been designed under this model.

to that of a dignified money lender. They did not give the desired or expected market power to the growers.⁵²

Some empirical studies have proved that vertical integration through the co-operatives has increased the farmer's income upto maximum of about 15 per cent. It is further stated that in the stable co-operatives such as dairy, sugar and fruits and vegetables the percentage of value added passed on to the farmers is greater than 30 per cent.⁵³ This is indicative of two pertinent aspects. Firstly, co-operative institutions, if properly organised, can give the benefits of vertical integration. Secondly, co-operatives in India so

⁵² Four types of vertical integration applicable to India may be cited as:

1. Contractual arrangement with the farmer. The village money lender who also act as an assembling agent gives loans to agriculturists on condition that the production still lying in the field or seeds not yet sown, when harvested would be deposited with him. This form of vertical integration is dominant in India, and is definitely a handicap to perfect marketing. Moreover, the benefits of vertical integration, viz. market power, is enjoyed by the intermediary in this arrangement and the grower is out of the picture.
2. Lands owned and cultivated by the processor. This is mostly found in plantation agriculture as for examples, in tea, cardamom, etc.
3. Co-operatives.
4. Producer-handler-consumer, referred to in the previous paragraph.

⁵³ Shah, D.C. and Rao, K. Hanumantha, "Price Spread in Groundnut Marketing at Macro Level", Indian Journal of Agricultural Economics, (Vol. XXXIV, No.4, Bombay, 1979) pp.149-155.

far have not very much helped in vertically integrating agricultural marketing.⁵⁴

It is these institutional inefficiencies that make the 'markets' imperfect in many respects. Such markets fail to translate production into effective consumption, create instability in prices and supply and increases the cost of marketing. One of the basic defects of Indian agricultural marketing is not the lack of institutions but the absence of efficiency in them. Secondly, they are founded on certain inflexible basis which become easily obsolete in fastly changing economic environments. The story of all marketing institutions particularly that of co-operatives and regulated markets (RMs) correspond to what is stated above. It could be hypothesised that their failure springs from institutional inefficiencies.

The structural factors are the fourth set of factors contributing as constraints to an efficient agricultural marketing system. Malpractices in trade, especially in the numerous unorganised markets spread out in the rural areas, has often been cited as a patent defect of Indian agricultural marketing. Reasons for the malpractices are many and varied.

⁵⁴ For a detailed study, See, Slater, C. Charles, "Marketing A Catalyst for Development", in Dos Israeli, et. al., Marketing Systems for Developing Countries, INCOMS Proceedings Vol.1 (Jerusalem, 1974) pp.3-18.

The very nature of dispersed production of agricultural commodities, and that too, in very small quantities, and similarly the widespread and scattered consumption, again in small quantities, afforded an atmosphere for malpractices. This in turn attracted numerous intermediaries in the pretext of performing certain functions and thereby making the entire marketing operation costly. In order to augment the income, the intermediaries introduced multiplicity of charges, besides adopting a number of malpractices.⁵⁵ Recent studies prove that the marketing cost met by the peasants in the private mandis was 77 per cent higher than that incurred in other markets.⁵⁶

Regarding the multiplicity of middlemen and of charges, opinions differ sharply. Some authors are of opinion that "the popular view of trade as an exploitative and anti-social activity" is not real. They justify further that if at all

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For different kinds of charges collected by the intermediaries, and their malpractices, see, Appendix-I and Appendix-II.

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Arora, V.P.S. and Jayspragash, S.P., "Comparative Efficiency of Alternative Marketing Agencies of Groundnut in Tamil Nadu in respect of Marginal, Small and Large Farms", Indian Journal of Agricultural Economics, (Vol.XXXIV, No.4, Bombay, 1979) p.219.

such a condition exist, it is due to general neglect of distribution, which again is a concomitant of low income countries.⁵⁷

Elliston also endorses the opinion:

"The fact that the alleged practice of middlemen to buy supplies during the surplus period of the immediate post-harvest season and to hold them until the period of relative scarcity later in the season affords benefits to both consumer and producer is rarely considered. Increased purchasing by traders in the post harvest period forces prices up, thus benefiting producers. Release of stock during the high price period later in the season has the effect of increasing supplies and so lowering prices, to the benefit of the consumers".⁵⁸

⁵⁷ Lela, Uma, J., Foodgrain Marketing in India - Private Performance and Public Policy (Ithaca, 1971) p.11. Almost same opinion has been expressed by some other authors.

"..... wide fluctuations in prices are erroneously attributed to the activities of speculators..... The data bearing on the prices of food stuffs suggest empirically what is obvious on general grounds, that these fluctuations are not caused by the activities of traders and speculators..... prices for the same product may differ considerably between nearby areas..... The discrepancy may persist, because of high cost of transport or imperfect market intelligence....."

See, Bauer, P.T., West African Trade, (England, 1963) pp. 388-389, Lela, Uma, J., "Traders of Sholapur", in Developing Rural India, Mellor, W. John (Ed.) op. cit., pp.237-294; Abbot, J.C., "The Development of Marketing Institution" in Southworth, Herman (Ed.), Agricultural Development and Economic Growth, op. cit., pp.364-399.

⁵⁸ Elliston, G.R., "The Role of Middlemen in the Fishing Industry of West Malaysia", Review of Agricultural Economics, (December, 1976) pp.16-17.

He concludes that the criticism of the private marketing system by Government officials, is in many cases unfounded.⁵⁹

The supporters of this argument claim that redundant middlemen will be automatically eliminated from the channel of distribution. For this process, there is no need for official intervention.⁶⁰ G.R. Spinks goes to the extent of praising the middlemen in saying, "Often middlemen is the first to bring the producer into the money economy, infact he alone often creates the market".⁶¹

In spite of such comments, it is still true that numerous middlemen exist and that they try to exploit the unorganised and illiterate small producers. There are plenty

⁵⁹ Ibid.

⁶⁰ Bauer, P.T. and Yamey, B.S., Markets, Market Control and Marketing Reform, (London, 1968) pp.30-68. They point out that the statutory measures to prevent specific abuses are unnecessary under competition and are likely to be ineffective under monopoly. This is applicable to underdeveloped areas where the situation is usually a mixture of competitive and monopolistic elements. Accordingly, the statutory measures for the elimination of abuses are partly unnecessary and partly ineffective.

⁶¹ Spinks, G.R., op. cit., pp.2-16. The same opinion is expressed in Makings, S.M., Agricultural Problems of Developing Countries in Africa, (London, 1967) pp.101-131. See also, Mittendorf, Rural Markets - Innovation Centres for Small Farmer Development, (Bangkok, 1960) mimeo, p.6, contends that ".....private trade act as innovator, an agent of change and should be fully integrated in the rural development strategy".

of evidences available to prove this. For instance, Gangulee observes that the cultivators were not telling the true story and that they were afraid of the brokers and others with whom they had to deal.⁶² He narrates that the buyers manipulated the prices, made unauthorised deductions, and followed defective weightment systems, etc. By occupying a strategic position between the producers and consumers the trader acquired considerable market power and introduced procedures and practices in the markets which were to his advantage.⁶³ Further,

⁶² Gangulee, N., op. cit., pp.78-79. See also, "Fair Market is still a Far Cry", p.17, The Hindu (Madras, November 25, 1979) p.17.

In reviewing the book, "Transitional Trade and Rural Development - The Nature and Role of Agricultural Trade in a South Indian District" by Barbara Harris, the Reviewer, Nadkarni, M.V., states: "To characterise agricultural trade as imperfect and rather unhelpful to the development of agriculture was common-places till such a view was almost obliterated by "certain American economists (eg., Mellor and Cummings) and some of their Indian disciples (eg., Uma Lele and Jastanwala)". For quite sometime, they were not seriously challenged even in Indian Marxian writings....." Indian Journal of Agricultural Economics, (Vol.XXXVII, No.4, 1982, Bombay) p.

See also, Rudra, Ashok, "On so-called Marketing Efficiency", Indian Economic Review (Vol.XV, No.4, Bombay, 1980) and Harris, Barbara, "There is Method in My Madness or Vice-Versa? Measuring Agricultural Market Performance", Food Research Institute Studies (Vol.17, No.2, Mysore, 1979)

The references cited under No.19 also justify the need for intermediaries and held the view that "many public servants and economists are strongly biased against middlemen".

⁶³ Bedekar, S.K., "Primary Assembling Markets, Agricultural Production and Distribution" in Waheeduddin Khan (Ed.) Papers on Seminar on Rural Institutions and Agricultural Development (New Delhi, 1972) pp.279-283. See also, Ghosh, Alak, Indian Economy - Its Nature and Problems, (Calcutta, 1979) pp.240-258.

the malpractices are not something particular to India but is a universal phenomena. The experience of U.K. has also not been different. As Venn points out, "In no other country in the world has the cleavage between the producer and the middlemen become so marked, and many thousands of persons make a living by buying and selling grain that they never handle".⁶⁴ The preamble of the Agricultural Marketing Act and Federal Farm Boards (1929) of the U.S.A. is also indicative of the middlemen's high handedness in the distribution of agricultural produce. The introduction of Regulated Markets in India following the Report of the Royal Commission on Agriculture in 1933 is a clear proof of the existence of malpractices in the channel of distribution at that time.

The second element that contributes to structural inefficiency is the land tenure systems which have been

⁶⁴ Venn, J.A., The Foundations of Agricultural Economics together with an Economic History of British Agriculture during and after the Great War, (London, 1933) p.315. It also depicts another incident: "A vessel with 40 Tons of Potatoes arrived at Portsmouth a few days since, from Jersey, for which the master had given in that island 20 shillings per ton; immediately on her anchoring she was visited by a speculator who purchased the cargo at 45 shillings per ton; on his way he met a second speculator, who gave him 50 shillings per ton, which the third speculator retailed in a few hours after the arrival of the vessel at 80 shillings per ton. If they were sold retail at the then market price 6-7-8 could have obtained for what a few days before cost 20 shillings" (As reported in The Times, (London, 20 May 1902).

subjected to constant changes. It is to be stressed here that the system under which the cultivator works is of key importance in determining the pace and character of agricultural development.⁶⁵ The series of land reforms made without much forethought have split up the operational land into small, marginal, medium and large holdings. As the experience proves, land ceiling was not an unmixed blessing, though it was founded on theories of social justice and egalitarianism. The Gandhian concept also favoured small units and was popular for its romantic appeal. There was also the argument that "technology is neutral to size".

From the marketing point of view, small holdings pose difficult problems. Marketable surplus and marketed surplus in such circumstances may dwindle and will, therefore, affect the efficiency of marketing. It is estimated that only

⁶⁵ There were three basic land tenure systems in existence in India - the Zamindari system, the Ryotwari system, and the Mahalwari system. These systems harmed the cultivator and the agricultural development. The Five Year Plans recognised these problems and corrective steps were taken to reform tenancy conditions which had resulted in fragmentation of holdings making each unit uneconomic. Table 1.3 gives a sketch of this situation. Consequently government took steps to consolidate the holdings, but the problem still remains to be solved.

See, Joshi, P.C., Land Reforms in India, (New Delhi, 1976) p.87, Deoras, D.R., "Swelling Ranks and Empty Bellies", Commerce, (Vol.141, No.3627, Bombay, 1980) p.1212.

about 30 per cent of the food grains produced in the country reach the market and that every year there is a fall by 3 to 4 per cent. This is because the holdings are rapidly breaking down into marginal and submarginal status. They produce less and less surplus for the market, as subsistence holdings proliferate in the countryside.⁶⁶ This will increase the cost of agriculture and hence the cost of marketing. One can only hope that the Integrated Rural Development Programme and other similar schemes might, in course of time, solve this problem. However, for creating efficiency in marketing the pooling of produce to economic quantities or the provision of marketing facilities near the farms may provide some relief.

Finally, motivational or human factors also contribute to some sort of inefficiencies in the existing agricultural marketing system. Motivational factors are contributed mainly by customary practices and illiteracy. The pursuit of traditional methods and practices in production and marketing and the strict adherence to customs and beliefs by ryots are real impediments in the growth of an efficient agricultural marketing system. The basic reason for this is illiteracy among the farmers which paved way for adoption of heterogeneous methods of marketing. As such, methods of

⁶⁶ Chacko, Valase, I., "Agricultural Policy: An Area of Conflict", *Compass* (Vol.141, No.3625, Bombay, 1960) pp.1117-1118.

marketing vary, not only from commodity to commodity, but also from one region to another for the same commodity and from season to season.⁶⁷

It has been pointed out that agriculture must be treated as industry and input-output ratios formulated on the basis of national farm accounts or else, the agrarian revolution which is in the offing may not come off.⁶⁸

The Indian agricultural marketing mechanism has not been very effective. It has failed to cater to the interests of the consumers and the producers. Traders and middlemen have very often taken advantage of the situation by aggravating the scarcity through their overall command of the market.⁶⁹

For agricultural development to take place, it is essential that farms become more and more commercial, producing increasingly for the market. This change, however, can not take place overnight. The reorganisation of the agricultural marketing system is closely linked to the

⁶⁷ Shirname, T.G., "Teaching and Research in Agricultural Economics", The Indian Journal of Agricultural Economics, (Vol.IV, Bombay, 1949) pp.56-68.

⁶⁸ Srinivasan, M., A Decade of Agricultural Development in India, (Bombay, 1965) from the preface.

⁶⁹ Mitra, P. Pratim, "Surplus for 'food-for work' Programme", Commerce, (Vol.138, No.3545, Bombay, 1979) p.940.

development of agricultural production. Changes in the technological base of agriculture leads to increase in agricultural production. This will in turn bring about changes in marketing. There will however be a time lag between the two processes during which the economy may experience some dislocation.⁷⁰

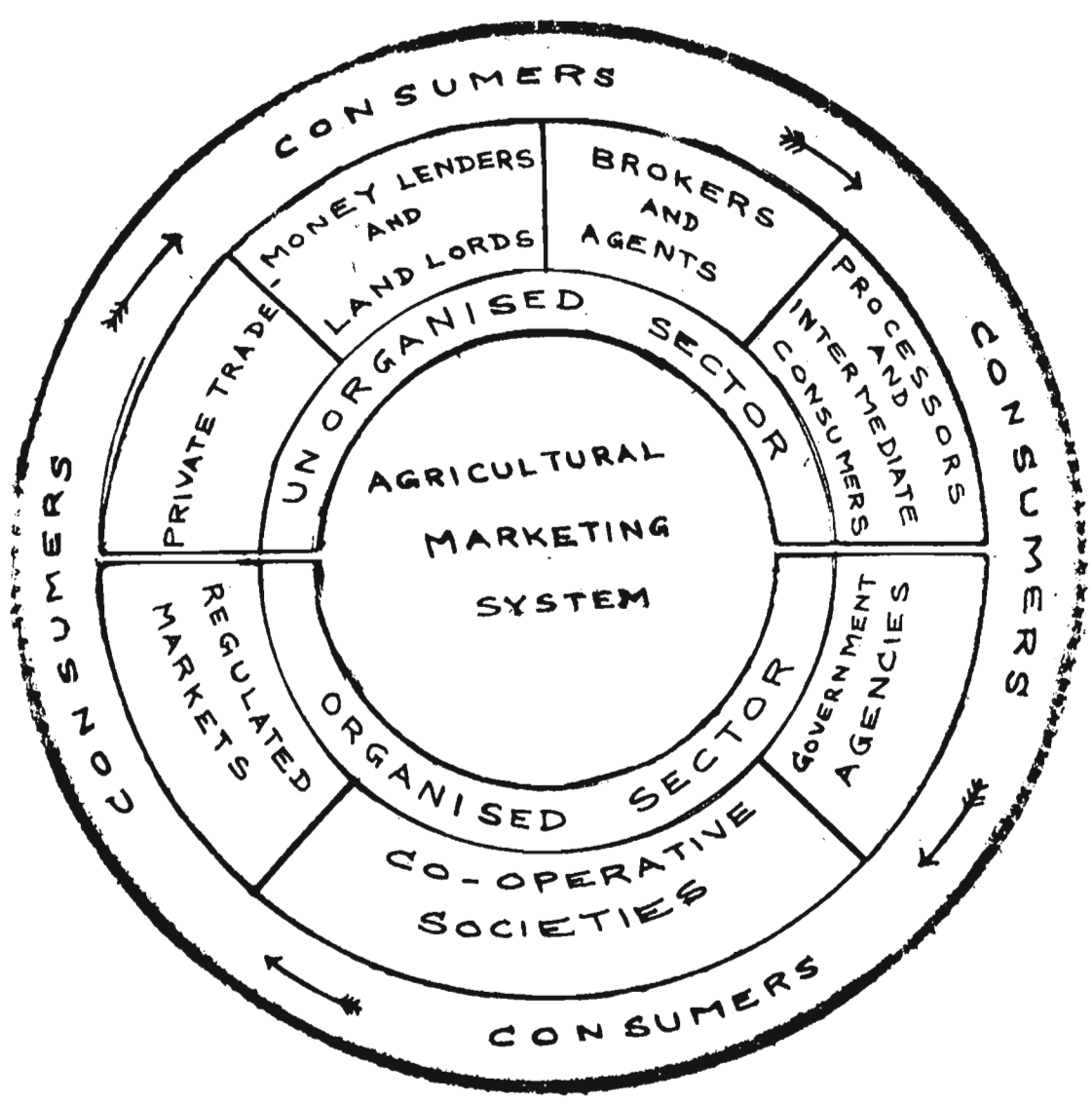
The agricultural marketing system in India was shaped by a number of factors, but at some recent stages active intervention from the Government also became necessary to regulate the marketing mechanism which in turn has also made certain changes in the marketing system. Governmental intervention has resulted in splitting the marketing system into two sectors: Organised or controlled and unorganised. The efficiency or inefficiency of the marketing system stems out of this dichotomy and their mutual incompatibility. The Indian agricultural marketing system presents this dichotomy with certain attendant effects. The following diagram (Fig. 1.2) illustrates this situation.

In conclusion, it can be said that an efficient marketing system plays a pivotal role in maximising an economy's aggregate production of wealth through stabilising agricultural operations. Agricultural production and marketing

⁷⁰ Chaturvedi, J.N., "Emerging Problems of Agricultural Marketing", The Indian Society of Agricultural Economics, Seminar Series, X, (Bombay, 1972) pp.47-52.

Fig. 1.2

Diagram showing the Dichotomy in the Indian Agricultural Marketing System



problems are so interrelated and complex that a well conceived and planned approach alone would bring in the desired results. But, as was noted above, the existing marketing system is inefficient and therefore needs a conceptual and institutional restructuring. Further, the existing system is not the result of any planned or concerted efforts but could be described as a consequence of traditional practices with occasional governmental interventions to improve the system. It was also noted above that there is likely to be a time lag between the development in production and the development in marketing. Consequently, the benefits accruing from production technology may get lost, which is inherent to most of the ^{less} developed countries, unless conscious plans are made in advance to counter this possibility. The occasional governmental interventions in this direction have resulted in a disintegrated marketing system composed of a still powerful unorganised sector and the government promoted organised sector.

These have lead to the necessity of developing an organised and highly specialised agricultural marketing system. But, this is not easy as the problem of modernising agricultural marketing is complicated by a whole set of counteracting forces such as tradition, vested interests, etc. An integrated approach that recognises and takes into account the major interrelationships among a wide range of variables,

from production through consumption, would help in designing an efficient and orderly marketing system. In the context of highly commercialized agriculture the need for an efficient marketing system reaches its greatest intensity.⁷¹

Over the years, several institutional and policy innovations were adopted to improve the marketing efficiency and to help the consumers and producers. No government which believes in planned economic development and wishes to achieve this change with social justice can remain a silent spectator of the unethical practices whether in the form of high prices, shortages or other forms of malpractices. In fact, governments are persuaded to intervene in the market place to prevent such exploitative practices and to ensure equitable distribution of commodities and at the same time to help the grower in getting his due share.

The government policies in this respect have large social welfare dimensions. It is more so in the case of the less developed countries as the farmers in such countries are the worst exploited lots. Their activities are restricted due to lack of infrastructure facilities. In such circumstances governments are bound to interfere. Equitable

⁷¹ Hillock, Walter, W., and Cochrane, Willard, W., Economics of Agriculture (New York, 1958) p.213.

distribution through rationing and other methods of public distribution, long-term programmes for increasing production of agricultural commodities that are in short supply, subsidies, levy procurement of essential commodities, etc., are examples of direct state intervention. Regulation of market practices, especially for agricultural commodities, is also one among such interventions. The present study is concerned with this area of government intervention.

Thus, government interventions may be classified into three groups:

(i) Direct intervention in the trade through

(a) establishment of exclusive agencies to handle trade in certain selected commodities.

Eg. Food Corporation of India.

(b) Price support, procurement of levies and open market operations.

(ii) By initiating voluntary organisations like co-operative societies.

(iii) Direct regulatory role:

Eg. Regulation of markets and market practices.

This study is an examination of this third type of government intervention in agricultural marketing through designing of a chain of physical markets with the intention of helping the growers against the market manipulations of the organised and powerful private trade. Protection of the

producer is necessary not only from the point of social justice but also from that of economic growth. This study is an attempt at finding out whether such intervention by government has led to the desired results or not and if so, to what degree. The specific institutions under evaluation here are the regulated markets.

Statement of the Problem:

Farmers lack market power because of the very nature of their position in the market place. Their urgency to convert the produce into cash, their weak staying power and their incapability in judging a proper price due to inadequate market information, etc., are some of the factors that have contributed to their weaker position. Fully realising this the Royal Commission on Agriculture (1933) suggested the organisation of a new set of markets or to revamp the existing ones. Consequently the States were asked to enact laws titled 'Commercial Crops Markets Act' with the twin objectives of:

- (i) better regulation of buying and selling of agricultural produce; and
- (ii) the establishment of proper administration of markets for agricultural products.

In the words of the Commission, "The establishment of properly regulated markets should act as a powerful agent

in bringing about a reform which is much needed primarily in the interests of the cultivator and secondarily in that of all engaged in trade and commerce in India".⁷² The Commission further hoped that the establishment of regulated markets would confer an "immense boon to the cultivating classes of India" and recommended the "prohibition of unauthorised markets and bazars".⁷³

From 1933 to 1983 - a gap of 50 years - would have helped the regulated markets to acquire enough experience to attempt the reorganisation of the concept. What is attempted in this study is to explore whether the regulated markets were successful in meeting the very radical changes such as the effects of land tenancy reforms, increased production through new technologies, advances in transport, storage, processing, grading, etc. Many farmers, even with the help of a number of institutional and policy support, remain as they were in the past: unable to exert market power to derive advantages of the various advancements. The real problem, therefore, is that the regulated markets have failed to provide institutional support to the cultivators. This calls for an examination of the conceptual, organisational, managerial

⁷² Government of India, Report of the Royal Commission on Agriculture, 1933 (New Delhi, 1933) p.386. Emphasis added.

⁷³ Ibid., p.384.

and financial aspects of regulated markets. In this process of analysis, the following hypothesis are also tested:

- i) The regulated markets were not successful in altering the traditional agricultural marketing system.
- ii) They failed to bring in vertical integration in agricultural marketing.
- iii) Price discrimination is still followed and consequently the benefits accruing from regulated markets is limited to the higher section of cultivators only.
- iv) The arrivals of marketed surplus in most regulated markets are meagre.

It is assumed that these inabilities might have been contributed by conceptual, organisational, functional and motivational constraints.

Scope of the Study:

There are differences of opinion as to the effectiveness and efficiency of government interventions in the market place. Opinions are sharply divided even as to the necessity for government intervention.

Some of these opinions are listed below:

- (i) Government intervention in marketing has not led to equity in distribution that would have probably occurred in its absence.⁷⁴
- (ii) Most of the restrictive administrative proposals on agricultural market reform in the developing countries are likely to have deleterious, rather than beneficial effects.⁷⁵
- (iii) Traders believe that government price control and licensing of middlemen have hampered market operations and neither the development of co-operatives nor increase in the degree of market regulation would be beneficial.⁷⁶
- (iv) Middlemen system is flexible and advantageous to farmers than any cumbersome, government operated system.⁷⁷

⁷⁴ Government of India, Report of the Food Grain Enquiry Committee, 1957, (New Delhi, 1957) p.28. See also, Government of India, Report of the Agricultural Price Commission on Price Policy for Kharif Cereals for the 1968-69 Season (New Delhi, 1970) p.16.

⁷⁵ Bauer, P.T., "The Economics of Marketing Reform", Journal of Political Economy, (Vol.LXII, Chicago, Illinois, 1954) pp. 210-35.

⁷⁶ Dacca University Socio-Economic Research Board, The Marketing of Jute in East Pakistan, (Dacca, 1961), p.198.

⁷⁷ Baldwin, D.S., The Marketing of Cocoa in Western Nigeria with special Reference to the Position of Middlemen (London, 1934) p.48.

- (v) Intervention into the market economy in developing countries does not strengthen marketing mechanism or lead to a more efficient marketing system.⁷⁸
- (vi) Regulated markets were cited as an example of the failure of governmental policy. Contrary to the avowed aim of reducing the distributive margin appropriated by the merchants, it was found that in all cases it had only protected the interests of traders and strengthened the private commercial sector. It had not benefited the producer and least of all the small producer.⁷⁹
- (vii) The various governmental orders on market structures are not mostly conducive to healthy market development and are contrary to the desired objectives.⁸⁰

But there is also the equally strong view justifying the government intervention. It is pointed out that,

⁷⁸ Fletcher, L.D., Op. Cit., pp.132-141.

⁷⁹ "Tamil Nadu's Agriculture: Changing Crop Pattern", Commerce (Vol.141, No.3624, Bombay, 1969) pp.1000-1001.

⁸⁰ Chosh, Arabinda, Market Structure of Indian Agriculture - An Analysis, (Calcutta, 1963) mimeographed - See also, Robert, D. Stevens, in Melvin, G. Blase (Ed.), Institutions in Agricultural Development (Dowries, Iowa, 1971) pp.65-80.

- i) Government intervention is essential "to create orderly marketing; to provide better incentives and increase farmers' income; to get a greater share of profits that is being earned by private traders....."⁸¹
- ii) In justifying government intervention, J.B. Candler, says that "systems of regulated trade did not spring completely from the brains of their creators, but were evolved by rather long and costly process of trial and error".⁸²
- iii) Public intervention in marketing frequently aims to increase the bargaining power of producers against the middlemen with whom they deal.⁸³
- iv) In some cases, public marketing facilities have provided a particular impetus to increasing cash-crop production

⁸¹ Stutely, Peter, "Government Intervention in Agricultural Markets", in Guy Hunter, et. al., (Ed.) Policy and Practice in Rural Development (London, 1976) pp.329-339.

⁸² Candler, J.B., "Regulated and unregulated Trading Systems" in The Reconstruction of World Trade - a Survey of International Economic Relations (London, 1941) pp. 144-167.

⁸³ Allen, G.R., op. cit., p.13.

by small holders. Government intervention in agricultural marketing is closely linked with price stabilisation and food distribution policies.⁸⁴

v) The best that a marketing legislation can do is to equalise the bargaining power and create conditions conducive to more perfect competition.⁸⁵

In spite of such conflicting opinions, the fact remains that State intervention in trade is quite an old practice. The process of intervention is universal irrespective of the political or social structure of a country. In fact, intervention appears, initially as a short run method to curtail certain discrepancies and that too on the persuasion and pressure exerted by the affected groups.

In the matter of agricultural marketing, there exists a conflict. Traders' interests are apparently in conflict with those of growers as well as of consumers. Naturally, governments are persuaded to intervene in the market place to

⁸⁴ Lole, Uma, J., "The Role of Credit and Marketing in Agricultural Development", in Nural Islam (Ed.), GP, Gita P. 432. In the same article, however, she criticises severely the failure of publicly managed marketing agencies. See also, Lole, Uma, J., "Marketing and Pricing of Food Grains" in Shah, C.H., GP, Gita, pp.141-177 - Here she advocates government intervention to avoid imbalance in agriculture affecting industrial growth.

⁸⁵ Dantwala, M.L., 'The Report on the Enquiry into the Working of Regulated Markets in the Bombay State, 1951', quoted in Ramswamy, P., "Market Regulation as applied to Terminal Markets for fruits and vegetables - Some Issues", Agricultural Marketing, (Vol.XXVII, No.4, Nagpur, 1960) pp.19-24.

prevent exploitative practices and to ensure increase in production.

It has also been observed that there exist conceptual differences among various authorities in defining the objectives of and the need for regulation of marketing practices.

The need for regulation was emphasized by the courts in the several judgments relating to the cases filed before them against regulation. For example, in one of the judgments it was pointed out,

".....the subject matter, viz., Marketing and Legislation on marketing is now a well organised feature of all commercial countries. The need for such a legislation arises whenever society passes on from the stage of self supporting economic unit, producing only articles for its consumption to that of a commercial community producing articles for sale in outside areas for profit..... Even in well organised and economically advanced countries like England, it is found that the agriculturist producer had not facilities for disposing of the goods to his best advantage..... It is these conditions that have led up to the enactment of marketing laws in all countries having a large volume of trade in commercial crops....."

⁸⁶ P. D. Kuttikova Vs. State of Madras, 1950-CMP No. 13169 of 1950. The other important cases were P. Chinnappaiah Vs. Ountur Tobacco M.C. 1943; Louis Dreyfus & Co. Ltd. Vs. South Arcot M.C. 1945; M.C.V.B. Arunachala Nadar & Others Vs. The State of Madras, 1955; Coimbatore MC Vs. Shammug Oil Mills, Erode, 1959; Anguvilas MV Muthiah Pillai Vs. Coimbatore MC 1959; M. Ramaswamy Pillai Vs. State of Madras, 1959; C.A. Murugesan Chettiar Vs. Coimbatore MC, 1959; Chinnubhai, B. Amin Vs. Tiruchirappally MC, 1942; Mahendra Kumar Ishwariel & Co. Vs. North Arcot MC, 1965. T.M. Kannappa Mudaliar Vs. State of Madras, 1966.
-- All these cases upheld the constitution of Market Committee, collection of cess or fees, and stressed the need for marketing regulation.

The learned judges also opined that the need for such a legislation was even greater in India as the producers are, as a class, illiterate and economically dependent and unstable.

The same question had engaged the attention of several committees which were constituted to report on various economic matters.

In 1919, the Cotton Committee had appreciated the protection provided to the producers through regulation of markets and demanded the establishment of similar legislation in cotton growing areas.⁸⁷

In 1931, the Indian Central Banking Enquiry Committee also observed that:

"the village producer was seldom able to get a proper price because he was chronically indebted to the middleman, who advances loans on the security of the crops to be grown and were thus in a position to dictate their own terms and that the bargains were seldom fair to the seller. It was also observed that for want of facilities the grower was not in a position to wait and sell the commodities for proper price".⁸⁸

The Royal Commission on Agriculture, (1928) justified the need for market legislation as follows:

⁸⁷ Government of India, Report of the Central Cotton Enquiry Committee, (Bombay, 1919) p.12.

⁸⁸ Government of India, Report of The Central Banking Enquiry Committee, (Bombay, 1931) pp.76-80.

".....RMs must form an essential part of any orderly plan of agricultural development. the establishment of proper RMs should act as powerful agents in bringing about a reform which is much needed primarily in the interests of the cultivator and secondly in that of all engaged in trade and commerce in India".⁸⁹

The preamble of the Madras Commercial Crops Act of 1933 describes it as "..... an Act to provide for the better regulation of buying and selling of commercial crops and the establishment of markets....."⁹⁰

The Planning Commission, in 1952, arguing the case for marketing legislation said, "such laws have been held in America to be within the police power of the State as tending to promote general welfare".⁹¹

The need for regulation has been emphasised to safeguard the interests the sellers because, "traders have formed associations, codified trade practices and business ethics for their advantage. This need is all the more great in primary assembling centres when majority of sellers are

⁸⁹ Government of India, Report of the Royal Commission on Agriculture (New Delhi, 1928) para 327, p.358.

⁹⁰ Government of Tamil Nadu, The Madras Commercial Crops Markets Act, 1933 (Madras, 1933) p.4.

⁹¹ Government of India, The Report of the Planning Commission (New Delhi, 1952) p.268.

producers who, on account of their vulnerability are more prone to be exploited".⁹²

The Gulati Committee appointed by the Government of Kerala in its report stressed the need for regulation of market practices in a different context. "In the case of major commodities the intermediaries have been able to gain stronghold resulting in not only considerable leakage of sales tax revenue but also exploitation of the innumerable small growers.....".⁹³

In the first project report (1973) prepared by the Tamil Nadu Directorate of Agricultural marketing pointed out the need for regulation of market practices as one to ensure fairplay of economic forces mellowed by social requirements and to insure against catastrophic price depression and ruinous spiralling. This is to be achieved through providing a "strong organisation through building up of a chain of RMs", which will regulate the prices, ensure quality of products and will provide the organisational support to fight against exploitations.⁹⁴ This concept was, however, changed in the

⁹² Government of India, Directorate of Marketing and Inspection, Working of Regulated Markets in India (Madras, 1968) pp.1-17.

⁹³ Government of Kerala, The Report of the Committee on Commodity taxation, 1976, p.25. (I.S. Gulati was the Chairman of the Committee). Emphasis by the researcher.

⁹⁴ Government of Tamil Nadu, Project Report on the Development of Regulated Markets in Tamil Nadu, (Madras, 1973) unpublished mimeo, p.iii.

second project report, published in 1962, which stated, "the impact of various programmes for intensive development of agricultural produce..... has resulted in a need for efficient handling and disposal of produce, so as to obtain remunerative prices, apart from establishing fair trade practices".⁹⁵

In the revised Report, the concept was further broadened. It was stated that "the proposal is to convert RMs into growth centres providing all inputs to agriculturists".⁹⁶

A Committee appointed by the Government of Kerala specifically to study about the regulated markets pointed out that regulation is necessary to eliminate the middlemen and to prevent the undesirable practices incidental to the transaction. It added that "orderly marketing alone will assure a fair return to the farmer which is a pre-requisite for increased agricultural production".⁹⁷ The Dantwala Committee (1952) appointed by the (old) Bombay State stated that the

⁹⁵ Government of Tamil Nadu, Project Report on the Development of Regulated Markets in Tamil Nadu (Revised), (Madras, 1962) unpublished mimeo, p.34.

⁹⁶ Ibid., p.48. Emphasis given by the researcher.

⁹⁷ Government of Kerala, The Report of the Expert Committee for Enquiry into the Working of the Regulated Marketing System in Kerala (Trivandrum, 1962) pp.138, 140 & 150.

best that marketing legislation can do "is to equalize the bargaining power and create conditions conducive to more perfect competition".⁹⁸

In *Kawal Krishna Puri Vs. State of Punjab*, in the observations made by the High Court of Punjab, it was categorically stated that "it would be wholly incorrect to say that only object of the Act is to secure a fair price to the agriculturists".⁹⁹

Perhaps the only one Report, which seems to have deviated from the normal lines and contains realistic approach is that of Shirname Committee's Report. The report unequivocally stresses that the benefits from regulation should accrue to both the parties in the trade; the agriculturists and the traders.¹⁰⁰

From what is listed two facts emerge. There is no unanimity as to the concept of regulation and, the objectives of regulation are numerous, conflicting and hence complex.

⁹⁸ Government of Bombay State, The Report on the Enquiry into the Working of Regulated Markets in the Bombay State (Bombay, 1951) p.16. (Dantwala, M.L. was the Chairman of the Committee.)

⁹⁹ Reproduced in the Supreme Court of India judgment in W.P. 692 of 1980, in *Different persons Vs. State of Maharashtra, State of Bihar, etc.*

¹⁰⁰ Government of Maharashtra, The Report of the Expert Committee to Review the Working of the Bombay APM Act 1938, (Bombay, 1951) para 95. (Dr. T.G. Shirname, was the Chairman of the Committee.)

For instance, a regulated market cannot become a perfect market when entry and exit conditions are imposed. Similarly when regulation on an existing practice is imposed its application should be uniform irrespective of spatial, temporal and functional divergences. Finally, there is the conflict whether the RM is an "economic institution" or a "social apparatus" and coining the new word "socio-economic" will, in no way resolve this problem.¹⁰¹

This position necessitated a detailed study on the structure and organisation of RMs, before an assessment is made on their ability to meet the different objectives attached to them.

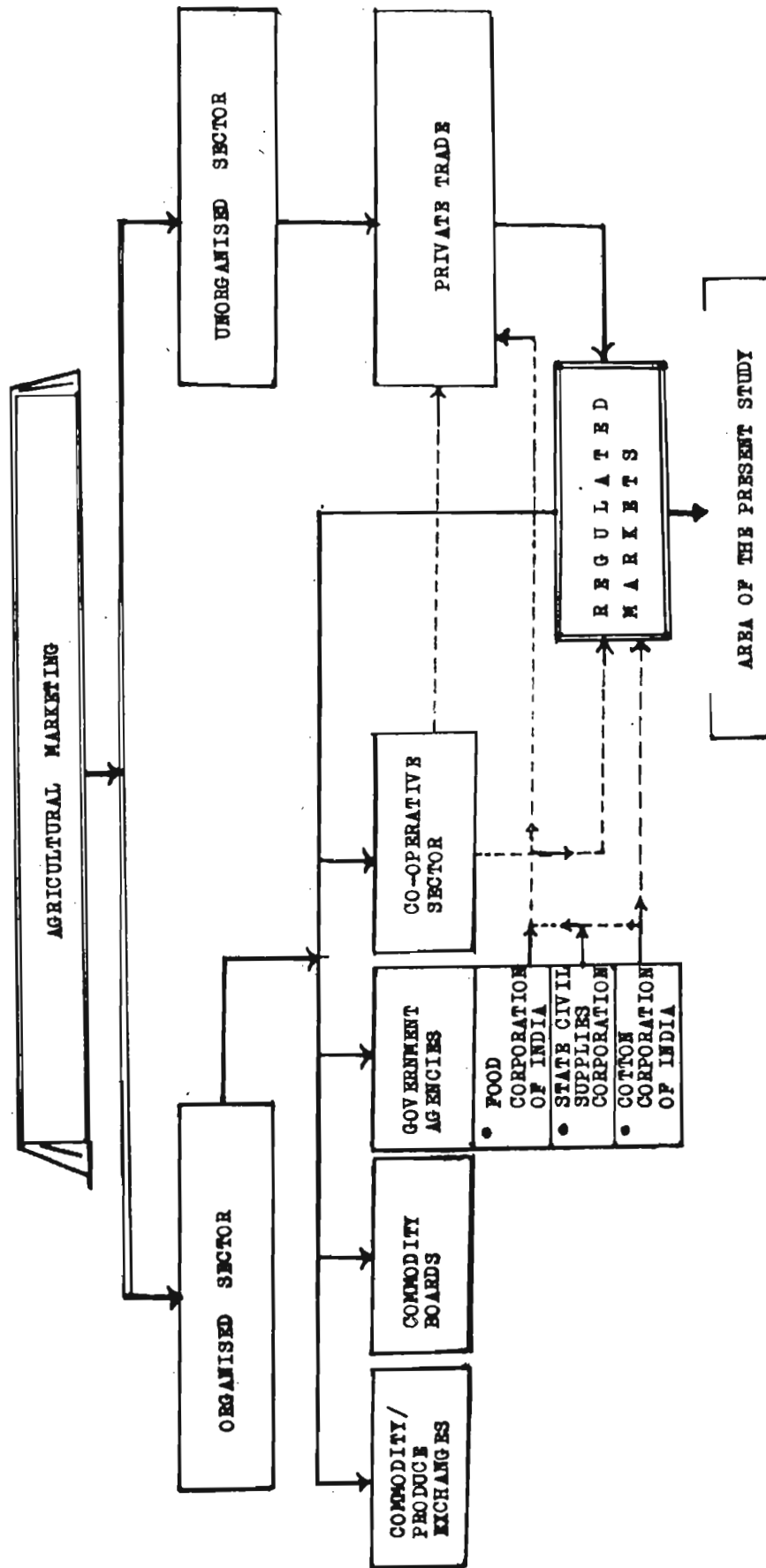
The regulation of agricultural marketing practices is very pertinent in the present context for the reasons outlined in earlier paragraphs. Such a study is highly relevant, because it is often alleged that the position of the producer in the market place has not improved to the same degree as was hoped to become as a result of such measures. The scope of the present enquiry is represented in Fig.1.3. given below.

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Patil, B.A., Agricultural Price Problems in India.
(Bombay, 1959) p.74.

FIG. 1.3

Diagram Showing Area of Study



----- Dotted line represents interrelationships of other constituents which are also referred to in the study.

This study is an attempt to undertake a detailed investigation of the origin and development of such a regulation in agricultural marketing in one of the Indian states. It is also intended to assess the method and process of regulation practiced through the organisation of a chain of regulated markets (RMs) particularly in Tamil Nadu. This study embraces all the Market Committees (MCs) working in Tamil Nadu and also the various RMs functioning under each MC. To the best of our knowledge no such detailed and systematic study has so far been made, especially from the conceptual, organisational and managerial perspectives. The study examines, in detail, the conceptual framework behind this form of state intervention. It also shows how the original concept has been modified subsequently to suit the changed conditions during the post-independence era of planning for economic development.

Selection of Area and Objectives of the Study

On the recommendations of the Royal Commission on Agriculture in 1933 several Indian Provinces enacted legislation called the "Commercial Crops Market Acts", Market Committees (MCs) and Regulated Markets (RMs) were established under such legislation.

Subsequent to the reorganisation of states in 1956 the Act was amended as 'Agricultural Produce Markets Act'. By 1960 all the States fell in line, except a few ones.

Thus, in the years after 1933, most of the States reorganised the working of regulated markets in accordance with the changes occurring in the economy. This is evident from their present organisational pattern and the impact they have created in the agricultural marketing system. The growth of regulated markets in Punjab, Karnataka and Andhra Pradesh are examples of this.

The regulation of agricultural marketing in Tamil Nadu has certain unique features in certain respects. Tamil Nadu (formerly Madras) is one of the very few states that adopted the regulation in 1933 itself. In other parts of the country organisation of a chain of markets that are mutually compatible has been the main objective behind the regulation of trade. It is doubtful whether Tamil Nadu is really committed to this idea. The absence of democratically elected Market Committees (since 1978), adoption of Revenue District as basis for the establishment of Market Committees, etc., are features peculiar to Tamil Nadu. The unequal growth and development of regulated markets is another peculiar feature of the State. For instance, there are extremely efficient regulated markets attracting nearly 90 per cent of marketed surplus on one side whereas there are also regulated markets in the State attracting not even a single lot of produce. These special features of the organization and working of

regulated markets in the State provide new dimensions to the present study.

Though the overall objective of the study is to trace the evolution of regulated markets in the State and to evaluate their performance the following specific objectives were also kept in mind in the conduct of the study:

- i) To analyse the historical aspects that necessitated state intervention in agricultural marketing in the form of organising regulated markets and their evolution;
- ii) To find out the conceptual and organisational bases of regulated markets in Tamil Nadu;
- iii) To assess the impact of such regulation on the existing trade channels or systems;
- iv) To evaluate the performance and efficiency of regulated markets and to examine how far the objectives aimed at have been achieved so far; and
- v) To suggest some remedial measures to reorganise the present organisational pattern of regulated marketing in the State.

PHYSIOGRAPHIC AND ECONOMIC ASPECTS OF THE AREA OF STUDY

This study is particularly concerned with the State of Tamil Nadu, one of the major 23 states in India. The state is a successor of the old Madras Presidency of the preindependence days and of the Madras State before the re-organisation of states in 1956.

Madras State was renamed Tamil Nadu in December 1968. According to 1981 census it has a population of 4.12 crores. It is the fourth most densely populated state in the country. The State has an area of 130.1 thousand sq.kms.

Tamil Nadu is administratively divided into 15 districts, namely, Chinglepet, Coimbatore, Dharmapuri, Kanyakumari, Madurai, Nilgiris, North Arcot, Periyar, Pudukkottai, Ramnathapuram, Salem, South Arcot, Thanjavur, Tiruchirappally and Tirunelveli, excluding Madras city.

Tamil Nadu is situated on the eastern side of the southern tip of the Indian peninsula. It is bounded on the north by Andhra Pradesh and Karnataka, on the west by Kerala, on the east by Bay of Bengal and on the south by the Indian ocean.

The state can be divided into two natural divisions (i) the eastern coastal plain (ii) the hilly region along the

north and the west. In between the (i) and (ii) there is the broad strip of the Tamil Nadu plain. This plain is divided into (a) the coromandel plains comprising the districts of Chingleput, South Arcot and North Arcot (b) the alluvial plain of the Cauvery delta extending over Thanjavur and parts of Tiruchirappally districts and (c) the dry southern plains in Madurai, Ramanathapuram and Tirunelveli districts.

There are three main types of soils in Tamil Nadu, red, black and alluvial of which red soil is predominant. Alluvial soil in the State is the most fertile soil and is concentrated in the Cauvery delta in Thanjavur district.

Rainfall is moderate and receives both south-west (June-September) and the North-East (October-December) monsoons. But rainfall is the least in the Tirunelveli, Coimbatore, Tiruchirappally and Ramanathapuram districts. These districts receive rain only from the north-east monsoon.

Most of the rivers are rainfed except for a few like the Cauvery, Palar, Vaigai, Thamraparani, etc.

The occupational pattern of the State presents an interesting feature. Though the percentage of industrial occupation in the State is higher than the national level, the trend in agricultural occupation is just opposite. In spite of this, agriculture continues to be the mainstay of the

people and accounts for 65 per cent of the total working force in the state. (Table 1.5)

Table - 1.5

Occupational Distribution of Working Population in Tamil Nadu

| Classification | Tamil Nadu | | India | |
|--|-------------|-------------|-------------|-------------|
| | % | % | % | % |
| <u>Agriculture:</u> | 64.5 | | 72.0 | |
| (i) Cultivators | | 31.3 | | 43.3 |
| (ii) Agricultural Labourers | | 30.5 | | 26.3 |
| (iii) Livestock, Forestry, Fishing, Plantations etc. | | <u>2.7</u> | | <u>2.4</u> |
| | | <u>64.5</u> | | <u>72.0</u> |
| <u>Industry:</u> | 15.2 | | 11.2 | |
| <u>Services:</u> | <u>20.3</u> | | <u>16.8</u> | |
| | 100.0 | | 100.0 | |

Source: Census of India 1981, General Economic Tables, Part II.

The reporting area of the state for the purpose of land utilisation is 130 lakh hectares. Of this, net sown area accounts for 46.7 per cent. (Table 1.6.)

Table - 1.6

Pattern of Land Utilization in Tamil

| Classification | Tamil Nadu | | All India | |
|---|--------------------|---|--------------------|---|
| | Lakh Hec- tares | Percentage to total reporting area | Lakh Hec- tares | Percentage to total reporting area |
| 1. Forests | 19.7 | 15.2 | 664.2 | 21.8 |
| 2. Fallow land | 19.4 | 14.9 | 219.9 | 7.2 |
| 3. Land not available for cultivation | 31.0 | 23.8 | 736.8 | 24.3 |
| 4. Net sown area | 59.9 | 46.1 | 1,422.5 | 46.7 |
| | 130.0 | 100.0 | 3,043.4 | 100.0 |

*Adding also the area sown more than once (12.5 hectares) the effective area under land utilisation will be 72.4 hectares (i.e., 59.9 + 12.5). The percentage then will be 55.7% against the national figure, 56.2%.

Source: Fertiliser Association of India, Fertiliser Statistics, 1979-80, November 1980 also Department of Statistics, Madras.

Major Crops:

Paddy is the major food crop in the State accounting for nearly 12 per cent of the total production in India. In more than five districts paddy is grown. Among them, Thanjavur occupies the prime place and is called the rice bowl of the State. The other important food and non-food crops in the State with their share in the all India production are given in the following Table 1.7.

Table - 1.7

Percentage of Production of different crops to All India
Production

| Name of the Crop | Percentage in all India production |
|-----------------------------------|---------------------------------------|
| (A) <u>FOOD CROPS:</u> | |
| Ragi | 17 |
| Small Millets | 16 |
| Paddy | 12 |
| Jowar | 6 |
| Bajra | 6 |
| (B) <u>NON FOOD CROPS:</u> | |
| Groundnut | 19 |
| Sugarcane | 10 |
| Cotton | 5 |

Source: Commerce Annual Number (Vol.139, No.3577, Bombay, 1969) p.412.

Other important crops are chillies, coconut, tobacco and turmeric. The major crops, cropped area, production and productivity can be found from the following Table 1.8.

Table - 1.2Tamil Nadu Major Crops - Area, Production & Productivity

| Crop | Area ('000 Hecta- res) | Production | | Productivity | |
|---------------------------|---------------------------------|----------------|--|------------------------------|--------|
| | | '000 Tonnes | As % of the total produc- tion of the item in India | (Kg./Hectares) Tamil Nadu | India |
| A. FOOD CROPS: | | | | | |
| Rice | 2,506 | 5,106 | 10.7 | 2,038 | 1,215 |
| Ragi | 310 | 442 | 17.1 | 1,422 | 996 |
| Maize | 22 | 23 | 0.4 | 1,065 | 1,103 |
| Jowar | 809 | 742 | 7.0 | 918 | 662 |
| Bajra | 447 | 400 | 7.4 | 895 | 489 |
| B. NON-FOOD CROPS: | | | | | |
| Cotton | 251 | 335 | 5.3 | 228 | 147 |
| Sugarcane | 141 | 13,231 | 9.0 | 94,167 | 51,463 |
| Groundnut | 933 | 983 | 16.2 | 1,053 | 848 |

Sources: Government of India, Ministry of Agriculture and Irrigation, Estimates of Area and Production of Principal Crops in India 1977-78, pp.118-168, and All India Crop wise Estimates for 1978-79.

As the figures on productivity in the preceding table indicate, Tamil Nadu has greater productivity for most crops compared to the all India averages. The Tamil Nadu farmer is highly receptive to improved farm techniques. Owing to the relative abundance of irrigation facilities and

the widespread use of improved farm techniques, the State's agriculture is on an average, more productive than that of India as a whole.¹⁰²

Geographical Distribution of Regulated Markets in Tamil Nadu

Tamil Nadu comprises 15 revenue districts excluding Madras City. Of this, Market Committees have been set up so far in 13 districts. No regulation has been extended to Nilgiri district. But the recently formed Periyar district has 18 regulated markets that were previously functioning under Coimbatore MC and subsequently transferred to the new district. But no new MC has been formed till date in the District.¹⁰³

The distribution and location of regulated markets in the State is given in Appendix-III, and Chart I.

Limitations

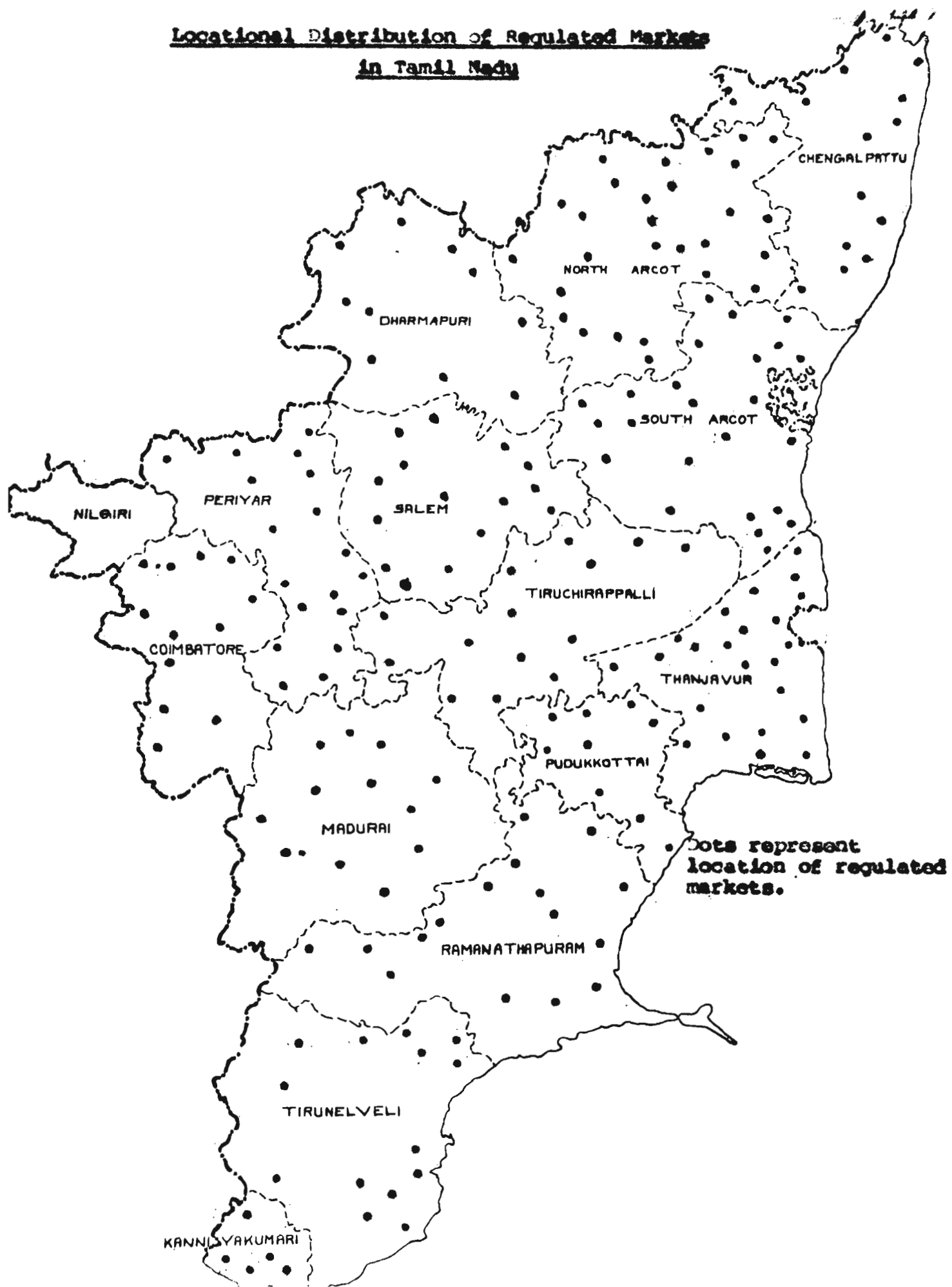
The present study is designed state wide. Generalisations made may not be fully applicable to all the markets in the country or state and may be taken only as indicating certain general trends in their working as a whole.

¹⁰² Commerce (Vol.139, No.3562, Bombay, 1979) p.2.

¹⁰³ Though steps were taken to organise a MC as early as in January 1982, notification under clause (4) of the Act is yet to be made.

Chart - I

Locational Distribution of Regulated Markets
in Tamil Nadu



A systematic benefit-cost analysis of the working of regulated markets has not been attempted in the study. The study has been primarily directed to trace the historical causes that necessitated the State to intervene in the agricultural marketing system of the state and its consequences upon its present working.

Similarly, the effect of State intervention in the form of regulation of marketing practices and its impact on production has not also been attempted here. It was felt that this would have required the researcher to go far beyond the scope of the present study.

A comparative assessment of other kinds of government interventions viz., support prices, provision of concessions in the form of supply of agricultural inputs, etc., has not also been brought under the scope of this study.

Methodology

Since no comprehensive studies on the working of MAs in Tamil Nadu or aspects of it have been undertaken so far, published materials are very few, except for certain government reports and study reports. The studies which are available, however, do not cover organisational and functional aspects and concentrate only on a particular Market Committee (MC) to arrive at certain conclusions. As such, greater emphasis has to be placed on primary sources.

(a) Primary Sources:

Intensive field study was undertaken and the required data was collected directly from the field. Excepting Salem, Chinglepet, Dharmapuri and Padakkottai MCs, all other nine MCs were visited and details of their financial and organisational problems were investigated through detailed discussions with their Special Officers and/or Secretaries. Information covering different aspects on the working of RMs was collected based on such discussions. Many of the officers did not want their identity to be published. Necessary details and figures were taken from the original records for the study. Personal interviews were conducted with these officials often twice for the purposes of the study.

Out of 230 regulated market yards, more than 30 per cent were visited twice in January 1981 and 1982. January being the middle of the season for paddy and groundnut, arrivals were substantial in most of the more efficient markets during this month. In every RM enquiries were made with 5 to 10 sellers (growers) and 3 to 5 traders on an average who were available in the market yard. Here also the personal interview method was resorted to. As the growers and traders do not keep any written records, the information given were from their memory and hence could not be depended upon completely. All the RM personnel in the markets visited were also interviewed and information was collected first hand. The

officers of the State Agricultural Marketing Board were contacted and interviewed in detail. The former Secretaries of MCs who were in service, especially at the time of their inception, were also contacted to trace the historical aspects mentioned in the study. Information was also obtained from some of the members who had served in the democratically elected MCs in the past. Some of the members of the present Advisory Committee were also interviewed.

All the information provided in the study has been drawn from the original records kept at the offices of MCs, RMs, State Agricultural Marketing Board and Directorate of Agricultural Marketing.

(b) Secondary Sources

Published information from various sources were consulted. Besides the monthly publication of the State Agricultural Marketing Board (titled 'Saithikathir'), Annual Reports of all the MCs since their inception were examined.

Unpublished theses and study reports, though very few in number, were also examined.

All the government orders were gone through and analysed.

Published articles in different journals pertaining to the working of RMs in general and price spread studies in

particular were analysed. The observations and conclusions made in these studies were processed and are included in this thesis.

Relevant studies on agricultural marketing made by several scholars within and outside the country were also examined.

The major part of the study, however, is based on intensive personal investigation and direct observation made in a number of RMs.

Scheme of the Study:

The whole study is split up into six chapters.

Chapter I introduces the subject matter giving a detailed account of the problems faced in agricultural marketing. Different ideas expressed by eminent scholars on different aspects of the agricultural marketing and the need for government regulation are reviewed in the chapter.

Chapter II deals with the evolution and growth of regulated markets under two clear divisions. Firstly, the growth of RMs on the national level, since 1886 till date, is traced in detail. This is followed by a description of the developments in the growth of regulated markets in Tamil Nadu. An attempt is also made to show the trend of physical distribution of regulated markets in the state.

Chapter III explores the organisation and structure of RMs in Tamil Nadu. Various aspects are studied in detail bringing out also the defects inherent in the organisation of these markets. The process of regulation, conceptual defects, organisational defects and a critical assessment of the effects of these defects on regulated markets form the major thrust of this chapter. Recent organisational changes are also assessed for their impact. This chapter seeks to analyse the fundamental weaknesses that have stunted the growth of regulated markets in the State.

Chapter IV centres on the actual working of MCs and RMs and their functional defects. The working results of RMs in Tamil Nadu offers a startling picture with too many paradoxes. The constraints leading to such a situation are analysed in detail under such headings as growers' difficulties, breeders difficulties, personnel and managerial difficulties, etc.

Chapter V makes an attempt to assess the impact of the regulation on the traditional marketing system where the inevitability of private trade is still accepted. The private trade, inspite of various alternative systems and legal pressures continue to occupy a dependable and dominant factor

in the marketing system. Some of the regulated markets which were successful in weeding out the intermediaries (Eg. South Arcot) are slowly slipping back into the clutches of private trade. Further, 'commodity Boards' as an alternative to regulated marketing also is analysed. Finally, an assessment of the performance or efficiency of RMs is made by using different criteria such as arrivals, price formation, competitiveness, cost of marketing, etc. Certain non economic factors like the amenities provided, the achievement of objectives, market consciousness, etc. are also examined in this chapter. On the basis of the above, an attempt is also made to classify and categorise the RMs working in the State.

Chapter VI gives a summary of all the major findings of the earlier chapters. On the basis of the findings some solutions are suggested to reorganise the working of regulated markets in the State. The solutions suggested are the results of discussions with traders, growers and marketing personnel. Some of the solutions suggested here were not acceptable to the staff on the ground of conceptual differences over the role of regulated markets and their functioning.

CHAPTER - II

EVOLUTION OF REGULATED MARKETS

Among early civilisations, when religious or other gatherings were held, such opportunity was frequently taken to indulge in barter and trade. This became a means for the scattered populations to exchange their commodities. On the introduction of Christianity into Western Europe the practice of combining church festivals with what are now known as fairs came into existence. It has been asserted that certain French fairs were directly traceable to Roman origin.¹ In course of time, these gatherings became common and evolved into markets. According to Cole, "a fair represented a greater species of market recurring at more distant intervals". Market, on the other hand, is "a greater species of fair".² Certain fairs have attained a fame that extended all over the civilised world. Haridwar in India, situated on the Ganges, still

¹ Venn, J.A., The Foundations of Agriculture Economics together with an Economic History of British Agriculture During and After the Great War, (London, 1933) p.270.

² Ibid., p.271.

attracts people from all over India, Persia and Tibet. Similarly, "Sturbridge fair was held in the outskirts of Cambridge and the earliest reference to it, consists of a Royal Grant made, Circa 1211, to the lepers of Sturbridge hospital, to hold a fair in their close on the feast of the Holy Cross. From this, sprang up, that annual concourse of buyers and sellers which, in the middle ages, became famous throughout, not only in this country, but Europe itself".³

It is further stated that these fairs followed strict rules and regulations formed by conventions and customs, but without any direct or indirect interferences from the Government.⁴

³ Ibid., p.272.

⁴ A detailed account of this is given in the work of Defoe, titled "Tour through Britain". (Quoted in ibid.) "the Shops are placed in rows like streets. The dealers have room before every Booth to take down and open their packs,There is scarce any price fixed for Hops in England, till they know how they sell at Sturbridge fair The buyers are chiefly the manufacturers of Norfolk, Suffolk and Essex; and it is a prodigious quantity they buy..... Quantity of wool sold - 60,000£ in value In a word, the fair is like a well-governed city, and there is the least disorder and confusion that can be seen anywhere, with so great a concourse of people.that there is a court of Justice for keeping the peace and deciding controversies in matters arising from the business of fair.....".

Gradually, the standard of conduct of the fairs came down. This led to the passing of the Markets and Fairs Act of 1862 in U.K. Thus fairs declined in their importance, but markets survived.⁵ This legislation may, perhaps, be stated as the first known form of government regulation on market practices in the country. For instance, if a village market is to be held in a new place, the District Magistrate's approval was necessary under the Act.⁶ However, gatherings held at the cross roads in town or village gradually developed into authorised centres for trading known as 'markets'. Alongwith their popularity, the markets also developed over a period of time to certain also abuses and malpractices.

Ample proof to this is available from the evidences collected by the Royal Commission of Agriculture of U.K. in the year 1890. Again, in 1924 another Departmental Enquiry Committee of the Ministry of Agriculture was formed under the Chairmanship of Marquess of Litchfield. On the basis of his recommendation the Empire Board came into existence with more powers to interfere in the process of agricultural marketing

⁵ The distinction between fairs and Markets lies in the fact that the former deals in a number of commodities while the latter is confined to transactions in particular commodities.

⁶ Patis, B.A., Agricultural Price Problems in India (Bombay, 1959) p.76.

system, then prevailing in England. Again, in 1929, the Agricultural Marketing Act was passed approving the regulation statutorily. The preamble of this Act justifies the regulation or intervention as one "to promote the effective merchandising of agricultural commodities so that the industry will be placed on a basis of economic equality with other industries....."⁷. As was stated in the First Plan it is therefore, only natural that in a country which is primarily agricultural and in which the pace of development in the other sectors depends to a great extent on progress in agriculture, the system of ownership and management of crops including marketing are of highest importance to the government.⁸ The main objective of the government in interfering with the management of agricultural marketing in such circumstances must be to provide a fair deal in the form of best possible price to the producer farmer. This alone will motivate him to optimise the output, assure him of a good income, without however, causing hardships to the consumer.⁹

One of the first managerial tasks, therefore, is to identify the various market constraints which hold down the

⁷ Quoted in, Harris, Barbara, Inaction, Interaction and Action-Regulated Agricultural Markets in Tamil Nadu. (Madras, 1980) p.3.

⁸ Government of India, Planning Commission, The First Five Year Plan (New Delhi, 1951) pp.34-35.

⁹ Shenoi, P.V., Agricultural Development in India - A New Strategy (Delhi, 1975) p.125.

income of the farmer and to arrange them in the order of economic priority. The constraints may be lack of physical infrastructure facilities like transport, storage or lack of institutional facilities for price stabilisation, regulation of demand, etc.¹⁰ Secondly, the cost-benefit implications of these constraints have to be judged and the available scarce resources like trained manpower, money and material have to be deployed for achieving maximum benefit to the farmer. Finally, there must be some form of regulation, direct or indirect to ensure a conducive and ethical atmosphere for trade to take place smoothly.

In the previous chapter it has been pointed out that State intervention is unavoidable irrespective of the political and social beliefs of the governments. It is an 'on-the-spot' political solution for any government which is under pressure. This is clear from the following words:

"Political leaders tend to support construction of visible, physical marketing projects such as rural assembly centres, central urban wholesale markets, etc. This preoccupation with physical facilities tends to lead forward neglect of the less visible but equally important infrastructure, eg., market news, grades, applied research, extension services etc."¹¹

Consequently, most of the innovations in agricultural marketing are neither complex nor dependent upon costly research

¹⁰ Ibid.

¹¹ Dov, Israeli, et. al., (Ed.), Marketing Systems for Developing Countries, (Tel Aviv, Israel, 1974) p.xv.

or where they are, they are usually the work of firms not directly involved in agricultural marketing.¹²

Despite differences in the methods employed, various governments in the world, from time to time, intervene in trade practices in varying degrees. It is an admitted fact that even the most organised markets reflect administrative intervention at some stage.

Historical evidences suggest that the first regulated market established was the famous "Kano" market in the 15th century by an immigrant noble from another market.¹³ But serious attempts on the regulation of markets appeared in the latter part of the 19th century and became widespread in the first half of the 20th century. For instance, in the U.S.A. with its commitment to a laissez faire economy, 'Marketing Orders and Agreements' became a common feature by 1930.¹⁴ Actually, control of marketing in U.S.A. began as early as 1899, when the State of Minnesota passed a legislation to

¹² Allen, G.R., Agricultural Marketing Policies (London, 1962) p.149.

¹³ Abbot, J.C., "The Development of Marketing Institution", quoted in, Southworth, M. Herman, et. al., Agricultural Development and Economic Growth, (Ithaca, New York, 1973) pp.364-398.

¹⁴ Dahl, C. Dale, and Hammond, W. Jerome, Market and Price Analysis (New York, 1977) p.263.

regulate market functionaries.¹⁵ The process of legislation to interfere in the marketing mechanism continued thereafter in U.S.A.¹⁶

In Great Britain, a Commission on Agriculture was appointed in 1862 to investigate into markets and tolls. Most of the recommendations of this Commission were implemented through the 'Markets and Fairs Act' passed in 1862. This was followed by a series of enactments all aiming at providing fair trading practices in the markets. The public markets in Britain came to be managed by Market Committees. Organisation of Marketing Boards also was experimented with.¹⁷ "Commissions" and "Authorities" were designed later to replace the defunct Boards. Such, for examples were the Industry Development Authority 1956, and the Meat and Livestock Commission 1967.

The experience of developing countries in Asia or Africa is no different. In Uganda, the government had to interfere in the marketing system in the context of the World War I.

¹⁵ Government of India, Directorate of Marketing and Inspection, Agricultural Marketing in India - Regulated Markets - Vol.1 (Nagpur, 1968) p.136.

¹⁶ Some of the Acts passed were: - The U.S. Packers and Stock Yards Act, 1921 - to regulate cattle market.
The Produce-Agent Act, 1927 - Compelling traders to keep correct accounts.
The Perishable Agricultural Commodities Act, 1930 - to license the traders.
In addition, U.S. Department of Agriculture closely keep vigilance on the proper implementation of these Acts.

¹⁷ Hallet, Graham, The Economics of Agricultural Policy (London, 1971) pp.213-226.

But such regulations became later a permanent feature for the purpose of achieving orderly marketing. Uganda has established statutory Marketing Boards, having exclusive authority to sell the produce and even to fix a "fair price" for the produce.¹⁸

In the United Arab Republic, agricultural produce is sold through a network of country markets at village and district levels which are held once in a week. It is estimated that there were 120 such markets in the 1960's which were owned by the Ministry of Local Administration.¹⁹

In Kenya, Marketing Boards have been established to handle the marketing problems of different kinds of agricultural produce.²⁰ In both East and West African colonies of Great Britain, during the period between the first and second world war, compulsory marketing schemes were established to enable the producers to increase their bargaining power, as the prices for primary products fell. Such boards were later

¹⁸ Oleya, J.J., "Marketing Boards and Post-War Economic Development Policy in Uganda: 1945-'62", Indian Journal of Agricultural Economics, (Vol. XXIII, No.1, Bombay, 1968) pp.50-59.

¹⁹ Abdulla, Hassan, U.A.R. Agriculture (Foreign Relations Department, U.A.R., 1965) pp.46-49.

²⁰ Hoyer, Judith, et. al., (Ed.), Agricultural Development in Kenya - An Economic Assessment (Kenya, 1976) pp.313-364.

replaced by "Control Boards" by 1948. The West African Produce Control Boards are examples of such Boards.²¹

In Canada, regulation through market boards came in a different context. When the co-operative societies failed, in 1927 the government initiated marketing schemes by organising Boards.²² Israel also adopted the same method of intervening in the marketing system but these Boards are highly powerful with power to intervene and restrict production.²³ Such is for example the Israeli Poultry Marketing Board, 1957. In West Malaysia the regulatory aspects are given to The Federal Agricultural Marketing Authority whose main aim is to ensure both firm and stable prices.²⁴

A new experiment, however, is noted in the Swedish experience. They have combined governmental and nongovernmental bodies in the marketing system in a somewhat balanced manner. It has a four tier system as follows:

²¹ Baldwin, K.D.S., "Marketing Boards in East and West Africa" in Bunting, A.H. (Ed.), Changes in Agriculture, (London, 1970) pp.533-551.

²² Abbot, J.C., and Croupelandt, Agricultural Marketing Boards - Their Establishment and Operation (Rome, 1974) p.2.

²³ Wilkinson, Maurice (Ed.), Dynamic Agricultural Systems - Economic Production and Control (North Holland, 1979) pp.193-225.

²⁴ Mahabooob, P.L., The Role of Rural Institutions in Asian Agricultural Development, (Washington, D.C., 1969) p.619.

- (i) National Agricultural Marketing Board (NAMB) to administer government's price regulatory policies and is fully controlled by the Government;
- (ii) Special Marketing Associations, which are non-governmental and independent bodies to look after the stabilisation of domestic markets;
- (iii) A National Agricultural Marketing Board; and
- (iv) The country Agricultural Marketing Boards. Both are quasi-governmental in nature. These are supplemented by another independent body called the Federation of Swedish Farmers.²⁵

Nigeria also adopted the method of organising Commodity Boards (1950) with the idea of bringing orderliness in her domestic agricultural marketing system.²⁶

It is stated that in China the regulation is at its zenith that "a Chinese farmer had little direct contact with world outside his village or market town".²⁷

²⁵ Hagen, P.O. James, (Ed.), Growth and Adjustment in National Agriculture (Rome, 1978) pp.201-203. It should be noted that working results of this arrangement were not available/traceable for a critical assessment of this system.

²⁶ Olayide, S.O., Ogunfewara, O., and Essang, S.M., "Effects of Marketing Board Pricing Policies on the Nigerian Economy - A Systems Simulation Experiment", American Journal of Agricultural Economics (Vol.XXV, No.3, Iowa, New York, 1974) pp.289-307.

See also, Helleiner, G., 'Nigerian Marketing Boards', Economic Journal (Cambridge, Great Britain, September, 1964) p.123.

²⁷ Perkins, H. Dwight, Agricultural Development in China, 1949-1969 (Edinburgh, 1969) p.iii.

Thus, the regulation of marketing or trade practices is a phenomena widespread throughout the world. It is interesting to note that even those countries which have adopted the philosophy of free trade are not reluctant to adopt regulatory practices in marketing or even intervene more directly in marketing when circumstances so warrant.

Evolution of Regulated Markets in India prior to Independence

The idea of Regulated Market was imported into India from Great Britain in the preindependence period. It was during the late Victorian period that Acts controlling piecemeal the conduct of the scattered urban markets began to appear in the Statute Book in Britain.²⁸ By 1920, there were 32 such Acts in U.K. They were mainly concerned with the sale and slaughter of cattle and with transactions in wheat, in markets run by local sheriffs or standards. In 1922, a committee was set up to investigate and comment on the prevailing legal chaos and on British agricultural markets. It was presided over by Lord Linlithgow and resulted in the formation, in 1924, of the Market Branch of the Ministry of Agriculture. Since Lord Linlithgow subsequently became Viceroy of India and

²⁸ Harris, Barbara, "Inaction, Interaction and Action - Regulated Agricultural Markets in Tamil Nadu", p.2, mimeo - subsequently the author published a book in 1981, titled "Transitional Trade and Rural Development - The Nature and Role of Agricultural Trade in a South Indian District" (New Delhi, 1981) where, this and a few other studies have been included.

headed the Royal Commission on Agriculture in 1928, he wanted perhaps to re-enact the same model in India. In Britain, the adoption of the idea of "regulation was well thoughtout and was based upon studies on agricultural marketing situation then prevailing there. But in India, the regulation was first to come, followed by such piecemeal studies. In otherwards, Lord Linlithgow brought these largely unimplemented and non-tested ideas for British Markets to India".²⁹

But there is evidence to show that the move towards regulation of agricultural marketing in India was started even earlier. It is seen that in 1886, Karanja (now in Andhra Pradesh) became perhaps the first market to be regulated. This was done under Hyderabad Residency's order.³⁰ Later, in 1897, the "Cotton and Grains Markets Law" for the Hyderabad Assigned Districts' was promulgated by the Government of India through its Foreign Department. At that time they were officially called as "Berar Markets". Provision was then made for the establishment of regulated markets at selected points.

²⁹ Harris, Barbara, op. cit. p.3.

³⁰ Prasad, A. Sivarama, "Marketing in a Regulated Environment", Indian Journal of Marketing (Vol.IX, No.5, New Delhi, 1979) p.19.

See also, Government of India, Directorate of Marketing and Inspection, Working of Regulated Markets in India, Vol.II, (Bhopal, 1968) p.vii.

Further, under section 105 of the Central Provinces Municipal Act of 1903, Municipal Authorities were empowered to frame by-laws for the inspection and regulation of markets and for the levy of fees for the use of buildings and places therein.³¹

The characteristic features of such markets were as follows:

- i) Management was vested in elected committees consisting of
 - (a) the representatives of the people living in the areas served by the various markets; and
 - (b) the representatives of local authorities.
- ii) Arhatias (middlemen) were registered and weighmen licensed.
- iii) Unlawful deduction of allowances were prohibited.
- iv) Standard weights and measures was implemented.
- v) Penalties and fines for the breach of law were fixed.

The working of these markets was far from satisfactory, but they proved very helpful to the growers of cotton, who responded enthusiastically by selling through these markets more and more of their produce.³²

³¹ Government of India, National Planning Committee Series, (ed.) Shah, K.T., Rural Marketing and Finance, (Bombay, 1947) p.68.

³² Hussain, S.A., Agricultural Marketing in Northern India, (London, 1937) p.180.

See also Government of India, The Report of the Royal Commission on Agriculture, (New Delhi, 1933) p.189.

Encouraged by the partial success attained by the Berar Markets, the Bombay Legislative Council passed the Bombay Cotton Markets Act in 1927. The Indian Central Cotton Committee, appointed by the Government of India in 1917, also recommended (1919) that cotton markets be regulated on the lines of the Berar Markets.³³ In fact, this was the first law in the country which attempted regulation of markets with a view to evolving sound market practices fair to the producer and the trader alike. In 1932, the Central Provinces Cotton Market Act³⁴ was enacted. In the very same year, the Cotton and Grain Markets Law of Berar was amended. Madras Commercial Crops Act was passed in 1933. Since 1934, a similar legislation, "The Agricultural Produce Markets Act" existed in Baroda.³⁴

Under the Bombay Cotton Markets Act, 1927, rules were framed in 1929 and the first regulated market was established at Dhulia in West Khandesh district (former Bombay state) in 1930-31. This is the first regulated market known to have been established in India in the proper form and according to the provisions of the Commercial Crops Markets Acts. It is

³³ Patil, B.A., SRs. Siks., pp.72-80.

³⁴ Government of India, National Planning Committee series, SRs. Siks., p.76.

also reported that the Bombay Cotton Markets Act provided for opening cotton markets wherever they were demanded. The credit for this goes to the pioneering efforts taken by the Indian Central Cotton Committee.³⁵

It has been stated that the steps to organise regulated markets during the British regime came out of pure selfish motives and vested interests.³⁶ The main idea behind this proposal was to organise an institution capable of assembling sizeable quantities of industrial raw materials, chiefly cotton and tobacco, for export to the Britain.³⁷ It is also stated that during British times the mobilisation of surpluses at non-marketed prices was undertaken for the maintenance of urban support for the colonial rule and not with a view to the long-range development of Indian agriculture.³⁸ And all these was

³⁵ These facts were revealed during the discussion with Mr. Thambureddy, former Secretary of the South Arcot Market Committee (Tamil Nadu), who served the Committee for more than three decades. No other reference material was available for verifying the facts stated.

³⁶ Makings, S.M., Agricultural Problems of Developing Countries in Africa, (London, 1967) pp.101-131.

³⁷ "The need for regulation of markets originally arose from the anxiety of the British rulers to make available supplies of pure cotton at reasonable price to the textile mills at Manchester". Mirchandani, R.T., and Hiranandani, G.J., "Regulated Markets - Their Review and their impact on market Structure and Efficiency", The Indian Society of Agricultural Economics Seminar Series, V (Bombay, 1965) pp.72-82.

See also, Desai, Vasant, Agricultural Development - A Case Study (Bombay, 1976) p.84.

³⁸ Lele, Uma, J., in Shah, C.H. (Ed.), Agricultural Development of India, pp.141-177.

under the pretext of helping the so called "poor agriculturists".

But these markets did not achieve the expected results because they could not properly safeguard the interests of the grower. As pointed out earlier, the Market Committees (MCs.) were dominated by commission agents and large buyers. The representation of the growers was rendered difficult, if not impossible. This had been purposely done, because, according to the criteria laid down, no person was eligible for appointment to the committee, unless he had resided for at least three months within 5 miles of the town in which the market was situated.³⁹

Secondly, although according to the Berar legislation, it was illegal to take trade allowances, the nature of such allowances was not clearly defined. Thus, practically all the malpractices continued to exist.

The Bombay legislation of 1927 was a more earnest attempt to remove the defects found in the working of the Berar Markets. They provided interalia for the following:

- i) The market committee should have not less than 12 or more than 16 members.
- ii) The majority of members should be elected from cultivating class.

³⁹ Government of India, National Planning Committee Series, GP. 512, pp. 48-49.

- iii) All kinds of allowances declared illegal excepting those which were prescribed under the rules or by-laws laid down under the Act.
- iv) The surplus amount accruing should be utilised for further development of such markets and for providing necessary infrastructure facilities.

In the working of these markets also, however, certain defects were experienced.

- i) Although Berar Law was known as 'Cotton and Grain Markets Law', the markets established under it dealt almost exclusively with cotton. The Bombay legislation was explicitly limited to cotton crop only.
- ii) Most of these markets were under the control and management of the then existing Municipal Councils or District Boards and therefore, could not function effectively.
- iii) The constitution and composition of managing bodies were easily amenable to dominance by vested interests, and consequently the interests of agriculturists were not adequately safeguarded.
- iv) These markets later turned out to be the hen laying golden eggs, providing a perennial flow of revenue to the initiating bodies. Thus the major purposes of such markets were lost sight of.
- v) As the municipal authorities were interested to locate the markets within their jurisdiction for their own benefits, the actual location of markets was not necessarily the best in terms of their objectives and the most economical. It is pointed out that a municipal council would naturally like to select a site within the municipal area, while the exigencies of communication might very well require the selection of a spot outside its jurisdiction.⁴⁰
- vi) Municipal Acts were not often flexible enough to incorporate all the powers required for the proper control of a regulated market.

⁴⁰ Ibid., pp.68-69.

- vii) Another serious defect common to both the Bombay and the Berar Acts was that no suitable provision had been made in them for the settlement of disputes.
- viii) Absence of provision of collection, analysis and interpretation of market information for the benefit of growers was a serious lacuna found in their working.

A new dimension was created in the concept of regulated markets when the Royal Commission on Agriculture presented its report in 1928. The Commission commented at length on the defects and chaotic conditions obtaining in the agricultural commodity markets and recommended that "these defects can only be removed by the establishment of properly regulated markets".⁴¹ Some of the major recommendations of the Commission relevant to the present study were the following:

- i) Commodities other than cotton also should be brought within the purview of regulated markets.
- ii) Regulated markets should be established under special provincial legislations enacted exclusively for the purpose of regulation.
- iii) The State or local government should take the initiative for the establishment of regulated markets in suitable centres. The option should not be left with local committees as they did not appreciate the full importance of such institutions.

⁴¹ Government of India, The Report of the Royal Commission on Agriculture (Delhi, 1933) p.396.

- iv) The initial expenditure for providing market yards should be met by the State Government.
- v) The existing regulated markets run by local boards must be taken over by the government by settling financial claims, if any.
- vi) Under any circumstances, no licenced broker should be elected to the market committee as a representative of the cultivators. Not less than half of the members must be from the growers. In addition, representation must be given to agricultural department and co-operative societies.
- vii) There should be an authorised body to settle the disputes in the form of 'Panchayats' or Board of Arbitrators.
- viii) The market committees should collect and place market information in an easily intelligible form at the disposal of the users of the market.
- ix) Provisions should be incorporated to prevent brokers in a regulated market from acting for both buyers and sellers.
- x) Regulated markets should be utilised for the purposes of propaganda in favour of agricultural improvements and thrift.

In 1938, a model bill was prepared by the Central Agricultural Marketing Department (now called the Directorate of Marketing and Inspection), on the basis of which several States drafted their own legislative enactments.

In spite of such attempts, the progress during the preindependence period was still extremely slow. During this period, there were only 286 properly regulated markets in operation. These were located in the Central Provinces, Bombay, Madras, Andhra Pradesh, Mysore and the Punjab. One reason for this slow growth was no doubt due to the play of vested interests, as was noted above. These markets neither emphasised on "regulation of trade" nor did they develop into institutions which afforded a conducive atmosphere for the farmers to get a proper price for their produce. They also failed to give any noticeable benefits to consumers.

Only in a very few cases did the working of the regulated markets approximate the expectations placed in them by the Royal Commission.⁴² Moreover, in spite of the provincial legislation, the enforcement of the law was often weak and ineffective. For example, it has been pointed out that even a well known market like Amraoti, though controlled and regulated under the Central Provinces Cotton Market Act of 1932, fell short of expectations because of the haphazard enforcement of the rules and regulations, which had been explicitly laid down.⁴³

⁴² Government of India, National Planning Committee Series, OP. Cit., p.87.

⁴³ Ibid.

The fact that these markets were interested only in one commodity, viz., cotton is also indicative that the intention was to assemble sizeable quantities of cotton for export to Britain. Such markets were dominated by traders whose main aim was making a quick profit at the expense of the growers. The Tiruppur Cotton Market is a concrete example to illustrate this point. Established as early as in 1936 (1.4.1936), even today this market is not fully free from the clutches of the greedy middlemen.⁴⁴

As might be expected, markets controlled and regulated under municipal acts tended to deviate from the original model set in the Central or State enactments. This was almost inevitable in view of the conditions under which they operated and the political and social conditions of the time. But it is a matter of concern that even under provincial legislation and subsequent take over of regulation of trade practices by the respective state governments these markets did not approximate the objectives visualized in the Report of the Royal Commission on Agriculture.

In short, the Royal Commission's view that, "the establishment of Regulated Markets would confer a boon on

⁴⁴ Based on personal investigation and interviews with MC Staff at Coimbatore.

the cultivating classes of India", remained merely a simple wishful thinking. The only benefit that accrued to the farmers was that the regulated markets provided a ready market for disposing of their produce.

Another development, that took place during this period deserves special mention. In 1928, following the Report of Royal Commission on Agriculture and its recommendations, steps were taken for establishing marketing organisations both at the centre and in the provinces. Accordingly, in 1934, an Agricultural Marketing Adviser was appointed. In 1935, the Directorate of Marketing and Inspection was established. These two were the running threads that initiated and continued further the developments pertaining to regulated markets in India.

In 1943, the Government of India published a report on Fairs and Markets. After reviewing the working of the various markets, the report stated that while the cotton market was working satisfactorily in Adoni and Nadyal, the Tiruppur market was experiencing difficulty owing to want of public co-operation. The report also stated that the groundnut market established in South Arcot has become increasingly popular.⁴⁵

⁴⁵ Quoted in the Judgements delivered in the case P.P. Kuttikoya Vg. State of Madras (1950). See also, Government of India, Report of the Planning Commission (New Delhi, 1952) Vol. I, p. 162.

DEVELOPMENT DURING POST INDEPENDENCE PERIOD 1947-1951

The initial enthusiasm provided by the working of the then regulated markets and the views expressed by the Royal Commission on Agriculture, did not last long. By 1940, almost all the markets became defunct or were working only partially. During the World War II period from 1940-1946, progress in the field of regulation of markets was chequered.⁴⁶ The final blow came from the independence movement and by 1947, even the limited activities that were taking place in the regulated markets were brought to a stand still.

During the four year period from independence to the First Five Year Plan, India was just recovering from the partition of the subcontinent. Government was preoccupied with the immediate problems of nation building. It could not invest enough time and energy on problems of longterm economic development.

DEVELOPMENT DURING PLAN PERIODS 1951-1962

Under the five year plans a new perspective on regulated markets was developed. It was emphasised that regulated markets could play critical role in the country's agricultural development as a whole. During the first two plan periods

⁴⁶ Desai, Vasant, op. cit., p.92.

there was a large increase in the number of regulated markets, but these markets had failed to evolve a strong ethos of their own. Moreover, the developments were erratic, which resulted in the failure to create chain of regulated markets all over the country that would have been complimentary to each other. Some States took keen interest in the development of regulated markets, and enacted necessary legislations whereas, some others lagged far behind. Even today there are States that have not initiated any step in this direction. Tables 2.1 and 2.2 below show this erratic pattern in the growth of regulated markets in the different states during the last fifty years.

Table - 2.1

Progressive Growth of Regulated Markets in India - 1931-
1960

| States | 1931- 1940 | 1941- 1950 | 1951- 1960 | 1961- 1970 | 1971- 1980 | No. of submarkets |
|----------------------|---------------|---------------|---------------|---------------|---------------|----------------------|
| Andhra Pradesh | 16 | 48 | 86 | 341 | 508 | — |
| Arunachal Pradesh | — | — | — | — | — | — |
| Assam | — | — | — | — | 4 | — |
| Bihar | — | — | 45 | 136 | 334 | 225 |
| Gujarat | — | — | — | 255 | 288 | 151 |
| Haryana | — | — | — | 133 | 115 | 81 |
| Himachal Pradesh | — | — | — | 5 | 12 | 5 |
| Jammu & Kashmir | — | — | — | — | — | — |

| States | 1931- 1940 | 1941- 1950 | 1951- 1960 | 1961- 1970 | 1971- 1980 | No. of sub- markets |
|--------------------------|---------------|---------------|---------------|---------------|---------------|----------------------------------|
| Karnataka | 8 | 72 | 89 | 213 | 252 | 145 |
| Kerala | 1 | 4 | 4 | 6 | 6 | - |
| Madhya Pradesh | 5 | 86 | 132 | 279 | 315 | 67 |
| Maharashtra | 97 | 188 | 280 | 401 | 496 | 268 |
| Manipur | - | - | - | - | - | - |
| Meghalaya | - | - | - | - | - | - |
| Nagaland | - | - | - | - | - | - |
| Orissa | - | 15 | 22 | 56 | 58 | 32 |
| Punjab | - | 137 | 132 | 314 | 333 | 225 |
| Rajasthan | - | 8 | 47 | 172 | 283 | 166 |
| Sikkim | - | - | - | - | - | - |
| Tamil Nadu | 14 | 37 | 81 | 142 | 210 | 27 ^a As on 31.3.83 |
| Tripura | - | - | - | 1 | 1 | 232 |
| Uttar Pradesh | - | - | - | 437 | 616 | 265 |
| West Bengal | - | - | - | 44 | 115 | 81 |
| UNION TERRITORIES | | | | | | |
| Andaman & Nicobar | - | - | - | - | - | - |
| Chandigarh | - | - | - | 2 | 2 | 1 |
| Delhi | - | - | 3 | 6 | 11 | 7 |
| Goa, Daman, Diu | - | - | - | 2 | 3 | 2 |
| Lakshadweep | - | - | - | - | - | - |
| Mizorom | - | - | - | - | - | - |
| Pondicherry | - | - | - | - | 1 | 1 |
| All India Total | 141 | 595 | 921 | 2936 | 3960 | 1839 |

Notes:

1. The total number of regulated markets shown is inclusive of the sub-markets, the number of which is shown in Col.7.

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2. The changes in the number of regulated markets, particularly the decreases are due to changes in the boundaries of States consequent upon state reorganisations. This is reflected in cols.3, 4 and 5. For instance, the number relating to Gujarat is included in Maharashtra upto 1961-64 and the number of markets in Haryana and Chandigarh is included in Punjab upto 1966.
-

Source: Compiled from various sources:

Data collected from Directorate of Marketing and Inspection Faridabad.

Desai, V.R. Metalk, et. al., Development Issues of the Indian Economy, (Bombay, 1979) p.59.

Government of India, Report of the National Commission on Agriculture (New Delhi, 1976) Vol.XII, pp.113-14.

Mathew, E.T., "Towards Better Marketing Organisation for Indian Agriculture", Indian Journal of Agricultural Economics, (Vol.XII, No.2, Bombay, 1957) p.194.

Reserve Bank of India, RBI Bulletin (Vol.16(6), Bombay, 1962) pp.886-891.

Directorate of Marketing and Inspection, Agricultural Marketing (Vol.XI, No.1, Nagpur, 1968) pp.1-7.

Mirchandani, R.T., and Hiranandani, G.J., "Regulated Markets - Their Review and Their Impact on Market Structure and Efficiency", The Indian Society of Agricultural Economics, Seminar Series X, (Bombay, 1966) pp.72-82.

Table - 1a1

Growth of Regulated Markets During Plan Periods

| States | Before commence- ment of I Five Year Plan | At the end of I Five Year Plan | At the end of II Five Year Plan | At the end of III Five Year Plan | At the end of Annual Plans (1968-69) |
|--------------------------|---|--|---|--|--|
| Andhra Pradesh - | 35 | 62 | 86 | 123 | 123 |
| Arunachal Pradesh | - | - | - | - | - |
| Assam | - | - | - | - | - |
| Bihar | - | - | - | 45 | 141 |
| Gujarat | - | - | - | 172 | 209 |
| Haryana | - | - | - | - | 150 |
| Himachal Pradesh | - | - | - | - | - |
| Jammu & Kashmir | - | - | - | - | - |
| Karnataka | 23 | 47 | 72 | 155 | 155 |
| Kerala | 1 | 1 | 4 | 4 | 5 |
| Madhya Pradesh | 3 | 59 | 86 | 145 | 162 |
| Maharashtra | 121 | 168 | 289 | 339 | 346 |
| Manipur | - | - | - | - | - |
| Meghalaya | - | - | - | - | - |
| Nagaland | - | - | - | - | - |
| Orissa | - | - | 15 | 39 | 49 |
| Punjab | 92 | 114 | 132 | 300 | 243 |
| Rajasthan | - | - | - | 58 | 131 |
| Sikkim | - | - | - | - | - |
| Tamil Nadu | 11 | 19 | 37 | 61 | 69 |
| Tripura | - | - | - | 1 | 1 |
| Uttar Pradesh | - | - | - | 2 | 46 |
| West Bengal | - | - | - | - | - |
| UNION TERRITORIES | | | | | |
| Andaman & Nicobar | - | - | - | - | - |
| Chandigarh | - | - | - | - | 2 |
| Delhi | - | - | 3 | 3 | 3 |
| Goa, Daman, Diu | - | - | - | - | - |
| Laksha Dweep | - | - | - | - | - |
| Mizorom | - | - | - | - | - |
| Pondicherry | - | - | - | - | - |
| ALL INDIA TOTAL | 286 | 470 | 715 | 1547 | 1855 |

SOURCE: Same as in Table 1.1.

In March 1950, the first Planning Commission of independent India was appointed. The Commission submitted its report in 1951 and on that basis the nation's economic policy for the next five years ending July, 1956 was formulated.

The first Five Year Plan's approach had three important assumptions.

i) It assumed that the stronger elements in society, including land owners, money lenders and traders in agricultural commodities severely exploited agriculturists.

ii) It assumed that the farming class as a whole was basically illiterate and unschooled, who continued to farm in the traditional unproductive way.

iii) It recognized that agricultural production was also dependent on inputs.

The view that 'conspiracy is the source of agricultural problem' played a major role in Indian agricultural development programming during this period.⁴⁷ This view is still prevalent among most a number of people. There is an extensive array of literature exposing the exploitation of

⁴⁷ Malter, John, W., et. al., (Ed.) Developing Rural India - Plan and Practice (Ithaca, New York, 1968) p.66.

Indian farmers by land lords, money lenders and merchants. This may at times get exaggerated but yet it contains a large element of truth. Indian policy has been based on the assumptions that economic development as a whole necessitates first attention to agriculture development and that agriculture development is possible only if certain reforms in the basic structure of the economy which would do away with the blatant exploitation of farmers by landlords and traders are first undertaken. Farmers would not be encouraged to undertake the risks of technological innovation to achieve higher productivity if they are prevented from enjoying their due share of economic progress. Remedies to the problem of exploitation lay in three areas:

- i) Land reform and abolition of all forms of the old land tenure system which is steeped in injustice and exploitation.
- ii) Providing alternative sources of credit to free the cultivators from the ^{ar}vicious money-lenders.
- iii) Regulation and provision of alternative avenues of marketing agricultural commodities to relieve farmers from the traders.

In the years since 1951, Indian policy was aimed at fighting all these different forms of exploitation. The first Five Year Plan laid particular emphasis on land reforms and stressed the provision of alternatives to existing trade

channels by strengthening credit and establishing marketing co-operative societies.

The programme for agricultural development under the Second Plan was essentially a continuation of the programme carried out under the First Plan, although it is stated that in general the emphasis was shifted from agriculture to industry. The Second Five Year Plan allocated slightly less than 20 per cent of the total expenditure to "Agricultural and Rural Development". Yet, because the Second Plan was considerably larger in total outlay, the actual rupee expenditure in these categories was designed to be almost 50 per cent higher than in the First Plan. In the Sixth Plan, the agricultural marketing was given special importance by allotting 96.11 crores exclusively for its development.⁴⁸

It is worthwhile to note that during II Plan, there was an earnest attempt on the part of policy makers to uplift the farmers from the total hold of private and professional money-lenders. Historically, the rise in rural indebtedness in India is closely associated with the period of British colonialism. Since then, this indebtedness has continued to remain, though considerably reduced by the organisation of credit societies and other special financial

⁴⁸ For details, please see Table 1.1 in Chapter I, p. 3 and Table 2.3 in the present chapter, p. 108

Table - 2.1Allocation of Plan Expenditure for Marketing and Allied Services

| Details | I PLAN | | II PLAN | | III PLAN | | IV PLAN | |
|---|--------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|
| | Cro- res Rs. | % of total lay out | Cro- res Rs. | % of total lay out | Cro- res Rs. | % of total lay out | Cro- res Rs. | % of total lay out |
| Warehousing Marketing and Storage | -- | -- | 1 | 0.2 | 42 | 0.5 | 50 | 0.3 |
| Cooperation | 7 | 0.3 | 47 | 1.0 | 80 | 1.0 | 206 | 1.3 |
| Transport and communi- cations | 557 | 23.6 | 1385 | 28.9 | 1655 | 20.4 | 3010 | 18.8 |
| Total plan Layout | 2356 | - | 4800 | - | 8099 | - | 16000 | - |

Note: In the VI Plan the allocations are:
 Agricultural Marketing - 96.11 crores
 Storage & Warehousing - 337.65 "
 Government of India, Planning Commission, Sixth Five Year Plan (New Delhi, 1981) p.142.

Source: For I, II Plan Periods: Government of India - Planning Commission, Second Five Year Plan (New Delhi, 1956) pp.51, 52.

For III Plan Period: Government of India, Third Five Year Plan (New Delhi, 1961) pp.85-88.

For IV Plan: Government of India, Fourth Five Year Plan - A Draft Outline (New Delhi, 1966) pp.41, 72-74 and 105-107.

institutions. But lack of adequate rural credit facilities still constitute one of the basic constraints of efficient agricultural marketing.⁴⁹ Some studies⁵⁰ in this direction show that the failure of credit programmes initiated by the Government during 1st and II Five Year Plans did not bring about the desired results because such credit facilities, instead of being used up for technological improvement, was being used for either consumption or for speculative purposes or for relending. Further, there was no direct linkage of credit with marketing programmes or policies. The credit programmes of the government also tended to benefit the richer farmers rather than the small and marginal land holders.

As mentioned earlier, it was during the Second Plan period that greater emphasis was placed on the need for a re-orientation of existing marketing channels. It was realised that marketing channels, as well as land and capital had been

⁴⁹ Sinha, S.P., "Agricultural Credit: Development and Prospects", CONSUMER AFFAIRS, 22a. Sita, p.101.

⁵⁰ Government of India, Report of the National Commission on Agriculture, (Delhi, 1974) para 55.4.8, Joshi, N.C. "Aspects of Agricultural Finance", Yojana (Vol. XXII, No. 16, Delhi, 1973) p.9; Southern Economist, (Vol.17, 1979) p.12.

See also, Conference Papers on "Rural Credit: Structure and Flows and the Rapporteur's Report" by Dr. Thingalaya, Indian Journal of Agricultural Economics, (Vol. XXIII, No.4, Bombay, 1978).

used as an instrument of exploitation.⁵¹ An important assumption, therefore, was that farmers as well as consumers were exploited by merchants and traders and that this situation constituted a social problem that required redress. Allied with this assumption was the more sophisticated view that imperfections in marketing caused lower producer prices, which in turn reduced the incentives of farmers to produce more. Thus, the first motivation was social welfare and the second a stress was on production. The political answers to the problem were the regulation of traders and the establishment of a widespread network of cooperatives as an alternative to private trade.

The weakness of these assumptions and the solutions to the problem was that they did not take into account the fact that an efficient marketing mechanism alone can create efficiency in the economy leading to increased production and equitable distribution. An obvious difference in the concept of regulation of trade as proposed now and as was done during the British period lay in this.⁵² The ultimate aim of

⁵¹ Mellor, John, W., (Ed.), GP, G&A, p.66.

⁵² British people advocated regulation of trade to ensure a larger assembly of produce from distant villages at a convenient location. They however, did this under the pretext that regulation was intended to safeguard the interests of farmers. It is interesting that the British administrators in India did not try to set up the "Commodity Boards" which they introduced in England to safeguard the producers there.
Barbara, Harris, GP, G&A, p.39.

planners was not regulation of trade ~~per se~~ but the social and economic benefits that would accrue to the farmer-producers. It was this which made some commentators to describe regulation of trade as a short run approach.⁵³ It is possible that in the initial periods of planning, the policy makers were themselves were not quite aware of the full implications of bringing about changes in the working of markets. Replacement of the traditional organisation by new institutions such as the co-operatives or governmental agencies was often accepted as the most logical policy for bringing about the desired results in the distribution system.

Entry into trade was easy because of the low capital requirements. Profit was related largely to their skill on 'trading' i.e. buying cheap and selling dear. 'Some writers even argue that' there was little monopoly profit.⁵⁴ This view articulated in a subsequent period did not, however, stand in the way of bringing regulation on agricultural marketing.

As an alternative, government took steps to initiate and strengthen the co-operative machinery and tried to induct

⁵³ Ibid., p.73.

⁵⁴ The following studies support this view and argue for strengthening the private trade:
 Lele, Uma, J., 'Jowar Marketing in Sholapur' in Mallor, John, W., (ed.) Op. Cit., pp.237-294.
 Leon, V. Hirsch, 'Marketing in an under developed Economy', North Indian Sugar Industry (New York, 1961) p.20.
 Bauer, P.T., West African Trade: A Study on Competition, Oligopoly and Monopoly in a Changing Economy (Cambridge, England, 1954) p.30.

it into the agricultural marketing system. This is evident from the allotments made for the co-operative sector in the Five Year Plans (Ref. Table 2.3). But the system had only indifferent success in the Indian conditions. It could not create the expected impact on the system.⁵⁵

The failure of the co-operative movement to bring about necessary changes in the system of agricultural marketing in the country led to some rethinking in government, but this also did not lead to any positive action. Such rethinking was particularly strong in the years of severe shortages in food supply as in 1953-54 and in 1965-66. Food production in the country has all along been at the mercy of the weather gods. At the same time there was the ever increasing growth in demand caused by growth in population and the rise though small in purchasing power. The Third Five Year Plan period was characterised by poor production records and rapidly rising prices. This again led to re-examinations of government

⁵⁵ Reserve Bank of India, Development of Co-operative Marketing - A Survey Report, (Bombay, 1968) p.217.

See also:

Singh, Ranjit and George, M.V., "Marketing of Rice in Punjab", in Singh, Pritam, Emerging Patterns of Economic Life, (Bombay, 1975) p.77.

Hunter, Guy, et. al. (Ed.) Servicing the Small Farmer: Policy Choices in Indian Agriculture (London, 1974) pp. 36-40.

Chosh, Alek, Indian Economy - Its Nature and Problems (Calcutta, 1977) p.256.

policies and announcements of several programmes to increase production and streamline distribution, but in concrete terms there were few improvements of the existing system.

Theoretically, there are four major means of dealing with rising prices.

- i) To increase agricultural production which, however, is not easy to accomplish in a short span.
- ii) To use price depressing mechanism, including imports and price regulation. This is easier from the administrative point of view but is unpopular with farmers and would invite great financial burden to the exchequer.
- iii) To introduce rationing and a compulsory procurement programme. This can only be a short term solution to the problem.
- iv) To reduce the margin between farm and consumer prices by eliminating or regulating the middlemen. This is also considered a short-run approach and is countered by the argument that since monopolistic profits are not found such regulations are not essential.

Thus, at no time in the country's planning for agriculture development was the problem of agricultural marketing taken up seriously in all its interrelations and a solution was found for the problem. Such solutions as were offered as in the case of cooperatives, failed due to hesitant and faulty implementation.

Several reasons can be attributed to this state of affairs.

- (i) A good deal of faith was placed in the cooperatives, without however ensuring that the right conditions and infrastructure facilities existed for them to develop and deliver the goods.
- (ii) It was too simplistically believed that once the farmers were relieved of their past debts and thereafter, by providing them with fresh channels of institutional credit, agriculturists would have a free hand in disposing of their surpluses on their own. Even after the creating of a long chain of financial institutions this has not been achieved yet.
- (iii) Necessary institutional devices to dissuade the farmer to rush to the local market to make distress sales could not be ensured under the reforms. While the several studies and reports on the marketing system definitely indicate that the farmers are made losers at a series of points the devices to prevent this from happening are yet to be made perfect. Losses to the farmer in effecting sales may occur at the place of sale (village sale) or due to lack of knowledge of market conditions or of existing retail prices or because of the nature of the agency to whom the sale is effected (i.e. disposing part or full of the produce to the money-lender in satisfaction of debts) or on account of

the timing of the sale (immediate post harvest sale). Even after the series of reform measures these loopholes have not been plugged.

- (iv) The cost of marketing has increased due to the intervention of a large number of middlemen traders in the business. At each stage of changing hands the intermediary makes a profit and this adds to the total final cost. A typical case of this kind is the channel for rice marketing in Tamil Nadu. The produce changes hand through a series of transactions beginning with the village sale. If this first sale is shifted to the primary markets, the producer can be a lot more competitive. Regulated markets can play an important role in this direction. A comparative study⁵⁶ shows that in Punjab 95 per cent of the produce is brought to primary wholesale markets by the growers whereas it is only 10 per cent in Tamil Nadu. But this does not seem to be fully true.

During the First Plan period, three more States enacted Agricultural Produce Markets Acts and the number of regulated markets rose from 283 to 450. At the end of the Second Plan, the number increased to 815. At the close of the Third Plan, in 1966, the total number of regulated markets in the country rose to 1,012. During the period 1966-1980, the total number of regulated markets rose to 3,960. Thus, of the

⁵⁶ Neller, John, W., (ed.) APMAs, p.64.

total 4,145 secondary markets existing in the country regulation has been extended to more than 70 per cent.⁵⁷

During 1961-1970, most of the States amended the Act to bring in uniformity of regulations within a State. As is evident from Tables 2.1 and 2.2 major progress in this respect was achieved during 1970-1980. The Tables also reveal that while some States took keen interest in developing regulated markets, most of them lagged behind.⁵⁸ The development of sub-market yards is another index that indicates the determination of State governments to spread the regulatory effects deeper into the rural parts. It is in these areas that the first exchanges operate and consequent malpractices begin and hence the real need for regulation.

Table 2.4 gives the area under coverage of regulated markets in square kilometers/kilometer radius. This is an indication of the comparative position of the markets in each State and the degree of intensity of their operations. Only ten States and two Union Territories have approximated the All India average. Among them Punjab occupies the premier position, having the best coverage (151 sq.km./RM).

⁵⁷ See Table 2.1 and 2.2, Government of India, Planning Commission, Second Five Year Plan (New Delhi, 1966) p.277.

⁵⁸ See Appendix-IV and Appendix-V and Charts 2 and 3.

Table - 2.4

Coverage Ratio of Regulated Markets in Sq. Km./Km. Radius

(Based on 1980 figures)

| States | Area in Sq.km. | No. of RMs | Average Area/RM in Sq.km. | Average Area per RM in km. Radius |
|--------------------------|----------------|------------|---------------------------|-----------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Andhra Pradesh | 275281 | 508 | 542 | 17 |
| Arunachal Pradesh | 81424 | - | - | - |
| Assam | 63753 | 4 | 15938 | 901 |
| Bihar | 174038 | 334 | 521 | 16 |
| Gujarat | 187115 | 285 | 656 | 21 |
| Haryana | 43869 | 115 | 381 | 12 |
| Himachal Pradesh | 56019 | 12 | 4668 | 147 |
| Jammu & Kashmir | 222800 | - | - | - |
| Karnataka | 192204 | 252 | 763 | 24 |
| Kerala | 38855 | 6 | 6476 | 204 |
| Madhya Pradesh | 443452 | 315 | 1408 | 44 |
| Maharashtra | 307477 | 496 | 620 | 19 |
| Manipur | 22347 | - | - | - |
| Meghalaya | 58213 | - | - | - |
| Nagaland | 16488 | - | - | - |
| Orissa | 155825 | 58 | 2687 | 84 |
| Punjab | 50226 | 333 | 151 | 5 |
| Rajasthan | 342274 | 283 | 1209 | 38 |
| Sikkim | 7298 | - | - | - |
| Tamil Nadu | 130357 | 210 | 620 | 20 |
| Tripura | 10453 | 1 | 10453 | 329 |
| Uttar Pradesh | 294364 | 616 | 478 | 15 |
| West Bengal | 87617 | 115 | 762 | 24 |
| <u>Union Territories</u> | | | | |
| Andaman & Nicobar | 8327 | - | - | - |
| Chandigarh | 114 | 2 | 57 | 2 |
| Delhi | 1484 | 11 | 135 | 4 |
| Goa, Daman, Diu | 3693 | 3 | 1231 | 39 |
| Lakshadweep | 28 | - | - | - |
| Mizorom | 20979 | - | - | - |
| Pondicherry | 472 | 1 | 472 | 15 |
| All India Total | 3297352 | 3960 | | |
| Average | | | 833 | 26 |

Source: Same as in Table 2.1.

Punjab is followed by Haryana (381 sq.km./RM), Uttar Pradesh (478 sq.km./RM), Bihar (521 sq.km./RM), and Andhra Pradesh (542 sq.km./RM).

The ratio of the number of regulated markets to the area of coverage in km. radius also shows the same growth pattern. Punjab compares well with the all India average, having an average coverage of 5km. radius for every regulated market. The States that follow are Haryana (12 km. radius), Uttar Pradesh (15 km. radius), Bihar (16 km. radius) and Andhra Pradesh (17 km. radius). It is worth mentioning that Punjab is the only State that has achieved the targeted coverage of Regulation.

Table 2.5 shows the progressive coverage of regulation for the period, 1931 to 1980. It shows that the maximum growth was registered during 1961-1970 followed by the period 1971-1980. The higher rate of growth is quite evident in the case of States that have a more intensive coverage as was examined in the preceding paragraphs.

During the period under review, commodity surveys were conducted for about 60 commodities by the Government of India, through the Agricultural Marketing Department. These surveys revealed the role played by middlemen and the malpractices prevalent in the agricultural marketing system. The survey also covered the working of the cooperatives in the different States and demonstrated the unsatisfactory way of their

Table - 2.1Growth of RMs and Progressive Coverage of Area in km.Rating

| States | Average Area per RM in km. Rating | | | | |
|--------------------------|-----------------------------------|---------------|---------------|---------------|---------------|
| | 1931- 1940 | 1941- 1950 | 1951- 1960 | 1961- 1970 | 1971- 1980 |
| Andhra Pradesh | 540 | 180 | 101 | 25 | 17 |
| Arunachal Pradesh | - | - | - | - | - |
| Assam | - | - | - | - | 501 |
| Bihar | - | - | 122 | 43 | 16 |
| Gujarat | - | - | - | 23 | 21 |
| Haryana | - | - | - | 10 | 12 |
| Himachal Pradesh | - | - | - | 352 | 147 |
| Jammu & Kashmir | - | - | - | - | - |
| Karnataka | 755 | 84 | 68 | 28 | 24 |
| Kerala | 1221 | 305 | 305 | 204 | 304 |
| Madhya Pradesh | 2787 | 162 | 106 | 50 | 44 |
| Maharashtra | 100 | 51 | 35 | 24 | 19 |
| Manipur | - | - | - | - | - |
| Meghalaya | - | - | - | - | - |
| Nagaland | - | - | - | - | - |
| Orissa | - | 326 | 223 | 87 | 84 |
| Punjab | - | 12 | 12 | 5 | 5 |
| Rajasthan | - | 1344 | 229 | 63 | 38 |
| Sikkim | - | - | - | - | - |
| Tamil Nadu | 293 | 111 | 51 | 29 | 20 |
| Tripura | - | - | - | 329 | 329 |
| Uttar Pradesh | - | - | - | 21 | 15 |
| West Bengal | - | - | - | 62 | 24 |
| <u>UNION TERRITORIES</u> | | | | | |
| Andaman & Nicobar | - | - | - | - | - |
| Chandigarh | - | - | - | 2 | 2 |
| Delhi | - | - | 16 | 8 | 4 |
| Goa, Daman, Diu | - | - | - | 29 | 29 |
| Lakshadweep | - | - | - | - | - |
| Mizorom | - | - | - | - | - |
| Pondicherry | - | - | - | - | 15 |
| ALL INDIA AVERAGE | 735 | 174 | 112 | 35 | 26 |

Source: Same as in Table 2.1.

functioning.⁵⁹ It would appear that the close interrelationship in the working of the cooperatives and of the regulated markets has not been given adequate attention in the implementation of the various reform measures. In the absence of this realization any scheme at improving the total agricultural marketing system is bound to face severe setbacks.

THE NATIONAL COMMISSION ON AGRICULTURE - 1976

A new dimension to the process of regulation in the field of agricultural marketing was given by the National Commission on Agriculture, when it published its report in the year 1976. The Commission made a detailed study of almost all the areas covering agricultural production, marketing and allied services. Unlike the Report of the Royal Commission on Agriculture (1933) the present one was more detailed and specific in its recommendations. The Royal Commission on Agriculture (1928) had prepared its report basing itself on the totality of Indian agriculture and without actually examining the agricultural marketing system in

⁵⁹ It is stated that in 1963-64, the cooperatives handled no arrivals in RMs, though it was estimated that cooperatives would handle about 10% of the marketable surplus at the end of II Five Year Plan. This indirectly shows that the major portion of the marketable surplus is still handled by the traditional marketing agencies, Shah, C. H., (Ed.) RR. C.A., p.162.

detail. It would not be quite incorrect to say that the findings of this Commission was in the main an extension of what was reported by the Royal Commission on Agriculture in 1922 in Britain.⁶⁰

During the interval between the two Commissions some 60 commodity reports had been brought out by the Agriculture Marketing Department, illustrating the peculiar nature, inadequacies and the malpractices existing in the process of marketing of various agricultural commodities. The context in which the Commissions worked also differed on account of the fact that in the meanwhile, in a number of states, regulated markets were already functioning, though not uniformly. Experience of the working of these markets, the numerous reports of Enquiry Committees at State levels, and the firsthand knowledge of the agricultural commodity markets were an added advantage to the Second Commission.

The Commission stressed that any marketing system is bound to achieve the following two objectives:⁶¹

- 1) The additional produce must move to the market to bring additional revenue to the farmers. If not, it

⁶⁰ Harris, Barbara, op. cit., p.38.

⁶¹ Government of India, Ministry of Agriculture & Irrigation, Report of the National Commission on Agriculture-1976, Part XII, Supporting Services and Incentives, (New Delhi, 1976) pp.110-186.

may work as a disincentive to increasing production.

- ii) The system should supply foodgrains and other agricultural commodities at reasonable prices to consumers at the time and place needed by them. If not, increased production has no meaning in a welfare society.

According to the Commission, the objectives of an efficient marketing system are as follows:⁶²

- i) To enable the primary producers to reap the best possible benefits.
- ii) To provide facilities for lifting all the produce the farmers are willing to sell at an incentive price.
- iii) To reduce the price spread between the primary producer and ultimate consumer.
- iv) To make available products of farm origin to consumers at reasonable prices without impairing the quality of the produce.

On the basis of this, the Commission gave its suggestions for the reorganisation of agricultural marketing system in India on the following lines.⁶³

⁶² Ibid., p.127.

⁶³ Ibid., para 56.1.2.

- i) The markets should be at a place as near as possible, preferably within a radius of 5 kms.**
- ii) The markets should work on all days and should gradually become full-fledged assembly markets.**
- iii) These markets must be capable of providing the minimum facilities as follows:**
 - (a) Physical facilities for grading, weighing and storage.**
 - (b) There should be an agency which should take charge of the cultivator's produce, advance him money for his immediate needs, process the produce, arrange for further marketing at the next point and then make final payment.**
 - (c) Alternative arrangements for disposal of the produce.**
 - (d) Market information must be provided.**
 - (e) Provision of inputs and other domestic needs at the market itself.**
 - (f) Facility for intervillage and intravillage road communication in the proposed market areas.**

Thus, the Report of the Commission gave a facelift to regulated marketing and stressed that regulation of marketing practices alone will save the growers.

GROWTH OF REGULATED MARKETS IN TAMIL NADU

Following the recommendations of the Royal Commission on Agriculture in 1928, the first regulated market in the State was established at Tiruppur in 1936, under Coimbatore Market Committee. This is one of the oldest and most important assembling markets for cotton and naturally, the colonial government's interest was obvious in bringing this market under regulation. The Madras Commercial Crops Markets Act, 1933 (Act XX of 1933) was enacted for the establishment of this market and the Act provided the basis for the working of the regulated market in Tiruppur. Initially it covered three crops, viz., tobacco, cotton and groundnut. In course of time however, amendments were made as a result of which gingely, coconut and arecanut were also declared notified commodities.

Eventhough the Tamil Nadu Agricultural Produce Markets Act (Act 23 of 1959) repealing the 1933 Act was passed in 1959, it was implemented only in 1962. Till such time the earlier legislation was in force.

GROWTH OF REGULATED MARKETS IN TAMIL NADU PRIOR TO INDEPENDENCE AND UPTO 1947

When the Act was introduced first, in the year 1933 the area of notification was confined to municipal limits of Tiruppur in Coimbatore district and the Act covered only one

crop - cotton. Later larger areas such as the taluk of Bezwada (now in Andhra Pradesh) was notified in respect of tobacco and, there after in 1939 the entire district of South Arcot was notified for groundnut. Subsequently, the limits of Tiruppur MC was extended to cover the entire revenue district of Coimbatore. The number of crops 'notified' was also increased as was pointed out earlier.

The motive behind this extension, however, cannot be believed to be one for extending help to the growers. It was found that by notifying more crops in wider areas the financial stability of Market Committees would increase manifold. It is blamed that if the system (RMs) has failed, it is because, MCs were "interested only in generating their own funds".⁶⁴

The objectives of the Act, interalia included the following.⁶⁵

- i) Regulation of market practices and prohibition of unnecessary market charges (See Appendix-I for details of the various charges).
- ii) Licensing of Traders and Weighmen.
- iii) Ensuring immediate payment and correct weighment.

⁶⁴ The Hindu (Madras, 25 Nov., 1979) p.8.

⁶⁵ The Madras Commercial Crops Markets Act, 1933, Sections: 4A(1), 5(1), 8, 13(x), 14.

- iv) Providing necessary arrangements for settlement of disputes.
- v) Provision of reliable market information regarding arrivals/stocks/prices, etc.
- vi) Introduction of grading.

But, with all these improvements the regulated markets, as an institution, did not make any impact on growers nor did it fetch much of the desired results.

During the period under review, there were only two market committees having control over nine regulated market yards. The following Table 2.6 gives the details.

Table - 2.6
Growth of Regulated Markets in Tamil Nadu for the
Period: 1933-1947.

| Year | Market Committees | |
|------|--------------------------|---------------------------|
| | Coinbatore No. of RMS | South Arcot No. of RMS |
| 1 | 2 | 3 |
| 1933 | - | - |
| 1934 | - | - |
| 1935 | - | - |
| 1936 | 1 | - |
| 1937 | - | - |
| 1938 | - | - |
| 1939 | - | 2 |

| Year | Market Committees | |
|-------|--------------------------|---------------------------|
| | Coimbatore No. of RMs | South Arcot No. of RMs |
| 1940 | - | 4 |
| 1941 | - | - |
| 1942 | - | - |
| 1943 | - | - |
| 1944 | - | - |
| 1945 | - | 2 |
| 1946 | - | - |
| 1947 | - | - |
| Total | 1 | 8 |

SOURCE: Compiled from the government records at the Directorate of Agricultural Marketing (Tamil Nadu) at Trichy, and from the records of MCs at Coimbatore and South Arcot (Cuddalore)

DEVELOPMENT DURING POST INDEPENDENCE PERIOD 1947

TO 1951

As far as Indian economy was concerned this was a period of recovery and hence there were no developments. Moreover, the working of most of the MCs in the State were stalled by a number of civil cases preferred by traders. It was only in 1962 that the legal hurdles were overcome. The traders in general questioned the propriety of MCs to collect market fees, impose licence fees, etc. They contended that regulation was meant to restrict freedom of trade. In most of the

districts the operation and functioning of MCs and RMs were stayed by the Court.

DEVELOPMENT DURING PLAN PERIODS (1951-1982)

At the reorganisation of states, Tamil Nadu consisted of 23 revenue districts, comprising all the districts of the present State excepting the Kanyakumari District, 11 districts of the present Andhra Pradesh, South Canara district now in Mysore and the District of Malabar, now part of Kerala. As mentioned in the preceding paragraphs, after the Madras Commercial Crops Markets Act, 1933 came into force, the first market committee to be constituted in the State was at Tiruppur in Coimbatore district for cotton in April 1935, South Arcot district was notified for Groundnut along with two other areas, viz., Guntur district and Nandyal taluk which now belong to Andhra Pradesh. In 1940, Bewada taluk alone was notified. Thus, at the commencement of the World War II, there were five market committees in the old composite Madras State, regulating trade in respect of cotton, groundnut and tobacco. There was a decline in the growth of RMs, during the war period, from 1940 to 1949, and it was only during 1949 to 1959 four more districts were notified under the Act. But all these areas are no longer in Tamil Nadu since the reorganisation of States. The districts of Ramanthapuram for cotton and groundnut and Tirunelveli for

cotton followed by North Arcot for groundnut were notified under the Act in 1952 and 1953 respectively. In 1957, Tiruchirappally was notified for tobacco and groundnut.

Thus, from 1933 to 1957, i.e., during the course of nearly 24 years a total of 14 districts were notified and market committees were constituted under the Madras Commercial Crops Markets Act, 1933. But out of the 14 MCs only six were in existence in Tamil Nadu after 1959, i.e. after the reorganisation of states. The other districts had become part of other states. The list of those markets which remained with Tamil Nadu and the commodities notified are given in Table 2.7 below.

Table - 2.7

Growth of Regulated Markets in Tamil Nadu during the period 1947-1959

| <u>Year of establishing</u> | <u>Name of MCs</u> | <u>Commodities Notified</u> |
|-----------------------------|-----------------------------|-----------------------------|
| 1936 | Coimbatore | Cotton, Groundnut, Tobacco |
| 1939 | South Arcot | Cotton, Groundnut, Gingely |
| 1952 | Ramanathapuram ¹ | Cotton, Groundnut |
| 1952 | Tirunelveli ² | Cotton |
| 1953 | North Arcot | Groundnut |
| 1959 | Tiruchirappally | Cotton, Groundnut |

Source: Same as in Table 2.6

Notes: 1. Though notification for regulation of marketing practices as per the Act came in 1952, the actual establishment of MCs and RMs was effective only from 1963 onwards, due to the legal action against the regulation by traders.

2. Tirunelveli MC also had the same fate and its effective functioning began only in 1962.

During 1957, the Tamil Nadu Government constituted an expert committee to examine the legal aspects of Madras Commercial Crops Markets Act 1933 and to suggest measures to remove the defects.⁶⁶ The terms of reference of the committee also included the simplification of the provisions in order to render working of the market committees smooth, more efficient and less expensive; the consideration of the extension of the Act to all agricultural crops; the general review of the working of the market committees and to suggest measures to render the legislation more perfect and beneficial to agricultural producers and less troubles to traders.

On the basis of the recommendations made by the Enquiry Committee, in 1957, more commodities were notified.⁶⁷ This and the problems of state reorganisation of Indian States paved the way for the enactment of the Tamil Nadu Agricultural Produce Markets Act, 1959 (Act of 23 of 1959), which came into force on 23-10-1962.⁶⁸

⁶⁶ Government of Tamil Nadu, Food and Agriculture Department, No.G.O.No.113, dated 17-1-1957.

⁶⁷ Report of the Expert Committee 1957, to review the working of Madras Commercial Crops Markets Act, 1933 (Chairman, Krishnaswamy Naidu, W.S.) from the 'Terms of Reference'. It is interesting to note the two major suggestions made by the Commission - (i) to include all kinds of agricultural produce including horticulture, forestry and animal husbandry (ii) Members of the MC may be nominated as the election does not serve the purpose.

⁶⁸ Government of Tamil Nadu, Food and Agriculture Department, G.O. No.No.3184, dated 13-10-1962.

The new Act was prepared on the basis of the guidelines given by the Central Directorate of Agriculture and Inspection. In essence, the new Act of 1959, contained most of provisions of its predecessor, though it is claimed to be an improvement on the following aspects.⁶⁹

- i) Extension of coverage of commodities.
- ii) Representation to the cooperative sector in the MCs.
- iii) Simplification in licensing procedure of traders.
- iv) Compulsory provision that only a grower (producer) can be the chairman of the MC and equating him with a public servant for liabilities.
- v) Change of market fee from weight basis to ~~ad valorem~~ basis.
- vi) Restructuring the composition of number of members representing different interests - Growers (50%), Traders (22%), Cooperatives (6%), Nominations (22%).

At the time of introducing the new Act, in October 1962 there were only six MCs functioning in the State regulating trade in the agricultural commodities. The coverage based on districtwise works out to 43 per cent.

⁶⁹ A critical analysis of the various provisions of the Act is made in later chapters.

The number of RMs increased from 9 to 32 during the period ended in 1962 (Table 2.8). It covered only 6 per cent of the wholesale assembly centres for agricultural commodities. By 1962, the legal hurdles created by the traders ended in favour of MCs. The judgements in all these cases upheld the constitution of MCs and stressed the need for regulation.⁷⁰ This may be considered to be the completion of the first phase in the evolution of regulated marketing in Tamil Nadu. The second phase witnessed the MCs taking an upper hand by prosecuting traders mainly for not obtaining licenses and for non-payment of market fees.

The period from 1962 to 1982 witnessed a phenomenal growth of regulated markets in Tamil Nadu. The number of MCs and RMs increased substantially. So also the number of commodities covered swelled. Altogether, they created an impact on the agricultural economy, atleast in the particular districts.

Amendments to the Agricultural Produce Markets Act:

The Tamil Nadu Agricultural Produce Markets Act, has been amended four times.

⁷⁰ Detailed references to these cases are given in Chapter 1, p.54.

Table - 2.8Growth of Regulated Markets in Tamil Nadu for the Period
1936-1962.

| Year of Establish- ing | Name of MC | Number of Regulated Markets | | | | | | | | | | Total for MC | |
|------------------------------|----------------------------|-----------------------------|------|------|------|------|------|------|------|------|------|--------------------|------|
| | | 1936 | 1939 | 1940 | 1945 | 1952 | 1953 | 1955 | 1956 | 1958 | 1959 | | 1960 |
| 1936 | Coimbatore | 1 | - | - | - | 1 | 1 | 1 | 1 | - | - | 3 | 8 |
| 1939 | South Arcot | - | 2 | 4 | 2 | - | - | 1 | - | - | - | - | 9 |
| 1952 | Ramanatha- pura | - | - | - | - | - | - | - | - | - | 1 | - | 1 |
| 1952 | Tirunelveli | - | - | - | - | - | - | - | - | - | - | 1 | 1 |
| 1953 | North Arcot | - | - | - | - | 2 | - | 3 | 1 | 1 | - | 2 | 9 |
| 1959 | Tiruchira- ppally | - | - | - | - | - | - | - | - | 2 | - | - | 2 |
| 1959 | Pudukkottai ⁽¹⁾ | - | - | - | - | - | - | - | - | 1 | - | - | 1 |
| 1960 | Kanyakumari ⁽²⁾ | - | - | - | - | - | - | - | - | - | 1 | - | 1 |
| Total No. of RMs | | 1 | 2 | 4 | 2 | 1 | 3 | 2 | 3 | 2 | 4 | 2 | 6 |

Sources: Annual Reports of MCs from 1936-1962, Records kept at the Directorate of Agricultural Marketing, Government of Tamil Nadu, Trichy and at the State Agricultural Marketing Board, Madras.

- Notes: (1) Though the Pudukkottai MC was established only on 25-2-1975, it started functioning with RMs already working under Trichy MC.
- (2) Kanyakumari MC officially started functioning only from 1-1-1967, but a regulated market at Monday market was functioning from 4-12-1960.

The first amendment to the Act was made in 1970 by the Tamil Nadu Agricultural Produce Markets (Amendment and Validation) Act (Act 18 of 1970). The purpose of this amendment was to validate the collection of cess on declared goods specified in Section 14 of the Act, during the period 22-10-1962 to 18-10-1970. This amendment emphatically provided powers to the MCs to collect cess on notified agricultural produce.

The second amendment was made in 1970, again by the Tamil Nadu Agricultural Produce Markets (Second Amendment) Act of 1970 (Act 19 of 1970). This amendment revised the term 'cess' as 'fee'. The Act came into force on 1-1-1971.

The Act was amended a third time in 1974 by Tamil Nadu Agricultural Produce Markets (Amendment Act 1971 (Act 2 of 1972). The intention of this amendment was to introduce an element of compulsion so that market committees could ban trading in notified agricultural produce outside regulated markets, a provision yet to be implemented.

The fourth amendment came into effect on 6th June 1978. It is of major significance in the series from an organisational perspective. Section 4 of the Act provided for the appointment of special officers and nominated Advisory Boards to advise the special officers, in supersession of all the elected Market Committees.⁷²

⁷² sections: 4, 5(a), 5(b) (3) and 5(b)(4).

CONSTITUTION OF STATE AGRICULTURAL MARKETING BOARD

Another notable institutional change took place in the year 1970. An apex body called the State Agricultural Marketing Board was constituted in Tamil Nadu for 'co-ordinating the activities of various market committees'. The Board was similar to the Punjab Agricultural Marketing Board. The intention here also was to maintain a uniform standard, as far as possible, in trading practices in the state as a whole. It was expected that the Board would "thus serve as an effective and crucial link between market committees and government, giving a sense of cohesion and purpose in the working of the market committees throughout the State, by ensuring uniformity of practices, procedures in the day to day administration of the market committees".⁷³ It was hoped that this would go a long way in laying the foundation for an efficient and stable structure of regulated agricultural marketing in the State, with the ultimate objective of ushering in a new regulated marketing in tune with the latest trends and the changing requirements of modern farming and scientific agriculture in the State.⁷⁴

Progress in General:

From 1962 onwards considerable progress had been made in the enforcement of the Act in the State. The number of

⁷³ Government of Tamil Nadu, Department of Agriculture, G.O. Ms. No.2582 dated 24 October, 1970.

⁷⁴ *Ibid.*, p.3. An evaluation of the working of the Board is made in the succeeding chapter.

MCs and the RMs increased and a larger number of commodities were brought under notification. As on 31-3-1982, there were 13 MCs controlling 232 major RMs and 23 submarket yards (Table 2.9).⁷⁵ The number of notified commodities increased from 4 in 1939 to 34 in 1982.⁷⁶ In addition, 83 new major markets and 25 submarket yards are proposed to be established. It is hoped that at the end of VI Plan, there would be 340 RMs handling 6 lakhs metric tonnes of agricultural produce.⁷⁷

In 1962, when Tamil Nadu Agricultural Produce Markets Act, 1959, was introduced in the State, the area covered by regulation was only 23 per cent of the total. The next ten years (1962-1972) witnessed the increase in the area of coverage to 58 per cent, consequent upon the notification of more commodities and by extending the area covered under regulation. By 1982, the percentage of coverage rose to 76.⁷⁸

For the period from 1st July 1978 to 31st March 1982, the new markets that were opened were only 55. No new MCs were established except for the reorganisation of the

⁷⁵ Of the 16 districts, in Tamil Nadu, no MC is working at Madras, Nilgiris and the newly formed Periyar districts. Malai Muram (Tirunelveli dated 27, December, 1982).

⁷⁶ Director of Agricultural Marketing, Tamil Nadu, Three Years of Achievement (Trichy, 1980) p.20.

⁷⁷ Malai Muram, OP. Sita, (Tirunelveli, 27 December, 1982) p.8.

⁷⁸ Details are given in Table 5.4, chapter V, p.

Growth of Regulated Markets in Tamil Nadu:

1963-1982

| No. of MC RMS upto 1962 | Progressive total of regulated markets - Year-wise | | | | | | | | | | | | | | | | | Grand Total for MC's | | | | |
|-------------------------------|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------------------------------|------|------|------|-----|
| | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | | 1980 | 1981 | 1982 | |
| Coimbatore ¹ | 0 | 1 | 3 | 1 | 1 | 3 | 1 | 1 | 1 | 1 | 4 | 1 | 3 | 3 | | | | | | | 30 | |
| South Arcot | 9 | 2 | 1 | - | 1 | - | - | - | 1 | 1 | 1 | 1 | 3 | 1 | 1 | - | - | 2 | 2 | - | 25 | |
| Ramanathapuram | 1 | 5 | 2 | - | - | - | - | 2 | 1 | 1 | 4 | - | - | - | - | - | - | - | - | 2 | 16 | |
| Tirunelveli | 1 | 3 | 2 | 1 | 3 | 3 | - | - | - | - | - | - | - | 3 | - | - | - | - | - | 2 | 16 | |
| North Arcot | 20 | 21 | 2 | 1 | - | 1 | - | - | 2 | 1 | 1 | 1 | 3 | 3 | - | - | - | 3 | 2 | 1 | 30 | |
| Tiruchirappally | 2 | 3 | - | - | - | - | - | - | 2 | 1 | 1 | - | 1 | 1 | - | 1 | - | 3 | 2 | 2 | 17 | |
| Thanjavur | - | 5 | 6 | 2 | 1 | - | 1 | - | 1 | 6 | - | - | - | - | - | - | - | 1 | 3 | 2 | 28 | |
| Kanyakumari | 1 | - | - | - | 1 | 2 | 1 | - | - | - | - | - | 1 | - | - | - | - | - | - | - | 6 | |
| Thingalurpettu | - | - | - | 1 | - | - | - | - | 4 | 2 | 5 | - | - | - | - | - | - | - | 1 | 1 | 14 | |
| Kadurai | - | - | - | - | - | - | - | - | 2 | 1 | 1 | 2 | 1 | 2 | 1 | - | 1 | 1 | - | - | 13 | |
| Karmapuram | - | - | - | - | - | - | - | - | 3 | 1 | 4 | 1 | 1 | 1 | - | - | - | - | - | - | 10 | |
| Udhakottai | nil | - | 1 | 2 | - | 1 | - | - | - | - | - | - | - | - | - | - | - | 3 | - | - | 8 | |
| Salem | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | 7 | 7 | 21 | - | 15 | |
| Year Total | 32 | 20 | 17 | 7 | 4 | 5 | 7 | 1 | 4 | 13 | 12 | 10 | 10 | 9 | 14 | 2 | 1 | 8 | 25 | 11 | 11 | 230 |

Coimbatore MC has 23 submarket yards in addition to the regular market yards.
 Annual Reports of MCs from 1936-1980, Directorate of Agricultural Marketing (Tamil Nadu); "Three years of achievement" dated 14-10-1980 and souvenir dated 10-2-1980. Records from State Agricultural Marketing Board and Kalamassuru (Tirunelveli, dated 27-12-1982) P.8.

Pudukkottai and Salem MCs in 1979. Pudukkottai MC was constituted by transferring the RMs already functioning under Thanjavur and Trichy MCs. However, the Salem MC was constituted afresh by opening 7 new RMs.⁷⁹

Constitution of Advisory Boards

The supersession of elected MCs and the constitution of the Advisory Boards under the amendment of the Agricultural Produce Markets Act in 1979 has generally been perceived as politically motivated. During this period the then ruling party, D.M.K. was replaced by A.I.D.M.K. and the new government believed that the elected MCs are dominated by D.M.K. members. Consequently, all the MCs were superseded through passing of the amendment Act of 1979 referred to earlier. This is further evidenced by the fact that in Pudukkottai only an elected MC is existing at present which was constituted by the new government in 1979.

The Advisory Board⁸⁰ was constituted on the basis of government nominations from a panel submitted by the respective MCs (now by Special Officers who perform the functions of a MC).

⁷⁹ For details, see Table 2.9 above and Charts II and III.

⁸⁰ Government of Tamil Nadu, Department of Agriculture, G.O.Ms. No.1405 dated 8th June 1981 (Madras, 1981).

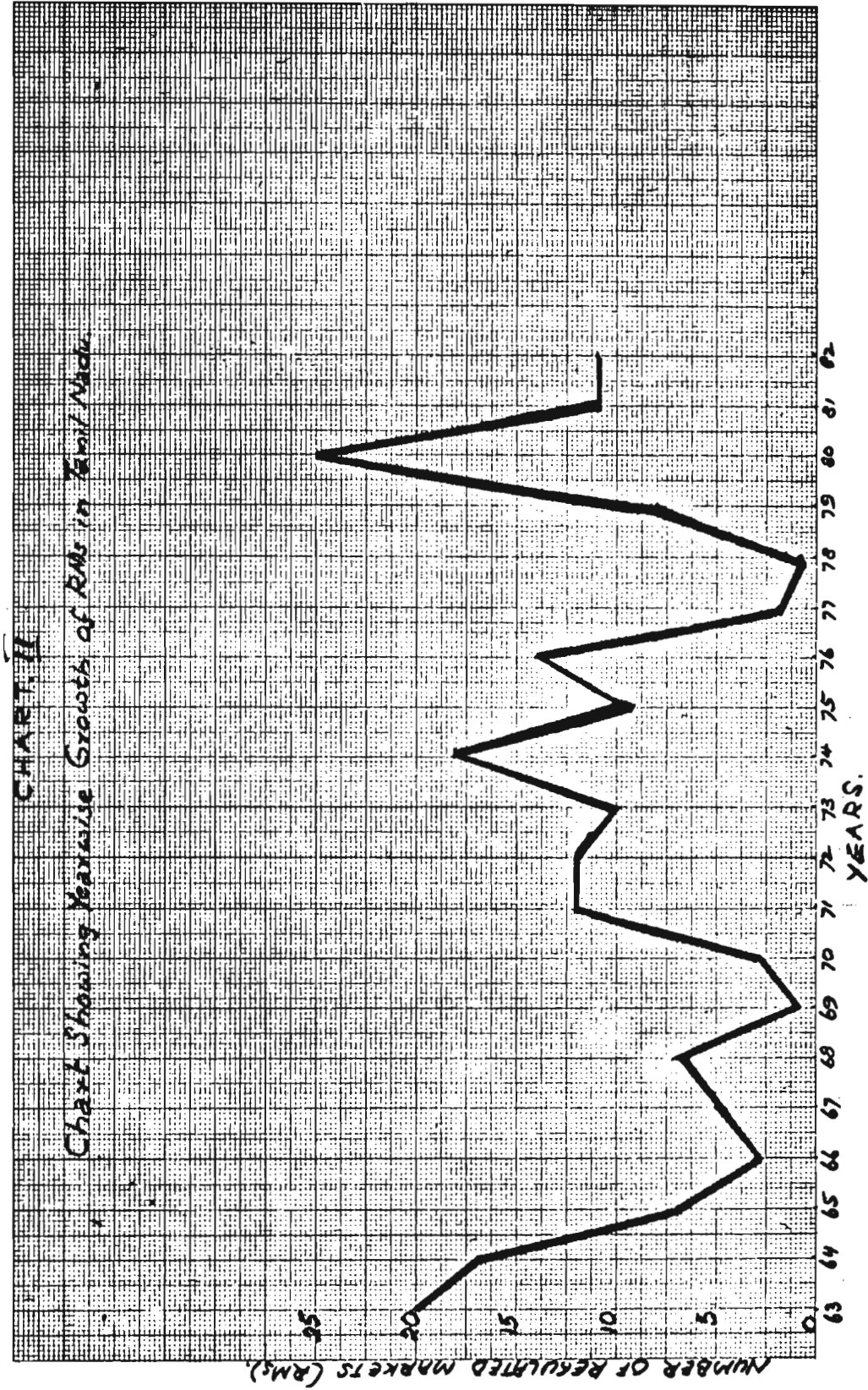
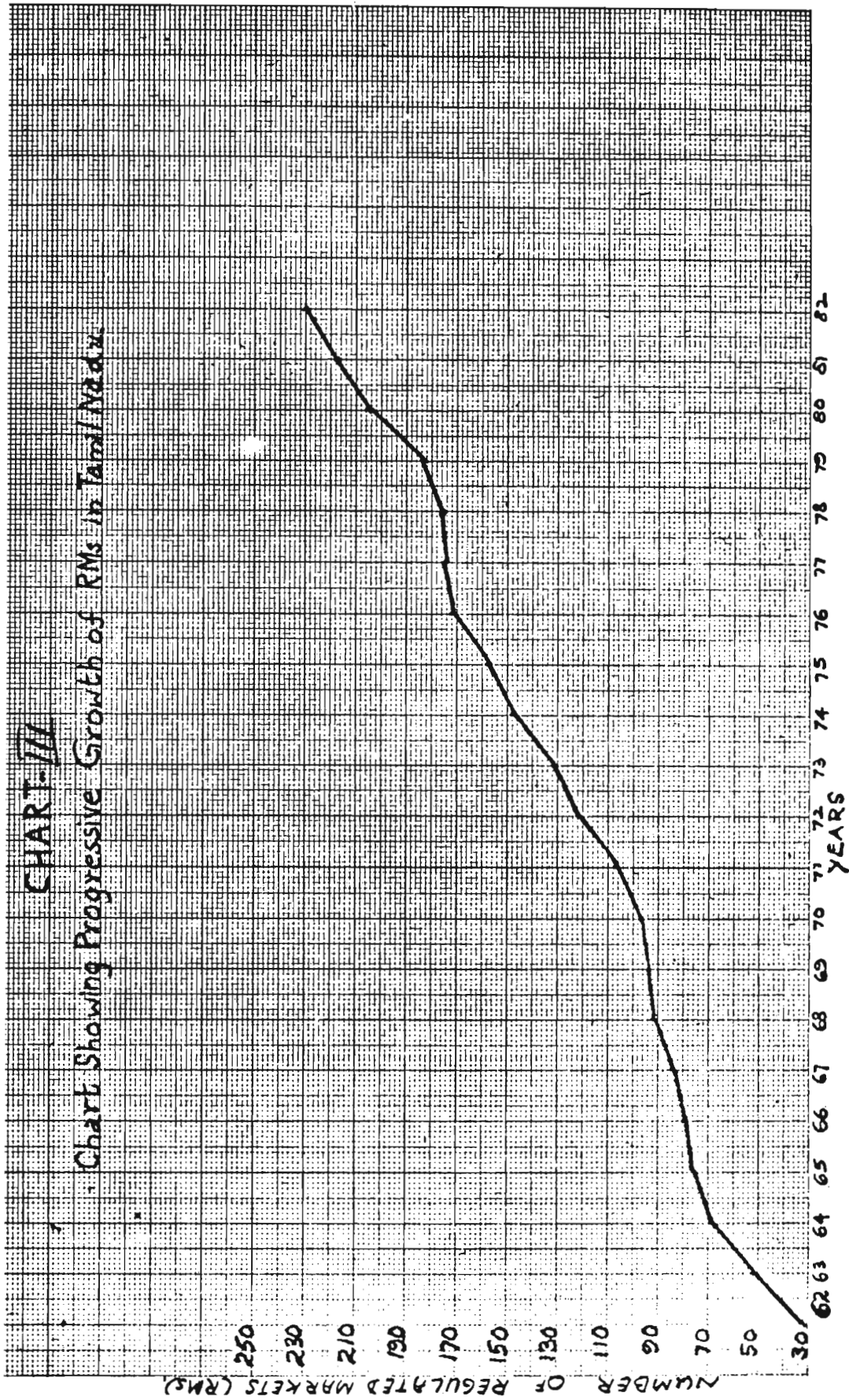


CHART-III

Chart Showing Progressive Growth of RMs in Tamil Nadu



CHAPTER - III

ORGANISATION AND STRUCTURE OF REGULATED MARKETS IN TAMIL NADU

The previous chapter was a retrospect on the origin and growth of regulated markets (RMs) as a means of implementing a specified policy on market practices. A comparison was also made in that chapter regarding the growth of RMs in Tamil Nadu with that at the all India level.

This chapter examines whether the organisational pattern of RMs in Tamil Nadu is suitable to initiating the desired changes and whether it has the required flexibility for its operations. It is also the aim of this chapter to assess whether or not the existing organisational pattern has helped the growth of RMs in the State.

The Structure of MCs and Progress of Regulation

It was noted earlier that Tamil Nadu was one of the first areas to fall in line with the introduction of regulation in the field of agricultural marketing. This was largely because Madras State was directly under the control of the British rule.¹

¹ This was the Madras Commercial Crops Market Act, 1933 (Act XX of 1933(1)). The Governor's assent was accorded on 30th March 1933 and the Governor General approved it on 10th June 1933. See, Fort St. George Gazette, dated 25th July 1933, p.2.

An expert Committee was appointed in 1957 to re-draft the Act of 1933 and to submit a proposal for new legislation, considering the loopholes in the old legislation and on the basis of experience obtained from the working of the RMs since 1933.² Except for elaboration and extension of the activities, in content, the new Act remained more or less the same as the previous one.³ The new Act, entitled Tamil Nadu Agricultural Produce Markets Act 1959 (Act 23 of 1959) came into force on 22 October 1962. The salient features of the new Act over the previous one, were explained in Chapter II.⁴

The procedure for bringing in regulation is spelled out in detail in the Act.

The authority to organise a regulated market in a specified area vests with the government. The government initially appoints a committee known as the 'Market Committee' (MC) for each district. It is the duty of this committee to look after the regulation of trade on the basis of the Act and rules and bylaws made under it.⁵

² Government of Tamil Nadu, G.O.Ms.No.111, (Madras, dated 17th January, 1957).

³ For eg., the new Act includes, practically all agricultural crops; Horticulture, Animal Husbandry, Fruits & Vegetables, etc.

⁴ See Chapter II, pp. 130-131

⁵ Sec. 5(i). The "Act" and "Sections" refers to the Agricultural Produce Markets Act, 1959, unless otherwise specified.

The Act states that "every market committee shall be a body corporate by such name as the Government may specify, shall have perpetual succession and common seal".⁶ All aspects relating to the organisation, administration and day to day management are vested with this committee. As will be shown later, these rights are not absolute rights but are only qualified rights.

All the members of the first MC will be nominated by the government for a period of one year extensible by a second term of one year.

The first MC has to complete the formalities of initiating regulation by recommending to the government the area and commodities proposed to be notified. On the basis of these recommendations, the Government initially declares one or more agricultural commodities as 'notified agricultural products' and an area ('notified area') for its purchase and sale. Usually, a period of one month is allowed for raising objections, if any, against the notification. After the expiry of the period, Government may finally declare an area as a notified area where the provisions of the Act are to be made applicable. As per Sec. 6(1), 'no person shall, within a notified area, set up, establish or use, or continue or allow

⁶ Sec. 13 (corresponding to Sec.6 of the 1933 Act), ibid.

to be continued, any place for the purchase or sale, storage, weighing, pressing, or processing of any notified agricultural produce, except under a licence granted to him by the Market Committee'. However, exemption is granted if a producer sells his own produce or a co-operative society sells its own or, its members' produce or when purchase is effected for consumption within certain quantities prescribed. The Act further emphasises that 'purchase and sale mean the first point of purchase or sale in the notified market area'. This particular point has been questioned in the courts of law, stating that a sale between trader and trader does not come under the scope of the Act. But the courts did not favour this interpretation.

Organization of the MC

According to the Act, after the expiry of the tenure of the nominated MC, the subsequent Market Committee is constituted by a democratic process of election. Electoral rolls are prepared on the basis of procedure laid down in the Madras Agricultural Produce Markets Rules, 1962.⁷ Election is conducted from the two constituencies created for it. The first

⁷ Government of Tamil Nadu, Madras Agricultural Produce Markets Rules, Chapter III, Election Rules, (Madras, 1962) pp.16-26.

constituency is that of producers and the second one is of the licenced traders. They are called the producers' or agriculturists' and the traders' constituencies respectively. The producers' constituency is subdivided on an area basis for the purpose of giving adequate representation to the entire area under the jurisdiction of an MG.

A producer of a notified agricultural produce in the notified area, having not less than 0.5 acres for a period of at least three years, either as owner or as tenant, is entitled to become a member of the electorate of the producers' constituency.

A licenced trader, under Sec. 6(1) of the Act is entitled to become a member of the second constituency. The election procedure suggested in the Act resembles that of the general elections. It is not only time consuming but also expensive. Political interference in such elections is unavoidable.

According to Sec.8(3) of the Act, the composition of an elected market committee was as follows.

| | | |
|--|---|------------------------------|
| Producers/Growers | : | 9 (Elected) |
| Licensed traders | : | 4 (Elected) |
| Representative of Cooperative Society | : | 1 (Nominated) |
| Nomination by the Government | : | 3 (Maximum) |
| District Agricultu- ral Officer | : | <u>1</u> (Ex-Officio Member) |
| Total | : | <u>18</u> |

Thus, there would be a maximum of 18 members in an MC. The term of office for the elected MC was to be five years (Sec.11).

Every MC was to have a Chairman and a Vice-Chairman elected from among the producers.⁸ The Act was amended in 1978, so that there are at present no duly elected MCs in any of the regulated markets in the State, except at Pudukkottai. All the MCs were superseded in 1978.⁹ In their place Special Officers were appointed to look after the affairs assigned to the MC. The reasons for the supersession, are alleged to have been political.

As per the Act, supersession could last only for four years. But the term was extended further in 1982. It is yet to be seen whether the government proposes to constitute duly elected, representative, democratic MCs, as visualised in the Act.

⁸ The Act of 1933, however, did not specify the qualification of the Chairman. Consequently traders became Chairmen of some of the MCs. This was referred to by the Expert Committee (1957) and the National Commission on Agriculture (1976) in their Reports, op. cit. This change is claimed to be an important one and is, therefore, included in the Act of 1959, p.8.

⁹ An Amendment of Section 4 of the Act, was made for this purpose on 6-6-1978. This gave the government the right to supersede any MC on the grounds of incompetency, default in performing duties or for abuses of powers.

The Act as amended in 1978 provided for an Advisory Board to advise the Special Officer. The composition of the Advisory Board was on the following basis.

| | | | |
|-------------------|---|---|--|
| Producers/Growers | : | 3 | |
| Licensed Traders | : | 3 | |
| Nominated Members | : | 3 | (The District Agricultural Officer and two any other officers nominated by the government) |
| | | | ----- |
| Total | : | 9 | ----- |

It is to be remembered that all the members to the Advisory Board are nominated by the government from a panel submitted by the concerned MC. The Chairman of the Advisory Board is to be the Special Officer. The tenure of office was to be one year.

The following are the assigned duties of MCs under the Act.

- (i) Framing of bylaws and rules.
- (ii) Issue of licences to traders, cancellation of licences, etc.
- (iii) Appointment of market committee staff and other problems connected with maintenance of staff.
- (iv) Collection of fees.
- (v) Settlement of disputes.
- (vi) Construction, maintenances and other aspects related to market yards.
- (vii) Collection and dissemination of market information.
- (viii) Preparation of budgets and sanctioning of payments upto Rs.500.

- (ix) Examination of accounts and inspection of offices/
markets.
- (x) Propaganda.

According to bylaws, meetings of MCs should be held once in two months.

The agenda for the meeting is prepared by the Secretary of the market committee, as per the advice of the chairman. The Secretary also attends the meeting, but he has no voting right.

Market Committee is permitted to delegate its powers to sub-committees as provided in the bylaws. Usually three sub-committees are formed.¹⁰

1. The Executive Subcommittee consisting of five members, one each from the producer group, the traders group and the government nominees. The Chairman and the vice chairman are also members. The total strength of the subcommittee will thus be five. This committee is assigned the duties relating to preparation of budgets, examination of accounts, sanctioning of payments upto Rs.500/-, inspection of offices and markets, publicity, review of the working of MCs, personnel matters etc.

¹⁰ Section 14.

2. The Appointment subcommittee consisting of five members as above. Their main duties include the appointment of personnel and actions on them.

3. The Disputes subcommittee consisting of five members as above. They are responsible for the settlement of disputes, appointment of panel of referees, enforcement of penalties, collection and dissemination of market information, etc.

From the above, it is clear that theoretically and legally a market committee is responsible for the organisation, conduct and administration of the markets regulated under the Act. But as pointed out earlier, the freedom of administration is not absolute but only qualified. Most of the decisions are taken at the government level and implemented through the Director of Agricultural Marketing and thereby limiting the freedom of market committees.¹¹ In the ultimate analysis it could be found that market committees are nothing but mere appendages of government bureaucracy.

An important change took place in the structural set up of the RMs in the year 1970, when the State Agricultural Marketing Board was constituted. The constitution of this apex body in the matter of regulated markets was with a view to adopt the all India pattern in this respect. Though the

¹¹ A perusal of the annual reports of the different MCs would show that most of the resolutions are mere ratifications of orders issued by the Directorate of Marketing.

decision to set up an apex body, was taken in 1970, it was implemented only in 1972.

The organisational structure of RMs in Tamil Nadu is defined by the Act itself. In other words, it is a legal structure emphasising a social need, viz., protecting the interests of farmers against the exploitation of traders. As such, it cannot be presumed that much economic or managerial considerations are involved in the present structure. If the RMs in Tamil Nadu are not performing well, one of the reasons is perhaps attributable to this structural incompetency in regulating their own affairs in consonance with their objectives.

In Chapter II, it was pointed out how a unanimity was lacking in defining the concepts and objectives of RMs in precise terms. Several reports and authorities were quoted to show this. It would appear that in actual fact also this is what has happened in the case of the constitution of the RMs, viz., a lack of understanding in clear terms of their objectives. The shortcomings experienced by the RMs are also perhaps traceable to this basic defect.

In examining the working of the RMs and in analysing their defects in terms of their operation three types of defects were noticed -- conceptual, organisational and functional

or operational. The former two aspects are discussed in this chapter and the functional aspects in Chapter IV.

Conceptually, the defect as pointed out earlier, lay in the failure to specify in clear terms the objectives of regulation of marketing practices.

Conceptual Defects: The Royal Commission (1933), had attempted to define these objectives in the following terms:

- (i) The primary object of RMs is not only to protect the cultivators but that they should also be useful to the purchaser and the public.
- (ii) In addition to providing a physical market for smooth, ethical exchange, the RMs should act as a connecting link for the agricultural department, co-operative sector and banking.
- (iii) The regulation is intended to be implemented without displacing or eliminating any unit from the existing marketing system.¹²

The objectives stated here may, *prima facie*, appear specific and clear. The difficulty arises because of the failure of the commission to appreciate that the interests of the different groups in the process of marketing are innately in conflict, with each other and an "isolated legislation cannot bring in results".¹³ Secondly, the first and the

¹² Government of India, The Report of the Royal Commission on Agriculture (1933) pp.382-386.

¹³ Government of Bombay, Report on the Enquiry into the Working of RMs in the Bombay State, (Chairman - Dentwala, M.L.) (Bombay, 1951) p.86.

third objectives are contradictory to each other. Further, it also appears that the objectives were diluted to a large degree in the process of framing the Act and the Rules which form the basis for implementation of the regulation.¹⁴

As observed earlier, the legislation on marketing regulation was based on the suggestions contained in the Report of the Royal Commission on Agriculture (1933). The report admitted that proper market surveys for various commodities were yet to be conducted to obtain information regarding the existing market structure for the different commodities. But the Act preceded such surveys. As such, makers of the law were not really quite aware of the nature of the regulation that was needed to correct the defects in the existing marketing structure. This haste has brought in some imprecision and vagueness in the Act which continue to be present even after fifty years. The Act, basing itself on certain generalisations that there existed malpractices and the trading practices without specifying the commodities and the

¹⁴ In a number of instances, the researcher was told by officials that the Act required them to provide only markets, and that they were to safeguard the interests of the seller whether he is a cultivator or a trader. It is interesting to note that the term "cultivator" is seen omitted in the Act, for whose benefits this legislation was intended for. The Act defines only the term "producer-seller" who could be as the officials mentioned a cultivator or a trader. The middleman thus gets the same type of protection as the producer.

markets. An organisation built on the Act naturally suffered from consequent defects'. This appears to have happened in Tamil Nadu.

Secondly, there is some confusion regarding the expression 'establishment of markets'. There exist differences of opinion regarding the term even among people who practice and enforce the Act. Mostly, the 'Regulated Market' is seen only as a physical institution. The fact is often forgotten that regulation would become effective only when these markets are used by all the concerned parties. In other words, regulation under this concept can only be partial and limited. This also appears to be happening in Tamil Nadu. It is not an uncommon sight that within a few yards of RMs, private mandis are flourishing with equal or more efficiency. To this extent, existing regulation seems to be in-effective and inoperative.¹⁵

'Regulated Marketing' should have a 'spread effect'. Intervention would be complete and effective only when all marketing functions are brought under regulation. At present,

¹⁵ Field study has proved that even in well regulated market areas like South Arcot, North Arcot, etc., the private mandis are working effectively within the eye sight of RMs. This development is of very recent origin and has to be viewed with concern. Section 6 of the Act prohibits such activities, but no action seems to have been taken yet to prevent the operation of such mandis.

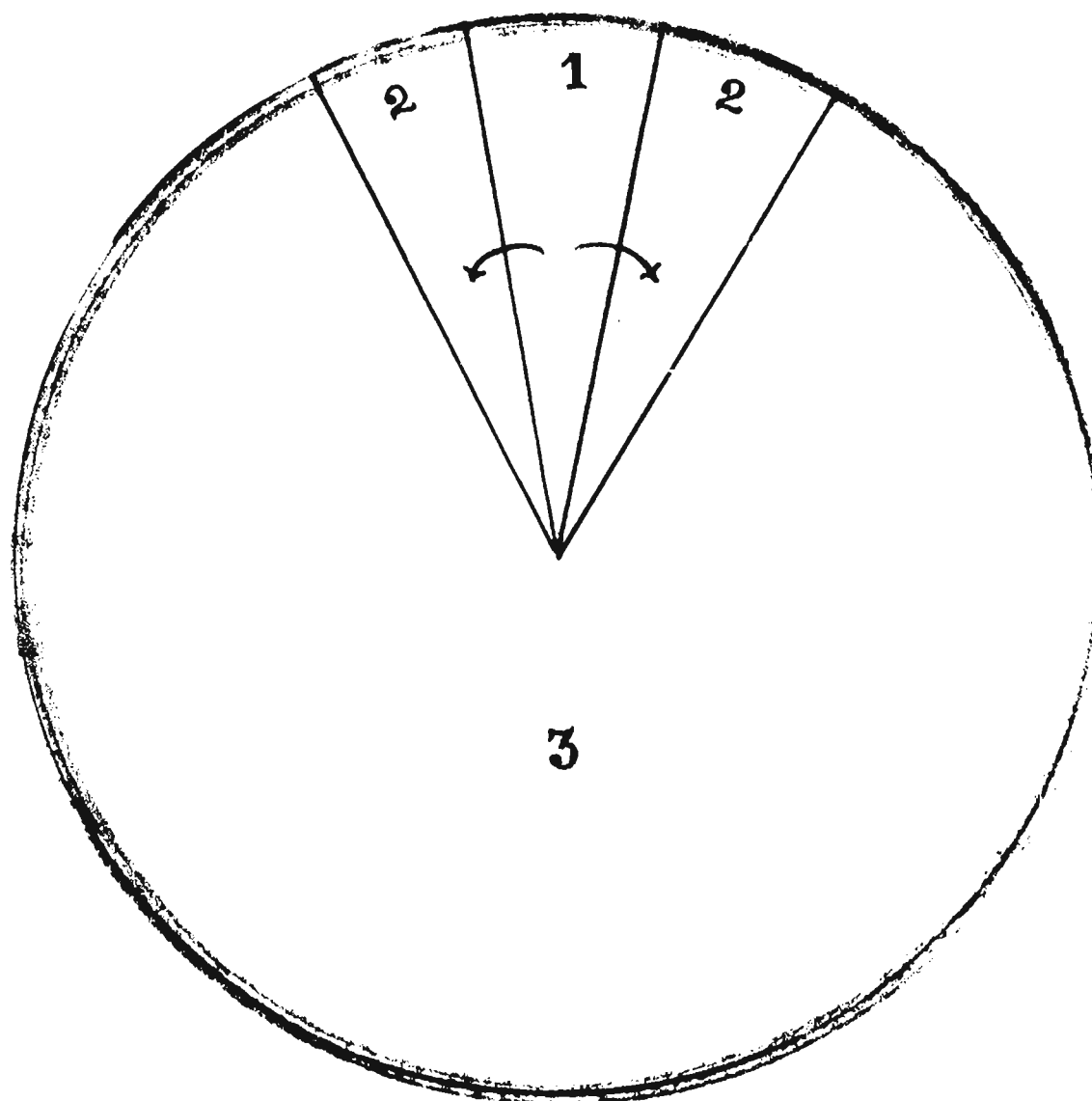
regulation is practiced only in the 'market yards'. The transactions outside the yard, but within the 'notified area' are excluded from regulation for all practical purposes. It is true that to conduct the business in a notified commodity, in a notified market area a trader has to obtain a licence from the MC.¹⁶ Once the licence is granted nothing prevents him from doing business any where in the notified area. The MC will be satisfied if he produces some (manipulated) accounts for the calculation and payment of fees. In essence, therefore, there exists two types of regulations: a full and complete regulation inside the market yard and a partial, ineffective regulation outside the market yard. This situation is diagrammatically shown in Figure 3.1. below. The conclusion seems obvious that unless more RMs are established full regulation would be difficult, if not impossible.

In this respect the Tamil Nadu legislation is not quite comprehensive. This is so especially when it is compared with similar legislation elsewhere. In other States

¹⁶ 'Notified Market Area' is approximately 16kms. radius around the 'Regulated Market Yard'. But MC has the authority to extend the area as per Sections; 2(x), 4, 5(4) of the Act. As per Section 4(1) the entire district will be a notified area, but the regulation is not applicable there until market facilities, i.e., market yards, are provided.

Fig. 3.1

Diagram Showing the Applicability of Regulation in a Revenue
District (TamilNadu)



- Note: 1. Regulated Market yard - 'Spot Effect'. The process of exchange is fully regulated and controlled within the yard. It is under the supervision of the MCs.
2. Notified Market Area - 'Spread Effect'. There is practically no regulation, except the licensing of traders. Control and supervision are totally absent.
3. Notified Area - Corresponds mostly to a revenue district. There is practically no regulation at all in the area.

there are compulsory provisions which bring within the field of regulation not only the traders in the market yards but also their other places of business within the jurisdiction of the MCs. In others, the entire trade is directed to be concentrated in the market yard itself.¹⁷ (In other States, the market yard is termed the "market proper".)

Further, in Tamil Nadu the Act excludes the "agriculturists--sellers" from the purview of the Act. They are at liberty to sell at any place as they wish. This is a loophole in the Act causing considerable inefficiency to the organisation. Section 6(1) gives exemption to producers selling their

¹⁷ The judgment of the Supreme Court of India, in this respect, is worth mentioning. In declaring an area as 'market area', other than the area where trade was carried on in the past, the judge said, ".....The regulation will become impossible and will soon reduced to a farce if traders are allowed to carry on marketing operations in every nook and corner of the market area..... If the produce is taken to the individual trader instead of the market yards, there is a greater likelihood of the object of the Act being frustrated. Fair price to the agriculturist will soon be a mirage and the evil sought to be prevented will persist....."

The Different persons Vs. State of Maharashtra, State of Bihar, etc. (Civil Appeal Nos. 1695 of 1979, 1715 of 1980 and W.P.69 of 1980), and in Kewal Krishna Puri Vs. State of Punjab, in The All India Reporter, (Vol.67, Nagpur, 1980) S.C., p.1008, the Judges concurred with the same idea, "Nobody can be allowed to establish a purchasing centre on his own at any place he likes in the market area..... The supervision and control can be effective only in specified localities and places and not throughout the extensive market area".
Emphasis by the researcher.

own produce and are thus brought beyond the purview of the regulation. As such, the regulation in its entirety falls upon the traders.

Naturally the traders as affected parties tried to stall the regulation using all legal and other means, thus resulting in a slow growth of regulated markets in the initial years. This situation is the consequence of the failure in translating the full objectives of the legislation into the Act in their total perspective. Had the traders been properly educated on the benefits they would have got from the organisation of RMs, their hostility might have been neutralised. Instead, the impression was given that the objective of market regulation really meant the regulation of traders.

Another limiting factor of the Act is that it applies only to the regulation of the primary wholesale markets alone. These markets really occupy only an intermediate position in the total structure of agricultural marketing, having a chain of markets below and above them. Such markets are highly unorganised and have no regularity in time and no similarity over space.

According to the estimate of Government, there are 22,000 such markets (shandies) operating in India which is likely to be increased to 30,000 in 1985.¹⁸ In spite

¹⁸ Government of India, National Commission on Agriculture, (New Delhi, 1976) para.56.1.2.

Of these, only 4,145 markets are to be brought under regulation. It is true that the commonly accepted classification of agricultural marketing structure is that of a three tier one: primary assembling markets (primary wholesale markets), secondary markets (secondary wholesale assembling markets) and terminal markets.¹⁹ As explained earlier, the malpractices begin at the primary markets (village markets). These markets, in general, are characterised by the intense competition amongst the sellers and nil or negligible competition among the buyers. They are also widely scattered. Thus, in primary markets, sellers face oligopolistic or monopolistic conditions. The sellers in these markets are also exposed to exploitation of various kinds.²⁰ The process of regulation should have begun here, if the interests of cultivators were to be really safeguarded. At the other extreme, there is the terminal market which is a sellers' market rather than buyers' market and where the consumers are easily exploited. Terminal

¹⁹ *Ibid.*, para. 56.1.3, suggested a restructuring as follows:-
 (i) The Shandies would be called "assembly market" or sub-market.
 (ii) The markets existing at present in towns will be renamed: "wholesale markets", and
 (iii) Markets in important cities will be known as "mandis" or terminal markets.

²⁰ Sarma, M.T.R. and Rao, T.R., "Problems of Rural Marketing in India", in NCAER, New Perspectives in Marketing, (New Delhi, 1972) pp.1-16.

markets are at present beyond the scope of regulation and hence, are generally neglected. The reason for not extending the reform of market regulation to terminal centres is partly due to the opposition from vested interests. There are also serious problems involved in the implementation of such a policy. Moreover, there is a mistaken notion that market regulation as a reform is meant mainly to safeguard the interests of the producer - seller only.²¹ The argument may be that since the producers do not participate in the trading activities in terminal markets, regulating of terminal market trade is not necessary. This assumption does not seem to be proper.

But as pointed out, there are innumerable village markets or primary markets which are out of the purview of the Act. The most important function of marketing, viz., price determination actually begins in these markets together with malpractices. It is impossible for the processors to penetrate into these villages and assemble produce on their own. Thus, the responsibility for shifting the produce from the village markets to wholesale assembly markets fall on some intermediaries without knowing exactly the demand position. Apparently there is a certain amount of speculation in

²¹ Ramaswamy, P., "Market Regulation as Applied to Terminal Markets for Fruits and Vegetables - Some Issues", Agricultural Marketing (Vol. XXII, No. 4, Delhi, 1980) p. 21.

this. Further they do this service at a cost. This cost is definitely more than the transport and storage cost, but includes a cost for the risk and a margin for other services rendered by the intermediaries.

The justification put forward in concentrating regulation at the primary assembling markets is given out officially as follows: "While effecting reform in the marketing of agricultural produce all marketing aspects are to be developed and coordinated, but amongst the various aspects which affect the producer directly, regulation of primary wholesale markets when the produce changes hands for the first time, from the producer to the tradesman and producer converts his crop into cash, needs greater attention.²² This view, however, does not seem to hold good when the regulation of marketing practices is to be viewed in its totality, particularly from the point of view of the ultimate consumer. It was observed that when the RM is located far from farms, the participation of producers in the direct sale of produce tend to be minimum. The traders' participation in such circumstances was found to be more. It was also found that in many instances traders were actually bringing the produce to RMs as producers. The traders take over the produce at the village market after making an outright purchase from the producers or on behalf

²² Government of India, Directorate of Marketing and Inspection, Agricultural Marketing in India - Regulated Markets, (Vol. I, Nagpur, 1968) p.124.

of producers for a commission. In the RMs, there is no mechanism to find this out though the RM staff may be able to know this because of their personal contacts with the village. There are no provisions in the Act, rules, or bylaws to check this.

Market regulation was not thus intended to cover the various tiers in the system as a whole. Instead, it attempted only a nominal regulation at some "convenient level", where the regulation could be more easily implemented. If the regulation is to be full and complete it must begin from the point where the produce first appears for sale and should continue till the produce reaches the ultimate consumers. The assumption underlying the Act that malpractices occur only at the primary wholesale markets is not acceptable. Intermediaries appear earlier and malpractices also begin there. Thus the Act fails to contain the full spirit of regulation.

A further weakness in the structure of RMs relates to the fact that most of the trading in them appear to be between traders and traders, rather than between producers and processors or between traders and processors. It was noted earlier that most of the sellers in the RMs are traders rather than primary producers, the latter having effected the purchase from the primary producers at the village market level. They, in turn, sell it to wholesale traders rather than the processors. During the course of the field survey it was observed

that out of the total purchases that take place, more than 80 per cent are accounted for by traders doing so on their own behalf.²³ Only a small percentage is directly purchased by the processors or actual users. In other words, the old system of multiple intermediaries still continues to persist in spite of the regulated markets.

Thus trader to trader sale occurs in the RM mainly because RMs by their very structure favour traders rather than actual consumers. For instance, the Act provides that except licensed traders others are not freely allowed to buy from RMs, direct.²⁴ Exemption, however, is granted to intermediate consumers, i.e. the processors, to buy the produce without a licence, but the quantity that could be bought is strictly limited by bylaws. If they require large quantities they should also obtain a licence and pay the fees prescribed by the MCs and must become 'traders'.

23

Observed at Tindivanam, Vridhachalam, Gingey and Thiruvannamalai regulated markets. Further explained in Chapter VI.

24 Sec. 6(1) and Rule 21.

The limitation of quantity under Rule 25 is, in fact, presents, a contradiction. The maximum quantity that could be purchased without a licence is 60Kgs. of paddy, 10Kgs. of groundnut and 140Kgs. of cotton kapas per day. At the same time, in the RM yard the minimum quantity exposed for sale per lot is more than this minimum. For example, the sale lot for paddy is 75Kg. and for groundnut it is 80Kg.²⁵

This altogether points out to two weaknesses inherent in the working of RMs. Firstly, consumers (ultimate as well as intermediate) are prevented from buying the produce direct from the farmer in a RM, unless they are also prepared to act as traders and obtain a licence for trading in the specified commodity. Secondly, the limitation of quantity discourages the consumers from participating in the sale procedure as they will face diseconomies in handling such small quantities. But it has to be pointed out that direct sales tend to increase the produce price and hence farmer's share. The

²⁵ It is true that rules permit that less than the fixed lots can also be brought to RMs (called Chippam) by farmers for sale. This is not, however, a regular feature. Enquiry reveals that only during offseasons such quantities are brought and that too, only in certain commodities, such as gingely, turmeric, etc. There are other reasons for non-participation of consumers in the RMs: credit availability, transport problems, quality variations, etc. These are the same factors that prompt the millers to have agents or to buy from traders whenever they require raw materials.

entry of the Cotton Corporation of India in purchasing cotton from the RMs amply prove this fact. As is indicated in Tables 3.1 and 3.2 their participation in the regulated markets has registered increase in price and arrivals of cotton in such markets.²⁶

Allied with this conceptual defect, is the problem of licensing traders without any concern for the objectives. In an earlier paragraph it was pointed out that reducing the number of middlemen will hopefully convert the regulated market into a 'perfect market'. This is one of the aims of regulation. But the number of licenses granted by the MCs surpasses all leaps and bounds (Table 3.3). Most of the traders obtain licenses to avoid interferences from the MCs in their activities and not to participate in the activities of RMs. Field investigations indicate that only ^{some} 30 to 40 per cent of the licensed traders participate regularly in the auctions held in a RM. Another feature is that among those

²⁶ In the interviews the researcher had with MC/RM staff, it was revealed that the Cotton Corporation of India was forced to buy cotton from RMs due to pressure from cotton growers. They had preferred to buy from private traders who, in turn, had used to get their supplies from RMs. It has also been found that when the CCI started buying, the private traders brought their stock also to the RMs posing as 'growers' for selling them to the CCI. The attraction was the higher prices offered. CCI would then stop buying from the RMs on the pretext of sufficient stocks. It was alleged that some malpractices were followed in buying from RMs which, however, is different story.

Price Increase in Cotton Consequent to the Entry of Cotton Cultivation of India in Selected Markets

Summary

(Prices shown are per quintal)

| SOUTH ARCOT | | COIMBATORE | | | MAURAI | | | RAMNATHAPURAM | | | TIRUVARUR | | | | |
|-------------|------|------------|------|------|--------|------|------|---------------|------|------|-----------|------|-----|-----|-----|
| 1976 | 1977 | 1976 | 1977 | 1976 | 1977 | 1978 | 1976 | 1977 | 1978 | 1976 | 1977 | 1978 | | | |
| - | 314 | 283 | 459 | 475 | 485 | NA | 670 | 610 | 540 | 380 | 611 | 540 | 370 | NA | NA |
| - | 264 | 416 | 410 | 460 | 840 | 920 | NA | 800 | 580 | 360 | 610 | 416 | 350 | 680 | 520 |
| - | 303 | 478 | 473 | 463 | 840 | 900 | NA | 660 | 875 | 350 | 605 | 540 | 353 | 600 | 480 |
| - | 394 | 538 | 435 | 670 | 815 | 850 | 370 | 616 | 710 | 360 | 570 | 485 | 670 | 580 | 460 |
| - | 487 | 600 | NA | 545 | 700 | NA | 550 | 650 | NA | 400 | 600 | NA | 380 | 560 | NA |
| - | 538 | 567 | 480 | 626 | 567 | 610 | NA | 625 | 570 | 586 | 581 | 473 | 580 | 500 | 525 |
| - | 626 | 486 | 443 | 800 | 780 | 732 | 732 | 686 | 581 | 707 | 606 | NA | 650 | 536 | 540 |
| - | 556 | 525 | 445 | 560 | 840 | 590 | NA | 665 | 551 | 531 | 606 | 440 | 525 | 551 | 460 |
| - | 631 | 417 | 501 | 680 | 790 | 800 | 700 | 600 | 550 | 641 | 500 | 440 | 550 | NA | NA |
| - | 627 | 521 | 473 | 620 | 710 | 750 | 656 | 620 | 540 | 640 | 570 | 490 | 570 | 480 | 500 |
| - | 580 | 476 | 411 | 656 | 620 | 650 | 600 | NA | 580 | 602 | 570 | 450 | 500 | 480 | 436 |
| - | 487 | 431 | NA | 630 | 640 | NA | NA | 580 | NA | 450 | 492 | 480 | NA | 450 | NA |

ted buying cotton from the 1976 season (April/May) when the prices have really gone up. They stopped in 1978 April which caused prices to fall. NA = Not Available.
 uthar's a publication of the State Agricultural Marketing Board and Annual Reports of MCs for the years 77 and 1978.

Table - 1.2

Increase in Arrivals of Cotton in Coimbatore MC Area
Consequent to Buying of Cotton by Cotton Corporation
of India

| Month | 1975 | 1976 | 1977 | 1978 |
|-----------|------|--------|---------|--------|
| January | 43 | 317 | 7,726 | 12,821 |
| February | 204 | 1,729 | 12,276 | 79,694 |
| March | 224 | 45,737 | 18,231 | 28,595 |
| April | 510 | 5,900 | 10,120 | 18,956 |
| May | 263 | 2,941 | 5,945 | N.A. |
| June | 88 | 1,879 | 12,623 | 9,738 |
| July | 122 | 10,215 | 26,192 | 41,860 |
| August | 231 | 11,468 | 87,782 | 38,546 |
| September | 208 | 6,868 | 49,702 | 18,315 |
| October | 66 | 7,402 | 48,020 | 7,491 |
| November | 112 | 1,257 | 35,600 | 2,542 |
| December | 293 | 5,189 | 103,388 | N.A. |

Note: Cotton Corporation entered in the RM with the beginning of season in 1976 and stopped buying from RMs in 1978. This is evident from the Table, as to the immediate increase in arrivals and its continuance in good quantities.

Source: Daily arrival charts, Coimbatore MC and Annual Reports for the years 1975 to 1978.

Table - 3.1**Number of Licenses Granted to Traders from 1976-77 to
1980-81**

| Name of MC | No. of Licenses granted to Traders | | | | |
|------------------|------------------------------------|--------------|--------------|--------------|--------------|
| | 1976-77 | 1977-78 | 1978-79 | 1979-80 | 1980-81 |
| Chinglepet | 2381 | 2708 | 3420 | 3122 | 3014 |
| Coimbatore | 12159 | 9006 | 9883 | 10088 | 10876 |
| Dharmapuri | 1648 | 1706 | 2251 | 2000 | 2424 |
| Kanyakumari | 1080 | 1118 | 779 | 884 | 947 |
| Madurai | 2629 | 3239 | 3816 | 3585 | 3505 |
| North Arcot | 10244 | 10449 | 9488 | 9915 | 11110 |
| Pudukkottai | N11 | N11 | N11 | 867 | 1663 |
| Ramanathapuram | 4541 | 4382 | 4708 | 5460 | 5582 |
| Salem | N11 | N11 | N11 | 1809 | 2586 |
| South Arcot | 8931 | 9713 | 9794 | 9294 | 9032 |
| Thanjavur | 5043 | 4249 | 4921 | 4745 | 4979 |
| Tiruchirappally | 7764 | 8102 | 8843 | 8356 | 8462 |
| Tirunelveli | 2211 | 3758 | 3786 | 3950 | 3861 |
| Total No. | 59640 | 58427 | 61789 | 64204 | 67751 |

Notes: The traders licence include licence to Commission Agents/brokers at the MCs at Tirunelveli, Ramanathapuram and Coimbatore. The number of such licences, though small, still shows an increasing trend.

Source: Annual Reports and Records of MCs/RMs.

who participate, more than 60 per cent traders belong to the group of bigger traders.²⁷ In essence, the RMs are today dominated by big private interests. The MCs are, in a large number of cases, in the hand of the private traders on account of the number of licensed traders. Thus, the elementary duty to protect the weak against the strong has not been discharged by the authorities in this matter.²⁸

In essence, the constitution of the MCs has been such as to discourage the primary producers and the consumers from participating actively in the regulated markets and thus prevent direct sales.

So long as this position continues, the farmer's share in the consumer's rupee will remain low. In spite of the claim that marketing costs have been considerably reduced due to regulation, it is doubtful how far the agriculturists have been benefited in real rupee terms. An excellent study in this respect reveals that, in the case of paddy the average margin received by producers in the final consumer's price is only 32 per cent.²⁹ Had the regulated

²⁷ On the basis of observations made from various RMs on different dates.

²⁸ Sinha, S.P., et. al., Op. Cit., p.141.
See also Commerce, Vol.141, No.264 (Bombay, 1960) p.1080.

²⁹ Kango, R., and Bhaskaradoss, K., "Price Spread and Small Farmers in Thanjavur District", Indian Journal of Agricultural Economics (Vol.XXXIV, No.4, Bombay, 1979) pp.195-200.

markets shown some more flexibility in their operations, the producer's share would have increased still further.

The fourth major conceptual error lies in the very constitution of the MCs themselves. As per the Act the MC is treated as a body corporate.³⁰ Usually, a body corporate arrives at decisions through the meetings of its members. Meetings are held at regular intervals, so that decisions are taken after mutual exchanges of views of members. Even in highly organised business, this system of organisation is considered powerful, beneficial and purposeful. But the MCs have not been conceived and designed on these lines. In the matter of autonomous administrative powers, they are not identical to their counterparts in the industrial or commercial fields. This is evident from the position of the Chairman of the MCs. Many Expert Committee Reports had recommended that the Chairman must be a grower and this has been done in the amended Act of 1978.³¹ The view had earlier been responded by the National Commission on Agriculture (1976). But, in the grant of powers the Chairman is a mere nobody. He is nothing more than the presiding officer at the meetings of the Committee. By virtue of his position he is also in all the subcommittees and represents the MC in the State Marketing Board. But the provision that the Chairman

³⁰ Sec. 13 of the Act.

³¹ Sec. 11(a) of the Act.

should be one from among the growers does not necessarily mean much as long as the office is vested with no executive powers.³² Even if the office had been thrown open to a member of any group, as it was earlier, there would not have been any material difference as long as the office is not vested with specific executive powers. In fact, there are specific provisions in the Act to ensure that Chairmen do not exercise such powers.³³ In a few instances the Chairmen tried to interfere, mostly in the appointments and granting of licences. But this led to complaints, mostly from officials and had to be stopped due to intervention from above.³⁴

In practice, the growers are not truly represented in the MCs. The representatives in the MCs are often big landowners belonging to "agriculturist-cum-businessmen" class and elected on account of political support. They are more interested in safeguarding the interests of the larger growers or of their own trading operations rather than of the interests of small growers. There are instances where Chairmen or other representatives preferred to sell their produce in the private markets rather than in the RM yard.

³² Government of India, National Commission on Agriculture, 1976, pp. 515, also suggested this.

³³ Section 24(1) of the Act.

³⁴ Most of the criticisms against Chairmen were from government officials who are now manning the regulation. The MC staff on the other hand, deny such charges and make a counter allegation against the present set up. In the ultimate analysis, it was found that differences of opinion is the result of a permanent conflict between government and MC staff

Thus, defects in the working of the MCs lie in the basic structure of the organization - in the process of election, the composition of interests in MCs, and unnecessary government intervention at all times. Unless these are rationalised, the desired benefits will not accrue to the intended beneficiaries, viz., the small and marginal farmers.

Instances where the MCs in their working have fallen into ways quite opposite to their purported objectives are not rare. For instance, the Tiruppur regulated market, the first one to be organised under Coimbatore MC in Tamil Nadu is still under the hold of commission agents. The operation of commission agents is totally prohibited under the Act.³⁵ On the contrary, the South Arcot Market Committee which is often cited as the best organised regulated market in the whole of India, was able to eliminate middlemen from the regulated market yards. It could register maximum arrivals of groundnut (more than 90 per cent), and 70 per cent of sellers are growers. Selling is under the direct and effective supervision of the yard personnel. Thus, the idea of bringing the producer into direct contact with the purchaser, without any intermediaries as far as possible, is achieved in this market to a great extent.³⁶

³⁵ Rule, 22(1) and 22(2)

³⁶ It was observed that the popularity and acceptance of this market encouraged growers to bring even non-notified produce to the market yards for sale. The yard superintendent was really finding it difficult to find out buyers for such produce. Often he had to send such products to nearby markets and arrange for their sale.

Lastly, the intention of the regulation, as is evident from the Report of the Royal Commission, 1933 was, to safeguard the interests of the cultivators. This is not, however, categorically declared in the preamble of the Act. Among the cultivators, the worst affected were the small and marginal farmers. The richer farmers were in a better bargaining position on account of their ability to hold on to stocks and better market information. They did not have to take resort to the money lenders as the marginal farmers were compelled to. They had also access to the urban markets where higher prices prevailed. Many of them had their own transporting systems. They could also sell, without intermediaries, directly to the large traders as they had larger quantities to sell. They could also bargain for a better price, not only on account of their better money power but also due to better negotiating skill. In all these respects, the small and marginal farmers were severely handicapped. Regulation of marketing practices were, thus a sheer necessity for the small farmers. But when the Commission generalised the term "cultivators", the Act totally ignored it.

If the MCs have not become instrumental in improving the bargaining position of small farmers even after having been in existence for more than fifty years, the reason is

mostly traceable to this conceptual defect in the Act. This has been established in a number of empirical studies also.³⁷

Such conceptual defects have contributed to another set of problems pertaining to the organisational set up of the MCs.

One of the aims behind the regulation of marketing practices was to put an end to undesirable trade practices that had resulted in the exploitation of growers and consumers. As pointed out earlier, the concept of regulation by direct state intervention had become unavoidable to put an end to the manipulations of traders in such vital sectors as food or cash crops. At the same time, the traders could not be eliminated,

³⁷ Rao, Gopala, H.S. and Rao, Sripathy, M., "Small Farmers and Agricultural Prices". Indian Journal of Agricultural Economics, (Vol.XXX, No.3, Bombay, 1975) pp.204-274.
See also, Sinha, S.P., et. al., op. cit., p.136.

Sindhu, D.S. and Rangl, P.S., "Price spreads in Egg Industry in the Punjab", Indian Journal of Agricultural Economics (Vol.XXXIV, No.4, Bombay, 1979) p.173,

Elango, R., and Bhaskaradoss, K., op. cit., p.195,

Rao, Mohana, R.N., "The Small Farmer in the Product Market: Case Study of a Cotton Village", Indian Journal of Agricultural Economics, Ibid., p.204.

Naidu, Prakash, "Price spread received by Small/Marginal and Big Farms of Paddy", Indian Journal of Agricultural Economics (Vol.XXXIV, No.4, Bombay, 1979) p.206,

Murdia, B.S., "Price Differentials Between various categories of Farmers", in ibid., p.207.

Arora, V.P.S., and Jayapragash, S.P., "Comparative Efficiency of Alternative Marketing Agencies of Groundnut in Tamil Nadu in respect of Marginal and Small Farmers", Indian Journal of Agricultural Economics, (Vol.XXXIV, No.4, Bombay, 1979)p.236.

for that would have created a vacuum in the flow of trade. Agricultural co-operatives were, in fact, designed to give some bargaining power to the growers, but they could not, for a variety of reasons, take deep roots in the country. This was the context in which the idea of regulated markets took serious shape.

As Theodore Schultz has pointed out, economic organisations are put in many ways; all too often as simple dichotomy: progress or security; freedom or efficiency; decentralisation or centralisation; flexibility or rigidity; and so on.³⁸

Further, aspirations of the society never remain static; on the other, they go on changing from time to time. Thus, there cannot be an universally acceptable organisational pattern suitable for all occasions. The real difficulty, therefore, lies in assessing the type, kind and nature of organisation that would give tangible results. In studying economic organisation, "we enter upon a difficult terrain where there are no highways over which we can go and come with ease and at our leisure. There are paths but they are unmapped, badly maintained and hazardous to travel".³⁹

³⁸ Schultz, Theodore, Economic Organisation of Agriculture (New Delhi, 1952) p.249.

³⁹ Ibid., p.249.

In agricultural activity, there are certain activities undertaken by the community between the stages of production and marketing. These activities have economic and social attributes and seek a certain level of efficiency. They may also need integration of a series of activities and, decisions are to be taken at various levels (Refer, Fig.1.1). In fact, the economic efficiency sought for in agricultural marketing depends on its organisational efficiency.

A market is an institution for integrating the activities of firms and of households using the mechanism of prices. The organisation of market may be formal or informal. It may be operated by either a public or private agency or by a group of such agencies. It may be local, national, or international in scope. The markets which are functioning under certainty would be automatically integrated because, here, the price function acts as a selfcorrecting framework. But this does not always happen as there are innumerable variables that make the markets uncertain. For instance, there may be political and social integrating processes, preventing economic integration. In addition, these processes may, sometimes, even lead to the disintegration ^{OF} economically integrated organisations.

In order to avoid these complications and to make the selection of a suitable organisational structure the following aspects are to be examined carefully.

1. Ascertain the activities to be organised.
2. Determine the nature of organisation that would be apt.
3. The possibility of organising and framing a formal SKETCHER.

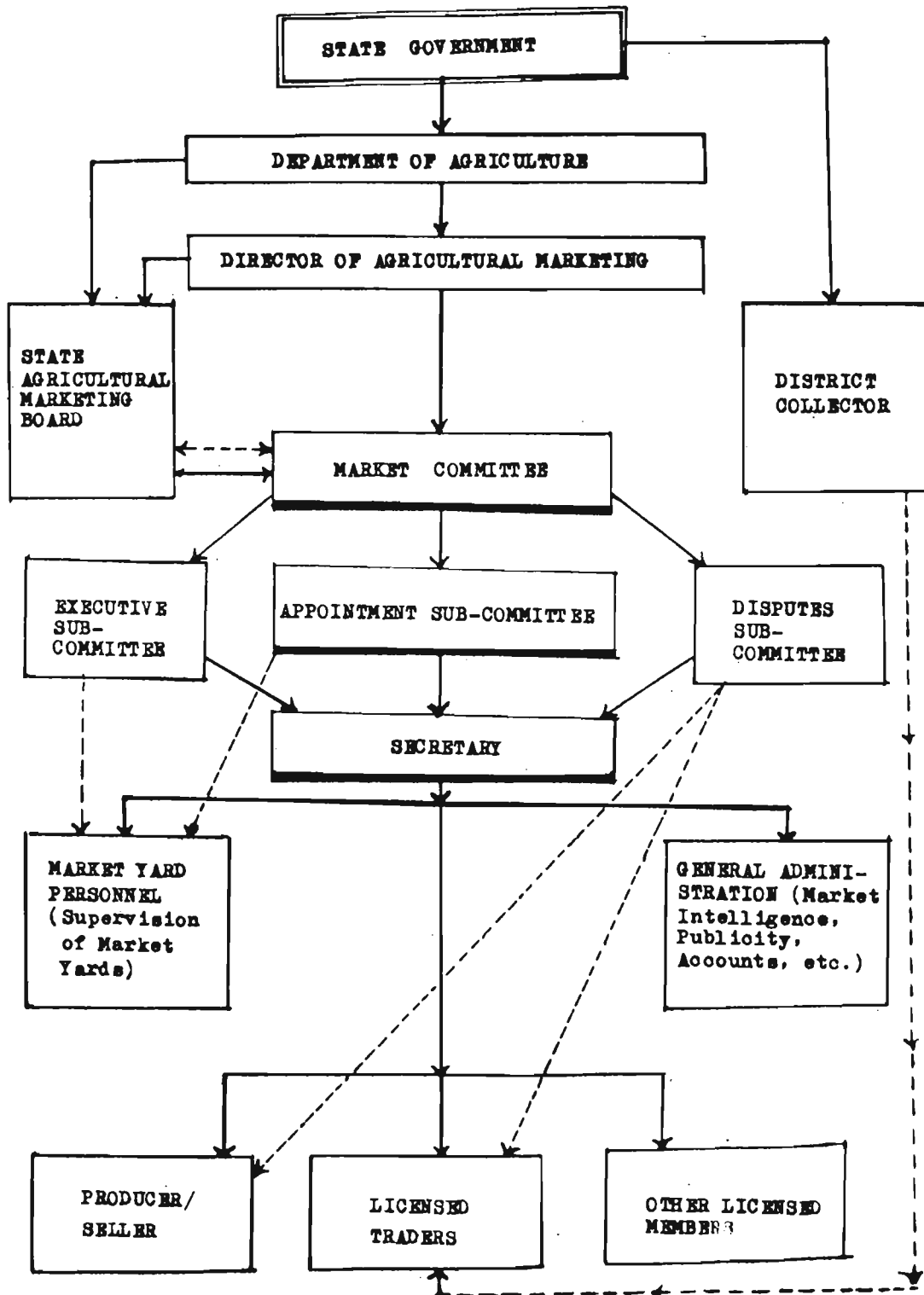
But it is doubtful whether these elements were ever considered in designing the organisational set up of the MCs. The present existing pattern of organisation and the flow of authority in it are given in Fig.3.2.

As was noted earlier, though the MCs are given the status of a body corporate, it has not been given the necessary powers to take decisions independently and implement them. MCs have no right to notify an area or a product under the Act. They have the authority only to submit their recommendations for approval by the government. Even for ordinary business like transfer of a Secretary, MCs have to obtain prior permission from the Government.

Policy decisions are taken at the level of the Department of Agricultural Marketing. The Marketing Committees are simply asked to carry them out. Even with regard to such matters as propaganda and publicity the decisions are taken

FIG. 3.2

Diagram Showing Flow of Managerial and Administrative Powers in the Regulated Marketing System.



at the distant state capital, which may not be quite convergent with the local conditions and its appropriateness in terms of demand, timing and other factors.

The third problem is constituted by the presence of too many bosses in the organisational set up. The local government officials, the Director of Agricultural Marketing, the representatives of the State Marketing Board, and the members of the Market Committee - all exercise some form of control over the functional or operating personnel. In other words, the operating personnel are made simultaneously responsible to a host of officers belonging to different categories, resulting in a set of anarchic chains of command. The result is that responsibility and accountability cannot be fixed on any one.

The matter is further complicated when different decisions are taken at different offices on the same matter. The result may be inaction. A concrete example of this was when the Tamil Nadu Government issued an order in 1979 that all MCs are permitted to advance loans against pledge of produce. This was a desirable step. But there are no official records to prove that even a single MC implemented this order.⁴⁰

⁴⁰ Government of Tamil Nadu, Department of Food and Agriculture, Q.9. Ms. No. 697, dated 6-12-1979. In certain MCs, it was observed during the field study that sellers, particularly the small farmers, were provided with loans by the staff. This was purely unofficial and the staff do not make any official record of such loans.

Besides the Agricultural Department, there are atleast ten other government departments which intervene directly in the working of the RMs. These are the Departments of Commercial Taxes, Transport, Food Planning and Price Control, Vigilance, Revenue, etc. There is at the same time no regular provision for coordination among them. This leads to obvious confusion. For acquisition of land and construction of market yards, the MCs will have to get clearance from at least four departments, viz., the Public Works, Finance, Agriculture and Revenue departments.⁴¹

Lack of financial freedom is another defect in the operation of the RMs. It is paradoxical to note that though the MC are allowed to collect funds by way of different kinds of fees, they are not permitted to spend any amount beyond Rs.500/- unless specifically appropriated in the budget. It is also necessary that prior approval of the annual budget has to be obtained from the Government by the MCs.⁴² Even for a routine matter like replacement of gunny bags, which are provided by the MCs for weightment of the produce, permission has to be obtained from the Government. It is almost a regular complaint of the MC staff that on account of the non-availability of gunny bags, the market yard personnel had to

⁴¹ Rule 13(5) under Sec.6(1), of the Act says that if the license to a trader is refused by the MC, the District Collector shall be the appellate authority whose decision shall be final.

⁴² Section 21, Rule 48.

limit the number of lots that could be handled in a day. This increases the waiting time for the agriculturists to get their produce weighed and, then, sold.

Yet another organisational defect stems from the adoption of districtwise pattern for the constitution of MCs. It is only in Tamil Nadu that this districtwise pattern exists. In other states, MCs are organised on a local basis. For example, in Andhra Pradesh there is an MC for every important market, with jurisdiction over the surrounding five miles. In other states, a Taluk or Tehsil is the basis for the constitution of an MC.

The following defects may be pointed out with regard to the districtwise pattern. Firstly, agricultural marketing practices that exist today were born out of traditional practices of both production and marketing. The behaviour, sentiments and the economic environments of markets, therefore, need not be similar in all markets. For example, an organised market may exist side by side with an unorganised market.⁴³

The MCs under district pattern may not also be capable of meeting the contradictions posed by individual

⁴³ In the Tirunelveli district, (Tiruvaiikuntam) there exists a betel market organised by producers themselves. This is reported to achieve maximum benefit of the producer-growers. At the other extreme, in Leigh Bazar (Salem district), a known market for fruits and vegetables, one can see all sorts of malpractices by middlemen.

specialised markets. The problems of individual markets cannot be represented in an MC based on the districtwise pattern. For instance, adequate representation cannot be given when a product or an area remains non-notified, though it may fall within the limits of the revenue district.

Secondly, under this pattern, MCs will be acting through the headquarters housed in a central and convenient place. Both in theory and in practice such an MC cannot have effective supervision of all the markets under it. The market yards, where the regulation is to be implemented, will be under the full control of the employees with practically no power vested with them. This is quite evident in the working of RMs in Tamil Nadu.

Thirdly, there will be no worthwhile saving in establishment cost, as is often claimed, because the MC and its sub-committees will have to undertake regular travelling for inspection. There is no doubt that such occasional visits cannot inculcate any responsibility on the staff nor could be there any effective supervision. Finally, as the area of the revenue districts are usually large there would be difficulties in monitoring trade. The MC is likely to be unwieldy if full representation is given to the whole district.

The advocates of revenue district pattern of MCs claim that (i) it would be in conformity with the revenue limits and hence it would facilitate adoption of uniform practices and implementation of regulations (ii) the number of MCs will be less and therefore there would only be minimum supervisory expenses. (iii) Collection and dissemination of market information will be easier.

In essence, the district pattern is more likely to hinder the growth of regulated markets. Perhaps this may be one of the main reasons why Tamil Nadu lags behind other states in the development of RMs in the State. Tables 2.1 and 2.2 in Chapter II indicates this disparity in growth.

One major defect pointed out in the pattern of locating RMs in smaller areas is that there will then have to be numerous MCs and there would be problems in coordinating their activities. This is true to some extent. But in the Punjab and in Andhra Pradesh it has been proved that a properly set up State Marketing Board can effectively handle this problem. A second criticism of this pattern is that marketing practices may vary from one MC to the other. This criticism cannot be accepted for two reasons. Firstly, all the committees function under the same Act, Rules and almost under the same set of bylaws. If these provisions are implemented correctly there need not be any variations in the marketing practices of the different MCs. It may be also be noted that

the same difficulty may be encountered under the district pattern also. For example, one commodity is notified in one district and therefore, the trade on that commodity will be regulated there. In the neighbouring district that commodity might not have been notified, and hence, the application of regulation will be ineffective. The trade on that commodity will naturally be disorganised. Secondly, even if this argument is accepted, such differences could be easily bridged by appointing Regional Advisory Councils or some other representative bodies. Such an advisory council was conceived as early as in 1927 at Smithfield in London. The suggestion was to "have an advisory committee consisting of representatives of the various classes of traders including retailers, representatives of the Railways, Public Carriers, Porters, etc."⁴⁴ This was appreciated by all and claimed that it would be an administrative improvement.

The districtwise pattern was seen inefficient to exercise effective supervision over the markets. This was therefore changed in other states also.⁴⁵

⁴⁴ Quoted in, Government of India, Ministry of Agriculture and Fishing, Report on the Markets & Fairs in England & Wales (London, 1927) p.68.

⁴⁵ Kadam, D.B., "Regulated Markets in Andhra Pradesh", Agricultural Marketing, (Vol.VI, No.2, Delhi, 1963) pp. 18-24.

The main considerations usually observed to declare an area as "notified" is that the proposed area should cover the entire hinterland from which agricultural produce normally flows into the principal market yards. It must be a commercially viable unit for operation and administration. Finally, the declared and notified area should be contiguous. There are other considerations too, viz., convenience for the election of MC, facility for rendering services, supervision and control. Both the district or talukwise basis have their own merits and demerits. The smaller MCs will have two specific advantages, viz., compactness for easy administration and the possibility of providing for adequate representation to all interests.

These smaller units, however, will create, in the long run, problems of coordination between MCs as they tend to adopt different kinds of market practices. There is also the likelihood that such units may not be commercially viable with regard to management or finance.

In short, from the experience of Tamil Nadu, the revenue district pattern does not appear to be conducive for the growth of regulated marketing practices. The division of a state into a few revenue districts may be good for administrative purposes but need not necessarily apt for other purposes, particularly for initiating the process of economic and social integration. The results so far obtained by MCs in Tamil Nadu would also perhaps confirm this.

Another major problem in the organisational set up was contributed by the creation of the apex body called the 'State Agricultural Marketing Board'. It was pointed out earlier that the State Agricultural Marketing Board has taken over the organisational structure of the RMs in Tamil Nadu since 1970. The main function of the Board is to 'organise and co-ordinate' the activities of MCs in the state.⁴⁸

The Board is constituted by giving representation to different interests.^{48(a)} There are both official members and nonofficial members. The nonofficial members include the

⁴⁸ The functions of the State Marketing Board are as follows:

- (1) Propaganda, demonstration and publicity in respect of development of agricultural marketing.
- (2) Imparting education in Regulated Marketing on Agricultural produce.
- (3) Training of officers and staff of market committee in the State.
- (4) Grading and standardising of agricultural produce.
- (5) To conduct periodical inspection of market committees.
- (6) Formation of new Market Committees.
- (7) Such other functions as the government may direct from time to time.

^{48(a)} Government of Tamil Nadu, Department of Agriculture, O.O.No.2852, Madras, dated 24-10-1970 and Memorandum No.121516/AII/70-1, dated 19-12-1970, Memorandum No.51163/AII/71-2, dated 23-8-1971, Memorandum No.48238/AII/71, dated 7-5-1972.

Chairmen of MCs, representatives of co-operative societies and representatives of traders or producers. The term of the non-official members is three years.⁴⁹

A full assessment of the working of the Board may be premature now as it has completed only a decade. Tamil Nadu was persuaded to set up the Board on the basis of the reported benefits derived from the working of such boards elsewhere in India. There are no basic differences in the stated objectives of such Boards working in the different states. In Punjab and in some other states the MCs are not based on the districtwise pattern. As such, the number of MCs tends to be large. This

⁴⁹ A full listing of the members of the Board is as follows:

- | | |
|---|-----------------------------|
| 1. Secretary to Government Agricultural Department | - Ex-Officio - Chairman |
| 2. Director of Agriculture | - Official Member-Secretary |
| 3. Registrar of Cooperative Societies | - " |
| 4. Managing Director of State Warehousing Corporation | - " |
| 5. Chairmen of all the MCs | - Non-official Members |
| 6. One Representative of the Tamil Nadu Co-operative Marketing Federation | - " |
| 7. One Representative from the producers or traders | - " |

Note:- Originally only three Chairmen of MCs were included on a region-wise basis, but later all Chairmen were included. (Ref. Memorandum No.51163/A11/71-2 dated 23-8-71 of Government of Tamil Nadu.)

warrants a separate agency to coordinate the activities of MCs. But under the district pattern the MCs are less numerous and are under the direct control of a separate government department (Director of Agriculture Marketing). A separate agency for co-ordination is not therefore really needed. It has even been alleged that the Board was created to provide some higher posts and designations to the officials in the Agriculture Department.

Attracting sellers to the regulated markets, making them conscious of quality and price and, above all changing the traditional pattern and practices of the trade, are problems of a local nature. These aspects might differ from area to area, season to season, and commodity to commodity. A centralized agency which is away from the local scene may not be able to do much in these matters. Decentralisation with proper delegation of authority and accountability becomes necessary under such circumstances. It would be more desirable if the apex agency remains as a policy making body and the implementation of policy ~~should be~~ is left to the local MCs.

Under the existing set up the Tamil Nadu Agricultural Marketing Board is dependent upon the market committees for its finance. This situation is so different from what exists in many other states like Punjab or Karnataka which provides financial assistance to the MCs. In contrast, it is stipulated in

the Tamil Nadu set up that fifty per cent of the expenses of the Board are to be met out of funds generated by MCs.⁵⁰ According to the government order, every MC in the State has to pay five per cent of its earnings to the Board. In return the Board is to provide certain services. One such service is publicity.

⁵⁰ The Board was however able to provide limited financial assistance to the MCs by diversion of funds from the Small Farmers Development Agency (SFDA) and (MFAL). Details are as follows:

Financial Assistance to MCs through the State Board
Till 1980

| District to which financial assistance given | Amount (in lakhs) | Source |
|--|-------------------|--------|
| South Arcot | 8.00 | SFDA |
| Madurai | 4.00 | SFDA |
| Tirunelveli | 3.22 | SFDA |
| North Arcot | 1.00 | MFAL |
| TOTAL | 16.22 | |

Notes: In addition, the Central Government provided assistance to Tamil Nadu as follows:

| | | |
|-------------|---|-------------|
| 1935-1973 | - | Rs.42 lakhs |
| 1973 | - | Rs.30 " |
| 1978 - 1979 | - | Rs.36* " |
| 1980 | - | Rs.48 " |

* Exclusively for districts coming under Cauvery Command area.

SOURCE: Annual Report of MCs.
Brochures by the Directorate of Agricultural Marketing, Trichy (year of publication not mentioned).

In actual fact, the local MCs are also required to undertake publicity on their own. The service provided by the Board is in reality not very significant. There is also little coordination between the efforts of the MCs and the service provided by the Board. This lack of co-ordination is again evident in the matter of dissemination of market information. Every MC collects price information from its market yard. The Board also performs the same function. It also happens often that the price analysis made by the Board comes out very late and does not reach the market yards regularly.

It seems that the government was not quite clear in its mind about the structure of the Board in the initial stage. This is evident from the series of government orders issued from 1970 to 1972, making amendments from time to time. It took two years for the government to make up its mind that the Chairman of all MCs should also be nonofficial members of the Board. Consequent upon the supersession of all MCs, and the appointment of special officers, the special officers, by virtue of their position in the MC became members of the Board also. The present State Agricultural Marketing Board thus becomes nothing but an assembly of government officers, as the special officers also belong to the Agricultural Department of the State. This perhaps lends credence to the charge the Board was constituted for the sake of providing more opportunities for officials in the department.

Since the organisation of the Board more than ten years back only one MC was constituted by it at 'Salem'. All other MCs had been started prior to its establishment. The number of RMs newly opened during this period was only 109, out of the 230 total RMs now working. This constitutes 46 per cent only. Out of the 109 RMs, the procedure for opening more than 40 per cent of them had actually been completed prior to 1972.

The number of commodities additionally notified during this period was only 12, out of a total of 34 as on 1982. It can thus be seen that there has not been any special advantages in the growth of RMs as a result of the constitution of the Board.

The composition of the Board and the heavy representation of government officials in the Board can be seen from Table-3.4 below. This is much higher in Tamil Nadu than in neighbouring Karnataka or distant Punjab. It may also be noted that the Tamil Nadu Board has a narrower base with regard to the types of interests represented on the Board. The most striking feature regarding the Punjab Board is that it provides for representation of the consumers also on the Board.

Commendable work was done by the Board in the preparation of a comprehensive project report covering all the RMs in the state and exposing the potentialities for their further development. The Report anticipates the establishment of 230

Table - 2.4

**Comparative Position of Representation to Various Groups
in Different States in their State Boards**

| Group Represented | Tamil Nadu | Punjab | Karnataka |
|--|-------------------|---------------|------------------|
| Growers | 13 | 12 | 17 |
| Traders | 1 | 11 | Nil |
| <u>Government</u> | | | |
| Agriculture Department | 2 | 1 | 2 |
| Cooperative Department | 1 | 1 | Nil |
| Other Departments | 1 | 2 | 1 |
| Cooperatives | 1 | 2 | Nil |
| Buying Firms | Nil | 2 | Nil |
| Total | 19 | 31 | 20 |
| Percentage of Government representation to the total number | 21% | 13% | 15% |

Note: In Karnataka, Minister of States for RMs is the ex-officio chairman of the Board.

Source: Compiled from Records at State Agricultural Marketing Board, Madras and Directorate of Agricultural Marketing, Trichy.

Regulated Markets for agricultural produce, 17 for vegetables and five for livestock markets. This Report was prepared to seek assistance to the tune of Rs.3,644.86 lakhs from the World Bank.⁵¹ The Report categorically stated that the proposal is to provide all inputs to agriculturists. The Board believes that "it is only a matter of time before regulated market accounts for the entire agricultural produce passing through each centre every year".⁵² But the performance and the progress made so far does not give much hope of achieving this objective in the near future.

Interestingly, the proposal is likely to create a paradoxical situation. On the one hand, the concept of regulated market implies putting an end to the manipulations of the middlemen trades. But, generally speaking the World Bank philosophy envisages helping and encouraging the role of the small trader in agricultural marketing. As an FAO study points out,

"Many governments have no constructive ideas about the private trader a change of policy is needed to make full use of the entrepreneurial skill

⁵¹ The first Project Report (1973) was turned down on the ground of lack of feasibility and subsequently a revised report (1982) was prepared for Rs.102.11 crores. The revised Report has not yet submitted.

⁵² Government of Tamil Nadu, G.O.No.2652, pp.212, p.1.

of small traders for small farmer development especially when many of the co-operative projects have not lived upto our expectations private trade acts as innovator, an agent of change and should be fully integrated in the rural development strategy..."⁵³

The FAO study openly and strongly advocates the private sector in agricultural marketing. The study says,

"In many developing countries rural markets enterprises are important agents of change, particularly among smaller farmers who may not be reached by institutional services private trading sector performs an important catalytic role in development by providing credit facilities to assist and stimulate production Unless the private sector can be integrated into the agricultural development strategy progress will be delayed."⁵⁴

It is yet to be seen how this conflict would be resolved if and when World Bank assistance is committed to the project.

One area in which the Board can be very effective is with regard to the training of the marketing staff. This is a useful lesson that they can derive from the experience of Karnataka.⁵⁵

⁵³ Food and Agricultural Organisation, Critical Issues in Agricultural Marketing, (Rome, 1977) pp.178-242, Rural Markets: A Critical Link for Small Farmer Development (Bangkok, 1978) p.194, Mittendraft, H.J., Rural Markets - Innovation Centres for Small Farmer Development (Bangkok, 1980) p.6, Harris, Barbara, op.cit., p.48.

⁵⁴ Ibid. p.48

⁵⁵ In Karnataka, the Board has established three Market Training colleges - in Mysore, Raichur and Hubli with the objective of imparting training to the personnel of the Department of Marketing and the Marketing Committees. In addition, the Board gives financial assistance to the Mysore University to run a two year's course leading to Masters degree. (MAMM) The programme has been in existence since 1975-76.

Organizationally, the Karnataka Board seems to be better off than the Tamil Nadu Board. The Karnataka State Board provides for effective decentralisation by organizing the administration under five major divisions as follows:⁵⁶

1. Administration
2. Research
3. Market Intelligence and Publicity
4. Training
5. Publications

The organization of the Board in Tamil Nadu does not provide for a similar decentralisation. A further activity in which the Board could have been very effective is with regard to the introduction of grading of produce. This does not involve any major financial commitment also. The organization of

⁵⁶ The Research wing has made notable contributions by publishing 13 project reports for the development of market yards. Most of the reports deal with the processing of farm products before they are brought into markets. They have also published a number of reports that are useful for farmers in adjusting their production to equate with demand. For market intelligence and publicity they have established four divisions, at Bangalore, Mysore, Belgaum and Gulbarga. They have a monthly journal "Krishtots" to guide farmers to prepare the produce for the markets. In Tamil Nadu also there is a publication "Saithikathir" sponsored by the Board, but it is published very irregularly.

grading centres at different places convenient to the cultivators would have helped to develop in the farmers quality consciousness. This has far reaching consequences in many respects including getting a higher price for the products. There are at present in existence 124 centres for grading purposes, but these centres are under different departments and there is no coordination among them. If these are brought under the Board more effective coordination could have been achieved. In the regulated market at Thiruvannamalai some arrangements were made to grade the groundnut according to the oil content, but due to delay in grading, this has been stopped. The Board can also take the initiative to introduce scientific methods of grading, which will be to the advantage of increased quality agricultural production in the country and ensure a better price to the farmer.

In terms of arrivals, and the value of arrivals RMs show an increasing trend. But this is mostly because of the extension of notified areas and by adding to the number of notified commodities. It cannot be attributed to the better working of the system. The tables given in the Appendix amply prove this fact. The details of arrivals MC wise and RM wise are given.

At the time of its establishment it was feared that the Board might become a centre of rivalry and competition among

different government departments. It has come to be true today, though the government circles may not accept it. A recent order of the Director of Agricultural Marketing is worth referring to. This order prohibits any kind of communication between the Board officials and the MCs. It categorically prevents any direct collection of information from MCs without the prior permission of the Director of Agricultural Marketing. The introduction of the Board was not approved by many on the ground that as the Agricultural Department is fully involved in the area of regulated marketing there is no need for an apex body as was constituted in Tamil Nadu.

An attempt at organisational improvement was initiated in 1978, when the Advisory Boards were constituted to help the special officers who succeeded the MCs.⁵⁷ This, as was noted in some detail above, while claiming to consist of representatives of different interests, consisted of only government nominees. It was the government which decided who would best represent any particular interest.⁵⁸

The main objectives in setting up of the Advisory Boards were to advise the Special Officers of the MCs on (i) Developmental activities, the mode and manner of publicity in

⁵⁷ Sec. 5(4) The Agricultural Produce Markets (Amendment) Act of 1978.

⁵⁸ See above, pp. 138

popularising the RMs among the farming community, and the proper and effective enforcement of the Tamil Nadu Agricultural Produce Markets Act, 1959 and Rules, 1962.⁵⁹

It is perhaps too early to assess the contributions made by these Boards. But it is difficult to escape the feeling that the constitution of the Advisory Board is not in strict accordance with the intention of the Act, which indirectly states that more than fifty per cent of membership in the MCs would be reserved for farmers. In the Advisory Boards, the farmers' representatives, nominated by Government, are to be three, the same number of seats being given each to licensed traders and government officials. However, it is gratifying that the Government has now recognised the importance of traders as well for the proper working of RMs. Thus in the Advisory Board the traders are given the same kind of (nominated) representation as the producers. A comparative analysis of the composition of the Advisory bodies from the 1933 Act onwards and the changing nature of representation given to the different interests is given in Table-3.5 below. It is clear that over the representation given to the producers, and to a lesser extent, of the traders has declined while the government officials are seen to be represented more and more on the Boards.

⁵⁹ Government of Tamil Nadu, Department of Agriculture, Q.A.Q. Ms.1811 (Madras, dated 3.8.1961) and Q.A.Q. Ms.1405, (Madras, dated 8.6.1961).

Table - 3.5

Comparative Proportion of Different Constituents in
Various Committees

| Group of Constituents | Market Committee 1933 Act | | Market Committee 1959 Act | | State Agri- cultural Marketing Board - 1972 | | Advisory Boards- 1981 | |
|--------------------------|---------------------------------|----------------------|---------------------------------|----------------------|--|----------------------|-----------------------------|----------------------|
| | No. of Members | % of the Total | No. of Members | % of the Total | No. of Members | % of the Total | No. of Members | % of the Total |
| Producers | 5 | 38.5 | 9 | 50 | 13* | 68 | 3 | 33.3 |
| Traders | 5 | 38.5 | 4 | 22 | 1** | 5 | 3 | 33.3 |
| Cooperatives | - | - | 1 | 6 | 1 | 5 | - | - |
| Government Nominees | 3 | 23 | 4 | 22 | 4 | 22 | 3 | 33.3 |
| Total | 13 | 100 | 18 | 100 | 19 | 100 | 9 | 100 |

Notes:- *In the State Agricultural Marketing Board, all members, except, government nominees are 'nonofficial' members. The number shown (13) actually are Chairmen of MC -- now this is occupied by the special officers who are also to be treated as government group.

**In the constitution it is stated as "one trader or producer".

It cannot be denied that such a development was not part of the original intentions when the idea of regulated markets was first mooted. Nor has such a development any moorings in the parent legislation in Britain. Under the Tamil Nadu system today, government also appoints representatives of the farmers' and traders' interests from a panel prepared by the special officer who is a government official belonging to the agricultural department. The scope for political patronage and political powerplay under such a system can easily be imagined. The term of the Board is only one year. The term of the first Boards expired on 5-6-1982. So far no renominations have been made.

It is said that government, for political reasons, is not in a mood to have elected MCs and that this was why government superseded them with the special officers and the Advisory Boards. Moreover, the Secretary of the MCs is not given representation on the Board. It has been alleged that this is deliberate because most of the Secretaries were appointed by the erstwhile MCs which had a different and that government sort of political complexion than that of the present government in power. It has also been stated that the Boards meet often without a proper agenda and that their recommendations are not always carried out.⁶⁰ Under the circumstances there are heavy

⁶⁰ Information collected at the time of the field survey.

odds against a healthy working of the Board on account of too much political intervention.

There are also the usual organisational problems relating to elections and nominations. It was mentioned earlier that the election procedure as conceived in the Act and Rules is cumbersome and cannot be free from political interferences. The Expert Committee appointed by the Tamil Nadu Government in 1967, recommended MCs with nominated membership as it felt that the elected members may not be true representatives of the different groups. The government does not seem to have made up its mind on this question, but it would appear from enquiries that the government is inclined to prefer nomination to election. The arguments that favour nomination are two, viz., that high costs are incurred in organising elections and two, that true representatives of growers may not get elected due to other intervening factors, such as money, political interference, etc. The cost of conducting elections to the market committees is estimated to be about Rs.10 lakhs.⁶¹

It may be noted that cost is not the only consideration in setting up democratic bodies intended for achieving social objectives. Moreover, when the administration is to be vested

⁶¹ Statement by the Minister for Agriculture in the Tamil Nadu Legislative Assembly, The Hindu (Madras, dated 8 September, 1967) p.4.

in the hands of a representative body, election is the only method to achieve it. Nominations cannot definitely replace elections, whatever be the precautions adopted in making nominations perfect. In their own feeling of rights, duties and responsibilities there are differences between the nominated and the elected members. Thus dispensing with the election procedure on the ground of high cost is not quite acceptable.

There is, however, some truth in the second difficulty expressed. It has been pointed out that the present election rules are, complicated and time consuming and are not suitable of getting the true representatives of growers elected. This criticism is particularly applicable to one out of the two constituencies, viz., the producers constituency. In the matter of traders' constituency the electorate is constituted of licensed traders only. The number of voters is small and the MC itself has the relevant records in their possession to decide the electorate. In the matter of the growers' constituency, the MCs have to depend up on government records. Preparation of the voters' list poses real difficulty, because the Act and Rules specify only the minimum qualifications. The relevant rule says that a person is treated as a producer if he grows any notified crop in an extent of land not less than 0.5 acres for a period of atleast three years either as owner or as tenant or otherwise.⁶²

⁶² Rule 50(1)

The intention in prescribing this qualification was to enable small farmers also to occupy positions in the MCs, a body primarily meant for their betterment. But since most of the small growers are illiterate and do not possess sufficient money power or confidence to contest the elections. The net result is that small and marginal farmers are rarely represented in the elected MCs. Elections conducted in the past definitely reflect this defect. There were full time traders elected to represent the grower interests. Big landlords who are not interested in the activities of RMs and who are not even prepared to sell their produce in the RMs, became growers' representatives. The net result is that there is no real representation of growers in the MCs.

But it should be pointed out that this is not due to the defects in the mechanism but is due to lack of conviction and interest on the part of the growers themselves. These same defects existed under the Berar Law also, the forerunner of the regulation of agricultural marketing,⁶³ ^{Some} suggestions have been made to overcome this difficulty. Since the intention of market regulation is to regulate the malpractices of traders, stricter laws to ensure this are necessary. Such laws should ensure that only farmers get elected as representatives of the producers. It should be possible to define the farmers' constituency in more precise terms.

⁶³ Details given in Chapter-II.

It may be noted that in all other states excepting Tamil Nadu elected MCs are still in vogue. The question naturally arises as why problems related to election are particularly noteworthy in Tamil Nadu. One possible answer lies in the special relationship that has been developed in the state between politics and bureaucracy over the last decade or more. Regulated markets have also become an arena for the free play of political parties. Other states are also not quite free of these problems but they seem ^{to} have struck fertile roots especially in Tamil Nadu.

Perhaps the situation is unavoidable given the nature of politics in the country. With such a large percentage of rural votes, politics and party rivalries are bound to seep into every aspect of rural activity and make their inevitable impact.

The Tamil Nadu Agriculture Minister announced about an year back that duly constituted market committees would take charge by December, 1982.⁶⁴ But so far no steps have been taken.

⁶⁴ The Hindu, (Vol.106, No.213, Madras, 1982) p.4. (8. Sept. 1982)

CHAPTER - IV**THE WORKING OF MARKET COMMITTEES****AND****REGULATED MARKETS IN TAMIL NADU**

An overall view of the MCs and RMs in Tamil Nadu shows a wide range of efficiency in their functioning. These differences are particularly noteworthy about the following:

- i) Some MCs are working extremely well, so much so that they are even cited as models for adoption elsewhere, whereas some others are totally ineffective.
- ii) Some of the MCs have been able to attract maximum arrivals of a particular commodity, whereas arrivals of other commodities remained relatively meagre.
- iii) Some of the MCs were able to contain the traders' influences, while some others continue to be under the firm influence of the traders.
- iv) There are wide variations in the area and the commodities covered by the different MCs.
- v) Even within the jurisdiction of an MC the different RMs established under it have not attained a balanced growth as assessed on the basis of arrivals, turnover, response from traders and sellers, etc.

- vi) Though not very widely prevalent, there still exist certain differences in the methods of operation of different RMs under the same MC.
- vii) Unlike in other states, government agencies and Co-operative Societies in the State do not make use of this channel either to buy or sell the produce.
- viii) By and large, traders have shown a tendency to prevent the effective growth of RMs.

The contrast of these differences appears to be noteworthy when the aim of the legislation is viewed in its real perspectives. The preamble of the Act states that the primary objective of the legislation is 'better regulation of buying and selling' and 'establishment of and proper administration of markets', for agricultural produce in the State.

But buying and selling are not independent acts; they are the culminating point of the performance of a series of post-production activities. As such these may include processing, cleaning, transporting, financing, standardisation and grading, etc. Unlike the manufactured product, the products of agriculture are brought to the market, very often, not by the producer but by an agent or a merchant middleman. The agricultural produce passes through a number of markets and intermediaries and at each stage there is the possibility of malpractices. In the less developed countries

particularly, there can often be imbalances of growth in infrastructure facilities and this affords a fertile ground for malpractices. This is the rationale for governmental interference in the marketing system.

But the bureaucracy still argues that marketing activities are beyond the scope of the Act and that their duty ceases as soon as the physical facilities for a market have been created. They are not prepared to attach any other dimensions to the objectives of the Act.

According to the Act and Rules the various objectives are achieved through:

- i) Notification of area and commodities for the regulation and licensing of market functionaries.
- ii) Standardisation of market practices and reduction of market charges.
- iii) Supervision of sales and ensuring immediate payment.
- iv) Settling of disputes.
- v) Provision of markets with physical facilities like, weighment, handling, storage, grading, etc.
- vi) Provision of amenities for grower-sellers and traders for their stay at RMs, such as boarding facilities, auction sheds, cleaning platforms, toilets, etc.

vii) Dissemination of market news and publicity.¹

In order to find out how far these objectives have been achieved, the functioning of RMs is explained in the succeeding paragraphs.

Modus Operandi of MCs and RMs in Tamil Nadu:

The process of regulation and the method of constituting an MC has already been discussed in previous chapter. Once a regulated market has been constituted its management is vested in the respective MC. The MC is legally bound to implement the provisions laid down in the Act.² Further, the MCs are also responsible for establishing RMs wherever and whenever necessary.

The first task before the MC is to suggest to the Government the area and the commodities that are to be brought under regulation. This is done through government notification. Once the notification is done, the function of the MCs

¹ Government of Tamil Nadu, The Tamil Nadu Agricultural Produce Markets Act 1959, (Fort St. George, Madras, 1961) Sec. 1, 2(vii), 5, 6, 22 and The Madras Agricultural Produce Markets Act Rules, Nos.21, 53 and 54.

² Government of Tamil Nadu, Tamil Nadu Agricultural Produce Markets Act, 1959, Sec.5(4), (Madras, 1960).

begin officially. The MC has to frame its own bylaws to guide its own day to day functioning. For smooth and effective functioning, the MC delegates authority to various subcommittees, the details of which were given earlier.³ The day to day management of the MC and supervision of the RMs are vested with a team of officers working under the Secretary of MC. The Secretary is the Chief executive and administrative officer of the MC, with the responsibility of implementing the decisions of MC. He has to work in close liaison with the MC and its staff to carry out his responsibilities. He is the key person to maintain a close relationship with the different interests that are represented in the MC. He also undertakes duties pertaining to maintaining communications among the various RMs under it and other MCs and with the government.

The RM is the organ of MC through which the provisions of the Act are to be implemented. Market Committees take the decision to open an RM, considering the volume of trade in the notified commodity in the area, the quantity of agricultural production in the hinterland of the proposed RM and the marketable surplus, the infrastructure facilities available to make use of the market by growers and traders and above all the degree of malpractices existing in the marketing of agricultural produce. The area of operation of an MC is demarcated and defined in the Act, as market yard, or notified market area or notified area.

³ See Chapter-III, pp. 146-147

After the notification of an area and the commodity, the MC has to licence the traders, brokers and weighmen. The procedure for licencing traders is laid down in Rule 13 and the bylaws of MCs. Applications for the license are to be submitted in the prescribed form, together with fees prescribed by the MC. The rate of fees may vary with every MC, but the maximum is fixed by the Rule 13 as Rs.25/- per commodity. This license gives the licensee two rights: to participate in the transaction inside a RM and to set up his own trading place, within the notified area. Intermediate consumers or processors (mill owners and country chokkas) are exempted from the payment of market fees, but they also have to obtain licence. A license once issued is valid for one financial year and in the normal course renewable by paying a renewal fee. The MC deserves the right to grant, suspend or reject a license on specific grounds. But the applicant has the right to make an appeal for the revision of the decision. The appellate authority in this matter is the District Collector whose decision is to be final.

The weighmen and brokers are also licensed in the same manner. Rule 26 states that only licensed weighmen are allowed to make weightments of agricultural produce intended for sale or purchase in the notified area. Weightment fees, at the rate of

30 paise per bag, are prescribed by bylaws and they are collected from the sellers and paid to the weighmen.

In addition, the MC collects market fees from buyers on an ad valorem basis. As per Sec.18, the MC has the right to fix the market fee between 25 paise and 45 paise for every Rs.100/- worth of produce. Prior to 1971, market fees was calculated on weight basis which has been changed to ad valorem basis. Market fee is payable by all traders who undertake business in the notified area in the notified commodity irrespective of whether they trade inside the market yard or outside it. For the purchases made outside the market yard, the traders have to submit the accounts to the MC at regular intervals. On the basis of this, the MC will collect market fees from the trader. The MC also will set up checkpoints at the district boundaries and the produce for which the market fees has not been paid already, would be collected at this point. There are instances where the MC's income under this head is sizeable compared to its income on the same head earned from the actual market yard.⁴ For default of payment of the required market fee, MC is given the power to seize the produce while in transit.⁵ Over and above all these, the MCs collect handling charges and a nominal annual fee for the supply of market information at the rate of Rs.3/-.

⁴ Details on this are given in Chapter-V.

⁵ Sec.18(a) (b) of the Act.

Thus the main sources of revenue of the MCs consist of Licence fee, Market fee, Service fee, Charges for wear and tear of gunny bags and handling charges.

The regulated markets are under the supervision of Superintendents who are employees of the concerned MC. He is assisted by a number of other staff appointed by the MC.

The work of the RM begins as soon as the produce arrives at the yard.⁶ During seasons cart loads of produce are brought to the yard as early as 4'0 clock in the morning. The regulated markets have different sheds allotted for different commodities. As soon as the produce is unloaded it is entered in a Register called "Lot Register or Arrival Register". The producer (seller) who brings the produce is given a token bearing the lot number. The produce is exposed for sale with the same lot number. This method is introduced in order that the identity of the seller may not be revealed to the buyer. The produce is then transferred into the gunny bags of the MC and weighed. Usually a single bag would hold produce equivalent to standard weight adopted for each commodity. For paddy, this standard weight in a gunny bag may be 75Kgs. and for groundnut 80Kgs. in one MC. The standard weight thus fixed may

⁶ Based on field study made at Regulated markets working under South Arcot and North Arcot MCs.

vary from one MC to another. Any balance, i.e., a bag not having full standard weight also is exposed for sale. The number of bags per lot may also vary. One shed normally accommodates 400 to 600 lots according to the number of bags per lot. The process of weighing, arranging the lots, etc., is usually completed by 9a.m. As and when one lot is weighed, the weight is recorded in the 'Spot Weight Book' (Weight Chitta). It contains details regarding lot number, variety of produce, name of the seller, place, etc. These are countersigned by a yard maistry, who is responsible for proper and correct weighing.

As soon as the arrangement of lot is completed, the sellers are asked to leave the hall and the traders come in for inspecting the produce. They have to obtain the bidslips from the MC on payment, which are serially numbered. The buyers go round the lots, examine the quality of each lot and write down in the bidslips the price they offer against lot numbers. After quoting prices for all or as many lots as each merchant might be interested in, the slips are deposited in a hundi box kept for the purpose. The traders' name is also recorded in the bidslips. The box is opened at the appointed hour (usually at 10.30a.m. or as notified by the MC) and the Superintendent of the yard reads out the highest price and the name of the trader who quoted the price. This is done in the presence

of the traders present. The highest price per lot is immediately announced through loud speakers.

If the seller is not satisfied with the price, he can withdraw the produce from the auction. This happens, however, only rarely and the seller usually accepts the price offered. Once the price is accepted the sale is confirmed by entering the details of price and the names of buyers in the weighment Chitta made out earlier. The exact amount due to the seller on the basis of price and quantity is also recorded and two copies are given to the seller against the token already given to him. The total amount due to the seller is recorded as a protection to the seller from being cheated by the traders in computation of the amount later. The seller then goes to the payment counter where the buyer will make the payment. The reverse side of the original is a receipt for payment. The seller has to sign it and present both the receipts to the trader. The duplicate is given back to the seller, after marking 'paid' by the buyer. The original is kept by the buyer for his records. On the basis of the receipt of the payment to the seller, the Yard Superintendent will issue a permit to the trader to show that the required fee to the MC had been paid by the buyer. Only after obtaining this is the buyer permitted to remove the produce from the yard. This receipt will help him to move out the produce from one area to the other without being prevented

at the check posts. Though in the normal course the whole process will come to an end by 3p.m., growers may have to wait for payment for a longer period during seasons.

The process described above is an ideal one and was recognised in most of the RMs. But there were variations in the process. For example, against the closed tender system (the one described above) there may be open auction or the prices may be arrived at by negotiation. In Tiruppur, it is the commission agent who fixes the price for the produce which he does in the presence of the seller. Closed bid system is considered to be the best one available under which manipulation and trader's cartel arrangements make the least impact.

In a perfectly developed RM there will be different sheds for different commodities and in such cases the auction process would be quickly completed. Before weighing, the quality is inspected by RM staff and if the moisture content is abnormal the produce will not be permitted to be sold. The sellers will have to dry the produce, for which drying platforms are provided in RMs. Though in the case of paddy it is not widely seen, groundnut is permitted to be kept for sales only if the moisture content is within permissible limits.

The aforesaid aspects explain how the process of regulation is implemented. But the process of regulation becomes complete only when the coverage of area and coverage of commodities is made uniformly. Coverage does not mean 'official coverage' but is absolute coverage. The coverage should also be both intensive and extensive. For instance, the transactions inside the RM yard is fully supervised by the RM staff. But such a supervision is not adhered to in the private mandis nor is it physically possible for the RM staff to do so outside the yard. As such regulation will be limited in its scope. As far as the RMs in Tamil Nadu are concerned the coverage is only geographically extensive in nature. In short, notifying an area alone need not necessarily mean full regulation.

Out of the 16 districts some 13 districts have been brought under regulation. This accounts for 81 per cent of the geographical area of the State as a whole. This extent of coverage ranks 7th on the national level (see Table 2.4). If the areas declared as notified market area is considered the percentage will be still less. This may be seen from Table-4.1.

Table - 4.1

Coverage Ratio of Regulated Markets in Sq. Km/Km Radius
(As on 31-12-1982)

A. Coverage for the State on the basis of number of Districts:

| <u>No. of Districts</u> | <u>No. of Districts notified</u> | <u>% of coverage</u> |
|-------------------------|----------------------------------|----------------------|
| 16 | 13 | 81 |

B. Coverage on the basis of Area in Sq.Km/Km Radius:

| <u>Area in Sq.Km.</u> | <u>No. of RMs</u> | <u>Average area per RM in Sq.Km.</u> | <u>Average Area/RM in Km Radius</u> |
|-----------------------|-------------------|--------------------------------------|-------------------------------------|
| 130,067 | 230 | 566 | 18 |

C. Coverage on the basis of Districtwise Area as on 31-12-1982:

| <u>District</u> | <u>Area in Sq.Km.</u> | <u>No. of RMs</u> | <u>Average area/RM in Sq.Km.</u> | <u>Average area per Sq.Km Radius</u> |
|--------------------|-----------------------|-------------------|----------------------------------|--------------------------------------|
| 1. Chinglepet | 7920 | 14 | 566 | 18 |
| 2. South Arcot | 10090 | 25 | 426 | 14 |
| 3. North Arcot | 12265 | 30 | 409 | 13 |
| 4. Salem | 8643 | 15 | 576 | 18 |
| 5. Coimbatore (1) | 7304 | 30 | 250 | 8 |
| 6. Tiruchirappally | 11114 | 17 | 654 | 21 |
| 7. Thanjavur | 8261 | 28 | 295 | 9 |
| 8. Madurai | 12639 | 13 | 971 | 31 |
| 9. Ramanathapuram | 12578 | 18 | 699 | 23 |
| 10. Tirunelveli | 11433 | 16 | 715 | 22 |
| 11. Kanyakumari | 1684 | 6 | 280 | 9 |
| 12. Pudukkottai | 4449 | 8 | 581 | 18 |
| 13. Dharmapuri | 9443 | 10 | 944 | 30 |
| 14. Nilgiris | 2549 | Nil | --- | --- |
| 15. Periyar (1) | 8169 | --- | --- | --- |
| <u>130067</u> | | <u>230</u> | | |
| State Average | | | 566 | 20 |
| All India Average | | | 833 | 26 |

Notes: 1. As there is no MC for Periyar District, the RMs working in the district is included under Coimbatore MC. Accordingly, figures Col.(4) and (5) will be 522 & 16.
2. The area for Madras City is included in the total figure.

The Table reveals that the state average in area coverage to that of All India average is reasonably good. The table is indicative of one pertinent aspect that the level of achievement is good in those MCs which were started earlier.

A further aspect to be considered is about the coverage of commodities. There are sharp differences of opinion as to whether all commodities are to be covered or only selected commodities are to be brought under regulation. The official version favours bringing all commodities under regulation irrespective of the existence of malpractices or not. The opposite view is based on several grounds. They point out that the Act is intended to have regulation only in those commodities which were subjected to malpractices. Secondly, the commodities that are not produced in economic quantities and not throughout the State could be kept out of regulation. In course of time due to the spreading effect of regulation, such commodities will also automatically become regulated. According to them the arrival of 'non-notified' commodities in RMs of South Arcot and North Arcot, prove this. It is alleged that the real motives in trying to bring all commodities under the purview of regulation is nothing other than to increase the revenue of the MCs. Declaring rubber as a notified commodity in 1962 is cited as an instance of this. Table 4-3 below gives the coverage of commodities in the

Table 4.2

List of Commodities Notified as on 31-12-1999 - NDRI

| Name of Commodity | Name of Market Committees | No. of MCB Notified |
|-------------------|--------------------------------------|---------------------|
| 1. Groundnut | All Market committees | 13 |
| 2. Gingely | RNP TRY SA DP CR SH PK NA | 8 |
| 3. Cotton | TV RNP MCB TRY SA DP CP SH CBC NA | 10 |
| 4. Paddy | All Market Committees | 13 |
| 5. Tamarind | KK DP CP SH NA | 5 |
| 6. Chillies | TV RNP MCB TRY CP SH PK CBE NA | 9 |
| 7. Vellam | RNP TRY SA DP CP SH PK CBE NA | 9 |
| 8. Coconut | KK TRJ RNP TRY DP CP PK NA | 8 |
| 9. Cholan | TRY DP CP SH NA | 5 |
| 10. Ragi | TRY DP SH NA | 4 |
| 11. Cashewnut | KK TRJ RNP TRY NA CP PK | 7 |
| 12. Jaggery | KK SH | 2 |
| 13. Tapioca | KK TRY DP NA | 4 |
| 14. Comaker | TV RNP TRY | 3 |
| 15. Black gram | TV TRJ RNP TRY SA CP NA | 7 |
| 16. Green gram | TRJ SA NA | 3 |
| 17. Bengal gram | TRJ DP PK NA | 4 |
| 18. Tobacco | TRJ TRY PK CDC | 4 |
| 19. Cumbu | TRY DP CP SH SA | 5 |
| 20. Turmeric | TRY CBE NA | 3 |
| 21. Horsegram | DP SH NA | 3 |
| 22. Castor | DP SH NA | 3 |
| 23. Rawaraga | CP | 1 |
| 24. Onion | CP CBE NA | 3 |

| Name of Commodity | Name of Market Committee | No. of MSs notified |
|--------------------------|---------------------------------|----------------------------|
| 25. Arecanut | SM CBC | 2 |
| 26. Makka Cholam | CBC NA | 2 |
| 27. Maize | CBC | 1 |
| 28. Thinnai | TRY | 1 |
| 29. Varagu | DP NA | 2 |
| 30. Redgram | PK NA | 2 |

| | | |
|----------------|------------|-----------------------|
| Abbrev: | SNP | Ramanathapuram |
| | TRY | Trichy |
| | SA | South Arcot |
| | DP | Dharmapurem |
| | CP | Chingleput |
| | MDU | Madurai |
| | SM | Salem |
| | PK | Pudukkottai |
| | NA | North Arcot |
| | TV | Tirunelveli |
| | CBE | Coimbatore |
| | KK | Kanyakumari |
| | TNJ | Thanjavur |

Only 30 commodities are given in the Table.
The remaining 4 commodities represent related items
such as groundnut pods, khandasari, etc.

different MCs in Tamil Nadu. As on 31-12-1960, the total number of commodities coming under regulation was 34. A closer examination would show that no MC had arrivals for all the 34 commodities notified. The number of commodities notified by each MC varies from 10 to 34. The kinds of commodities regulated also vary from MC to MC and from RM to RM, so much so that it is difficult to claim that the regulation of a particular commodity is complete throughout the State. Except groundnut and paddy, all other commodities are not under complete regulation. It is true that all the commodities are not produced throughout the State. But the partial coverage has led to smuggling out of the produce to places where it is not a notified commodity. This is besides the unofficial sales that take place outside the RMs. To notify a commodity need not thus bring in more efficiency.

It will be apt here to reproduce the contradictory opinions expressed by two Expert Committees in two different States regarding the coverage of commodities. The Enquiry Committee on the Working of Regulated Markets in the Mysore State was of opinion that the application of the Act should be extended to all commodities dealt in a particular market. The Expert Committee on the Review of the Bombay Agricultural Produce Markets Act stated that "too many commodities under the purview of the legislation would aggravate the difficulties in connection with the administration of the Act".⁷

⁷ Quoted in Reserve Bank of India, RBI Bulletin (Vol.16, No. 6, Bombay, 1962) pp.886-891.

The regulation on traders through licensing is one of the important methods visualised in the Tamil Nadu Agricultural Produce Markets Act to reduce the malpractices of private trade.⁸ They are also not allowed to take any trade allowance of any nature.⁹ The intention behind this restriction was to bring trading activity under regulation. But an analysis of the number of licenses granted every year by each MC gives the impression that there have been no screening of any sort preceding the grant of licenses.¹⁰ On the trader's part, however, the licenses are obtained not necessarily to participate in the deliberations of RMs but as a means of avoiding possible interferences from MCs. Licensing brings in revenue to the MCs and at the same time they are relieved from the burden of collecting market fees and related functions. As per bylaw, those traders who keep their own place of business have to pay market fee on the basis of their turnover. Traders' payment of market fees accounts for a large share in the total market fee collected. The percentage on this share varies from 11 in South Arcot to 85 per cent in the Kanyakumari District.

⁸ Sec.6, 6(b).

⁹ Sec.22.

¹⁰ Please see Table-3.3 in Chapter-III.

The ineffectiveness of the present licensing system is evident from the fact that of the large number of licensees only a small number participate in the auctions regularly. Even during the season not more than 60 traders participate in most of the stabilised RMs and even that too only for certain commodities like paddy, groundnut, cotton and turmeric. The competition of traders for all the other notified commodities is very poor.

In the opinion of one of the authors the "regulation of markets has practically brought no changes in the structure of marketing as judged from the elimination of some intermediaries."¹¹

The secondary objectives of the enactment are mostly meant for providing certain economic benefits to the participants. The fundamental necessity to achieve these objectives is the creation of markets having a regularity in their operations. Most of the Indian agricultural markets, particularly those working in the villages are, irregular and do not keep any firm schedule as the assembling place or timing.¹²

¹¹ Mirchandani, R.T., "Regulated Markets - Their Review and their Impact on Market Structure and Efficiency", Indian Society of Agricultural Economics, Seminar Series, V, (Bombay, 1965) pp.72-82.

¹² For instance, in Aattoor (Kanyakumari District), an important assembling market begins at 12 in midnight and the business positively is closed before 4 O' clock in the morning.

Suitable location is also very important as otherwise the markets may turn to be non-acceptable to the users. The agglomerative and deglomerative tendencies present in a particular locality also should be studied before a market is actually located. Nearness to the farms, availability of transport and communication facilities, facility for the supply of inputs, possibilities for future expansion, etc., must be present in the place where such markets are intended to be located. The markets so established must also provide other facilities, such as grading, storing, etc., at competitive terms. But a close examination of the locational pattern of RMs in Tamil Nadu reveals that none of these factors was considered in choosing locations and establishing RMs. The locational chart given in Chapter-II is indicative of this fact.

Further among the 230 RMs existing in the State only 94 have their own buildings and other necessary facilities. The remaining RMs are working in rented buildings and are incapable of rendering any of the additional facilities or amenities to the participants. Table-4.3 below reveals that only 40 per cent of the RMs in the State have the capacity to provide the minimum facilities. The State Agricultural Marketing Board admitted in 1973 that "there is not a single regulated market, that has been laid out, with all facilities and amenities, sufficient for handling agricultural produce under ideal

conditions".¹³ Since then also there has not been any improvement in the situation. The extent of land acquired by the MCs also show lack of vision and foresight. The area ranges from 0.40 hectares to 6 hectares.

Table 4.2

List of MCs having own land and buildings for RMs

| Name of MC | Total No. of RMs | No. of RMs having own land and buildings | No. of RMs having land only |
|-----------------------|------------------|--|-----------------------------|
| 1. Chinglepet - | 14 | 5 | 5 |
| 2. Coimbatore - | 30 | 21 | 3 |
| 3. Dharmapuri - | 10 | 4 | 8 |
| 4. Kanyakumari - | 6 | 4 | Nil |
| 5. Madurai - | 13 | 7 | 11 |
| 6. North Arcot - | 30 | 11 | 11 |
| 7. Pudukkottai - | 8 | Nil | 2 |
| 8. Ramanathapuram- | 18 | 9 | 9 |
| 9. Salem - | 15 | Nil | 2 |
| 10. South Arcot - | 25 | 11 | 13 |
| 11. Thanjavur - | 28 | 8 | 8 |
| 12. Tiruchirappally - | 17 | 10 | 7 |
| 13. Tirunelveli - | 16 | 13 | Nil |
| | 230 | 94 | 76 |

Source: Data collected from the office of the Director of Agricultural Marketing, Trichy and from the respective MCs/RMs in 1982.

¹³ State Agricultural Marketing Board, Development of Regulated Markets in Chinglepet District (Chinglepet, 1973) p.3.

Growers (sellers) difficulties:

Regulated market offers a number of definite advantages to the sellers compared to private markets owned by traders. They are:

- (i) Correct weightment.
- (ii) on the spot full payment
- (iii) no deductions for quality
- (iv) less marketing costs (charge)
- (v) better prices and
- (vi) no involvement of middlemen such as brokers and commission agents.¹⁴

There is no difference of opinion about the advantage of correct weightment obtained in RMs. All the sellers interviewed, agreed to this and are fully satisfied with the procedure adopted and the correctness in weighing. There have been no complaints from traders either. This is evident from the fact that traders do not insist on reweighing the produce when they take possession of it. But improvements in weighing standards are still to be made.

The second advantage, viz., on the spot full payment is also accepted by the sellers as a definite advantage of the

¹⁴ Based on the interviews held with the growers under South Arcot, North Arcot, Coimbatore, Trichy and Ramanathapuram MCs. They are given according to the ranking made by growers. However, as was pointed out above, in some RMs such as at Tirupur, commission agents are still very active.

RM over the private trading system, where they used to get only a portion of the price immediately and the balance usually after a month. In cases where the growers are in receipt of preharvest or production advances, the produce has to be definitely surrendered to the trader from whom they would have received the loan and the balance due to the grower, if any, would be paid only after some time. The grower, in both cases, thus gets the payment only at a later date.

However, all the sellers have pointed out to one defect regarding the long number of hours they have to wait to get full payment in the RM. There is a considerable wastage of time in the RM for the completion of the whole process of selling. In fact, the sellers have to spend a full day for effecting sales in the RMs. The growers have to transport the produce from distant villages to RM, a process that begins in the early hours of the day. For, if the produce are not ready at RM by about 4a.m. it may not get included in the first auction.

After the weighing and arrangement of lots, the grower has practically nothing to do till the auction is held and the records are prepared. They have to wait till the time of payment. The earliest would be at about 3p.m. when they may be able to collect the full payment. Though very rare, there are also cases when the payment is made the subsequent day. This happens when finance is inadequate with the trader. Thus,

there is delay in getting the payment in RM, where the grower has to wait for 6 to 10 hours and more. In private mandis, weighing, calculation and payment could be completed in half an hour. Even in the first process of weighing, in the RMs the time lost is considerable. Usually, when a grower brings his produce to the assembling centres he would have made plans to take back things for his family requirements and inputs for agricultural operations. In private mandis as soon as the produce is weighed, a portion of the amount is immediately given to the seller, so that he would be able to purchase necessary things. On his return to the village, the balance is also given. This will help him to reach back home the same day itself. There are a few private traders who also offer agricultural inputs also in the immediate vicinity at a profit of course, but the grower's loss of time is further reduced. The delay in the RMs add indirectly to the grower's cost of marketing. For a number of growers this aspect, viz., delay in payment is an important determinant in choosing between RMs and private mandis.¹⁵

¹⁵A very interesting aspect was observed in the field study at Tindivanam RM. Four or five growers split up their produce and one portion is sent to the RM and another to a private trader nearby. On close observation it was found that the reason for this behaviour was that they wanted to buy certain things from the market for which money was immediately necessary. It was also stated by some that they had given the produce to private trader in satisfaction of the advance received earlier. At the same time the growers did not sell the whole to the private trader because they wanted to enjoy better prices on account of correct weight and the quality-prices relationship available in RMs. It is a usual practice with the private trade to deduct a portion on the ground that the produce is not of uniform quality. This is however, not applicable in RMs. This incident proves that growers, in general, are aware of the latent benefits of RMs and also of the defects. In spite of the illiteracy, growers are capable of choosing the best methods to their advantage.

One of the manipulations the traders were practising in the past was to reduce the price on the ground of lack of uniformity of quality of the produce. There was no easy method to measure the quality of the agricultural produce and the quality assessment is always subjective and based on experience. It is only natural that in the case of the small farmers who sell the produce on almost the same day of the harvest, the produce will definitely be lacking in quality.¹⁶ This weakness is exploited by the private traders. But in the RM this is not possible. At the time of weighing if the produce is found to be of inferior quality, or adulteration is suspected or foreign matters are found the produce will not normally be put for auction. The growers will be asked to clean the produce or dry it as the case may be. Moreover, once the price is quoted by the buyer he is not permitted to deduct anything from the price, on account of poor quality. For traders also this is an advantage and both are conscious of this advantage obtaining in the RMs. In fact that RMs could do much better in this matter by providing facilities for grading the quality of produce.

¹⁶ Rao, Mohana, K.R., "The Small Farmer in the Product Market: A Case Study of a Cotton Village", Indian Journal of Agricultural Economics, (Vol. XXXIV, No. 4, Bombay, 1979) p. 201, observes "Deducting certain quantity of the products..... result in greater disadvantage than the marginal reduction in the unit prices".

In a few markets there were facilities for inspecting qualities of groundnut and gingely and the agricultural department had appointed technicians for analysis of samples. But in practice, it is difficult to take samples and analyse them before the auction is made. In most of the markets there is only one person to do the grading. Naturally he is overloaded and cannot cope up with the work especially in seasons when the arrivals are plenty. In fact, grading is best done before the produce is brought to the market, viz. the farm itself and the growers must be educated on the methods of grading the produce. Not only will this enable the growers to get a higher price but it may also pave way for a more rational basis for transactions. The practice of grading followed in the RMs at present does not appear to serve its full purpose and can be improved upon.

Lower market charges for the seller is another claim made in favour of the RMs. It is observed in a study that by the provisions of the Act governing RM practices, farmers incur least cost for their sale at market yards. One study reports, "it is surprising that the low market charges must rank last among the pull factors....."¹⁷ But, the statement can be accepted only with a good deal of caution. Even before the regulation, the growers were not asked to pay huge amounts by

¹⁷ Subramaniam, S.R., et. al., Impact and Performance of Regulated Markets in Tamil Nadu (Coimbatore, 1980) p.21 (mimeo).

way of market fees as far as Tamil Nadu was concerned. The markets under local bodies used to charge the seller but the fee was only nominal. In Northern India, however, most of the trade was concentrated in private shandies and they used to charge exorbitant rates on sellers as well as buyers. It is recognised that prior to regulation, there were as many as 28 different kinds of charges levied by private trade in India as a whole.¹⁸

In a study conducted by the Government of India, the marketing charges for tobacco in Guntur, Andhra Pradesh were found to be as follows:

Table - 4.4

Marketing Charges of Tobacco in Guntur Markets, Andhra Pradesh
Per Rs.100/- worth of tobacco

| | | | |
|----------------------------------|----|-------------|----------------|
| I. Payable by Seller: | | | |
| 1. Brokerage & Commission | .. | | Rs.1.00 |
| 2. Incidental & Handling charges | .. | | <u>Rs.0.27</u> |
| | | | 1.27 |
| II. Payable by Buyer: | | | |
| | | Rs. ps. | |
| 1. Market cess | .. | 0.75 | |
| 2. Weighment charges | .. | 0.19 | |
| 3. Commission | .. | 1.00 | |
| 4. Incidental charges | .. | <u>1.00</u> | <u>2.94</u> |
| Total Marketing Charges | .. | | <u>4.31</u> |

Source: Government of India, Directorate of Marketing and Inspection, Marketing of Tobacco in India (Nagpur, 1960) p.220.

¹⁸ See Appendix-I.

It is sometimes alleged that the market charges in India are needlessly excessive, numerous and variable. The Table 4.5 shows the market charges that used to be paid in the pre-regulation period.

Table - 4.5

Market charges payable on Rs.100/- worth of sales in different Indian markets

| Product | Minimum | Maximum |
|----------|---------|---------|
| | Rs.ps. | Rs.ps. |
| Wheat .. | 2.06 | 6.78 |
| Paddy .. | 1.56 | 13.25 |
| Rice .. | 0.69 | 10.05 |

SOURCE: Srivastava, R.S., Agricultural Marketing in India and Abroad, (Bombay, 1960) p.64.

One important malpractice which had been in existence in Tamil Nadu was the 'unauthorised and unreasonable deduction in cash and/or kind'.¹⁹ This continues even today in private trade, even in notified areas.

A number of studies have been made to compare the effects of regulation on the market charges. Madharni States

¹⁹ Government of India, Directorate of Marketing and Inspection, Working of Regulated Markets in India (Nagpur, 1960) p.14.

that taking all the charges together - commission, weightment, hamali, brokerage, charity and unauthorised deductions - they amounted to Rs.3.99 per Rs.100/- worth of produce during the post regulation period; the figures could be brought down to Rs.2.05 during the post regulation period. This means a saving of Rs.1.94 per Rs.100/- worth of produce to the farmer. The percentage of saving to pre-regulation charges amounts to Rs.48.6.²⁰

The various charges in existence prior to and after regulation are given in Table 4.8. The table shows the extent of savings enjoyed by sellers in the yards of regulated markets.

Table - 4.8

Reduction in Market Charges after Regulation

| Charges | Average market charges payable for Rs.100/- worth of produce | | Saving | Col.4 as % of Col. 2 |
|---------------|--|------------------------|-------------|----------------------|
| | Pre-regulation period | Post-regulation period | | |
| 1 | 2 | 3 | 4 | 5 |
| Commission | 1.69 | 1.13 | 0.56 | 33.1 |
| Weightment | 0.30 | 0.15 | 0.23 | 60.5 |
| Hamali (1) | 0.56 | 0.20 | 0.36 | 64.3 |
| Brokerage | 0.29 | 0.19 | 0.10 | 34.5 |
| Charity (1) | 0.12 | 0.06 | 0.06 | 50.0 |
| Miscellaneous | 0.83 | 0.32 | 0.51 | 61.3 |
| Total | 3.99 | 2.05 | 1.94 | 48.6 |

Notes: (1) Not usually practiced in Tamil Nadu.

Source: Seminar series X, The Indian Society of Agricultural Economics (Bombay, 1972) p.69. See also, Marchandani and Hiranandani, G.J., "Regulated Markets-Their Review and Their Impact on Market Structure and Efficiency" in ibid., pp.72-82.

¹²⁰ Nadkarni, N.V., Agricultural Prices and Development with stability (Delhi, 1973) p.106.

Another detailed study by L. Krishnaswamy on the savings in marketing charges by farmers as a consequence of regulated marketing indicates the changes as follows:

Table - 4.7

Percentage of share of different costs and margins to the consumers price for wheat

| Items | | Before Regulation | After Regulation |
|--|----|-------------------|------------------|
| | | Rs. ps. | Rs. ps. |
| Net producer's share | .. | 75.78 | 77.24 |
| Marketing cost at Primary Market | .. | 5.20 | 5.69 |
| Transport cost from Primary market to secondary market | .. | 1.93 | 2.97 |
| Marketing cost at secondary market | .. | 1.25 | 1.91 |
| Total Marketing cost | .. | 7.78 | 10.47 |
| Share of commission at primary market | .. | 2.34 | 1.10 |
| Share of commission at secondary market | .. | 1.88 | 1.88 |
| Margin of wholesaler | .. | 7.44 | 4.54 |
| Margin of retailer | .. | 4.76 | 4.77 |
| | | 16.44 | 12.29 |
| Total | .. | 100.00 | 100.00 |

Source: Krishnaswamy, L., "Impact of Regulation on costs and margins in Agricultural Marketing in Rajasthan", Agricultural situation in India Vol.XXV, No.8 (New Delhi, 1970) pp.823-828.

Brivastava's comparative study about the reduction in market charges due to regulation, however, shows that the savings in market charges has been the lowest in Tamil Nadu among other regions in south India. The findings are as follows:

Table - 4.8

Extent of saving to the farmers of market charges as a result of regulation

| Commodity | Mysore | Andhra | Maharashtra | Tamil Nadu |
|-----------------|--------|--------|-------------|------------|
| Groundnut .. | 5.62 | 3.61 | 14.75 | 3.26 |
| Paddy .. | 5.66 | 4.86 | - | 3.82 |
| Cotton Kapas .. | - | - | 14.60 | 4.38 |

Source: Brivastava, R.S., op. cit., p.64.

This table shows that despite the fact that malpractices were comparatively low in the State, there has not been much savings in the market charges. This is in one way an indicator of the performance of RMs in Tamil Nadu. Further, it cannot be said that market charges have been completely eliminated. Under Cover System and other methods of price fixation are even today adopted in fruits, cattle and livestock markets. Brokerage and commission were other charges levied by the traders. In the RMs these have been considerably reduced by fixing the amount of commission and brokerage. This definitely is a creditable contribution of regulated marketing.

It has been found that efficiency of RMs is measured using the post regulation effects as reflected in the reduction of market charges. No doubt, this is a good method to measure the immediate effect of regulation, especially when regulation was contemplated on the basis that middlemen charge exorbitantly on grower-sellers. But as is evident from the Table-4.8 the results obtained are not uniform. For instance, when Hiranandani calculates the saving of market charges varying between 0.46ps. to Rs.14.75 (for groundnut at different markets), for paddy the benefit ranges from Rs.4.86 to Rs.9.01 per Rs.100/- worth of produce (i.e. 19% to 88%).²¹ However, he himself doubts that

"the monetary benefits conferred on the producer-sellers are, no doubt, tangible although these may not appear very impressive when compared to the invisible benefits flowing to them".

According to the Directorate of Marketing and Inspection, the savings is calculated to be 48.6 per cent.²² The variation in percentages shows lack of unanimity in this method. Further, the savings may vary from commodity to commodity, place to place, and even from season to season. It is also experienced that such immediate benefits need not be long lasting. In the case of RMs, the experience of 50 years, had led to the emergence of new kinds malpractices in the place of old ones. In short, savings in market charges is an inadequate method to assess the efficiency or performance of RMs at present.

²¹ Hiranandani, G.J., op. cit., "Regulated Marketing - Monetary Benefit to the Producer-seller", Agricultural Marketing, (Vol.VII, No.4, Delhi, 1965) pp.13-17.

²² Seminar Series X, op. cit., p.89.

Regulated marketing has thus brought down market charges even though not to desired levels. To some extent this has helped to bring down the total marketing costs which also include transportation cost, incidental cost, handling cost, and the boarding and lodging expenses.²³ But still the reduction in market costs does not seem to have been adequate to dissuade the farmer from continuing with the village or farm sales. This is particularly true of the small farmers who have only small quantities of marketable surplus.

A direct personal investigation was undertaken by the researcher in 1981 to find out the economics of RMs from the growers' point of view. The study covered four villages in the hinterland of Tindivanam RM, viz. Kottarampattam, Panche- lam, Melapakam and Melipettai. These villages are situated within a distance of 8 to 10 kms. from the Tindivanam RM. It was noted that the growers are well aware of the definite advantages of selling the produce in the RM rather than at villages. The growers were also quite aware that petty traders who collected the produce at the village pay only a very low price to them. The commodity covered by the study was groundnut, which was usually sold in kernels in the wholesale assembling markets. Therefore, the growers have to decorticate

²³ Government of India, Report on Marketing of Wheat in India, (Nagpur, 1937) pp.440-441 - Estimates that market charges works out to 22.49 per cent of the total marketing cost for wheat.

groundnut pods into kernels. It was noted that if the produce were to be brought to the RM, the grower has to incur the following costs per bag:

| | | |
|--|----|----------------|
| Decortication charges per bag | .. | R.3.50* |
| Transportation | .. | R.5.00** |
| Drying and packing expenses | .. | R.2.00 |
| Boarding and lodging expenses (total) | .. | <u>R.6.00</u> |
| Total | .. | <u>R.16.50</u> |

* 12 bags of pods will give approximately 4 bags of kernel.

**Transporting cost from village to decorticator and from there to the RM.

According to a rough estimate, the cost of production of one bag of kernel is estimated to be from Rs.280 to Rs.300.²⁴ If the produce is taken to the RM the cost would come to Rs.296.50 minimum. The farm price, as on 8.1.1981, at which the produce was sold to the trader at the village was Rs.360 to Rs.428. The price range in the Tindivanam RM on the same day was Rs.396 to Rs.435. The farmer is aware of this, but he is satisfied with a lesser profit, as he feels that two days will be lost in the process of selling it through the RM. Without

²⁴ The figures were collected from the growers direct from various RMs under South Arcot MC. Figures obtained in 1980 were compared with 1981 figures collected subsequently.

attempting to generalise based on such a single study, some of the impressions that could be collected from this study as well as from observations made elsewhere are perhaps worth mentioning.

In the present case the first difficulty that the farmer faces in resorting to the RM is in respect of decortication. During harvest seasons there will be delay in getting the pods decorticated. Though the charge is minimum - Rs.1 per bag of pods the time to be spent in decortivating, cleaning, etc., would be considerable. Since most of the decorticators (processors) are also traders, they are ready to buy the produce on the very day of the harvest at the farm itself shouldering all marketing costs themselves and thereby relieving the farmers of these problems. This advantage prompts small growers to dispose off the produce at the village itself. The loss in price they suffer is more than compensated by the relief they get in avoiding attendant marketing problems.

The RMs have, no doubt, reduced and regulated the malpractices and arbitrary levies collected by private traders. They have conveniently shifted weighing and other charges from the farmers to traders. It is true that officially the seller has nothing to pay in selling his produce in the RM. But the impact of this is not felt, at least by small growers, for whom other marketing costs are still heavy, because the

processing cost, cleaning cost, transporting cost, etc., are still to be borne by the grower himself. The RMs have done little to relieve the growers of these problems. It was reported that one or two MCs had established processing units, but at present they are not functioning. The MCs have not also come forward yet to help the farmer handle the transportation problem. This may be due to the basic conceptual lacunae because of which the bureaucratic authorities may very well feel that only 'provision of markets and supervision' are contemplated in the Act and that 'ancillary marketing' activities are beyond their ken. In some markets where regulation is in force, but the market yard is under the possession of local bodies, the seller pays market charges. Invariably most of these markets are auctioned to private persons who collect the market fees without any uniform rate. The regulated marketing failed in preventing or controlling the collection of market charges in these markets.

The problem of the weighmen is a peculiar one in the RMs. It is seen that in 1980-81 a total of 22,676 weighmen were employed in all the 13 MCs in existence at that time as is shown in Table 4.9 below. The fees for weighing fixed by MC is very small and is payable by the buyer. This fee however varies from MC to MC. These weighmen are licensed by the MC on payment of a required fee. They are not permitted to collect any other fees other than the one specified above.

Table - 4.9Number of Licences granted to weighmen from 1976-77 to
1980-81

| | <u>No. of licences granted to weighmen</u> | | | | |
|-------------------|--|----------------|----------------|----------------|----------------|
| | <u>1976-77</u> | <u>1977-78</u> | <u>1978-79</u> | <u>1979-80</u> | <u>1980-81</u> |
| Chinglepet - | 2935 | 2565 | 3191 | 2636 | 2637 |
| Coimbatore - | 1944 | 1324 | 1177 | 777* | 555 |
| Dharmapuri - | 709 | 660 | 602 | 634 | 685 |
| Kanyakumari - | 210 | 263 | 301 | 256 | 430 |
| Madurai - | 2423 | 2620 | 2873 | 2830 | 3047 |
| North Arcot - | 4198 | 4142 | 4256 | 4183 | 4783 |
| Pudukkottai - | N11 | N11 | N11 | 816 | 879 |
| Ramanathapuram- | 3056 | 3156 | 3396 | 3507 | 3716 |
| Salem - | N11 | N11 | N11 | 383 | 354 |
| South Arcot - | 1566 | 1665 | 1725 | 1803 | 1892 |
| Thanjavur - | 425 | 421 | 701 | 910 | 1080 |
| Tiruchirappally - | 7725 | 8116 | 8712 | 7147 | N.A. |
| Tirunelveli | <u>2736</u> | <u>2742</u> | <u>2363</u> | <u>2230</u> | <u>2618</u> |
| Total No. | 27924 | 27674 | 29299 | 28112 | 22676 |

Note: *Reduction in number is on account of transfer of some RMs to other districts (eg., Salem and Pudukkottai).

Source: Annual Reports and Records of MCs.

The total weighing fee collected is disbursed among the weighmen every week. In 1980-81, the figures relating to the number of weighmen and the amount disbursed to them in South Arcot MC were as follows:

| | | |
|------------------------------|----|----------------|
| Number of weighmen licensed | .. | 1,892 |
| Amount disbursed to weighmen | .. | Rs.6,86,178.90 |

This gives an approximate idea of the average amount each weighman is getting per day.

$$\frac{6,86,178.90}{1,892 \times 300} = \text{Rs.1.03}$$

In the computation above the number of working days is estimated as 300. The average income of Rs.1.03 per weighman per day is too meagre an amount. As the grower is anxious to see that his product is properly weighed and included in lot, the weighmen unofficially collect from the grower some fees for prompt and efficient service. The growers are naturally afraid to resist such payments. Usually growers pay an amount ranging from Rs.1 to Rs.5 per lot.²⁵ This also adds to the marketing cost of the growers. The growers are also anxious of another possible loss in making the weighmen hostile to them. When the produce is transferred from the grower's bag to the MC's bag there is some inevitable spillage, which could be more with a hostile weighman. The right for this spillage goes to the MC which auctions

²⁵ This was observed in almost all the markets visited. The charge is on the high side in MMs which are 'stabilised' and 'popular'.

it. This has become a regular source of income to the MC. In 1980-81 the South Arcot MC alone got an income to the tune of Rs.1,27,830.47 from this accounts.²⁶ This had actually worked out to be 2.03 per cent of the total income of the MC in that year.²⁷ Actually, this should belong to the growers for whose benefit RMs have been introduced. It should be remembered that this loss should also be included in the total cost of marketing of the grower.

Earlier it was pointed out that though there are provisions for the sellers to withdraw from the auction on the ground of non-remunerative prices, they do not generally practice it, but stay satisfied with what is offered. This is particularly observed in the case of small and marginal farmers. The main reason for this is traceable to the many financial problems faced by these categories. Increases in marketing night costs might become powerful considerations that prevent farmers

²⁶ The MCs are very serious on this income. In one year in one of the RMs, the sweepings were less and consequently the income also reduced. The Superintendent was asked to explain why the sweepings were less inspite of very high arrivals. But the Superintendent was smart enough to state that this shows efficiency, which is prima facie true also. It is also reported that in some RMs weighmen arrange to collect the spillage immediately and put it for sales among other lots in some name. In paddy and cotton, this practice is common atleast with some RMs, where arrivals are great.

²⁷ South Arcot Market Committee, Annual Report 1981-82 (Cuddalore, 1982) pp.6-84.

from retaining the product till they get the highest price. They may not have the sustaining power or confidence to spend one or more days in the RM to sell their produce at better prices. Marketing then becomes more costly on account of boarding and lodging expenses. The facility available in some RMs are quite insufficient, though the RMs are required to offer 'provision of rest shed to sellers'. All these add to the marketing costs of the growers.

Better price is one of the means by which RMs try to attract growers into RM yard. According to some of the sellers they get better than usual prices at the RMs but this cannot be treated as the highest or best price. Sometimes private traders offer in their markets a higher price than what they offer in the RMs. They have their own reasons for doing so. The reasons for this are discussed in some detail later in this chapter. A comparison of prices prevailing in four RMs and in private mandis or market centres collected by the researcher on 8.1.1981, selected at random, illustrate this point. The figures are shown in Table 4.70 below.

Table - 4.10

Prices prevailing in different markets for Groundnut and Paddy (80kgs. standard weight for Groundnut and 75kgs. for Paddy)

| RM/Commodity | Gingee | | Chinnasalem | | Vikkavandi | | Tindivanam | |
|--------------|-------------|------------------------|-------------|------------------------|-------------|------------------------|-------------|------------------------|
| | Price in RM | Price in market centre | Price in RM | Price in market centre | Price in RM | Price in market centre | Price in RM | Price in market centre |
| Groundnut | 443 | 450 (460) | 450 | 436 (440) | N.A. | N.A. | N.A. | 428 (450) |
| Paddy | 113 | 120 (141) | 110 | 124 (136) | 124 | 112 (124) | 106 | 116 (126) |

Note: Figures in paranthesis denote price for 1st quality in Market Centre.

Source: From field study.

Table 4.10 shows that the prices prevailing in the private mandis were generally higher than in the RMs. The exception is in the case of paddy in Vikkravandi. One of the reasons for this is stated to be that this market is closer to an important RM, Villupuram, and consequently traders are concentrated there. Most of the produce are directly sent to Villupuram and the arrivals in the Vikkravandi are very low. As the majority of buyers are rice mill owners, they offer a higher price than traders due to advantages in transport cost. The traders offer a low price in private mandis because they have to take the produce to the Villupuram Market for final sale, incurring transport cost. Moreover, once traders buy in RM it is accounted for and market fee is payable to MC. The same product when included in the lot for sale, at Villupuram, market fee again is to be paid, by the seller. In order to avoid these additional costs, traders purposely reduce the price. On the other hand, mill owners who form the largest group of buyers in Vikkravandi RM pay a higher price as the paddy is intended to be processed and offered for local consumption in Villupuram itself.

Thus, prices prevailing outside the RMs are *prima facie*, higher. The figures in parenthesis in Table 4.10 denote price for first quality in private market which are seldom received by the sellers. As pointed out earlier, in the RMs the price is directly and positively related to quality. No dispute

over quality is prevalent in the RM. The price difference for quality in market centre is only superficial and not real. This can be proved by an analysis of the practices followed by traders in fixing the price finally. They invariably reduce prices in the final calculation, claiming deductions for inferior quality besides manipulations in weighing and also by delaying payment of part of the price. For instance, personal observation at Tindivanam revealed the following facts. The price in the market centre (private mandi) for groundnut is Rs.425/- for average quality and Rs.450/- for the first quality. In weighing, manipulation results in a loss of 2kg. per bag. This is accepted by the sellers fully but that such a deduction is abnormal. Deductions for quality are done either in the form of reduction in prices or reduction in weight or usually both. Further, the full payment is made immediately and a portion of the price is retained by agreeing to effect payment after a month. Considering these, the net amount that may be received by the growers can be as shown in Table 4.11.

Table - 4.11

Statement of real price received by growers at

Rs.

Price of Groundnut at Market Centre
(outside RM) for 80kg. -

over quality is prevalent in the RM. The price difference for quality in market centre is only superficial and not real. This can be proved by an analysis of the practices followed by traders in fixing the price finally. They invariably reduce prices in the final calculation, claiming deductions for inferior quality besides manipulations in weighing and also by delaying payment of part of the price. For instance, personal observation at Tindivanam revealed the following facts. Here, the price in the market centre (private mandi) for groundnut is Rs.428/- for average quality and Rs.450/- for the first quality. In weighing, manipulation results in a loss of 1 to 2kg. per bag. This is accepted by the sellers fully knowing that such a deduction is abnormal. Deductions for quality is done either in the form of reduction in prices or reduction in weight or usually both. Further, the full payment is not made immediately and a portion of the price is retained by agreeing to effect payment after a month. Considering all these, the net amount that may be received by the seller would be as shown in Table 4.//.

Table - 4.41

Statement of real price received by growers at Private Market

| | Rs. ps. | Rs. ps. |
|---|---------|---------|
| Price of Groundnut at Market Centre (outside RM) for 80kg. | - | 428.00 |

| | Rs. ps. | Rs. ps. |
|--|--------------|---------------|
| Less: Cost for shortage in weight (usually 1 to 1.5kg. per bag is reduced) average for 1kg. - | 5.38 | |
| Quality deduction (either in price or quantity 1ps. to 3ps. per Kg. average 2ps.) - | 1.60 | |
| Interest for one month on the amount retained ($\frac{1}{4}$ to $\frac{1}{5}$ of the total price retained paid after one or two months - interest @ 18% p.a. average) - | 2.20 | |
| Miscellaneous expenses, Tips, Municipal or Panchayat Market fee, etc., per bag - | 1.80 | |
| Total amount of deduction - | <u>10.98</u> | <u>10.98</u> |
| Net amount received by the seller per bag from private mandi | | <u>417.05</u> |
| Price at RM - | | <u>418.00</u> |

Source: Data collected from field study.

Not only that there is no real increase in the price obtained by the seller by selling the produce outside RM, but he also suffers a loss (Rs.418 - Rs.417.05 = 0.95 ps. per bag. The private traders fix the prices so artfully that it is always advantageous to them. According to the nature of the commodity, market position, season of sale and the government's procurement policy this difference may be altered marginally. In any case, there is price advantage to the farmer in selling the produce in RMs. As mentioned earlier, though prices prevailing in RMs are not the highest, they are definitely higher than in the private mandis.

In Coimbatore, it was stated, that in the initial period of regulation the cane growers never used to bring the produce to the RM. They used to sell them to commission agents.²⁸ Some of the pioneering staff of RM convinced the growers that they were not getting the real price outside the RM. They demonstrated this by taking the weight of cane sugar before it was sold to private traders. It was seen that in the private market the same quantity was underweighed by 5kgs. This malpractice is common and growers knowingly or unknowingly fall prey to private traders.

Some growers feel that small quantities sent to the RMs fetch only low prices. This view does not seem to be correct. In fact, it was observed that sometimes some growers split up their produce into small fragments for auction in different names. This is mainly done because the produce may really belong to another grower and is brought to RM on his behalf or for better prices.

The following Table 4.12 indicates that quantity offered for sale does not have any direct bearing on prices. It is, ofcourse, realised that the figures for one day for one commodity in one market do not warrant any generalisation. The day

²⁸ Narrated by an MC staff at Coimbatore.

was chosen at random and the table below is only for illustrative purposes.

Table - 4.12

Prices for different lots on 18.1.1991 at Thiruvananthapuram
for Gingely

| Lot No. | Quantity exposed for sale in Kgs. | Price quoted per 80kg. |
|---------|-----------------------------------|------------------------|
| 1 | 5 | Rs. 456 |
| 2 | 8 | 482* |
| 3 | 15 | 478 |
| 4 | 100 | 472 |
| 5 | 100 | 483* |
| 6 | 108 | 474 |

Note: *Quoted by chekku owners for manufacture of oil. All the other prices are quoted by local traders.

Another example is that of a grower who kept the produce in two lots, both presumably belonging to him, as below. This was in the Tindivanam RM and the commodity was paddy.

| <u>Lot No.</u> | <u>No. of Bags</u> | <u>Quantity</u> | <u>Price quoted per bag</u> |
|----------------|--------------------|-----------------|-----------------------------|
| 12 | 2½ | 162kg. | Rs. 431 |
| 13 | 4½ | 290kg. | Rs. 398 |

The prices quoted were by the same trader.

The usual belief of the sellers that small quantity attracts high prices or otherwise does not seem to have much basis, as is corroborated by other enquiries made by the researcher. The real influence on the price is exerted by two factors: quality of the produce and the agency that buys the produce. It is proved that if the produce is bought by intermediate consumers, such as the mill or chukka owners directly, the prices offered tend to be high.²⁹ Traders on the other hand quote lower price considering their interest on investment, transport and storage cost, etc. and a fair margin for their risk and profit. This indicates an important fact that the RMs should encourage direct sale and should discourage, as far as possible, traders from participating in the auction. But, this would be difficult so long as the RMs encourage more traders to get licenses.

Another disincentive for sellers in using RMs is that they have no lodging and boarding facilities inside the yard. As there is delay in getting the payment, the sellers need such facilities. It had been stated earlier that the sellers prefer private mandis because they can reach back their homes before dawn which invariably is not possible in RMs. They also hesitate to stay outside RMs as it is costly and risky.

²⁹ This has been proved in the following studies: Suryaprakash, S., et. al., "A Comparative Study of Price spread of selected Agricultural Commodities in Karnataka", p.144., Sidda, D.S. and Rangji, P.S., "Price spreads in Egg Industry in the Punjab", p.173, both in Indian Journal of Agricultural Economics (Vol. XXXIV, No.4, Bombay, 1979). It is stated that farmers could get as much 94 per cent of the consumer's rupee through direct sales for eggs.

Absence of processing facilities has already been discussed. Transport is another problem faced by sellers in villages. For most of the growers in villages, the major mode of transport available is the bullock-cart. Due to such transportation and boarding and lodging difficulties, the farmers often find it convenient and profitable for them to sell at the farm itself.

Non-availability of grading facilities inside the RMs is another handicap in the working of the regulated markets. Under existing conditions, the quality of the product cannot be completely ensured by the producer. It depends on various factors and the quality often varies not only from place to place but also from season to season. Thus, arises the necessity to grade the produce having uniform characteristic features. It should also be remembered that graded produce have two benefits. They fetch higher prices. Disputes over quality would be minima. Though the MCs claim the availability of grading facilities in the RM yard, it was observed that in practice grading is not resorted to always and at all places.³⁰ At present the grading is looked after by the

³⁰ There are two grades; commercial and scientific grades. The commercial grading is easy and could be done at the farm itself. No efforts are taken to educate the farmers in this regard. It was revealed from the interviews that even the illiterate farmers are fully aware of the quality-price relationship. But again, they are unable to wait long for grading. For the trader, buying ungraded produce is always profitable as he is able to negotiate the sale at a lower price through sheer negotiating skill and money power.

AGMARK section of the Agricultural Marketing Department of the State. Though such grading centres have been opened at some RMs, they are not under the direct control of MCs. In many cases such centres are located far away from RM yards. Moreover, during seasons the arrivals are large in volume and the produce goes to auction before grading.³¹ This lack of proper grading facilities have prevented providing an ethical atmosphere in RMs.

Trader's Difficulties:

One of the major problems faced by RMs is how effectively a large number of buyers could be attracted to the market

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It is claimed that there are 124 centres working in the State to grade agricultural produce. (State Agricultural Marketing Board, Brochure on RMg (Trichy, 1980) p.20) But on personal observation it was found that only 12 centres are working inside RMs or very near to them. These centres generally lack personnel and equipments. They say that on a particular day they could sample only for 60 to 100 lots. This will account roughly for ten per cent to twenty per cent of the total arrivals. The remaining centres are far away and hence farmers have to shuttle their produce between the grading centres and the regulated markets which is time consuming and costly.

yards. There were occasions in the past when the pioneering staff of the MCs, with great difficulty, motivated growers to bring their produce to market yards. But enough number of traders failed to be present at the market. The MC staff who laboured to bring the produce to the yard had to consequently witness the removal of produce to private mandis.³² It becomes a problem sometimes to attract sufficient number of traders to the market yards. It should, however, be noted that the hesitation on the part of traders is not a universal phenomenon, but is seen in only some of the markets.

It is with this purpose in view that MC staff in general, stress the need for implementing the compulsory provision which is in vogue elsewhere. Such a provision would compel all trading in the notified commodities in the notified areas to take place only in the regulated markets.

One of the major complaints of traders is that in the RMs they are unable to inspect the quality of the produce in detail, as the time available for inspection is short. There may be some truth in these complaints at times. As mentioned above, arrangements of lots in the transaction shed are usually completed by 9a.m. and the auction time is fixed at 10.30a.m. During seasons there will be 400 to 600 lots in an auction

³² In Ramanathapuram, for instance, where the trader's lobby is powerful, they could manage that produce were not taken to the yard by growers.

shed. It may be true that all the lots cannot be examined in detail. But it should be remembered that traders usually do not quote prices for all the lots. A single trader may quote only 40 to 60 per cent of the lots. Moreover, out of a large number of licenced traders only a small number participate in the auction - say, 40 to 60 per cent. Even among them only a very few - some four or five traders quote prices for all the lots. These traders are invariably big traders and usually employ two or more people to examine the lots and quote prices.

However, difficulty occurs when different kinds of produce are auctioned on the same day. It so happens that harvest seasons of certain commodities - for example, paddy and gingely quite often coincide. This gives rise to some difficulty in examining the quality of lots as the auctions will be held within a short interval of each other for different commodities in different sheds.

The RM staff examine the quality of the produce before weighment and may ask the growers to dry such produce that are found to be inferior in quality. Moreover, growers by their experience are well aware of quality-price relationship. Admixture or similar kind of adulterations of produce is not easily possible because such manipulations could be detected while the produce is transferred to the bag provided by MCs.

The problem regarding quality however, seems to have a different connotation. If a trader who offers prices for

different lots succeeds in most of the bids, there is the possibility that the produce he gets may be of different quality standards. The quality depends on soil, climate and many other factors which may vary from farm to farm. It is interesting to note that while a large number of traders interviewed were of the opinion that they get little time to inspect fully the quality due to lack of time, only a few mentioned the above as a problem.

Another major factor that troubles the traders from using the RMs is their inability to procure the exact quantity they might need on a particular day. This is a defect of the closed tender system. As most of the RMs adopt the closed tender system, it is merely a matter of luck that a trader gets all the lots for which he has quoted. Usually a trader may bid for a number of lots and it may so happen that all his bids are accepted. In such cases he is forced to buy quantities in excess of his needs. The reverse may also happen that in spite of bidding for all the lots, he may not be able to buy enough. The traders are of opinion that this is a major reason preventing them from effectively participating in the RMs. The traders stated that since they act on behalf of their principals stated that in the circumstances they find it difficult often to satisfy their own customers.²³ If they are

²³ Interviews had with the traders revealed that one of the reasons they have to keep their own shops for buying produce direct from growers is attributable to this. By doing so, they ensure a minimum quantity of procurement for the uninterrupted supply to their principals.

unsuccessful to buy enough quantities their principals are unhappy. If they are too successful they find themselves burdened with too much of stock that they cannot easily dispose of. This points out to another defect in the working of the RMs. As a marketing institution it is not capable of correcting the imbalance between supply and demand, which is one of the latent defects of agricultural marketing.

Another complaint of the traders is that the arrivals in a RM are not at all regular and constant. As more and more of RMs are being established in close vicinity to each other, it happens that the arrivals are spread over a larger number of yards. As such, the volume and regularity of the incoming of produce to a particular RM is affected. The growers may send their produce to different yards, especially when the market yards are available almost at the same distance. For example, in South Arcot, Tindivanam and Gingey, the RMs are situated close to each other with a distance of only about 10 kilometers separating them. According to the availability of transport and also on the basis of price differentials the growers may choose between the two RMs. For instance, gingely prices are usually higher at Tindivanam than at Gingey. Sesdy prices, on the other hand, show an opposite trend in the Gingey RM though not as constant as in the case of gingely. This naturally tends to fluctuate the volume of arrivals in the two RMs.

But this practice of growers of sending the produce to different RMs on different occasions is not common to all RMs. It is also found that all big traders have representatives in almost all the RMs. Thus the problem is faced only by medium type traders who concentrate their trading in one locality and usually in one commodity only. But the fact remains valid that RMs with the present pattern of organisational set up may not be in a position to solve this problem of imbalance in supply. Under the Tirunelveli MC also similar difficulties are stated to have been experienced between one or two RMs with regard to cotton.

A third factor that discourages traders from the RMs is of a financial nature. In fact, this problem is a continuation of the one described in the preceding paragraph. As mentioned earlier, though a large number of traders are licensed, only a small percentage participate in the sale in the RMs. The others obtain the licence mainly to legalise their trading activity in a notified area in a notified commodity. Out of the small percentage that participates in the trading activity, only a handful of big traders quote prices for all the lots. As explained previously, it is only often mere coincidence that the traders become successful in all their biddings.

Some of the traders complained that they find often that they are faced with the problem of inadequate finance

on account their inability to judge ahead the quantity that might have bought. As per the provisions of the Act a trader is not permitted to withdraw from the bid once his bid is accepted. Besides, they have to make the payment in full by 3p.m. the same day. Delay would invite complaints from the sellers. Moreover, the produce cannot be got released from RM yard until the payment is effected in full and the receipt from the seller is obtained. Thus, there the time for effecting payment is very little. On observation it was found that the traders generally get only 3 to 4 hours to make the payment. On the contrary they do not have such problems when they deal with stocks at the private mandis.

Traders who act on behalf of millers also cannot replenish their finance immediately for two reasons. Firstly, most of the millers look for credit facilities from traders and the traders in turn, have to find their own finance. Secondly, when the traders act on behalf of the millers they normally operate with a small advance from the millers. The balance cash is ^{not} replenished immediately because millers may be stationed at distant places. Thus the traders have to find out their own sources of finance in settling the transactions at RMs. This is however no argument against regulated marketing, as the traders' problem will have to be solved at some other level. But the situation has to some extent adversely affected the working of the regulated markets.

Uma, J. Lela in her study emphasizes this aspect thus
 "..... the extent to which a marketing system performs
 these various functions efficiently depends on the availability
 and quantity of the financial institutions.....".³⁴ She adds
 "..... the heavy marketing immediately after the harvest
 arises from a combination of factors such as the farmers' need
 for cash payments of taxes, wages etc., lack of credit facili-
 ties to meet these cash needs.....".³⁵ In another study, the
 same author repeatedly asserts that capital plays an important
 role in an unstable market situation.³⁶

It should, however, be mentioned that a small beginning
 in this regard was made by opening a bank counter in the RM
 yards. At present there are only 14 bank counters operating
 in 230 RMs. But from the point of view of banks they cannot
 render any credit facilities as such because the provision of
 credit is based upon certain principles. They cannot give
 any loan to the growers on the basis of the produce as the
 banker will be in difficulties if the prices fall. There will,
 therefore, be the problem of margin, proper storage and sales

³⁴ Lela, Uma, J., "The Role of Credit and Marketing in Agricultural Development", in Islam, Mural, (ed.), Agricultural Policy in Developing Countries (New Delhi, 1974) pp.414, 430.

³⁵ Ibid.

³⁶ Lela, Uma, J., "Traders of Sholapur", in Moller, John, W., et. al., (ed.), Developing Rural India - Plan and Practice (Ithaca, New York, 1968) p.237.

of the produce, etc. It is also a fact that the grower-seller cannot receive the full amount and he may have to visit the RM once again to get the balance amount. Banks may have to charge interest, incidental charges, etc., on such loans. All these will ultimately increase the cost of marketing, thereby reducing the financial advantages provided by the RMs. The bank cannot make any advances to the traders on the basis of the produce as the ownership vests with the seller till the payment is made in full. Thus providing a bank counter in an RM alone may not solve the problem of finance. The banks functioning in a RM at present can only render some help in easing payments to the sellers. In other words, the payment to the sellers and collection of receipts from them may be entrusted with the bankers thereby relieving the traders from that work. But it is observed that most of the traders prefer to settle direct with the sellers and only a few traders have accounts with the bank working in a RM. Some traders have pointed out certain practical difficulties in using the RM bank counter.

- i) Bank counters in different RMs are opened by different banks. This will create problems in transferring funds immediately. Illustrative lists of banks operating in some of the RMs are given in Appendix-VIII.³⁷

³⁷ Data collected from field study

- ii) Most of the traders may have their long standing accounts with other banks from where they already get many benefits.
- iii) The traders feel that keeping large sums as deposit in the bank counters (in RMs) is a profit losing affair in case bids become unsuccessful. In such cases money deposited there becomes idle.

This leads to the conclusion that bank counters cannot link marketing and finance effectively in a RM. This leaves with only one solution. RMs to take up the function of finance also if at all the purpose of regulation is to be fruitful. In the present circumstances this would only be a far cry.³⁸

In an earlier paragraph it was mentioned that traders prefer to settle payment direct with the traders inspite of the working of a bank counter in a RM. This is so because some negotiations are possible either in the form of part settlement, of course with the consent of seller or in the form of deductions in price. Though the interviewed sellers never complained of such a situation, some kind of manipulations are possible and has been recognised as taking place in some RMs with regard to certain commodities.

³⁸ It was observed that some staff of MCs render help, particularly to the small farmers, by arranging immediate payment through their own sources. But this unauthorised help might pave way for manipulations and mischiefs later.

Yet another common complaint made by traders was about the strict enforcement of laws and regulations. This complaint cannot be accepted as such, for, the introduction of compulsory regulation was purposely meant to put an end to the malpractices that were practiced by the traders in the past under more liberal provisions. The present Regulations only stipulate that any trader who transacts business in any notified commodity in a notified area outside the market yard has to submit accounts at regular intervals to the respective MC. They are also bound to pay market fees to the MCs on an ad valorem basis. For the transactions inside the RM, fees are immediately collected. This cannot be treated as a stringent imposition of the provision. Similarly, sales tax is to be paid by traders and this is determined almost on the same lines. The real difficulty of the trader lies in that the transactions held in a RM is a legalised one and hence are properly recorded. As such, it is difficult for the traders to underinvoice such transactions whereas this could be done safely with outside purchases. Therefore, the complaint is not against the strict enforcement but is that the doors for manipulation are closed in a RM and evasion of tax becomes impossible.³⁹

³⁹ Gulati, I.S., The Report of the Committee on Commodity Taxation (Trivandrum, 1978) p.12, proposed regulated marketing system for Kerala, specifically to prevent tax evasion on primary commodities.

Regarding the complaint that 'strict enforcement', the Report of the Committee on Tax Evasion headed by Dr. I.S. Gulati of the Government of Kerala has some interesting comments to offer. The Committee says

"It would be clear that several weaknesses exist in the area of marketing..... In the case of major commodities there are no organised channels of trade. So much so the intermediaries have been able to gain strong hold resulting in not only considerable leakage of sales tax revenue, but also exploitation of the innumerable small growers in the state..... where there has been some kind of organised trading..... such problems have been less intractable..... What is, therefore, of urgent importance is to appropriately reorganise the marketing system for the major primary products, in the State (Kerala) through the establishment of a regulated marketing mechanism".⁴⁰

On going through the penalties imposed on erring traders it becomes evident that traders are punished only very seldom. Penalties include fines or cancellation of licences. It is further interesting to note that by a recent order of the Government, the MCs are authorised to issue blank 'Chitta Book' or Fee Collection Receipt Book to licensed traders, who would use them for their purchases. This means that the work that the MC ought to have performed is shifted to traders themselves. It is highly paradoxical that an agency on whom regulations are imposed itself is entrusted with the tool for implementing the regulatory measures. This will, only help the traders to concentrate their activities in their own

⁴⁰ *Ibid.*, p.25.

shops and in the long run the importance of RMs itself may become lost. This would, in a way, be reversing the regulatory measures conceived in the Act. This arrangement is also indicative of how far the private trade lobby is still powerful.

Traders in general, have a feeling that prices in RMs are always on the high side which only means perhaps that they are unable to get the produce at the prices at which they would like to. They are also of the view that they are unable to compete with the government and co-operative agencies effectively. Consequently, the competition is becoming more and more severe in RMs. As these agencies have no financial limitations according to them, they are able to quote the highest prices which naturally the traders cannot quote. There is ample evidences to the fact that prices tend to be high when a direct sale takes place.⁴¹

The trader's contention that they have to offer high prices on account of competition does not seem quite true. It was noted earlier how sometimes the prices are higher in the private mandis than in the RMs. Moreover, when the traders bid they do it only after considering the pros and cons

⁴¹ Tables 3.1 and 3.2 show how there was a price increase in cotton, on account of the entry of CCI in RMs.

and the profit margin involved in such a price. Bidding is also purely voluntary. It is, therefore, unbelievable that traders will offer higher prices to win over competition and consequently suffer losses.

It is also to be understood that except in cotton there is practically no government agency that participates in the sale procedure of RMs. For instance, in the case of paddy, the Food Corporation of India or the State Civil Supplies Corporations do not participate because of the very nature of their operation. They generally buy paddy at the support prices fixed by the Government from time to time. Other purchases are made through direct negotiations. By and large the support prices are lower than that of open market prices. Rarely it may happen that certain buyers quote very high prices occasionally. On enquiry it was found that such high prices are offered by the growers themselves when they might buy the produce as seeds for some special reason or other.

A common complaint made by traders in almost all MCs is that they have to incur higher cost in assembling the produce from the RMs. In an average RM the trader-buyer has to pay a market fee of 45 ps. for every Rs.100/- worth of produce. Besides the market fee, a trader may have to pay weighing charges of 30ps. per bag and 10ps. for wear and tear of the RM's gunny bags. No other charges are at present

being levied on the traders. These work out to Rs.1.12 per Rs.100/- worth of produce. The traders even argue that the market fees have taken the shape of an additional sales tax. On a detailed analysis it is found that this complaint also lacks proper base. In fact, in paying a nominal fee of Rs.1.12, in total for Rs.100/- worth of produce the traders are really benefited. Traders stress that they have also to incur extra cost for the purchases made in a RM. They are: (i) Additional transport cost from RM yard to traders' godown. (ii) Rebagging cost. (iii) Loading and unloading cost. (iv) Cost for re-arranging different varieties.

The additional charges that the trader buyers have to pay are more than compensated by such advantages. Moreover, whatever be the quantum of market fees they are not really borne by the traders but are generally passed on to the final consumers, either directly or indirectly.

Personal investigation by the researcher revealed that these costs are not at all abnormal and are usually shifted to buyers. Of the above costs, the transport cost (item (i)) cannot at all be considered as an extra cost as 80 per cent of the produce purchased from RM is directly sent to the principals straight from the RM yard. Only the remaining 20 per cent is removed to the traders' godowns and sometimes even this quantity is immediately sold to other traders by negotiation. Therefore, the argument that RM purchases increases the cost of assembling is not valid.

In spite of such complaints, interviews with the traders indicated that there were several advantages to be derived from regulated marketing. (i) Bulk supply at one place. (ii) Correct weighing. (iii) Reasonable prices. (iv) Quality as per grades. (v) Low or no cost for cleaning, bagging and weighing. (vi) Minimum transport cost. (vii) Availability of market information.

It is also to be noted that the whole system of regulated markets was introduced to protect the growers from the manipulations of the traders. The RMs, in spite of all their limitations, have to some extent succeeded in doing so. This does not mean that the traders should be harassed. There are no evidences at all to indicate that such harassments occur at the RMs. On the contrary, it happens sometimes that in spite of all measures to the contrary the growers fall prey to the manipulations of the traders. In general, the record of the RMs is one of some achievements in realising the objectives with which they were started.

Still another fundamental structural weakness is found in the matter of providing timely and accurate market information to the participants. The rich farmers and the traders in general have their own arrangements for obtaining market information. This places the small cultivators in a weaker position and they are forced to sell their produce at the

prices quoted by the traders. Though the Board claims that they provide market information its utility is quite doubtful. On personal observation it was found that the growers get information about prices through radio or from private mandis. Not more than 10 per cent enquire about prices at RMs before the produce is brought for sale.

It is thus obvious that MCs/RMs in Tamil Nadu had generally failed in creating markets that are capable of providing the essential marketing services. This has actually led to a position of strengthening the private trade which has definitely become more efficient out of this competition with the regulated markets.

Tables-4.13 to 4.16 indicate a further weakness in the working of the regulated markets. These tables give the volume of arrivals and sale prices of four commodities such as ground nut, gingely, paddy and cotton in the regulated markets. These are the four major agricultural commodities of the state.

It may be noted that maximum arrivals and sales are recorded in the immediate post harvest season. This is also the time when the prices are falling steeply. Off season prices similarly tend to be high. Charts VII and VIII show this phenomenon graphically. While the phenomenon may be considered as usual in an unregulated market situation of supply and demand, the same should not have been true in a regulated

Table - 4.13

**Arrivals and Prices of Groundnut in Regulated Markets -
Monthwise for the years 1975-1979**

| | 1975 | 1976 | 1977 | 1978 | 1979 |
|-----------|-------------------|-----------------|-----------------|-----------------|-----------------|
| January | - 58235 (428) | 58015 (290) | 59793 (481) | 27543 (408) | N.A. |
| February | - 21836 (413) | 26072 (284) | 13770 (638) | 29005 (475) | 17262 (365) |
| March | - 22945 (416) | 122925 (264) | 129591 (520) | 135131 (378) | 194351 (358) |
| April | - 204218 (400) | 400285 (245) | 208787 (460) | 313507 (345) | 309295 (332) |
| May | - 139386 (382) | 127202 (234) | 86846 (490) | 147071 (335) | 167520 (345) |
| June | - 25875 (399) | 30262 (320) | 23923 (500) | 118450 (327) | 35601 (401) |
| July | - 14075 (408) | 34009 (389) | 31223 (525) | 56161 (266) | 24188 (509) |
| August | - 19531 (415) | 29981 (442) | 37467 (510) | 82072 (358) | 37324 (516) |
| September | - 41021 (395) | 60138 (475) | 74906 (478) | 72216 (330) | 60220 (562) |
| October | - 182920 (354) | 138442 (448) | 55327 (440) | 73653 (360) | 57046 (520) |
| November | - 153482 (319) | 128880 (366) | 138362 (395) | 146866 (342) | 106600 (480) |
| December | - 106171 (311) | 99749 (416) | 96626 (445) | N.A. | N.A. |

Note: Figures in brackets are prices per quintal. The marketing season for groundnut in the State begins from the middle of October and lasts upto April combining Kharif & Rabi crops. (Refer Appendix for MC/RM wise arrivals of groundnut)

Source: "Saithikathir" a Monthly publication of Tamil Nadu Agricultural Marketing Board & Records kept at MCs/RMs.

Table - 4.14**Arrivals and Prices of Gingely in RMs - Monthwise for the
years 1975-1979 - in Quintals**

| | | 1975 | 1976 | 1977 | 1978 | 1979 |
|-----------|---|----------------|----------------|----------------|----------------|----------------|
| January | - | 3374 (168) | 1907 (151) | 2333 (310) | 2947 (197) | 3607 |
| February | - | 2191 (207) | 2608 (149) | 1596 (287) | 2229 (240) | 3607 (207) |
| March | - | 2132 (302) | 4927 (161) | 26135 (221) | 9471 (211) | 6785 (235) |
| April | - | 5234 (255) | 5101 (200) | 21305 (305) | 9981 (234) | 13207 (175) |
| May | - | 5020 (231) | 3908 (251) | 17114 (236) | 17689 (175) | 27870 (191) |
| June | - | 5558 (246) | 11266 (150) | 24583 (208) | 27538 (160) | 32501 (211) |
| July | - | 7043 (194) | 14577 (151) | 36417 (160) | 24975 (155) | 28862 (211) |
| August | - | 8860 (192) | 13542 (207) | 11336 (150) | 9559 (150) | 8175 (198) |
| September | - | 5290 (194) | 9941 (162) | 9727 (141) | 5017 (174) | 3023 (196) |
| October | - | 10993 (125) | 23667 (151) | 8315 (102) | 14710 (165) | 6038 (202) |
| November | - | 5010 (116) | 14418 (201) | 10794 (147) | 14388 (152) | 7536 (250) |
| December | - | 4058 (157) | 4996 (150) | 9492 (151) | N.A. | N.A. |

Note: Marketing season for Gingely is March-August.
Figures in brackets denote average prices.

Source: "Saithikathir" a Monthly publication of Tamil Nadu
Agricultural Marketing Board and Records kept at
MCs/RMs.

Table - 4.15Arrivals of Paddy in Regulated Markets - Monthwise for
the years 1975-1979 (in Quintals)

| | 1975 | 1976 | 1977 | 1978 | 1979 |
|-----------|--------|---------------|----------------|----------------|----------------|
| January | - 19 | 7063 (82) | 137580 (70) | 170589 (79) | N.A. |
| February | - 47 | 26958 (76) | 112309 (78) | 129491 (53) | 210722 (67) |
| March | - 68 | 1565 (80) | 86759 (85) | 139305 (60) | 154997 (73) |
| April | - 136 | 2394 (78) | 24818 (126) | 98944 (70) | 137577 (80) |
| May | - 168 | 2554 (69) | 51581 (71) | 162861 (62) | 220830 (80) |
| June | - 121 | 3086 (76) | 49791 (79) | 137887 (64) | 166241 (68) |
| July | - 1010 | 1016 (85) | 99800 (73) | 98383 (69) | 130062 (80) |
| August | - 723 | 8999 (80) | 59830 (66) | 90615 (85) | 128623 (81) |
| September | - 374 | 10796 (88) | 19503 (69) | 72680 (81) | 111748 (82) |
| October | - 182 | 3243 (77) | 6592 (70) | 62299 (85) | 92494 (60) |
| November | - 455 | 4677 (75) | 16259 (84) | 89849 (85) | 71142 (88) |
| December | - 1588 | 70366 (65) | 101622 (56) | N.A. | N.A. |

Note: Marketing season for Paddy/Rice is as follows:

For Rabi season: October-February

For Kharif season: December-April.

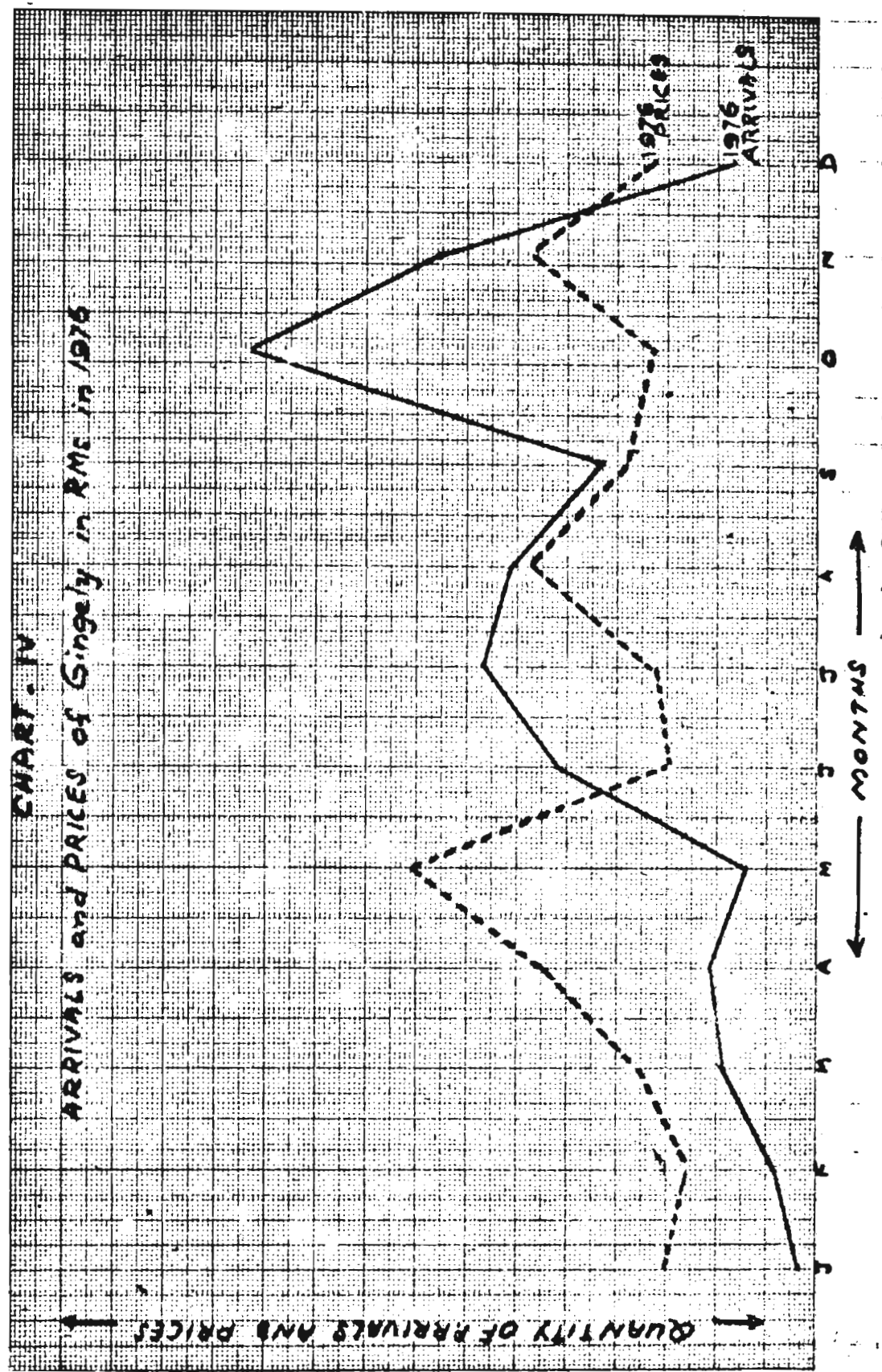
Source: "Saithikathir" a Monthly publication of Tamil Nadu Agricultural Marketing Board and Records kept at MCs/RMs.

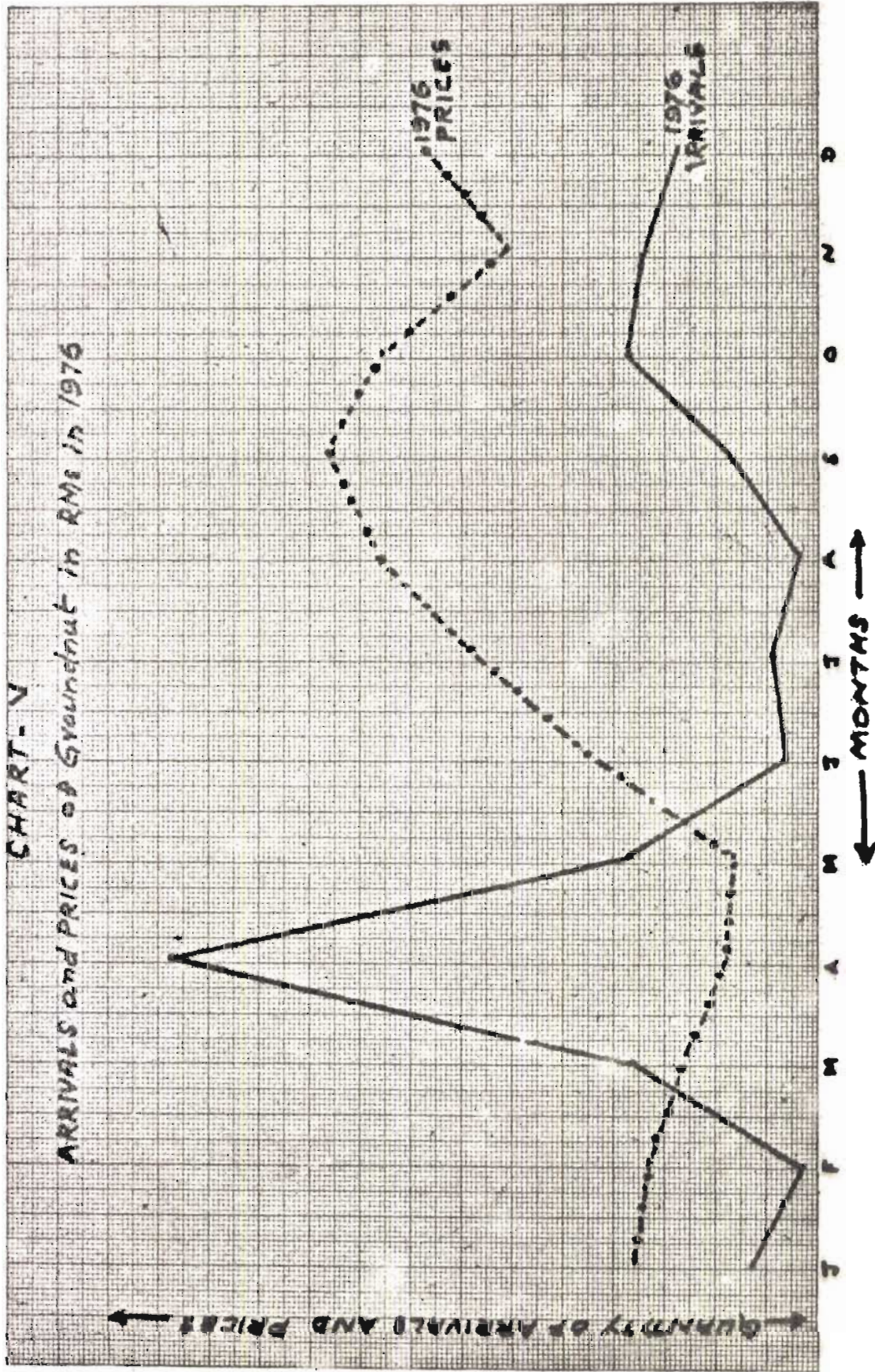
Table - 4.16Arrivals and Prices of Cotton in RMs - 1975-1979

| | 1975 | 1976 | 1977 | 1978 | 1979 |
|-----------|------------------|----------------|-----------------|----------------|----------------|
| January | - 1000 (1400) | 563 (167) | 7890 (211) | 13372 (161) | N.A. |
| February | - 537 (155) | 2004 (166) | 17751 (247) | 80831 (282) | 23859 (168) |
| March | - 513 (140) | 46327 (178) | 19996 (275) | 29857 (230) | 29802 (156) |
| April | - 595 (162) | 7617 (176) | 11759 (283) | 20829 (218) | 16924 (216) |
| May | - 3830 (163) | 6102 (203) | 17640 (311) | 24551 (212) | 32071 (203) |
| June | - 4900 (136) | 6007 (218) | 31193 (286) | 35786 (138) | 42636 (181) |
| July | - 3883 (144) | 18473 (222) | 72905 (232) | 62638 (165) | 69817 (195) |
| August | - 15501 (187) | 16653 (187) | 129488 (208) | 89027 (145) | 70942 (184) |
| September | - 13087 (159) | 22680 (278) | 70432 (145) | 24755 (127) | 39730 (195) |
| October | - 4701 (170) | 14403 (247) | 56027 (163) | 17024 (196) | 13297 (172) |
| November | - 856 (132) | 6443 (248) | 39079 (164) | 14554 (155) | 3202 (152) |
| December | - 578 (143) | 5626 (168) | 104469 (178) | N.A. | N.A. |

Note: Figures in brackets denote prices.

Source: "Saithikathir" a Monthly publication of Tamil Nadu Agricultural Marketing Board and Records kept at MCs/RMs.





market. The larger volume of sales in the poor harvest season is indicative of the economic vulnerability of the farmer. It was partly to protect the farmer from this situation that the regulated markets were set up, along with other measures such as provision of rural credit, storage facilities, and the like. The working of the regulated markets has not contributed in any significant way to protect the farmer from this age old phenomenon and his consequent losses.

The tables also show that arrivals are not equal in all places and for all commodities. A purely commercial crop like groundnut accounts for larger arrivals while arrivals of paddy are not appreciable. It is also seen that the arrivals of certain commodities like gingely in some RMs are comparatively good while in some cases the arrivals are meagre.

According to certain studies the reason for non-arrivals or poor arrivals is that the 'gap between awareness and action is wide and needs to be bridged.'⁴² These studies estimated the growers' awareness to be 96.8 per cent for paddy and 100 per cent for groundnut. The regulated markets have also not succeeded in converting this awareness into action.

⁴² Subramonian, R.S., et. al., RM, G.M., p.42. See also Mani, K.C., Critical Analysis of Factors Associated with Participation and Non-participation of Turmeric Growers in RM (Unpublished thesis, Tamil Nadu Agricultural University, Coimbatore, 1980) p.26., Sagar, V.V., Adoption Behaviour of Members and Non-members of Farmers Discussion Group, (unpublished thesis, Tamil Nadu Agricultural University, Coimbatore, 1981) p.44.

Personal observation and interviews with participants in various RMs, revealed the following.

- i) RMs are generally used by small growers for commercial crops immediately after harvest.
- ii) For food crops, especially paddy, village sales are more and the produce is generally brought to RMs by village merchants or the newly born commission agents who act as representatives for growers.
- iii) The RMs in wet land areas are generally better in performance than their counterparts in the dry land area. On a general perusal, it appears that dryland farmers are quite powerful, resourceful and affluent. They have better staying and bargaining power compared to wetland farmers where small growers predominate. Incidentally, it is also to be pointed out that the introduction of regulation was delayed in the dryland districts of the State, particularly in Coimbatore, Tirunelveli, Ramanathapuram, etc. The majority of the growers in these places were found to combine trading activities also.

The RMs are mainly used by small growers with two objectives - the RMs provide a ready market and full payment is assured. But during offseason periods when prices tend to be high, RMs are generally used by the richer class of growers whose staying power is high. This is evident from the fact that the pledge loan facility very recently offered is being utilised by richer class to the extent of 90 per cent.

Thus the RMs that have been designed to safeguard the cultivators, especially the smaller ones, does not seem to have been a complete success. As Arora points out, "the benefit of obtaining remunerative prices from RMs is lost by the marginal and small farmers.....".⁴³

The rules and bylaws specify that if the seller is not satisfied with the price offered for his produce, he is permitted to withdraw it from the sale. The same produce can be carried over to the subsequent auction. The seller is also permitted to sell the produce on the basis of negotiation. If the produce is withdrawn, the liability for the payment of weighing charges and other fees will be on the seller. This puts small farmer in financial difficulties and increase his cost for the produce which, he may not be able to recoup at a later sale. Further, the produce will not be released unless the charges due to MC is cleared. The grower on such occasion is forced to obtain an advance from a trader outside, clear the dues, get the produce released and sell it to the same trader for a price usually lower than what he had anticipated. Thus, it happens that the needy farmers are often

⁴³ Arora, V.P.S. and Jeyu Pragasu, V.P.S., "Comparative Efficiency of Alternative Marketing Agencies of Government in Tamil Nadu in Respect of Marginal and Small Farmers", Indian Journal of Agricultural Economics (Vol.XXIV, No.4, Bombay, 1979) p.236.

driven from the regulated markets to the traders. Taking into account these difficulties the growers usually accept the prices offered in RMs and fail to exercise the legitimate rights granted to them by the Act. The personal observation of the investigator regarding the working of the Tindivanam and Thiruvannamalai RMs during 1980 January and 1981 January revealed that small growers never attempted to retain their produce on the ground that the price quoted was lower than what they anticipated.

The inability of the farmers to retain the produce with them for higher prices later is indicative of many economic difficulties of the growers. For example, The number of withdrawals made by farmers is indicative of the grower's price consciousness and his staying power. The extent of distress sales resorted to by sellers is also reflected to some extent in this. For example, according to a study conducted at the Hubli (West Bengal) RM for cotton during 1974-1975, it was noted that 33.1 per cent of the lots kept for sales were withdrawn by large farmers whereas for small farmers it was only 16.4 per cent.⁴⁴ It has also been pointed out that most of the benefits arising out of RMs are

⁴⁴ Rao, Gopala, H.S. and Rao, Sripathy, M., "Small Farmers and Agricultural Prices", Indian Journal of Agricultural Economics (Vol.XXX, No.3, Bombay, 1975) pp.264-274.

appropriated by the rich and the affluent class of agriculturists. Therefore, the need is to reorient the efforts and measures in favour of small farmers and to break the conditions of 'distress sale' prevailing in rural areas.⁴⁵ Further, there had been studies on the price benefits accruing to small growers from RMs, though the results obtained are not uniform. For example, Hanumantha Rao analyses that the prices received by small farmers were somewhat lower, but the differences between the prices received by the large and small farmers were not significant.⁴⁶ On the other hand the empirical study done by Gopala Rao indicates that the prices received by small farmers are consistently lower than those received by the large farmers.⁴⁷

The experience obtained from RMs in Tamil Nadu, however, goes in favour the latter view, viz., differences in prices exist between those obtained by the small and large farmers. An exception, perhaps, might be found in those areas where the infrastructure facilities discussed earlier are available in the markets. From the field study it was observed that a majority of the sellers who bring the produce to RMs immediately after harvest belongs to the small growers' class.

⁴⁵ Sinha, S.P., et. al., "A Study of Price Spread of Important Foodgrains in Two Agricultural Markets of Bihar", Indian Journal of Agricultural Economics (Vol.IX, No.5, Bombay, 1979) p.142.

⁴⁶ Rao, Hanumantha, Quoted in Shah, C.H. (ed.), RRs, GAs, p.168.

⁴⁷ Rao, Gopala, H.S. and Rao, Sripathy, M., RRs, GAs, p.214.

They account for 60 per cent of the total produce placed for auction. The shifting of marketing to RMs does not seem to have contributed significant price benefits to the small cultivators.

The success, however limited it might be however more it might have been, is primarily due to the pioneering and dedicated role played by the staff of the MCs and RMs in the past. In the past there have even been occasions when the staff were abused and even manhandled by the growers and/or traders.

As mentioned earlier, the activities in an RM begins during the early hours of morning and the routine is completed only near midnight. The staff thus have to work almost round the clock, especially during peak seasons of arrivals and sales. The staff of RMs very often act as a friend, guide and a philosopher to the growers in most of the RMs. For traders also very often they extend help beyond the scope of the Act. This is evident from the fact that by and large there are no complaints against the staff that they have misused their position to favour any one group against another.

The staff of the MCs is composed of three groups:

- 1) Staff recruited by MCs.
- 2) Staff deputed from the Government.
- 3) Casually employed staff.

There are reasons to believe that there exists a constant conflict between the first two groups mentioned above over their due share of the different types of positions in the organisation. For instance, there is a definite increase in the number of government staff on deputation especially after the supersession of MCs. Of the 13 MC secretaries 4 are drawn from the Department of Agriculture. It is reported that the Director of Agriculture insists on a 1:1 proportion in this respect. This attitude of the Government had annoyed the permanent MC staff and has to some extent corroded the efficiency of the working of RMs. Things came to such a head that in 1981 there was even a serious strike threat by the permanent staff of the MCs. The strike was averted, but some of the grievances still persist. They point out that the State Agricultural Marketing Board, for example, is a hundred per cent government dominated organization, and at the same time government officials are making inroads into the MCs. The conflict has however been lessened since all the MC staff were declared Government staff with effect from 17-11-1981.

Interviews held with MC staff revealed that there remains some discontentment in the following areas.

- 1) No independent powers for the officials including Secretaries of MCs. (Lack of decentralisation of powers.)

- ii) Lack of opportunities for promotion.
- iii) Difficulty and problems in serving more than one boss simultaneously. (MC and its Sub-committees, Government Departments, etc.)
- iv) Extra burden of work during season times.
- v) Lack of facilities for training and improving qualifications.
- vi) Unnecessary and unproductive clerical work.
- vii) Lack of incentives.
- viii) Frequent transfer of officials.

From the organisational point of view the first three are of extreme importance. But the organisational policies in the past had had a very discouraging effect on this score. The democratically elected MCs were also responsible for this situation. Some steps to defuse the situation have been initiated after 1978, when the elected MCs were superseded by special officers. Necessary organisational changes by which autonomy in the working of the MCs is ensured and more powers are filtered down to the local organisations may perhaps tend to increase organisational effectiveness.

The staff when interviewed expressed also great concern over lack of promotional opportunities. They contend that promotion avenue of MC staff is blocked at the level of the Secretary. They are afraid that this blocking would be further aggravated by introducing 1:1 proportion in the appointments of Secretaries. There are yard superintendents who have put in more than 20 years of service and retired on the same

post. The only post they could aspire for is that of the Secretary beyond which further promotion is stopped.

There are various other defects in personnel administration common to most of the MCs. The lack of opportunity for training is one of the most crucial. Among the existing staff only some 10 per cent have ever received any training in the field of agricultural marketing. The staff who are drawn from government departments also are not trained or qualified in the field of agricultural marketing. If the MCs are, even today considered as mere centres for exchange of commodities, it is mainly due to the fact that the personnel responsible for their working have only insufficient knowledge and inadequate training or experience in the field of agricultural marketing. This might be the reason why a majority of staff feel that regulated marketing means only regulation of marketing practices. As such their activity ceases within the boundaries of 'notified market area' and 'notified commodities'.

Exchange is a voluntary act and since it is being carried out everywhere, authorised or unauthorised and organised or unorganised, any method of regulation would only be partial. Precisely this is the situation in Tamil Nadu also.

In the foregoing paragraphs an attempt was made to critically examine the working of RMs. It has revealed that despite unquestionable benefits, RMs have not succeeded in revolutionising the traditional agricultural marketing system.

CHAPTER - V

THE IMPACT OF REGULATED MARKETS ON

ALTERNATE SYSTEMS OF MARKETING

An economic or marketing system evolves over periods of time sets of rules governing exchange, though the system may vary from time to time according to the changes in the larger macro economic or marketing system. The marketing system of a country seeks to regulate transactions for the internal distribution and or external distribution of commodities, goods and services. The marketing function envelope the nature, timing and kinds of products to be distributed in a society. Thus, the marketing mechanism plays a pivotal role in shaping the nature of production. It is not, however, a completely selfregulating mechanism and governments are often required to intervene in the working of the system. Thus, marketing becomes a "complex pattern of institutions and physical facilities which relate to human beings and things in the transfer of goods and services".¹

¹ Schultz, Theodore, W., Transforming Traditional Agriculture, (New York, 1964) p.179.

The agricultural marketing system in India is also the outcome of a series of changes, evolved over long periods of time, with forces of internal and external marketing requirements impinging upon it.

In the first half of the 19th century, Indian villages were working on the basis of selfsufficiency. Urban demand was negligible to pave the way for a well-developed internal distribution system of its own. Fairs provided the usual outlets for exchange. But the gradual development of urban centres and the changing socio-economic conditions necessitated certain changes in this placid marketing system under which transactions were mostly confined to people in the same village.

The need for change became imminent in the second part of the last century, especially after the establishment of East India company in India. This development brought about the need to reorient the marketing system in favour of an export-oriented one. It also enabled the growth of trading centres and towns which, in turn converted subsistence farming, into commercial farming stressing on the need for production for trade and of the farming of cash crops like cotton.

This caused many market centres to spring up, which were mostly assembling centres for procurement of enough supplies of raw materials for the factories in England.² These assembling

² It was in this process that Karnja in the present day Andhra Pradesh was declared as a regulated market, the first of its kind in India (1856).

centres were established at places where transport and communication facilities were available. Later, they came to be known as 'mandis' and 'ganjs'. Still another development was the growth of port towns and the emergence of a distinct urban population. For them, the terminal markets became a necessity. Each market centre initiated and developed its own trade practices and codes of business. These developments led to a situation of cash economy in which gradually the interests of the producer sellers got corroded. They were forced to play the part of a dummy.³

This came the 'three-tier' system in Indian agricultural marketing in which at one end were the village markets and, at the other extreme were the terminal markets. In between the two were the secondary markets and/or the primary wholesale markets. In certain cases both were present. Naturally functionaries and intermediaries became necessary to move the goods from one market to the other. They knew on the one hand, the weak bargaining position of the producer and on the other, the disorganised and scattered nature of consumption. The traders were much better organised on account of their constant contacts with each other and the markets they catered to. They chose to capitalise on the situation by adopting some very peculiar practices, which were later on to become severe malpractices in

³ Government of India, Directorate of Marketing and Inspection, Working of Regulated Markets in India (Nagpur, 1968) p.12.

the system. In a short span, malpractices became so rampant and deep-rooted. The class of functionaries increased in number and kinds and expanded their area of operation.

The absence of proper infrastructure facilities for marketing was an added advantage to them.⁴ The opening of the commodity exchanges in the latter part of the 19th century could be recognised as a well intentioned, but futile attempt to bring the intermediaries under some kind of rules and regulations. In other words, commodity exchanges failed to create any major impact on the agricultural marketing system. The controls which were sought to be imposed on the intermediaries never reached the primary level. The village market continued to be chaotic. It was in this context that the Royal Commission of Agriculture, 1928 was appointed. The report was a commendable one.⁵

The imperfections in the marketing system had their impact on production. It adversely affected the flow of quality goods from the primary markets to the export markets. To contain this situation and save the cotton mills at Manchester, the only solution was to intervene in the Indian agricultural marketing system at a "convenient level". The village level market

⁴ Lele, Uma, J., "The Role of Credit and Marketing in Agricultural Development" in Islam, Nurul (ed.) Agricultural Policy in Developing Countries (New Delhi, 1974) p.416.

⁵ This was discussed in detail in Chapter II, pp.

from where the movement of produce is initiated, had been ignored in the past for two reasons. Firstly, the transactions at the village level were not in economic quantities. Secondly, such markets never had any fixity in operations, either by location or in periodicity. The only convenient point, where regulation could be implemented at ease were the primary wholesale (assembling) centres.

In the simplest marketing system the surplus of one producer serves the needs of the other, both of whom are in direct contact with each other. The producer in this system combines within himself the function of the producer as well as the intermediary.⁶ This is an extreme situation which normally does not exist anywhere except rarely.⁷ Under such conditions, marketing system will be highly organised and consequently efficient also. In certain other areas the marketing system is found to be highly complicated by the presence of an innumerable number of intermediaries placed in the channel of distribution from the farm gate to the door of the consumer. The channel of distribution is, in such cases, artificially and unnecessarily lengthened, just to

⁶ Agarwal, G.D. and Bansil, P.C., Economic Theory as Applied to Agriculture (New Delhi, 1971) p.128.

⁷ But it is reported that in U.K., about 50 per cent of the wheat produced is sold direct to the mills by the growers. In U.S.A., a large portion of the cotton is sold to mills direct. See, Srivastava, R.S., Agricultural Marketing in India and Abroad (Bombay, 1960) p.76.

accommodate a particular kind of intermediary. The Indian agricultural marketing system had been an example of this. According to Uma Lela, most of the traditional marketing systems operating in subsistence agriculture typically had suffered from inadequate transport and storage facilities, lack of standardisation in weights and measures, and marketing charges, poor dissemination of market information, large number of intermediaries and inadequate finance for trading.⁸

The regulated markets in India came to be placed on the right path after the publication of the Report of the National Commission on Agriculture in 1976. In unequivocal terms the Commission stated that the "the objectives of agricultural marketing system should be to give the farmer the benefits of good marketing facility without subjecting him to the intricacies of market transactions Unnecessary intermediaries should be phased out from the market.....".⁹

The present Indian agricultural marketing system is a mixed one which is composed of, on one part, the private trade, and on the other, the government owned, controlled or initiated organisations. The objectives and aims of these two groups are different. While the former group is interested in the

⁸ Lela, op. cit., p.416.

⁹ Government of India, Ministry of Agriculture and Irrigation, The Abridged Report of the National Commission on Agriculture (New Delhi, 1976) pp.579-580.

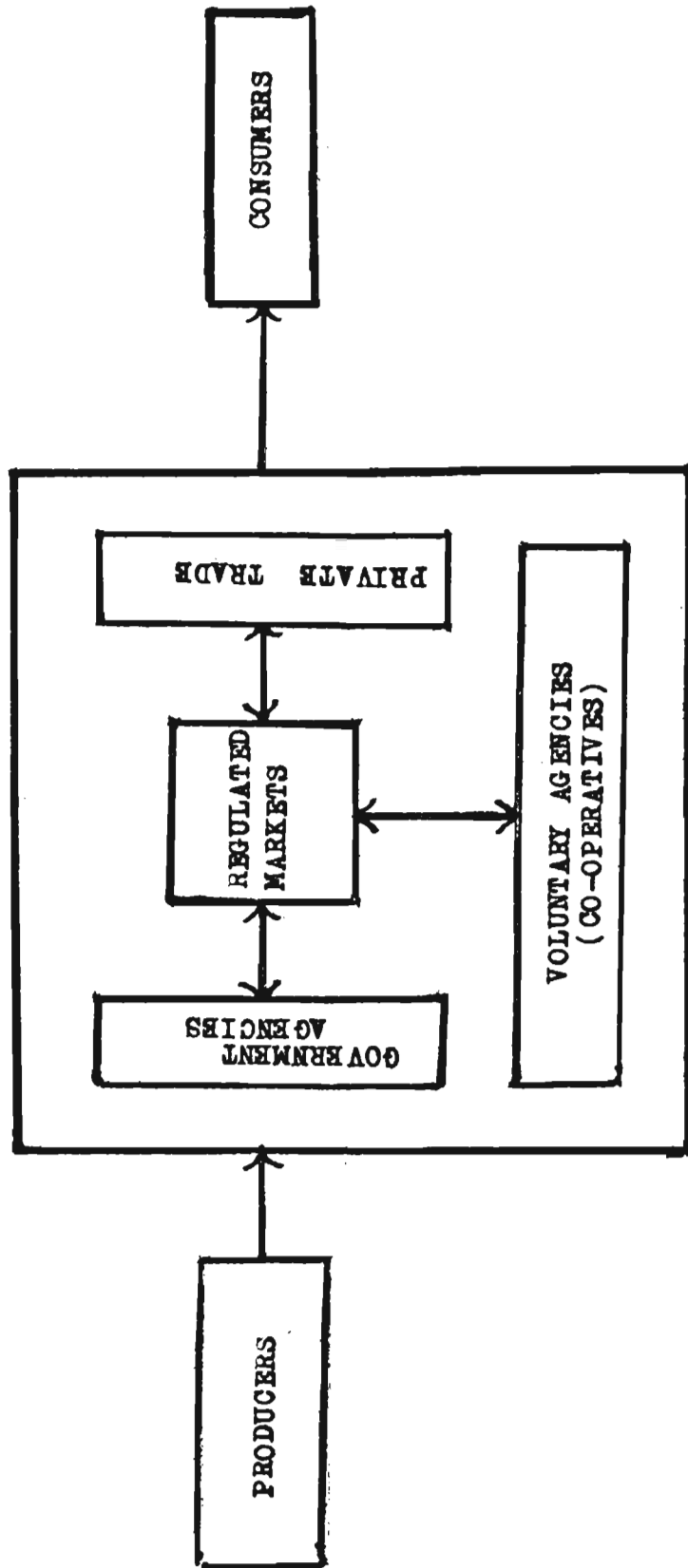
rate of return on their investment, the latter is stated to be motivated by the social principles of justice and equality. The regulation of marketing, it may be stated, is meant to bring these two groups on one platform, so as to increase the efficiency in marketing. Figure 5.1 below indicates this position.

The efficiency of agricultural marketing, therefore, depends on how these various institutions and functionaries interact and achieve their objectives. Their efficiency depends also on their place in the total marketing system. In the present context of mixed system, one solution to the situation would be either to liberalise private trade or to have complete state control. But this is not a realistic solution in the present context of the country's economic policies. An intermediate policy would be to strengthen the system in such areas as it is weak. The strengthening of the system would be with the objective of either complementing the traditional trading system or of substituting for a virtually nonexistent or a non-accepted indigenous system.¹⁰ The agricultural marketing system in Tamil Nadu is similar to the general conditions existing in other parts of India in most respects. For a quite a long time in the past, the system was exclusively under the control of private trade. When the farming centres and market centres

¹⁰ Lele, Uma, J., op. cit., p.429.

FIG. 5.1

Diagram Showing the Position of EMs in the
Total Agricultural Marketing System



were wide apart, the movement of produce was completely dependent upon the private trade. A direct intervention into the system occurred with the setting up of the cooperatives. This was done with the objective of giving countervailing power to the farmers. As was noted earlier, for various reasons, the step failed to achieve the desired results. Regulated markets was the next attempt at improvement of the system.

Within the marketing system as a whole, private traders are still most predominant in terms of number, area of operation and coverage of commodities. Their position in the system is deeprooted and firm. Over the long period of time, they have succeeded in mobilising all the necessary resources to carry on their business - physical, financial, organisational and managerial and, above all political. It was mainly due to their political skill and manoeuvrability that they could effectively stall the implementation of the Act for nearly ten years, particularly in the dry land areas in Tamil Nadu. There are innumerable incidents. In a number of cases, they succeeded in reducing the regulated markets to a mere physical structure with practically no activities at all. Among the 230 RMs in existence today, in atleast forty of them there are no arrivals at all. Nearly 20 per cent have only the name boards to adorn them.¹¹ This is in spite of the fact that most of the RMs are

¹¹ Survey of the records of the different regulated markets.

located near the traditional markets. This, in a way, is of evidence of the economic power and the political skill of the private traders. Uma, J. Lele remarks that "an impressive body of statistical evidence has accumulated which indicates that contrary to general belief, the private marketing system in less developed countries, are by and large, highly competitive and operate efficiently given the conditions in which they function".¹²

It was mentioned earlier that at the time of the setting up of the RMs it was even hoped to build up an ideal marketing system which would protect the interests of the farmers, especially the small and marginal farmers to the full. It was also hoped that they would render important allied services in marketing, such as the provision of processing facilities, finance or credit, supply of market information, etc. Other allied services like transportation and storage would have involved large capital expenditure beyond the capacity of RMs. Other public agencies were expected to render these services. The linking of finance with marketing raised some controversies which still remain to be quite settled. Thus, there are at least two services - processing and provision of

¹² Lele, Uma, J., op. cit., p.430.

market information, that could have been rendered without much financial or functional strain on the part of MCs.

Among the various commodities handled in RMs, paddy and groundnut alone require immediate processing facility. The paddy also could be excluded because after milling, it goes to the secondary wholesale markets or retail markets, and the rice is not a produce dealt in RMs. In short, processing facilities are needed only for one commodity, viz., groundnut. The processing facility for groundnut, i.e., decorticators, is not capital intensive. Nor is it technically complicated.¹³ At present no RMs have facilities for processing groundnut though some decorticators were working in certain RMs under North Arcot and South Arcot MCs in the past.

Even today groundnut is brought in the form of pods regularly to RMs under the Trichy, Coimbatore, Ramnathapuram, Madurai, Dharmapuri and Tirunelveli MCs, and occasionally to RMs of the North Arcot and Thanjavur MCs. The quantity of arrivals of groundnut pods and kernels in different RMs/MCs is given in Appendix X.

It is to be noted in this context that groundnut in the form of kernels fetches a higher price than in the form of pods. The price differentials are shown in Table 5.1. The table indicates the following.

¹³ The cost for one decicator, including its erection costs only Rs.6,000 to 12,000. The operating cost works out 50 paise per hour.

Table 5.1

Price Differences for Groundnut Pods and Kernels (Prices for Washington)

| Year Month | 1976 | 1977 | 1978 | 1979 | | | | | | | | | | | | |
|---------------|------|------|------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| January | 413 | 306 | 408 | 102 | 288 | 210 | 280 | 70 | 489 | 315 | 420 | 105 | 375 | 325 | 423 | 108 |
| February | 394 | 306 | 408 | 102 | 245 | 200 | 244 | 64 | 525 | 410 | 546 | 136 | 340 | 325 | 423 | 108 |
| March | 412 | 292 | 389 | 97 | 258 | 180 | 240 | 60 | 455 | 420 | 540 | 140 | 370 | 330 | 440 | 110 |
| April | 375 | 270 | 360 | 90 | 221 | 190 | 253 | 63 | 430 | 275 | 344 | 91 | 310 | 300 | 400 | 100 |
| May | 370 | 280 | 373 | 93 | 232 | 175 | 233 | 58 | 490 | 300 | 400 | 100 | 320 | 300 | 400 | 100 |
| June | 381 | 270 | 360 | 90 | 320 | 293 | 300 | 97 | 440 | 320 | 426 | 106 | 325 | 294 | 394 | 98 |
| July | 384 | 290 | 386 | 96 | 308 | 280 | 373 | 93 | 422 | 326 | 434 | 108 | 327 | 290 | 386 | 96 |
| August | 401 | 250 | 333 | 83 | 433 | 315 | 420 | 105 | 476 | 410 | 446 | 126 | 330 | 290 | 386 | 96 |
| September | 391 | 260 | 344 | 86 | 437 | 304 | 408 | 101 | 446 | 285 | 380 | 95 | 330 | 310 | 413 | 108 |
| October | 351 | 240 | 328 | 80 | 430 | 286 | 381 | 95 | 340 | 264 | 354 | 88 | 310 | 245 | 326 | 81 |
| November | 299 | 230 | 306 | 76 | 345 | 240 | 328 | 80 | 270 | 280 | 373 | 93 | 320 | 250 | 323 | 80 |
| December | 288 | 210 | 288 | 70 | 413 | 300 | 400 | 100 | 404 | 319 | 425 | 104 | 326 | 258 | 344 | 84 |

Columns: (1) Kernel price (2) Pod price (3) Equivalent Kernel Price for pods (4) Differences loss (Cal. 3-8).

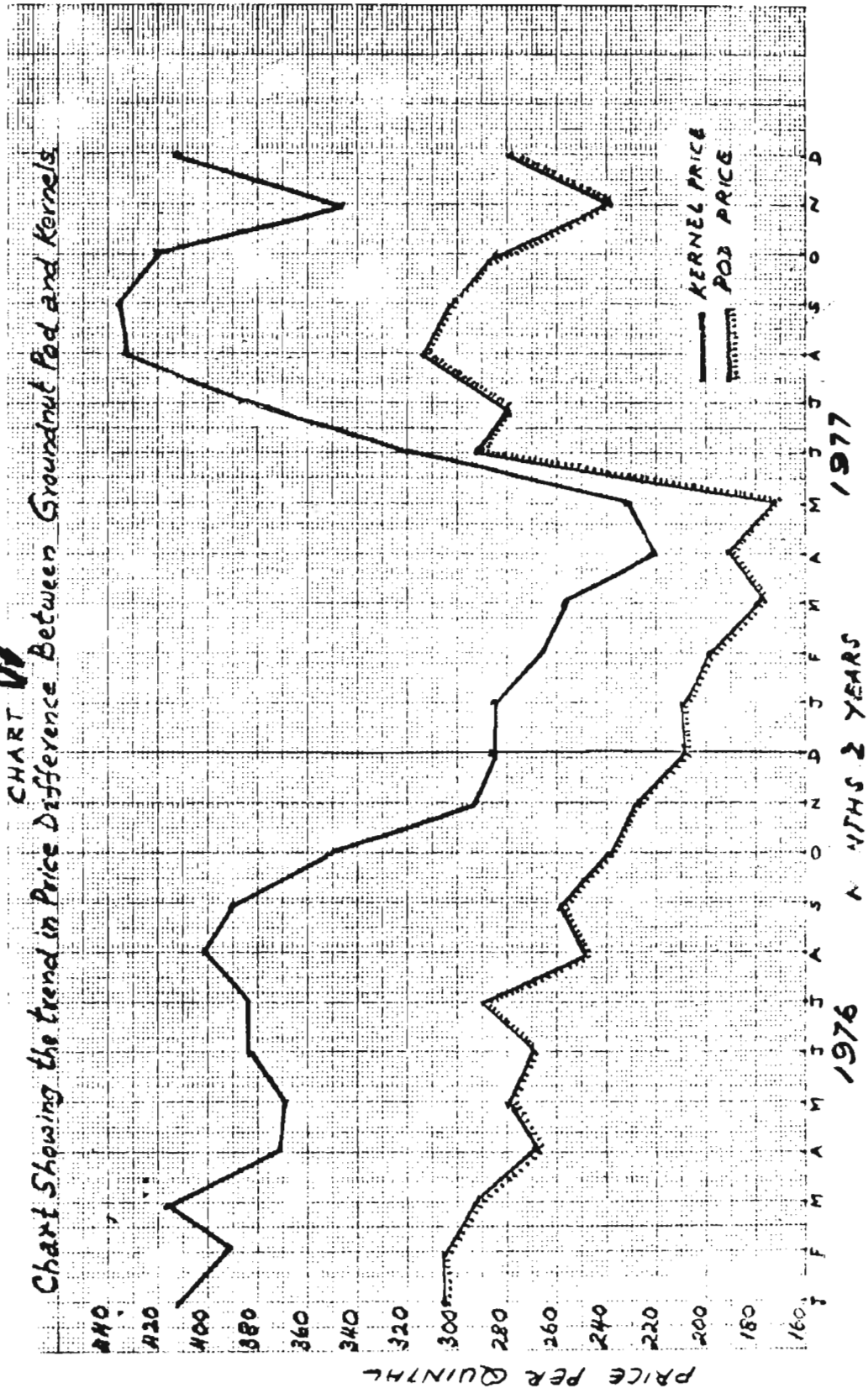
Notes: In calculating the Kernel Price of pod, approximate quantity of conversion, viz. 12 bags of Pods equivalent to 4 bags of Kernel is used. Charges for decontamination is \$0.1/per bag and cleaning charge will be 50¢. per bag. The bush's value not taken.

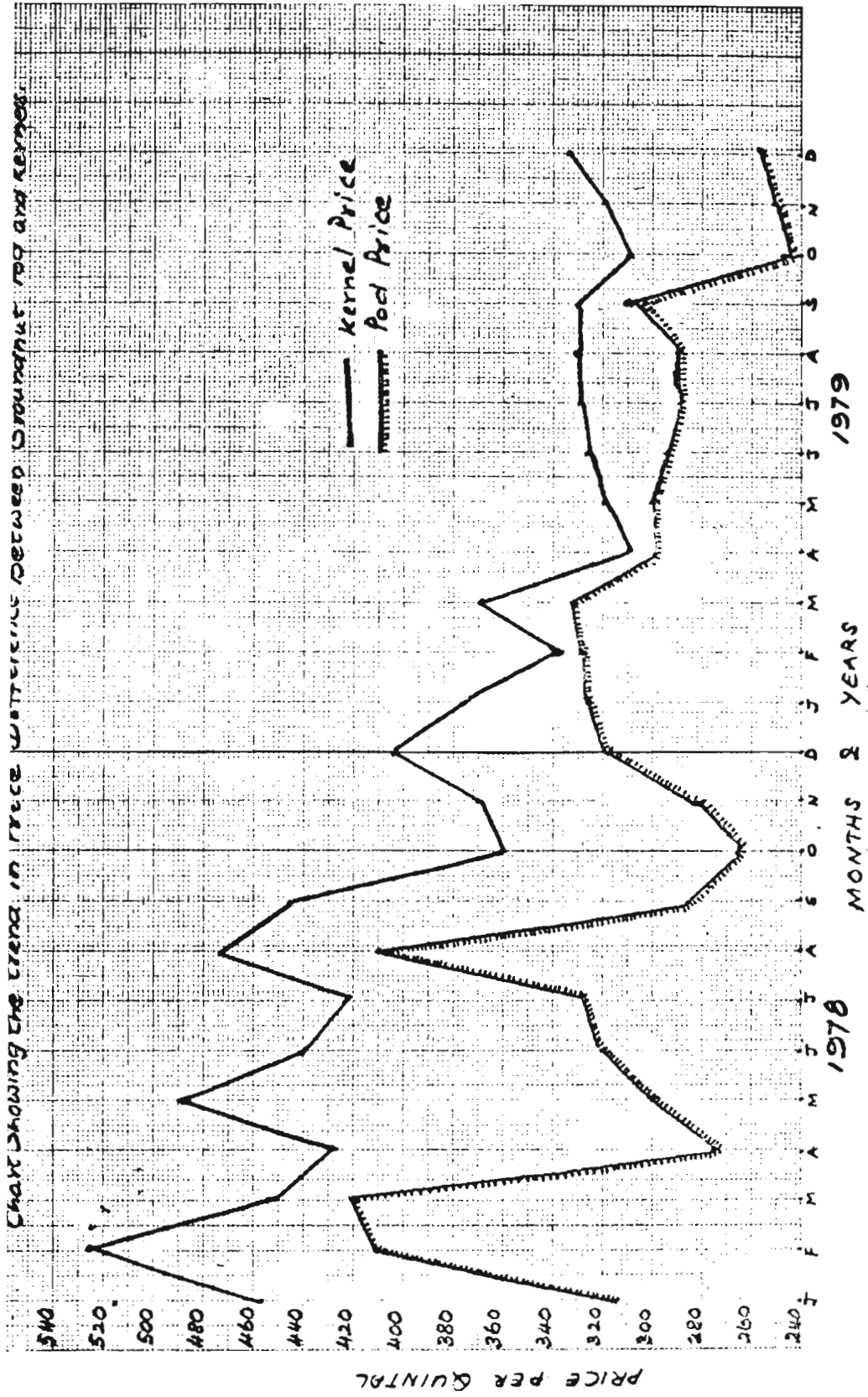
- i) There is a real difference in the prices between pods and kernels. The difference in prices is much more than the processing cost and other related expenses.¹⁴
- ii) During the season the price differential widens, resulting in substantial loss to growers who sell groundnut in pods.
- iii) During off season, however, the price difference tend to be minimum. But still the growers are at a loss.
- iv) Invariably the traders quote approximately some 20 or 25 per cent less for pods than for the kernels. The traders make additionally a profit on processing, and a profit on the sale of decorticated husk. Moreover, pods can be stored without much risk for atleast 2 to 3 months, whereas kernels have to be milled at the earliest to prevent deterioration and decay. Thus, the risk of physical loss is also low in pods.

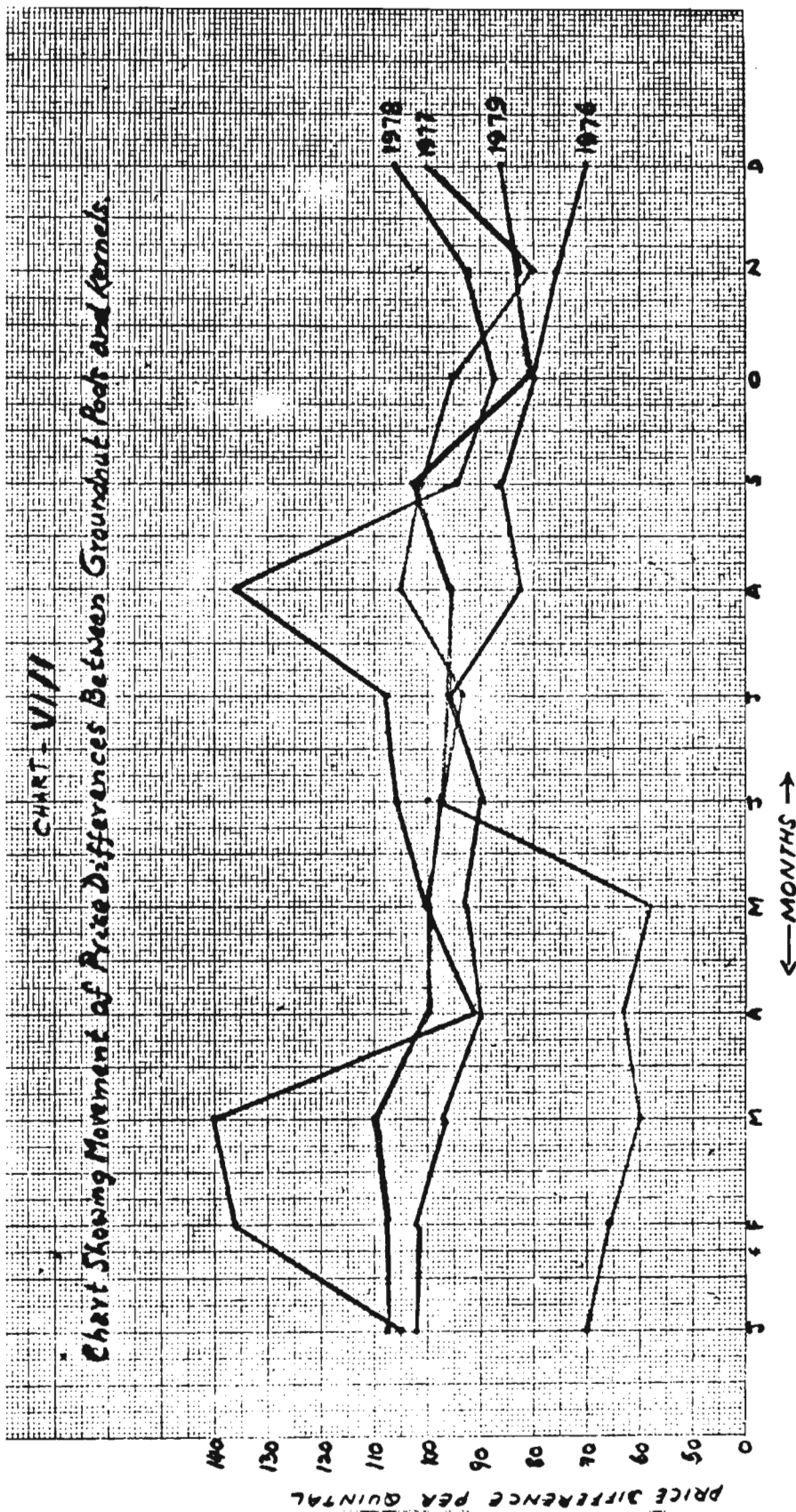
Traders therefore encourage arrivals in the form of pods. This is one of the reasons for the small arrivals of kernels in RMs. Whatever the reasons be sales in the form of pods result in losses to the farmers.

¹⁴ On the average, 12 bags of pods are equal to four bags of kernels. Decortication charge is Re.1/- per bag of pod and cleaning may require 50 ps. per bag. Thus for 100kgs. of kernels the processing cost may be around Rs.5/-. Even if one day's wage is allowed, it would still be beneficial for the cultivator to sell groundnut as kernels rather than as pods.
Refer charts IV, V and VI.

CHART VI
Chart Showing the trend in Price Difference Between Groundnut Pod and Kernels.







It is important to note a paradox in the present working of the RMs. While the RMs were set up with the objective of ^{Phasing out} 'intermediaries', they are, in their present operations, actually encouraging the continuance of the grower-trader relationship. Their inability to provide the processing facility drives the farmer to the private decorticators, who invariably combine trading also. The decortivating process is almost entirely a monopoly of private trade. Taking into account the transport and incidental costs and also the convenience, growers surrender their produce to the decorticators though at lower price. The bylaws of the RMs positively state that they would provide necessary processing facilities to the farmers. Their inability to provide this service also partly explains the poor arrivals in the RMs. The RMs have not succeeded in changing the customary practice of the farmers to effect their sales in pods. In consequence, they continue to be exploited by the intermediaries.¹⁵

A second respect in which the RMs could have assisted the growers is through the provision of market information to the users of RMs. All the regulated markets and the market committees have with them a pile of information about markets

¹⁵ Interviews with the growers at Ramanathapuram, Madurai by the researcher indicated that the growers honestly believe that it is more profitable for them to sell in pods than in kernels.

and prices and MCs and RMs are in continuous contact with each other regarding them. It is not difficult for them to collect quickly information regarding the prices prevailing in other markets and analyse them to the best advantage of the grower-sellers. This is not done by MCs/RMs in general. Many of them exhibit a notice board in which such information is displayed, but almost invariably the information provided would be outdated and therefore irrelevant. The private traders have, on the other hand, a wide network that supplies them readily with all the essential information they need, with which they are able to manipulate the market to their best advantage.

A peculiar situation that deserves special mention is that the RMs and MCs in Tamil Nadu often rely on the private trade for market intelligence.¹⁶ This appears so strange when one realises the enormous amount of dependable statistics pouring into the hands of MCs. But no mechanism¹⁷ is in existence

¹⁶ Lele, Uma, J., Food Grain Marketing in India - Private Performance and Public Policy (Ithaca, 1971) p.32. She points out that the practice is quite extensive.

¹⁷ It was observed in the field study that certain RMs where, practically no arrivals are there, also inform the MC (minimum price' and 'maximum price' for different commodities. The procedure adapted in this respect is that all RMs should inform the respective MC and the State Marketing Board the minimum and maximum price of sections on the very same day through post. The RMs where, there are no arrivals also send this information depending on the private mandis for price details.

to collect, analyse and disseminate this information. There are also no qualified personnel to do this work. Officially, the State Marketing Board is entrusted with this job. But the usefulness of their work in this area is doubtful.

The effectiveness and efficiency of marketing is reflected in its capacity to register and signalise prices to other commodity and factor markets. The pricing mechanism will work for smoothening out supply and demand positions and finally enable market integration. In this context also, RMs have not been as effective as the private trade. Price formation even today takes place in private mandis and not in RMs, barring a few exceptions like the South Arcot MC. Sometimes, even the reverse is seen to be taking place.¹⁸ The freedom of operation, flexibility in working, knowledge of market forces backed by expert advice, the long experience in the field of marketing and above all the traders' ability to obtain political support are other factors that make the private trade to function with superior efficiency. The RMs have not only failed in disciplining private trade, but has even helped to create a new set of traders - the agriculturists-trader or commission agents. They act as the connecting link between village markets and

¹⁸ It is observed from the field study and interviews with big traders that they quote prices at RMs based on the stock position, terminal market prices and on the basis of orders on hand.

private traders, very often bypassing the RMs. This new development is observed mainly in crops like, paddy, coconut, groundnut, etc., where production is scattered and involves assembling. This is evident from Table-5.2.

The Table reveals that the small farmers falling in the groups of ^{owning} 0.0-2.50 and 2.50-5.00 hectares sell their entire production immediately and later on buy from others for sales as well as for own consumption.

Investigation by the researcher also revealed the following with respect to the sale of paddy. (i) Prices are fixed by a few traders and followed by others. (ii) In the immediate post harvest season they do not generally quote prices at the RMs. Even if they do, the quoted prices would be far less than the private mandi prices. (iii) Even at the private mandis they go on reducing the price of paddy day by day during the harvesting season. This is managed by indicating a reluctance to buy and hard bargaining in what is essentially a buyers' market. (v) During the season, the prices offered by the traders will be on the basis of a progressive increase in weight, i.e. from 57kg. per bag to 70kg. per bag.

It is evident that in spite of the working of the RMs, private trade dominates the market and controls the price mechanism. The working of the RMs have not also resulted in bringing uniform trade practices through regulation. As pointed

Table - 5.2

Land Size, Total Produce, Marketable Surplus and Marketed Produce

(Paddy)

| Land size Hectares | No. of farms | Total produce | Marketable produce | Marketed produce | Margin | Total produce | Marketable produce | Marketed produce | Margin | Total produce | Marketable produce | Marketed produce | Margin | Total produce | Marketable produce | Marketed produce | Margin |
|-----------------------|--------------|------------------|-----------------------|---------------------|--------|------------------|-----------------------|---------------------|--------|------------------|-----------------------|---------------------|--------|------------------|-----------------------|---------------------|--------|
| 0.0 - 2.50 | 19 | 503 | 161 | 417 | -256 | 754 | 369 | 507 | -218 | 893 | 454 | 702 | -248 | -712 | | | |
| 2.50 - 5.0 | 21 | 1174 | 670 | 946 | -176 | 1490 | 972 | 1203 | -231 | 1800 | 1305 | 1504 | -199 | -606 | | | |
| 5 and above | 13 | 1049 | 521 | 427 | - | 1346 | 805 | 292 | 213 | 1393 | 855 | 593 | 262 | 549 | | | |
| Total | 53 | 2746 | 1352 | 1690 | -338 | 3590 | 2146 | 2382 | -236 | 4095 | 2614 | 2799 | -185 | -759 | | | |

SOURCE: Elango, et. al., Price Spread and Small Farmers in Thanjavur District, Indian Journal of Agricultural Economics, (Vol. XXIV, No. 4, Bombay, 1979) pp. 195-200.

out earlier, the regulation is limited to the boundaries of RM yard. Its impact beyond the boundaries is only nominal.

The reduction in market charges as a post-regulation effect is also a myth in the sense that such benefits are available only inside the RM yard and not outside it. Except perhaps for groundnut and paddy in South Arcot and North Arcot, for all other commodities, trade inside the RM yard is minimum. Private trade still accounts for the larger share of trade in agricultural commodities. As such, most of the malpractices continue to be in existence though not too obviously. The RMs are may not collect any market charges as they were once doing, but quality deductions and compelling cultivators to sell their produce at lower prices are practices still in vogue in many places. The effect of regulation on private trade is to be assessed also on the basis of arrivals in the RMs in proportion to production and marketable surplus. It may, therefore, be concluded that the impact of regulation is only on traders who participate in the sale procedure of RMs and procure their supply from there. Traders willingly participate in the RMs only when supply in RMs are quite large. It is also used as a means of accounting for many of their trading operations. Otherwise, they stay away from the RMs.

It is often alleged that the real reason behind traders' objection or non-participation is that the purchases

in RMs are recorded and manipulation of accounts is not easily possible. This enables evasion of tax and the acquisition of unlawful profits. The traders, of course, deny this. However, during the course of the field survey a number of incidents were narrated to the researcher which tended to corroborate the allegation.¹⁹

The cooperative societies form the second major group of participants in the agricultural marketing system of the State. The cooperatives have been promoted in India as an alternative to private trade and to segment competition and thereby to improve the bargaining power of farmers which would help to get them a fair price for their produce.

It is to be noted that the cooperative movement has a long history in India, dating back to the early credit

¹⁹ For example, it was reported that in a particular RM, in order to attract the traders, the officials agreed that the transactions will not be recorded. But all other formalities were observed to the best satisfaction of the cultivators. Market fees were also collected. This had to be done because at that time all the paddy millers were to surrender 50 per cent of the paddy procured, as levy at support prices which was far below the market price. The arrangement satisfied the traders.

A reverse incident was also reported during the field study. Instead of the cultivators bringing the produce to RM, it would be straight away sent to the mills. Price would be settled there between the seller and the buyer under direct negotiations. Later on, this was recorded in the register of RMs to show that actual sales took place inside RM. The records indicated them as real arrivals.

It is to be stressed that such practices are not prevalent in RMs which are efficient and have become stabilised.

cooperatives that sprang up after the passing of the Cooperative Credit Societies Act in 1904. Till the Second Five Year Plan, however, consumer cooperatives were largely considered secondary to credit cooperatives. The plan gave more attention to credit cooperatives, and very little attention was given to other forms of cooperatives. The Second Plan provided a sensible reorientation based on the Report of the All India Rural Credit Review Committee (1966). Towards the end of the Second Five Year Plan period, more attention was paid to marketing and consumer cooperatives as well as credit cooperatives.²⁰ Accordingly, marketing and credit were to be linked and storage facilities were to be supplied on a large scale. In short, through the first three five year plans it was envisaged to organise the entire rural economy on a cooperative basis, from production through marketing and distribution.

The achievements, in this respect in terms of numbers is very impressive. By 1963, there were about 3,50,000 cooperative societies with over 40 million members and 18 billion rupees of working capital. Cultivators have consistently failed to show an enthusiasm for cooperatives comparable to that shown by the government. For example, during 1963-64 cooperatives could only handle less than 1 per cent of the total arrivals in the markets.²¹

²⁰ Refer Tables 1.1, p.3 and 2.3, p.100.

²¹ Shah, C.H. (ed.), Agricultural Development of India - Policy and Problems (New Delhi, 1979) p.146.

Cooperatives failed mainly on account of the following reasons,

- i) The planners did not recognise the necessity of competing with a private sector which was not only very large, generally efficient and competitive, but also operated in a highly flexible manner quite suited to a changing environment.
- ii) Farmers were generally unwilling or unable to sacrifice an immediate economic advantage to gain larger economic advantages in future accruing from cooperatives. Rural indebtedness was one major factor contributing to this.
- iii) Most of the cooperatives were, largely, used as agents of the government in implementing its procurement policy rather than as a viable alternative to the private channels in agricultural marketing.
- iv) A proper economic orientation was lacking in the cooperatives which also became soon pawns in the game of party politics or power politics.

Thus, the cooperatives as an alternative system for trading and marketing failed. They were inefficient and could not offer the range of services that private traders offered as a means of attracting farmers. The cooperatives attempted to compete in situations where the average margins were thin. They have been hampered also by a bureaucracy which reduced

their efficiency and flexibility. Rather than rendering better services, they have all too often rendered worse and, too, have often depended on subsidy for survival.²² Barring some of the outstanding exceptions a majority of cooperatives failed hopelessly. The successful cooperatives have, in general, operated outside government bureaucracy, enjoying good administration and leadership, and have offered special services, including processing facilities to farmers.

The key to providing efficient service to farmers lies in good management. It necessitates decentralisation of authority which allows the management of a cooperative to use its skills and abilities in carrying out its work. Private trade is managed by literally hundreds of thousands of able and experienced men. The cooperative movement does not offer anything in terms of the quality and experience of personnel. Private trade is mostly hereditary. The cooperatives will have to match this method with formal training procedures, but so far India has emphasized the non-economic principles of cooperation more than the principles of management. They remain government initiated marketing agencies, a politicians' paradise, highly subsidized financially as well as scarce in trained manpower.²³

²² Mollor, John, W., Developing Rural India - Plan and Practice (Ithaca, New York, 1968) p.67.

²³ Lele, Uma, J., The Role of Credit and Marketing in Agricultural Development, IBRD, p.434.

Marketing cooperatives and RMs have complementary roles to play so as to ensure conditions favourable for competitive marketing. While RMs nurture fair trade practices, marketing cooperatives should provide effective competition, on the side of buyers, in terms of prices. In Tamil Nadu, however, there are no RMs where fullfledged cooperation from such societies are found.

In a survey conducted by the Reserve Bank of India in 1966 it was clearly pointed out that the actual performance of the marketing societies were none too encouraging.²⁴

Even in North Arcot and South Arcot where RMs have created a strong image, the role played by cooperative societies has been insignificant. Not only that cooperative societies were not buying from RMs, some marketing societies preferred to sell to private traders directly. It is estimated that in North Arcot the cooperative societies sold 77 per cent of their members' produce to private traders.²⁵ However, it was found that a few cooperative societies were buying paddy in South Arcot from the RMs when prices were low.

²⁴ Reserve Bank of India, Development of Co-operative Marketing - A SURVEY REPORT (Bombay, 1966) p.217.

²⁵ Ibid., p.254.

It is necessary here to establish the relationship between RMs and cooperative societies. Though independently organised, they have mutually complementary roles to play. The successful RMs, can, indeed, be helpful to cooperative marketing societies in a number of ways. RMs could draw cultivators within their orbit and gradually transfer them to the fold of cooperatives. Secondly, by ensuring fair trade practices the cooperative societies would be able to save the farmers from the usual malpractices of private traders. Thirdly, by enforcing immediate payment, the marketing cooperatives could be relieved from the burden of trade credit as well. Finally, as the price and other details are recorded for transactions RMs can further enable the marketing societies to create greater confidence among its members than exists at present.

From the cooperative side, their participation in the RMs have not also been encouraging. It seems that both the institutions whose avowed objective is the protection and promotion of growers' interests have not been able so far to pull together towards their common objective. Interviews with some of the officials of cooperative societies revealed that RMs have played a dual role in relegating the cooperatives to an

insignificant position. This is not however, quite supported by facts. On the contrary, investigation shows that it is the cooperatives that gradually stopped their relationship with RMs. They preferred private trade for reasons of their own.

From the RM side, the Act itself gives a lot of concessions to the cooperative societies. They need not pay market fees. They are not required to obtain a license.²⁶ They are allowed to transact business anywhere in the notified area. In addition, the Act provides that if cooperatives are prepared to organise RMs and carry out the regulatory measures, they would be given the powers to organise RMs in selected areas.²⁷ In the State Agricultural Marketing Board and in the MCs the cooperative department is represented. Despite all these, the impact of cooperatives and vice-versa had been quite negligible in the state. It is easy to understand the hesitant attitude of private trade towards RMs. But it is rather difficult to appreciate that cooperatives which are in no way different from RMs as far as their objectives are considered should show indifference or resistance to regulation

²⁶ See Tamil Nadu Agricultural Produce Markets Act, 1958, Sec. 12 and Tamil Nadu Agricultural Produce Markets Act Rules, 1962.

²⁷ In 1965, the government gave permission to cooperative societies working in Madurai to organise MC covering Melur, Madurai and Tirumangalam. The Government also issued necessary notification to this effect. But for reasons unknown the cooperative societies declined to form the MC.

of unfair marketing practices. The beneficiaries of such regulation are the members of cooperatives societies in their capacity as growers.

Certain specific malpractices were reported during the course of the field survey by the investigator. The cooperatives, as in the case of private traders do not want the transactions to be recorded, whether they are acting as sellers or buyers. It is apparent that in both cases there is scope for manipulations and malpractices that benefit the operators rather than the cultivators.²⁸ The cooperatives do not at present work in coordination with the regulated markets. In fact, the cooperatives have sometimes functioned in a way detrimental to RMs. The situation becomes really grotesque when one realizes that both the institutions have been initiated, organized and controlled by the government through two of its departments. These are the Departments of Agriculture and of Cooperation. One possible reason for this lack of coordination between the two agencies lies in the fact that there is no

²⁸ A number of instances have been quoted by RM personnel (the names of RMs purposely left out as the identity of personnel cannot be revealed). Cooperatives quote prices far below the normal expectations thereby helping the private trade to become successful in bids. Later on, the same produce is bought at the RM yard itself by negotiating prices, but definitely at a higher price than that the private trade bought the produce. Similarly, if products are sold in RMs the exact price will be known to the members and hence sell only to private trade.

clear demarcation of areas of operation of the two agencies. In fact, there is at present some overlapping between them. Instead, the cooperatives could have been developed as institutions specialising in pre-sales functions. This would have helped some vertical integration to take place. The RMs could have ensured prompt lifting of the produce to the market and their profitable sales in a competitive market. The moral overtones with which the cooperatives have been organised also seem to lie heavily on their working. They have to be treated as typical commercial organisation. The functions of both the institutions are at present are to a large extent duplicating in nature.

The third group of constituents in the agricultural marketing system of Tamil Nadu is represented by the several government agencies. There are at present three corporations that deal with agricultural marketing: the Food Corporation of India (FCI), the Tamil Nadu Civil Supplies Corporation (TNCS) and the Cotton Corporation of India (CCI). Of these, the FCI and CCI are central government organisations. They deal in particular commodities only.

The Food Corporation of India (1965) deals in food crops and buys mostly paddy from the State. The Corporation is the principal autonomous agency of the Government of India for handling the procurement, imports, storage and distribution

of goodgrains and for implementing the national food policy. As such, they are to buy paddy only at the minimum support price announced by the Government from time to time. As Table 5.3 below shows, the minimum support price is often far below the market price and they cannot, therefore, compete in a RM. In 1976, however, when the open market prices fell down, there was a heavy flow of paddy to FCI godowns. The growers were happy at least on the FCI's immediate payment and there was practically no reduction in weight.²⁹ It was also reported that the FCI had to stop buying in that season on account of lack of storage facilities.

From the point of regulation of market practices, the contribution the FCI could make is very limited. But there have been some allegations on the methods of functioning of FCI in the past. It had been criticised that the procurement policy was far from satisfactory. For instance, the procurement prices for each category varied and within each category there were still variations depending on the grades. This led to arbitrary practices in the purchase of paddy.

The same criticism mentioned earlier, viz., that the regulations or regulated Markets regulated/have helped private trade instead of reducing

²⁹ But it was complained by growers that instead of monetary out one Kg. of paddy was taken extra for each bag of 57kgs. It is not certain how far the complaint has substance in it.

Table - 5.1

Comparative Prices of Paddy Fined by FCI and Open Market Prices (Prices in February 1977)

Rs. per quintal

| VARIETY | PRICE FINED: Open Market Prices of Paddy at different Centres | | | | | | | | | | | | |
|------------------------------|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | FCI | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | | | |
| COARSE (short bold) | 85 | 92 | 110 | 106 | 131 | 131 | 144 | 96 | 116 | 111 | 119 | 112 | 111 |
| VERY FINE (Long Cylinder) | 99 | 106 | 115 | 122 | 145 | 142 | 156 | 103 | 120 | 119 | 130 | 131 | 121 |

Source: From Annual Reports of MCs.

Note: FCI has categorised the Paddy into four varieties: Coarse, Medium, Fine and very fine. Only the lowest and the highest varieties are included in the Table.

middlemen is applicable to FCI as well. It is remarked:

"One of the principles which were articulated and publicised the most by the government, while setting up the FCI was that middlemen who were said to exploit both the producer and customers, will be eliminated. It would be evident from the working that middlemen functioned has not been reduced but actually increased..... Very often the work is still carried on by the same old middlemen..... Over and above a new class of middlemen has been added as employees manning the state agencies in the primary markets and..... giving rise to certain malpractices.....".³⁰

The Tamil Nadu Civil Supplies Corporation (TNCSC) is acting as an agent of FCI in the procurement and distribution policies of the Government of India. At the same time it also functions as an agency for the procurement and distribution of essential articles and others on behalf of the State Government. The comments made about the working of the FCI are equally applicable to the TNCSC also. In general, their operations have not helped the fostering of the regulated markets. Their dependence on private trade in procurement is also very evident.

The Cotton Corporation of India is another government agency, procuring cotton for the various mills working under the National Textile Corporation. The relationship that the CCI maintains with the RMs is not far different from what it was seen to be in the examples noted above. It started buying cotton from RMs in 1976 after a great deal of persuasion. But

³⁰ Garg, Vipin, K., State in Foodgrain Trade in India (Delhi, 1980) p.284.

they stopped buying from RMs soon after. Again, in 1979 they were persuaded to enter into RMs consequent upon the agitation by the 'Tamil Nadu Vivasayigal Sangam'. However, as was noted in the previous chapter, the involvement of CCI with RMs had a tremendous impact in prices and arrivals at the RMs.³¹ When the CCI entered the RMs, private trade unloaded their stocks in no time.

It was mentioned earlier that private trade had often made complaints that the prices in RMs are highly competitive due to the participation of government agencies. It is evident that such a complaint is baseless since no government agency gives any kind of competition in the RMs. Perhaps the only exception is the CCI.

Thus the role of government agencies vis-a-vis RMs is very weak. To that extent, the RMs suffer in their effectiveness also. Bureaucratic disinterest and political interference are attributed as the major reasons for this state of affairs. One author has pointed out,

"In fact, the operational practices of the FCI and its sister agencies from procurement down to issue, have besides increasing the cost of operations, resulted in adding to the number of middlemen and have not helped in protecting the interests of either the producer or the consumer in any real sense".³²

³¹ In 1979 CCI has procured 91,000 bales for a value of Rs.35 crores. In 1981 the proposals was for 1 lakh bales valuing Rs.35 crores.

Garg, "Crop and Commodity Survey 1980-81", (Vol.140, No.3587, Bombay, 1980) p.489.

³² Garg, Vajpai, K., SR: G&C, p.92.

This lack of participation by the several governmental agencies can be viewed in the larger context of the need to evolve a total marketing system in agriculture as one essential step to bring about a complete agricultural revolution in the country. Time and again, it has been emphasized that only a revolution of this kind can give a stable basis for the economic development of the country. This is why all the associated governmental agencies have to be totally associated with the working of the RMs, which is only one further measure to bring about the desired changes. The setting up of the different agencies noted above has also been with related objectives. It is thus unavoidable that the two should work hand in hand.

CHAPTER - VI

SUMMARY AND CONCLUSIONS

In the strategy for development of agriculture in the country the main emphasis so far has been on increasing production. Adequate attention has not been paid to the problem of developing a stable marketing system that would benefit the producer and the consumer. The marketing system that has been evolved can only be described as accidental and evolutionary and cannot be described as the result of any conscious planning.

Generally speaking, the problem of agricultural marketing has received less attention than it deserves in any plan for agricultural development in the less developed nations. India is no exception. Interventions by government have occurred at times to regulate the marketing system. But such adhoc interventions cannot contribute to any permanent solution to these imbalances in the marketing system. The completion of five five year plans and a few annual plans has not helped much in altering the existing marketing system fundamentally, even though there has been remarkable

progress in production. But even this growth in production has not always been a well sustained and continuous one.

For example, the picture that emerged in the latter part of the last decade was totally nonassuring. It was reported that production of pulses and oilseeds lagged far behind the country's requirements.¹ To some extent the country's failure to effect a break through in agricultural development has been due to the failure to develop an efficient marketing system side by side with developments in production. The setting up of cooperatives to increase production through provision of credit for fertilisers is an example in respect of this. It was realized only later that multipurpose societies, particularly marketing societies, were needed to relieve the agricultural marketing system from the grip of exploitative private trade practices.

It was also noted above that consequent upon the changes in the land tenurial systems, the Indian agricultural system started exhibiting a peculiar feature. This structural change has resulted in the emergence of a "dualistic pattern",

¹ Anonymous, Commerce Annual Yearbook (Bombay, 1979) pp.262-265, 268-281.
See also, Agarwal, A.N., Indian Agriculture (New Delhi, 1980) p.367.
Rao, V.K., "Shortage of Pulses", Commerce (Vol.139, No.3562, Bombay, 1979) p.546.

composed of small and marginal farmers holding more than 70 per cent of total operational holdings and the larger farmers controlling nearly one third of operational land. The imbalance caused by this structural factor could have perhaps been averted by conceiving a strong marketing mechanism to pool the small surpluses produced by the former group. Marketing is the only known self-adjusting incentive system which can be useful under such circumstances.

The administration did not also appear to be quite appreciative of the complexities of agricultural marketing problems and their inter-relationships. The lack of availability of proper data on one hand and the wrong presumptions over the existing system on the other contributed to the pursuit of wrong policies. No systematic study had preceded many policy decisions. Further, many of the policies were based on imported models, particularly from the U.K., without considering their suitability under the Indian conditions.

In the preceding chapters, it was noted that the Indian agricultural marketing system contains certain latent defects created by factors of an economic, functional, institutional, structural and motivational nature. These elements act in a vicious circle causing a total inefficiency in the system. No single institution ^{can} possibly contain all these defects, however widely it is conceived. There had been some effective steps

to organise specialised institutions to meet this challenge. But even they appear to have had only a limited success. The unorganised sector is dominated by the private trade and the organised sector represents various agencies sponsored by the government to intervene in the marketing system.

It was discussed above how the various government agencies working at present in India were designed with more stress on social objectives rather than on commercial lines and that perhaps this conceptual defect might have been one of the reasons for these institutions to fail. Further, these institutions were unable to integrate the marketing system vertically which appears to be a most immediate necessity for the Indian agriculture to get commercialised. To equip cultivators with enough market power, this aspect needs emphasis. Such a market power can be generated only by initiating properly designed institutions.

It was suggested above that proper coordination of regulated markets and cooperatives based on a well thoughtout plan would be able to meet this challenge. At the village market level, cooperatives can shoulder the responsibility of regulation of marketing practices. At the intermediate level and wholesale level the regulated markets can play an effective role. Again, in the terminal markets consumer cooperatives should be developed to ensure the regulatory aspects. Further,

all the markets existing at present under local bodies should be brought under the control of RMs or the concerned cooperatives.

Such a restructuring of the existing system based on different tiers becomes necessary in the context ^{of} the increasing commercialisation of agricultural production. This can be achieved by properly reorganising the "direct regulatory role" that has already been introduced through regulation of markets and market practices. But the real problem was seen to be that the various government interventions in the marketing of agricultural produce still remain uncoordinated.

Among the various problems existing in the agricultural marketing scene, the multiplicity of middlemen was seen to deserve special mention. The very nature of dispersed agricultural production, wide and scattered consumption all in uneconomic quantities, the absence of institutions providing marketing services, etc., have led to the growth of intermediaries. These factors and the complex nature of agricultural marketing operations have tempted them to adopt certain unethical practices to the detriment of the interests of the producer and consumer. Reference was also made about certain studies, mostly influenced by Western thinking on free trade that private trade is not as exploitative as is made out to be and that it is quite efficient. This view is quite

contrary to the more dominant view that private trade is responsible for the present chaos obtaining in the agricultural marketing system. While it is true that private trade is efficient it is also true that they do exhibit exploitative tendencies. As far as India is concerned the predominance of private trade is attributable to the latent inefficiencies of a less developed country. The private trade is efficient because they render all possible marketing services though at an exorbitant cost to the producer and consumer. High flexibility in their practices also helps them to bypass easily all governmental interventions and regulations in the marketing system.

It was noted above how even during the British days the need for governmental intervention in agricultural marketing was strongly felt. The institution of regulated markets was conceived as a powerful agent to safeguard primarily the interests of cultivators by freeing them from the grip of private trade. The idea for this was conceived by the Royal Commission on Agriculture in 1931. Different provinces subsequently enacted the Commercial Crops Markets Act which enabled the establishment of a chain of regulated markets. But the impact created by them upon the existing marketing system and, the class of cultivators who have benefited by these markets have generated a certain amount of controversy.

While some assume that government regulation is "fatal", another group justifies government intervention through regulated markets from a social angle. Whatever may be the arguments in support of each position it is evident that a certain degree of governmental intervention and regulation are unavoidable under any kind of social system. Such interventions can be dated back to as early as the 15th century in Western countries.

As far as India was concerned, as stated above, the regulation of market practices officially began after the publication of the Report of the Royal Commission on Agriculture in 1931. But, even before this, the 'Awar Market' were functioning in Bombay for cotton though the working of these markets was not quite satisfactory.

However, the real motives behind regulation have been stated to be different than that of providing the producer with a fair price for his crops. It had been pointed out that the Britishers wanted to establish regulated markets to create assembling centres at convenient centres for making available raw materials in economic quantities. This is evident from the fact that regulation covered only three commercial crops initially, viz., cotton, groundnut and tobacco. It has also been stated that the intention of regulation was to mobilise surpluses at non-marketed prices to urban centres for the

support of the colonial economy. The organisation of Market Committees (MCs) with predominant trader interest is yet another factor in support of the above argument. These markets controlled neither the traders nor their malpractices. The growers continued to remain unorganised and exploited.

The growth of regulated markets till independence shows that they did not create any impact among the growers nor could they secure the confidence of traders. This is evident from the quantity of arrivals at these markets.² The more successful markets worked because of a certain amount of coercion. The developments since independence have not also been upto any appreciable extent. But, the two decades ending in 1980 showed a substantial increase in the number of RMs in the country. But, the plan expenditure designed towards direct improvements in the agricultural marketing system continued to be meagre.

A change in the concept of agricultural marketing was evident after the publication of the Report of the National Commission on Agriculture in 1976. The objectives underlying the concept of RMs were clearly laid out by the Commission. The Commission had two advantages. One was that the Government of India had by then published commodity survey reports,

² See Appendices.

depicting the problems in distribution of nearly 60 commodities. Further, the experiences on the working of RMs for nearly 35 years also helped the Commission to come to certain definite conclusions. The Commission stated that 'regulation of marketing practices alone will save the growers'.

The trend in growth and development of RMs in Tamil Nadu is a replica of developments at the national level. Though Tamil Nadu is one among the very few states that had enacted legislation on regulated markets soon after 1931, the growth achieved so far appears to be far from satisfactory. The reorganisation of states had created a peculiar problem to this state that most of the wellrun RMs stood transferred to other states. But real momentum in the growth of RMs was seen in the two decades covering 1960 to 1980. During this period, the Act was amended and a State Apex Board was set up to consolidate and coordinate various MCs. In 1978 Government however suspended all democratically elected MCs, an act that can be viewed only as a politically motivated one. In the place of MCs, special officers were appointed and thereby making the MCs purely a government appendage in all respects.

The fundamental defect in the growth of RMs was found in the sphere of the concept of regulation. Even the legislation failed to state clearly whether regulation was to be applied to 'markets' or 'market practices' or to abolish or reduce private trade participation. It is also not clear

as to which objective, commercial or social, has to be given importance. It was also not clear whether such regulation was to be implemented directly by the Government or was to be vested in the hands of autonomous bodies (MCs). These defects were naturally reflected in the organisation and working of the regulated markets. This in turn has contributed to developing an imbalance in the growth of RMs in Tamil Nadu.

Under the Act, it was seen that the MCs are responsible to implement the provisions of the Act. They are also today under the direct control of the State. In practice, MCs simply carry out the instructions of the Government. Even in the basic regulatory aspects of notification of areas or commodities, the MCs do not enjoy autonomy. Various provisions incorporated in the Act could not be implemented as government clearance in these respects was not made available. For instance, the Act prohibits establishment of private mandis in a notified area. In practice it could be seen that there are private trade centres working in the immediate vicinity of RMs. Thus, by not implementing the provisions of the Act, the regulation has not been effective and full.

It was also seen in the discussions above that the organisational structure is highly complicated and there is no orderly flow of authority. This has also prevented the growth of RMs and their effective working.

The practice of regulation and the impact created only a 'spot effect' (i.e., inside the RM yard). The Act, on the other hand, envisaged a 'spread effect' which has not been achieved so far. This has again made regulation partial and ineffective.

The Act contains a number of loopholes which have watered down the spirit of regulation.

The application of the regulation was wrongly applied at an intermediate level, viz., primary (wholesale) assembling centres, leaving the numerous village markets at one end and the terminal markets at the other unaffected by regulation. Infact, all the malpractices really begin at the village markets, the place of first exchange. The arguments that these markets are numerous, lacks regularity over space and time and hence regulation is difficult do not appear to be valid.

It was also observed that though the regulated markets were intended to reduce the importance of private trade, it has really helped to increase the number of private traders on account of the policy of very liberal licensing the traders. This had not increased the competitiveness of RMs either.

It was also noted above that the wellintentioned provision to give more representation to growers has not worked to the benefit of growers or the development of regulated

markets. The traders have become wary and their participation is very cautious and low.

Such factors have led to an imbalance in the growth of RMs in Tamil Nadu. For example, South Arcot MC, which is the oldest and is considered very efficient, gives a startling picture when arrivals of produce there are analysed. Out of the nine commodities notified, only some two to four commodities ~~are~~ arrive regularly in the majority of RMs. Again, out of the 25 RMs under South Arcot MC, 7 are totally inactive having no arrivals at all. Another interesting feature is that four RMs are performing extremely well and are attracting arrivals of even non-notified commodities. They are Vridhachalam, Tindivanam, Panrutti and Villupuram. The same analysis done for all MCs is given in Table 6.1. The table reveals that the percentage of efficient RMs per MC works out to 16 to 26. These RMs were established during 1939 to 1950 period.

The conclusion that may be drawn from this are (i) The successful RMs are those that have preceded the private trade and have been in existence for long. (ii) The more successful markets are found mostly in wet land areas where the proportion of small and marginal farmers to big farmers seem to be high. (iii) The arrivals are comparatively more in the case of low unit value commercial crops than those crops having

Table - 6.1
Nature of Arrivals in Different RMs

| Name of MC | Total No. of RMs. | No. of RMs having good arrivals | No. of RMs having less frequent arrivals | No. of RMs having no arrivals |
|-----------------|-------------------|---------------------------------|--|-------------------------------|
| Coimbatore | 30 | 8 | 18 | 4 |
| South Arcot | 25 | 6 | 12 | 7 |
| Ramanathapuram | 18 | 3 | 11 | 4 |
| Tirunelveli | 16 | 1 | 10 | 5 |
| North Arcot | 30 | 8 | 13 | 9 |
| Tiruchirappally | 17 | 4 | 4 | 9 |
| Thanjaver | 28 | - | 15 | 13 |
| Kanyakumari | 6 | - | 4 | 2 |
| Chengleppe | 14 | - | 6 | 8 |
| Madurai | 13 | 1 | 8 | 4 |
| Etharayuri | 10 | - | 7 | 3 |
| Pudukkottai | 8(1) | - | - | - |
| Salem | 15(2) | - | - | - |

Notes: This is based on details of arrivals collected from RMs for the years 1975-1979 which is given in Appendix.

(1) & (2) Details not available separately as these RMs were shifted from Trichy and Coimbatore MCs.

high unit value. Incidentally, it must also be noted here that majority of producers of cash crops with low unit value fall under the category of small and marginal farmers.

These conclusions are substantiated by analysing the commodities that are handled in the RMs. While gingely and groundnut are arriving almost regularly in all RMs, the arrivals of cotton and vellam are not frequent. Paddy, however, seems to be an exception to this. Its arrival in RMs is almost regular, though the percentage of arrival is low compared to groundnut or gingely. This is evident from Table 6.2. The table reveals that the general tendency is to sell commercial crops of low unit value in RMs.

Similarly, the trader concentration is found to be high in commercial crops but the same trend is not found in food crops. In wetland areas food crops dominate and their production always exceeds local needs. This requires a well-knit marketing mechanism for equitable distribution which the RMs failed to provide. Still, in areas like North Arcot, South Arcot, etc., the farmers prefer RMs perhaps due to the long existence of the markets. Thanjavur, however, seems to be an exception in this respect. Though this district is essentially a paddy cultivating area, the growers prefer private mandis and the paddy arrivals in RMs are very poor. There are two apparent reasons for this behaviour. Firstly,

Table - 6.2Pattern of Arrivals and Pattern in Buying in RMs

| | <u>Groundnut</u> | <u>Paddy</u> | <u>Gingely</u> | <u>Cotton</u> | <u>Veliam</u> |
|--|------------------|--------------|----------------|---------------|---------------|
| I. <u>Pattern of Arrivals</u> | | | | | |
| Arrivals in RMs | 99% | 60% | 99% | 64% | 60% |
| Arrivals outside RMs | 1% | 40% | 1% | 36% | 40% |
| Total | 100 | 100 | 100 | 100 | 100 |
| II. <u>Patterns in Buying by Various Groups</u> | | | | | |
| <u>Participants</u> | <u>Groundnut</u> | <u>Paddy</u> | <u>Gingely</u> | <u>Cotton</u> | <u>Veliam</u> |
| Mills | 21% | 42% | 16% | 10% | N.A. |
| Local Chakras owners | 6% | -- | 28% | -- | N.A. |
| Traders | 73% | 58% | 56% | 90% | N.A. |
| Total | 100 | 100 | 100 | 100 | -- |

Source: Random samples collected from RMs under South Arcot, North Arcot, Thanjavur, Coimbatore MCs in 1981 January. See also appendices on arrivals.

paddy is mainly cultivated by rich farmers and most of them combine trading activity also. Further, in this area, the samindari system was in vogue for quite a long time in the past. The grower-traders are powerful and they control the movement of paddy even to outside districts.³

In dryland areas, high value cash crops such as cotton, sugarcane, etc., dominate. The cost of cultivation of these commodities was found to be generally high. The proportion of rich farmers to small farmers in these areas is also high. They are resourceful and affluent. As had been pointed out earlier, the RMs are still to make an impact in the wetland areas. The problem of the differential development of the marketing system in wetlands and drylands requires a more detailed analysis. This could not be done in this study as it would have required a detailed survey of the structure of land holdings, the method and area of cultivation, etc.

Poor organisational design has also handicapped the growth of regulated markets. It was noted above that in the organisational design adequate attention has not been given

³ Rao, Hanumantha, et. al., in Shah, C.H., (ed.) Agricultural Development of India - Policy and Problems (New Delhi, 1979) p.186. It has been pointed out that "relative price differences (between rich and small farmers) is high in the case of water logged old delta in Thanjavur..... that there is great inequality in land ownership and thus poorer bargaining power of the small farmers vis-a-vis the money lenders/traders".

to relating structure with functions and strategy. The structure of the traditional markets with some changes here and there, was adopted. Further changes were made from time to time. The inability to develop the organisation based on a total plan has made the structure complex and hence weak. This becomes apparent when the organisational changes incorporated in other States since 1960, are compared with those in Tamil Nadu. The two subsequent changes viz., creation of an apex board and an advisory body for each MC have not also yielded any worthwhile benefits to strengthening the organisation.

As a result the functioning of MCs/RMs in the State has not been uniform. Examples given already and the Table 6.1, are illustrative of this point. In terms of geographical area and of the commodities there are gaps yet to be covered. The modus operandi of RMs were designed in 1931 to suit the then existing conditions. Moreover, the notified commodities then were only three as against 34 at present. But the method of operation remains basically unchanged. The procedure laid down for the auction, viz., closed tender system is comparatively effective but it has become a time consuming one in the present context. As had been stated earlier, in the normal course a cultivator has to spend 12 to 14 hours to complete the transaction and to receive payment. Even after fifty years of working practically no changes have been suggested or implemented to improve the method of auction.

Though there have been severe criticisms against the working of RMs, they have contributed certain tangible benefits to the sellers or cultivators and buyers or traders. These advantages, viz., correct weighing, full payment, better quality and price, assembly of produce in economic quantities, etc., are real positive benefits accruing from the system. From the field study it was found that the participants had few complaints about any partisan attitude of MC/RM personnel.

The opinions of the farmers regarding the working of the regulated markets and the reasons for their dissatisfaction and even nonparticipation were stated to be as follows.

- i) Delay in payment, and the lengthy process of arranging, weighing, etc.
- ii) Absence of facilities for supply of inputs and other house requirements inside or near RMs.
- iii) Payment of certain 'charges' to the weighmen, watchers and other staff in RMs.
- iv) Inability to receive the price in advance and difficulty of keeping the produce in the market if the prices are not remunerative enough.
- v) Lack of facilities like processing, grading, transport and credit.

vi) Absence of boarding and other facilities in or near the markets.

Additionally, in some markets, growers complained about traders forming 'rings' to quote lower prices. But this could not be verified.

In the well established markets, mostly in South Arcot, North Arcot and Coimbatore, it was observed that the growers preferred RMs as a matter of customary practice. For them, RMs have become more convenient than the private mandis, especially in three respects. There is no bargaining over price and quality. There are no disputes about arbitrary and deductions for variations in quality. There is full payment.

It cannot, however, be concluded that the absence or paucity of arrivals in certain markets is due to a total lack of faith in the system. This is often due to the failure to rectify minor defects and to adapt the system in an acceptable form to suit the requirements of the cultivators. From the selection of site to provision of various marketing services, more care ought to have been taken by the MCs. Moreover, such services must be less costly to the cultivators compared to those offered by private trade.

It was suggested that it should be possible to organize a procuring system under which the produce from distant

villages could be brought to the nearby RMs. In other words, the services rendered by RMs can be extended to reach even distant villages. This should take away some major complaints of the farmers. Perhaps this is one compromise which can attract arrivals to RMs, while maintaining at the same time private trade. The other extreme is banning private trade altogether outside RM yard. This does not appear to be easily feasible in the present set up.

The traders have a different story to tell. Their opinions and the reasons for their hesitation and nonparticipation were as follows.

The traders felt that there are certain benefits from buying through RMs, viz., bulk supply at one place, assurance of better quality, correct weightment, reasonable and competitive prices etc.

But they drew attention to certain major drawbacks in the working of the regulated markets.

- i) Less time for inspecting the quality of goods, especially when the variety of produce is more.
- ii) Differences in quality between lots.
- iii) Unnecessary loading, unloading and godown charges.
- iv) Difficulties in effecting payment almost immediately.
- v) The marketing cost they incur at RMs is an additional cost and is not compensated by provision of additional marketing services rendered by RMs.

vi) High prices to be offered to become successful in auctions.

These criticisms of the traders were examined earlier in Chapter-V. In the established markets, generally speaking, growers bring produce to the RMs and not to the private mandis. In these markets, the participation of traders was also naturally good. A closer examination of the trader's complaints revealed that they do not have much content. The transactions in RMs are recorded and hence the traders are unable to evade taxes. It is this difficulty that is behind their other grievances. The traders are also aggrieved that certain actions of the government prevent them from procuring supplies from RMs. For instance, according to a recent ^{Government} order every mill owner has been required to surrender 50 per cent of their purchases to the Government as levy, at prices fixed by the Government. This price is always below the market prices.

A major factor that adversely affects the working of the regulated markets is the poor quality of personnel in the regulated markets. Most of them do not have the technical qualifications to carry out their work, but over the last quarter of a century they have come to acquire experience in their work.

The financial resources of the regulated markets are not inadequate to support their present operations. An effort is under way by the State Department of Agriculture to raise some

assistance from the World Bank for the development of RMs. The following table-6.3 reveals that financial position of RMs is not weak.

Table - 6.3

Financial Position of Market Committees-Fixed Deposits as on
31-3-1980

| Name of Market Committee | - | Amount of Deposit Rs. |
|---------------------------|---|--------------------------|
| - - - - - | | |
| 1. Coimbatore | - | 1,62,13,516 |
| 2. South Arcot | - | 91,33,000 |
| 3. Ramanathapuram | - | 43,50,000 |
| 4. Tirunelveli | - | 34,00,000 |
| 5. North Arcot | - | 52,45,750 |
| 6. Tiruchireppally | - | 30,95,000 |
| 7. Thanjavur | - | 74,83,649 |
| 8. Kanyakumari | - | 5,46,125 |
| 9. Chinglepet | - | 7,58,000 |
| 10. Madurai | - | 97,00,000 |
| 11. Dharmapuri | - | 8,00,000 |
| 12. Pudukkottai | - | 4,25,682 |
| 13. Salem | - | 6,78,155 |
| - - - - - | | |
| Total Amount of Deposit - | - | 6,18,28,877 |

Source: Annual Reports of various MCs.

It may be seen that the total amount of fixed deposits of all the Market Committees comes to 618 lakhs. This is not a meagre amount.

Further, the average income generating capacity of the MCs works out to be 59 per cent. As may be seen from the Table-6.4, this percentage, however, varies from 31 at Chinglepet to 76 per cent at Madurai. It is also seen that the established and efficient MCs show a lower income generating capacity, generally below 50 per cent. The reason for this lower percentage of income is that such established MCs have to incur more establishment and other expenses as they receive more arrivals. In the other MCs their expenses were low as the arrivals were low. Naturally their service cost tended to be low resulting in a higher income. In other words, they collected market fees from traders for transactions held outside the RMs at their own places of business. Such collection of market fee was a net income for the MCs as no services were provided by the MCs outside the market yard. Thus, strangely the income generating capacity is inversely related to arrivals of produce in RMs.

The large deposits mentioned in the previous paragraph is largely kept idle. There are provisions in the Rules and Bylaws of the MCs that a 'Market Development Fund' may be created, exclusively for development purposes. Steps are yet to be taken to create such a fund.

Yet another impediment that prevented the growth of RMs was found to be their lack of freedom of action. It was noted that power is very much concentrated in the hands of the Government and that for every action government directive or approval was necessary. One reason why no uniform legislation for the entire country was not proposed was to enable the states to enact legislation in accordance with the conditions in each of them. In Tamil Nadu, the original legislation did provide for some autonomy. But in 1978, this was reversed. The entire power is seen today to be concentrated in the Department of Agricultural Marketing. The market committees and the regulated markets have become mere appendages of the Department and are run under the direct control of the officials.

In short, in all the three areas, viz., conceptual, organisational and functional, the regulated markets in Tamil Nadu has a weak base. Urgent steps are called for to remove the defects in their working and to improve the efficiency of operation.

On the basis of the field study and opinions collected, some solutions for restructuring the present pattern of RMs are suggested.

For removing the conceptual deficiencies the Act has to be amended to realize the following.

- i) Compulsory participation of traders in the RMs should be effected as per provisions of the Act.
- ii) Grower/seller should be properly defined to safeguard their interests and to discourage traders participating as sellers.
- iii) The Act in toto has to be restructured to avoid loopholes.

As an alternative to (i), special market fees and licence fees may be charged on those traders who prefer to continue trade in their own premises.

It appears that organisational defects call for a thorough reorientation, at least in the following areas:

- i) The organisational structure must be simplified and managerial powers may be fully decentralised. The yard superintendents require more freedom in many aspects. They should be made responsible in achieving the objectives.
- ii) The Market Committees should be democratically elected, based either on direct or indirect elections. Nominations as far as possible, should be minimum. Each RM or the RMs working in a Taluk may have an advisory board elected

from among the growers, traders, processors and co-operatives in the respective areas. Nominations may be limited to two. Thus the composition of the board may be in the proportion 2:1:1:1:2 for a total of seven members. In addition to the qualifications of members prescribed by the Act at present, another qualification can also be considered. Except for the nominated members, all other representatives may be persons who frequently participate in the deliberations in an RM either as sellers or buyers. From among the local advisory boards, members may be elected to an MC observing the same proportion, viz., 2:1:1:1:2. Further, consumer interest may also be represented at the district level, preferably by nomination. This would definitely reduce the election expenditure. This would also help to get true representation of the different interests in RMs and MCs.

Alternatively, organisation of Commodity Boards for selected commodities can be considered. From the field study it was observed that the arrivals of food crops and cash crops with high unit value are comparatively low. It was also found that trader concentration is more in the case of these two products. (Table 6.2). As such, these commodities can be brought under properly constituted individual boards. These boards could effectively combine supervision of production and marketing and thereby enable vertical integration.

The experience of Commodity Boards in other countries have proved to be worthy to be adopted in less developed economies. The origin of the boards is described by Graham Hallett as follows:

"In the aftermath of the depression which began with the Wall Street crash of 1929, farmers in Britain and some other countries came to believe that the cause of the disaster experienced by agriculture lay in the arrangements for marketing their products. In Britain, the outcome was the Agricultural Marketing Boards as monopolistic selling agencies".⁴

But in Britain, after some time, these boards failed. One of the reasons pointed out was that traders did not favour them, arguing that it was wrong to give the price fixing powers to a body represented by producers. The recent tendency observed in U.K. is the formation of Commissions, eg., 'Pig Industry Development Authority', with limited marketing powers.

One of the distinguishing features in the British Act was that the proposal to set up a board has to come from at least two thirds of the producers of any agricultural commodity producing at least two third of the output. This Act is voluntary. But once the preliminaries are over and the board was set up it would be obligatory on the part of the growers

⁴ Hallett, Graham, The Economics of Agricultural Policy (London, 1971) pp.213-226.

to surrender their output. So much so, the board becomes exclusive selling agency for that product. It was found to be of help to the growers in four ways.

- i) By raising retail price.
- ii) By reducing distribution margins.
- iii) By preventing discrimination among producers by ensuring the same price to all producers.
- iv) By imposing restrictions on the more affluent producers to help the less affluent producers.⁵

There are data available to prove that in the less developed countries such marketing boards can play an effective role.⁶

Yet another alternative would be to organise group marketing movement. This could be initiated by RMs. Such a group could work purely on a voluntary basis and as such

⁵ Mallet, Graham, op. cit., p.224.

⁶ Patvardhan, V.S., British Agricultural Marketing - A Study in Government Policy (Poona, 1965) p.29.
 Mukherjee, P.K., "Role of Rural Institutions in Asian Agricultural Development" in Asian Development Bank, Asian Agricultural Survey, 1962, pp.603-632.
 Maurice Wilkinson (Ed.), Dynamic of Agricultural Systems, Economic Production and Control (Elsevier, North Holland, 1979) pp.193-223.
 Abbot, J.C., et. al., Agricultural Marketing Boards - their Establishment and Operation, (FAO, Rome, 1974) p.2.
 Oloya, J.J., "Marketing Boards and Postwar Economic Development Policy in Uganda", Indian Journal of Agricultural Economics, (Vol.XXIII, No.1, Bombay, 1968) pp.50-59.

should be selective in its membership. Only those producers who are willing to surrender their entire product or a major portion to be sold through the group need be enlisted. Once they are organised RMs should ensure provision of marketing services at very concessional rates. This would naturally help to increase the arrivals to RMs.

A further organisational defect is found in the indiscriminate inclusion of commodities in the notified list. The present method of adding more commodities have helped the MCs to swell their revenue only but has not helped to increase the quality of regulation. As such a rethinking is essential in this matter. It is highly essential that certain yardsticks are to be prefixed when a commodity is to be included in the notified list. For instance, only such commodities as are produced throughout the State may be notified. In other words, commodities that are produced only in a few places within the State should be left out. This is suggested to make the regulation complete and full in all respects with respect to a notified commodity. Similarly, the existing distribution channel of the commodity and its drawback may be studied in detail to find out inefficiencies or malpractices and for an assessment of the need of regulation.

The regulated markets may also be provided with more facilities to offer more marketing services to the growers and

enable them to get better prices for their produce. This would attract more arrivals to RMs. Of these allied services, provision for making available all agricultural inputs at the RMs and of credit need emphasis. Another area where there is need for greater attention is the provision of market information. Efforts should be taken to collect, analyse and interpret market information and to make them available to all participants at the appropriate time. By doing so RMs could even suggest changes in the cropping pattern to the benefits of producers.

In order to persuade more growers to bring more of their produce to the RMs an authorised procuring agency system may be developed to handle uneconomic quantities from distant villages. Wherever possible temporary sub-market yards should also be opened.

The impact of the RMs on other marketing channels - traditional and otherwise was also examined in the study. An effective marketing system can act as a catalyst of production in the same way as a competent production system may lead to the evolution of a good distribution system. Government interventions may be argued to distort the normal evolution of the marketing process, but yet it was noted that this becomes inevitable under certain circumstances. In developing economies where the primary sector is still dominant governmental

interventions become unavoidable to ensure growth with justice. A public distribution system or other marketing systems under official aegis becomes unavoidable in such situations.

As far as India is concerned the existing marketing system was the result of a compromise between internal and external oriented distribution systems. The Britishers encouraged cultivation of cash crops, particularly cotton, tobacco and groundnut for the export market. The food crops were meant for internal markets. This afforded an atmosphere for different types of middlemen to enter the distribution channels. The producers suffered on account of the different types of manipulations by traders.

In 1931, the Royal Commission on Agriculture suggested inter alia the regulation of marketing practices as a way to end malpractices and to help the cultivators. But, as has been noted above, the Commission was not as much interested in the welfare of the cultivators as it was in mobilising assembling centres for export of certain commercial crops. The composition of Market Committees (MCs) with dominant trader interests, selection of commodities, implementing the regulation at an intermediate level, etc., are pointed out as evidences in support these allegations. The RMs thus came into being with two types of objectives, which could be antithetical to each other.

Though the RMs were conceived as ideal markets, by the very nature of their functioning they have failed so far to reduce the importance of private trade. In fact, RMs are seen unable to function on their own and effectively without the participation of private trade. It is true that the intention in establishing RMs was not to replace private trade. But at the same time it was also hoped that the working of the RMs would gradually enable the phasing out of private trade by encouraging direct sales. But, the licensing policy of MCs had retained the position of private trade intact.

Further, instead of streamlining the existing markets and bringing them under the purview of regulation they were left free to operate side by side with the RMs. Except in those places where the RMs had an exclusive area of operation on account of their early start, in all other places RMs remained ineffective centres of exchange. The RMs also failed in providing the various marketing services that private trade had been rendering with ease. Provision of market information, processing facilities, linking of credit with marketing, etc., were not within the conceptual ambit of RMs. As such, agricultural produce tended to flow to private mandis rather than to RMs. In short, the RMs could not quite succeed in containing the influence of the private traders and in eliminating the malpractices in the agricultural marketing system.

The foregoing defects stemmed out of the failure of RMs in applying the regulatory measures beyond the market yards. The major area of the private trade is still out of the purview of regulation. In other states they could invoke the compulsory provision and thereby shift even the place of business of private trade to the RM yards. In Tamil Nadu, inspite of the fact that the necessary provisions were already incorporated in the Act, the compulsory regulation was not invoked. The officials of the Department of Agriculture explained that the policy of the present government did not favour such a step. In the circumstances, the view that private trade is politically quite influential cannot be discounted.

The co-operative societies is the second major constituent in the agricultural marketing system of the State. Inspite of a long history to their credit, the co-operatives too failed in shaping up an orderly marketing system among the cultivators. The co-operatives ought to have played a complimentary role to the regulated markets and inculcated fair trade practices. They could have also opened up a real competition to private trade. Investigations reveal that even in the well stabilised RMs the participation of co-operatives, either as buyers or sellers, has been insignificant. Instead, cooperative societies, in general are found to be more dependent upon private trade for their marketing activities. The

impact of RMs on the cooperatives and vice versa have not been significant at all, even though perhaps together they could have brought about major changes in the agricultural sector. This has been inspite of the fact that the objectives of both the institutions are more or less the same, viz., the protection of the cultivators. The cooperatives were also given due representation in all MCs, Apex Board, etc. The government was also prepared to give permission to the cooperatives to open RMs and implement regulation through cooperatives. One major reason for this has been the lack of coordination among the different departments that controlled the working of the two types of institutions. In some States, consequently the regulated markets are seen placed directly under Cooperative Department. Such is the situation in Andhra Pradesh.

A third group in the agricultural marketing system is represented by government sponsored agencies such as: the Food Corporation of India (FCI), the Tamil Nadu Civil Supplies Corporation (TNCS) and the Cotton Corporation of India (CCI). Of these, the FCI and the CCI are sponsored by the central government and the TNCS is a State agency to represent the FCI. These organisations are concerned only with a few commodities such as food crops (mainly paddy) and cotton. As such their contribution to RMs can only be limited in nature. Further, the FCI and the TNCS procure produce only at the

support price announced by the government from time to time. This has prevented them from participating in RMs, where the prices are to be quoted on competitive terms. The CCI is competent however to participate in the auctions in RMs at competitive terms. It was noted in Chapter-V that the effect of the entry of CCI was quite impressive judged by the prices and arrivals in RMs. Infact, the CCI was persuaded to participate in RMs due to agitational methods of cultivators. Their entry however resulted in an increase of direct sales and in the prices and hence the arrivals in RMs.

This lack of coordination among the various governmental institutions and their own dependence on private trade has thus resulted in a strengthening of private trade and the slow growth of the RMs. Thus a restructuring of their interrelationship appears to be an immediate necessity.

In evaluating the working of the MCs and RMs an attempt was made to do so based on the achievement of the objectives for which these organisations were brought into being. For this purpose the objectives were classified into primary, secondary and derived objectives.

The primary objectives were to achieve through implementation of regulation on an area and commodity basis, bringing in uniformity of market practices and direct supervision of the process of exchange. In all the three areas

regulation has been successful, but only partially. The congenital conceptual errors and later organisational incompetency have been the main factors responsible for this. The provisions of the Act regarding regulation are yet to be implemented in full. Further, there exist many loopholes in the present legislation. No efforts appear to have been made to rectify them so far.

It is also to be stressed here that when extension of regulation on an area basis was found to be slow, the coverage of commodities under notified list has been expanding fast. The immediate motive behind this seems to have been the desire to increase the revenues of the Market Committees. This cannot be accepted as any extension of regulation. The requirement of Licensing, which was intended to reduce the malpractices followed by traders, has also not been properly implemented. Though the number of licensed traders increased, their actual participation in the RMs was negligible except perhaps in the older and well established RMs.

The RMs were able to bring in two major benefits to the cultivators. Firstly, they maintained uniform practices in weighing and selling. Secondly, market charges were made uniform and the sellers were freed from the arbitrary market charges in the earlier private markets. The transactions inside the RM yard are fully supervised and the sellers' and buyers'

interests are well safeguarded. As far as the primary objectives were concerned, the MCs/RMs have achieved some success, though perhaps more could have been done.

The secondary objectives in setting up the RMs related to the rendering of marketing services to ensure smooth exchange. This has unfortunately been left out of the purview of the regulation of marketing practices. It was found that only by rendering such facilities can the economic benefits expected of regulation be achieved in full. The foremost benefit in this connection from the working of the regulations has been that of the permanency of markets with required facilities for exchange. The RMs were successful in establishing a chain of permanent markets throughout the State. But some drawbacks were noticed as to the selection of their locations. Most of the markets do not have land or buildings. Many of them are located far away from farms. Lack of infrastructure facilities for the sellers and buyers to reach these markets has also inhibited their efficient growth. The study has revealed that only some 40 per cent RMs are today able to render the minimum required facilities. Among them, the absence of processing, storing, grading and other facilities for sellers and buyers are real hindrances in developing RMs as an alternative to private trade. Lack of credit facilities also have prevented the growth of RMs to a great extent.

Another important lacuna has been in providing accurate market information. If marketing activity even today is relegated to the background as a passive function the reason lies in respect of this poor dissemination of market information.

The defects stated in the preceding paragraphs were also found to be the result of conceptual differences existing among those who implement the regulation. The study has shown that most of the staff believe that RM is a physical apparatus and its creation would ensure flow of trade into this channel automatically. This is a wrong assumption which hinders the development of regulated markets as powerful marketing places.

The creation of regulations was also based on certain derived objectives. The concept of RMs underlined creation of ideal markets in economic as well as social terms. The term market connotes, among other things, a mechanism of price signalling. It is through this function that the equalisation of supplies over space and time is achieved. The very nature of agricultural production demands equalisation. But an examination of the pattern of sales and prices show that the base of Indian agricultural marketing system, viz., immediate post harvest sales when prices fall continues to be there.

An interesting feature in the working of RMs has been that cash crops dominate the total arrivals in RMs. At the same time arrivals of food crops is low though some regularity could be observed with regard to their arrivals in certain RMs. Among cash crops, high unit value cash crops such as cotton, vellam etc., were seen to have been more attracted to the private mandis. It was also noted that other cash crops such as gingely, groundnut, etc., were primarily cultivated by small and medium sized growers and that they prefer to sell their produce immediately after harvest in RMs. Two apparent reasons for this behaviour were examined. Firstly, RMs provide a ready market and secondly, immediate payment without deductions is ensured in RMs. It has been pointed out that low arrivals of crops in general, and of food crops in particular has been due to delayed and piecemeal notification of commodities.

The Royal Commission on agriculture (1928) had in their report emphasised the need for rendering every possible help to the cultivators in the context of their extreme plight. But when the Act was framed, this objective was not clearly spelt out. Food crops and low unit value commercial crops are generally cultivated by small and marginal cultivators. It is this group that needs all marketing facilities and assistance. In this respects the regulated markets have not been made significant achievements. Even today, the

farmers are forced to sell their produce at the village itself. In other States, steps have been taken to set up RM centres, preferably in the immediate vicinity of farms. On specified dates these markets are held. The RMs take the initiative to bring traders to such markets. In case the sellers are not satisfied with the prices offered and transactions do not materialise, the regulated markets render necessary assistance to shift the produce to nearby centre almost free of cost. This has been of substantial help to the farmers to realise fair price for their produce.

It was also seen that there exists a gap in the growth of RMs between wet land and dry land areas. This, however, was not caused by any of the reasons cited in the foregoing paragraphs. In dry land area the cost of cultivation is usually high. To offset the high cost cultivators prefer to have cash crops with high unit value. The cultivators in those areas generally belong to the more affluent and richer sections having capacity to perform many of the marketing functions by themselves. As such, they do not always prefer to sell their produce in RMs. This was found to be one of the reasons that affected the growth of RMs in dry land areas. A second reason is that the more powerful cultivators in these areas were seen to combine farming with trading activities also. They prefer to send the produce to urban markets

directly where practically no regulation is applied and the prices are generally higher.

Thus, working of RMs has been partially successful in achieving primary objectives but with respect to secondary and derived objectives very much more could have been achieved.

Appendix - IDifferent Kinds of Charges Collected by Traders from Orissa-Sellers

- | | |
|----------------------------|--|
| 1. Arhat | - Commission Charges |
| 2. Dalali | - Brokerage |
| 3. Hamali/Palledari | - Handling charges |
| 4. Dhadwasi | - Weighing Charges |
| 5. Chanai/Chaini | - Seiving Charges |
| 6. Borirator | - Holding the bags for weightment or measurement |
| 7. Dhanak | - Charges for pushing forward the grain to the scale pan |
| 8. Dharnada/Gowsala/Salaji | - Charity |
| 9. Karda | - Quality allowance |
| 10. Dhalta/Jhukta | - Leaving the balance in favour of the buyer |
| 11. Britti/Malshi | - Charity in kind for temples |
| 12. Pattashala | - School fund |
| 13. Namna | - Free sample |
| 14. Baicari | - Charges to supervisor on weightment |
| 15. Doodh Khara | - Payment for milk for children of buyers |
| 16. Mashri/Jhawal | - Sweeper on water carrier charges |
| 17. Manimi | - Clerk's allowance |
| 18. Shagiri | - Payment to apprentices engaged by commission agents. |
| 19. Vatta | - Refraction allowance |
| 20. Batta | - Discount for immediate payment |
| 21. Patti | - Cost of sale slips |
| 22. Bardana | - Rent for gunny bags supplied |
| 23. Godan | |
| 24. Cart park rent | |
| 25. Postage and Telegram | |
| 26. Ground rent | |
| 27. Kanta Bhada | - Rent for weights & measures |
| 28. Rest house charges | 29. Godown Rent. |

Source: Report of Royal Commission on Agriculture(1933), Working of Regulated Markets in India-Vol.I&II(Madras, '76).

Appendix - II**Mispractices Existed Prior to Regulation**

1. Unauthorized and unreasonable deductions in cash and/or kind.
2. Exorbitant commission and other market charges.
3. Heavy rates of interests on advances if any given by the traders.
4. Arbitrary trade allowances.
5. Free samples.
6. Settlement of disputes favouring only traders.
7. Delay in payment to the producer-seller.
8. Manipulation in the sale proceeds.
9. Under cover and defective methods of buying.
10. Manipulation in weightment.

Source: Compiled from various studies and from Report of the Royal Commission on Agriculture, Notes prepared by State Agricultural Marketing Board, Tamil Nadu as in Appendix-I.

Appendix - IIIList of Regulated Markets Showing Locational Distribution
of RMs in Tamil NaduI Chingleput District

1. Kancheeputam
2. Tiruvellore
3. Red Hills
4. Uthakottai
5. Tiruttani
6. Naserathpet
7. Madurantakam
8. Uthiramerur
9. Thirukalamburam
10. Ponnari
11. Sengavarchatiram
12. Pallipet
13. Acharappakam
14. Gummidipoondi

II Dharmapuri District

1. Krishnagiri
2. Dharmapuri
3. Hosur
4. Harur
5. Uthangarai
6. Pochampalli
7. Kalamangalam
8. Pennagaram
9. Palacode
10. Kaveripattinam

III South Arcot

1. Tindivanam
2. Vridhachalam
3. Tirukkoilur
4. Villupuram
5. Kallakurichi
6. Gingee
7. Ulundurpet
8. Cuddalore G.T.
9. Pannurtti
10. Chidambaram
11. Chinnasalem
12. Kurinjipadi
13. Thiagedurgam
14. Kattumannarkoil
15. Senkarpuram
16. Manalurpet
17. Tittagudi
18. Tiruvannainallur
19. Avalurpet
20. Sethiathope
21. Marakkanam
22. Srimashnam
23. Vikravandi
24. Ananthapuram
25. Valavanur

IV North Arcot District

1. Thiruvannamalai
2. Vellore
3. Agni
4. Arcot
5. Tiruppathur
6. Mandavasi
7. Chetpet
8. Cheyyar
9. Chengam
10. Oodiyatham
11. Arakonam
12. Polur
13. Kaveripakam
14. Vaniambedi
15. Takholam
16. Pattapalayam
17. Kalavai
18. Thandarampet
19. Vettevalem
20. Thelhar
21. Desur
22. Mangalam Manandur
23. Perambalur
24. Keelpannathur
25. Ancoor
26. Katpadi
27. Panappakam
28. Keelvaideyanathankuppam
29. Pappapatti
30. Bargur

V Coimbatore District

1. Tiruppur
2. Pollachi
3. Erode
4. Coimbatore
5. Gobi
6. Palladam
7. Perundurai
8. Dharapuram
9. Udumalpet
10. Annur
11. Andhiyar
12. Sathyamangalam
13. Avinashi
14. Sivagiri
15. Panjaipuliampatti
16. Vallikoli
17. Kodumudi
18. Kannathur
19. Kinattukudavu
20. Thondamuthur
21. Anaimalai
22. Kuvanthapadi
23. Mettupalayam
24. Malayadipalayam
25. Moolamer
26. Mheveni
27. Kangayam
28. Annapet
29. Nambiyar
30. Thalavadi

VI Salem District

1. Salem
2. Attur
3. Namakkal
4. Tiruchengode
5. Rasipuram
6. Namagiripet
7. Manganapuram
8. Kolathur
9. Thalaivasal
10. Pallipalayam
11. Mohanur
12. Mecheri
13. Valapadi
14. Thammampatti
15. Vellur

VII Pudukkottai District

1. Alangudi
2. Aranthangi
3. Pudukkottai
4. Gandarvakottai
5. Keeranur
6. Keeramangalam
7. Ponnamaravathy
8. Illuppur

VIII Kanyakumari District

1. Vadasserı
2. Ethamoshi
3. Kaliakkavilai
4. Thoduvatti
5. Monday Market
6. Kulasekharam

IX Thanjavur District

1. Thanjavur
2. Kumbakonam
3. Sirkali
4. Pattukottai
5. Mannargudi
6. Kuttalam
7. Tiruvarur
8. Orathanad
9. Muthupet
10. Adiramapattinam
11. Papanasam
12. Koradacherry
13. Sembanarkoil
14. Madukkoor
15. Peravurni
16. Thiruthuraiipoondi
17. Vallam
18. Annampet
19. Keevalur
20. Poonthottam
21. Vedaranyam
22. Sudalur
23. Nagapattinam
24. Mayuram
25. Thiruvayaru
26. Aduthurai
27. Poondi
28. Neendamangalam

- | | | | |
|------------|--|-------------|---------------------------------------|
| X | <u>Tiruchirappally District</u> | XII | <u>Ramanathapuram District</u> |
| 1. | Jayankondam | 1. | Ramed |
| 2. | Karur | 2. | Virudhunagar |
| 3. | Trichy | 3. | Rajapalayam |
| 4. | Ariyalur | 4. | Thiruppuvanam |
| 5. | Manachanallur | 5. | Sattur |
| 6. | Manapparai | 6. | Aruppukottai |
| 7. | Andimadam | 7. | Singampuneri |
| 8. | Thuraiyur | 8. | Parambadi |
| 9. | Perambalur | 9. | Kanuthi |
| 10. | Lalgudi | 10. | Sivagangai |
| 11. | Thottiyam | 11. | Natrap |
| 12. | Kulithalai | 12. | Rajasingamangalam |
| 13. | Thuvareankurichi | 13. | Thiruvadani |
| 14. | Irumboothipatti | 14. | Karaiyadi |
| 15. | Thennilai | 15. | Mudukulather |
| 16. | Pullambadi | 16. | Manamadurai |
| 17. | Vaniyampatti | 18. | Vembakkottai |
| | | 18. | Ilayangudi |
| XI. | <u>Madurai District</u> | XIII | <u>Tirunelveli District</u> |
| 1. | Dindigul | 1. | Koilpatti |
| 2. | Theni | 2. | Sankaranthoil |
| 3. | Madurai | 3. | Tirunelveli |
| 4. | Thirumangalam | 4. | Pavoorchatram |
| 5. | Oddanchatram | 5. | Valliyoor |
| 6. | Betalagundu | 6. | Tuticoria |
| 7. | Uthirampatti | 7. | Pédur |
| 8. | Palani | 8. | Kadambur |
| 9. | Nathan | 9. | Kalugumalai |
| 10. | Cumbar | 10. | Tenkasi |
| 11. | Melur | 11. | Ambasandram |
| 12. | Bodi | 12. | Srivaidhantam |
| 13. | Chinnasur | 13. | Vilathikulam |
| | | 14. | Kadayannallur |
| | | 15. | Ettayapuram |
| | | 16. | Sivalaperi |

Appendix-IVChronological Order in which the Various States in India Enacted
Marketing Legislation

- 1886 - Hyderabad Residency Order was passed. Karanjia Cotton Market was established under this Order.
- 1897 - Berar Cotton and Grains Markets Act.
- 1927 - Bombay Cotton Markets Act.
- 1930 - Hyderabad Agricultural Produce Markets Act (Act II of 1930 Pashi).
- 1932 - Central Provinces and Berar Cotton Markets Act (Act IX of 1932) was passed repealing Berar Cotton and Grains Markets Act of 1897.
- 1933 - Madras Commercial Crops Markets Act (Act XX of 1933).
- 1935 - Central Provinces and Berar Agricultural Produce Markets Act (Act of XXIX of 1935) for producers other than Cotton was passed.
- 1939 - Bombay Agricultural Produce Markets Act (Act XXII of 1939) was passed repealing Bombay Cotton Markets Act of 1927.
- 1939 - Punjab Agricultural Produce Markets Act.
- 1939 - Mysore Agricultural Produce Markets Act (Act XVI of 1939)
- 1947 - Patiala Agricultural Produce Markets Act, 1947.
- 1948 - Pepsu State adopted Patiala Agricultural Produce Markets Act of 1947.
- 1952 - Madhya Bharat Agricultural Produce Markets Act was passed
- 1953 - Andhra Pradesh on formation adopted Madras Commercial Crops Markets Act of 1939 for Andhra Pradesh region.
- 1955 - Saurashtra Agricultural Produce Markets Act (Act XIII of 1955).
- 1956 - Orissa Agricultural Produce Markets Act was passed.
- 1956 - Coorg Agricultural Produce Markets Act (Act VII of 1956).

- 1959 - Union Territories of New Delhi and Tripura adopted the Bombay Agricultural Produce Markets Act of 1959.
- 1959 - Tamil Nadu Agricultural Produce Markets Act (Act XXIII of 1959) passed repealing the Madras Commercial Crops Act of 1933.
- 1960 - Madhya Pradesh Agricultural Produce Markets Act passed, repealing Madhya Bharat Agricultural Produce Markets Act.
- 1961 - Punjab Agricultural Produce Markets Crops Act (Act of 1961) repealing the Punjab Agricultural Produce Markets Act of 1939 and the Patiala Agricultural Produce Markets Act of 1947.
- 1961 - Rajasthan Agricultural Produce Markets Crops Act passed.
- 1963 - Gujarat Agricultural Produce Markets Act (Act XX of 1964) was passed repealing Bombay Agricultural Produce Markets Act 1939.
- 1964 - Uttar Pradesh Agricultural Produce Markets Act passed.
- 1965 - Andhra Pradesh Agricultural Produce and Livestock Markets Act (Act XVI of 1966) was passed repealing Madras Commercial Crops Act 1939.
- 1966 - Mysore Agricultural Produce Markets (Regulation) Act (Act XXVII of 1966) was passed repealing the Madras Commercial Crops Markets Act, 1933.
- 1970 - Assam Agricultural Produce Markets Act was passed.
- 1970 - West Bengal Agricultural Produce Markets Act was passed.
- 1973 - Pondicherry Agricultural Produce Markets Act basing on Tamil Nadu Agricultural Produce Markets Act 1959.

Source: Government Records.

Appendix - VThe Position of Marketing Legislation in Force in Various States in India since Re-organisation of StatesSTATES

| | | | |
|-----|-------------------|---|--------------------------|
| 1. | Andhra Pradesh | - | 1966 (1939) |
| 2. | Arunachal Pradesh | - | N.A. |
| 3. | Assam | - | 1970 |
| 4. | Bihar | - | 1960 |
| 5. | Gujarat | - | 1963 (1939) |
| 6. | Haryana | - | 1961 |
| 7. | Himachal Pradesh | - | Bill under consideration |
| 8. | Jammu & Kashmir | - | Bill under consideration |
| 9. | Karnataka | - | 1966 (1933) |
| 10. | Kerala | - | Bill under consideration |
| 11. | Madhya Pradesh | - | 1960 (1935) |
| 12. | Maharashtra | - | 1963 (1939) |
| 13. | Manipur | - | 1960 |
| 14. | Meghalaya | - | No proposals so far |
| 15. | Nagaland | - | N.A. |
| 16. | Orissa | - | 1956 |
| 17. | Punjab | - | 1961 (1939) |
| 18. | Rajasthan | - | 1961 |
| 19. | Sikkim | - | N.A. |
| 20. | Tamil Nadu | - | 1959 (1933) |
| 21. | Tripura | - | 1939 |
| 22. | Uttar Pradesh | - | 1964 |
| 23. | West Bengal | - | 1970 |

UNION TERRITORIES

| | | | |
|----|-------------------|---|---------------------|
| 1. | Andaman & Nicobar | - | No proposals so far |
| 2. | Chandigarh | - | 1961 |
| 3. | Delhi | - | 1939 Act |
| 4. | Goa, Daman, & Diu | - | 1939 Act |
| 5. | Lakshadweep | - | No proposals so far |
| 6. | Mizoram | - | N.A. |
| 7. | Pondicherry | - | 1973 |

Note: The year given in brackets denotes the passing of earlier Act.

Source: Government Records.

Appendix - VIArrivals of Groundnut in Kernels/Pods at Trichy*(in Quintals)*

| Year Month | 1975 | | 1976 | | 1977 | | 1978 | |
|---------------|------|--------|------|--------|------|--------|------|--------|
| | Pod | Kernel | Pod | Kernel | Pod | Kernel | Pod | Kernel |
| January | 1214 | 3766 | 1322 | 4215 | 599 | 3725 | 182 | 2163 |
| February | 513 | 1635 | 379 | 1155 | 246 | 1450 | 66 | 1458 |
| March | 397 | 937 | 313 | 2515 | 277 | 1747 | 100 | 1519 |
| April | 448 | 5165 | 298 | 8742 | NA | 7004 | 91 | 5102 |
| May | 271 | 4185 | 254 | 7119 | 120 | 7385 | NA | 9944 |
| June | 363 | 1599 | 293 | 5261 | NA | 5502 | NA | NA |
| July | 297 | 907 | 369 | 4599 | NA | 5324 | 129 | 6184 |
| August | 219 | 506 | 200 | 421 | 91 | 1106 | 176 | 7320 |
| September | 106 | 482 | 93 | 302 | 95 | 750 | 147 | 3956 |
| October | 424 | 3382 | 839 | 1818 | 177 | 2821 | 176 | 7269 |
| November | 1184 | 6070 | 856 | 5177 | 129 | 5156 | 669 | 10572 |
| December | 1280 | 9398 | 884 | 8266 | 788 | 7328 | NA | NA |

Source: Arrival Register at Trichy MC

Appendix-VII

Price Differences for Groundnut Pods & Kernels - Various MSs

1975-1978

| | Price per Quintal | | | | | | | | | | | |
|-------------|-------------------|----------------|--------|-----------------|-------------------|----------------|----------------|--------|-----------------|-----|---|-----|
| | South Aroot | North Aroot | Trichy | Colaba- bore | Remantha- puzh | South Aroot | North Aroot | Trichy | Colaba- bore | | | |
| | K | P | K | P | K | P | K | P | K | P | K | P |
| <u>1975</u> | | | | | | | | | | | | |
| January | 428 | 407 | 413 | 306 | 294 | 476 | 481 | 459 | 315 | | | 322 |
| February | 409 | 413 | 394 | 306 | N.I.I. | 630 | 528 | 525 | 410 | | | 375 |
| March | 416 | 406 | 412 | 292 | N.I.I. | 529 | 510 | 455 | 429 | | | 380 |
| April | 400 | 390 | 375 | 270 | N.I.I. | 458 | 460 | 430 | 275 | | | 375 |
| May | 382 | 369 | 370 | 280 | N.I.I. | 487 | 460 | 490 | 309 | | | 475 |
| June | 399 | 392 | 381 | 290 | N.I.I. | 475 | 400 | 440 | 320 | 480 | | 342 |
| July | 408 | 400 | 384 | 290 | 277 | 512 | 488 | 422 | 326 | | | 400 |
| August | 415 | 382 | 401 | 250 | 275 | 510 | 490 | 476 | 410 | | | 380 |
| Sept. | 395 | 380 | 391 | 260 | N.A. | 478 | 451 | 446 | 288 | | | 370 |
| October | 354 | 343 | 351 | 240 | - | 440 | 378 | 360 | 266 | | | 300 |
| November | 319 | 313 | 293 | 230 | - | 395 | 378 | 370 | 289 | | | 270 |
| December | 311 | 285 | 289 | 210 | 210 | 445 | 415 | 404 | 319 | | | 318 |
| <u>1976</u> | | | | | | | | | | | | |
| January | 290 | 282 | 289 | 210 | 190 | 408 | 380 | 375 | 325 | 380 | | 380 |
| February | 284 | 264 | 265 | 200 | 220 | 390 | 370 | 340 | 325 | 475 | | - |
| March | 264 | 250 | 258 | 180 | 161 | 375 | 370 | 350 | 370 | 380 | | - |
| April | 243 | 227 | 221 | 190 | 161 | 331 | 345 | 310 | 309 | 251 | | 251 |
| May | 234 | 230 | 232 | 175 | 161 | - | - | 320 | 300 | - | | - |
| June | 306 | 312 | 320 | 293 | 210 | 333 | 327 | 325 | 296 | 250 | | - |
| July | 389 | 365 | 388 | 280 | 270 | 325 | 321 | 327 | 290 | | | 260 |
| August | 442 | 440 | 433 | 315 | 300 | 347 | 358 | 330 | 290 | | | 245 |
| Sept. | 475 | 465 | 437 | 304 | - | 326 | 325 | 330 | 310 | | | 250 |
| October | 448 | 412 | 430 | 286 | - | 360 | 340 | 310 | 245 | | | 250 |
| November | 366 | 333 | 345 | 240 | 240 | 320 | 342 | 330 | 250 | | | 300 |
| December | 415 | 400 | 413 | 300 | 292 | N.A. | - | 336 | 258 | | | - |

Note: K = Kernels/ P = Pods.

Appendix-VIIIList of Bank facilities in MCs/RMs

| Name of MC | Name of RM | Name of Bank | Nature of Bank | Date of Opening |
|-----------------|--------------------|----------------------|-------------------|-----------------|
| 1 South Arcot | 1. Vridhachalam | Cooperative Bank | Extension counter | 1981 |
| | 2. Villupuram | Indian Bank | Branch | 1979 |
| | 3. Thiruvannamalai | Cooperative Bank | Extension counter | 1979 |
| 2 North Arcot | 4. Arni | Cooperative Bank | Extension Counter | 1979 |
| | 5. Wandiwash | " | " | 1979- |
| | 6. Chetpet | " | " | 1979 |
| | 7. Vellore | Indian Overseas Bank | " | N.A. |
| | 8. Tiruppur | State Bank of India | " | 1980 |
| 3 Coimbatore | 9. Pollachi | State Bank of India | Extension Counter | 1980 |
| | 10. Udumalpet | " | " | 1980 |
| | 11. Sathyamangalam | " | " | 1980 |
| | 12. Erode | Indian Overseas Bank | " | N.A. |
| 4 Ramnathapuram | 13 Virudhunagar | Cooperative Bank | Extension counter | 1980 |
| 5 Tirunelveli | 14 Kollipatti | Indian Bank | Extension counter | 1980 |
| 6 Kanyakumari | 15 Vedassery | UCO Bank | Extension counter | 1980 |

Source: Directorate of Agricultural Marketing, Trichy.

Appendix-IX(I)Production and Arrivals of Commodities in Various Regulated Markets under Chingleput Market Committee for the Period 1978-1979 to 1980-1981 (in '000 quintals)

| Name of Commodities | 1978-79 | | 1979-80 | | 1980-81 | |
|---------------------|---------|-------|---------|-------|---------|-------|
| | P | A | P | A | P | A |
| Groundnut | 54.75 | 9.57 | 47.06 | 13.00 | 35.21 | 21.44 |
| Paddy | 1417.35 | 46.69 | 1359.25 | 71.35 | 62.00 | 59.32 |
| Gingely | 3.18 | 0.67 | 2.17 | 0.31 | 1.63 | 1.04 |
| Ragi | 24.34 | 0.30 | 21.23 | 0.25 | 19.20 | 0.24 |
| Chillies | 4.75 | 0.03 | 2.70 | N.A. | 1.89 | 0.28 |
| Cumbu | 444.44 | 0.70 | 7.58 | 0.20 | 5.27 | 0.01 |

Appendix-IX(II)Production & Arrivals of Commodities in Various Regulated Markets Under Coimbatore Market Committee for the Period 1978-1979 to 1980-1981 (in '000 quintals)

| | | | | | | |
|--------------|--------|-------|--------|-------|--------|---------|
| Cotton | 56.46 | 8.98 | 54.74 | 20.40 | 48.65 | 32.52 |
| Groundnut | 90.30 | 61.32 | 153.39 | 64.62 | 125.69 | 50.73 |
| Tobacco | 9.63 | 8.76 | 10.99 | 18.93 | 11.55 | 29.28* |
| Turmeric | 18.48 | 4.01 | 44.27 | 6.18 | 62.34 | 9.25 |
| Nakka cholam | 12.37 | 2.32 | 19.22 | 3.89 | 24.04 | 3.57 |
| Sugarcane | 143.19 | 12.62 | 234.65 | 22.44 | 265.95 | 45.05 |
| Paddy | 221.82 | 75.37 | 374.12 | 48.85 | 386.66 | 58.51 |
| Chillies | 7.39 | 3.01 | 10.72 | 3.97 | 9.73 | 2.87 |
| Cholam | 123.09 | 10.49 | 151.69 | 26.55 | 129.17 | 26.46 |
| Cumbu | 31.07 | 8.38 | 50.79 | 9.51 | 33.09 | 5.41 |
| Ragi | 38.53 | 2.33 | 40.40 | 10.76 | 31.61 | 23.87 |
| Gingely | 9.36 | 2.85 | 7.86 | 5.39 | 9.14 | 5.56 |
| Onion | 40.16 | 1.59 | 69.56 | N.A. | 70.57 | 9.39 |
| Arecanut | 8.14 | Nil | 6.25 | Nil | 7.43 | Nil |
| Coconut | 129.6 | 33.72 | 185.9 | 42.24 | 225.2 | 66.74** |

Note: P = Production; A = Arrivals, NA = Not available.

Source: Arrival registers, records kept at State Agricultural Marketing Board, Madras and Director of Statistics, Government of Madras, Madras.

* Arrivals from other district also. ** In numbers in '0,000.

Appendix-IXProduction and Arrivals of Commodities in Various Regulated Market Committees for the Period 1978-79 to 1980-81 (in '000 Quintals)(iii) Dharmapuri Market Committee:

| Name of Commodities | 1978-79 | | 1979-80 | | 1980-81 | |
|---------------------|---------|-------|---------|-------|---------|------|
| | P | A | P | A | P | A |
| Groundnut | 81.22 | 11.10 | 48.25 | 38.15 | 18.70 | 9.99 |
| Tamarind | 27.66 | 2.84 | 25.39 | N.A. | 23.50 | 0.16 |
| Sugarcane | 32.10 | Nil | 41.00 | N.A. | 76.01 | 0.13 |
| Gingely | 15.01 | Nil | 11.84 | 4.16 | 5.64 | 0.02 |
| Cotton | 9.16 | Nil | 8.34 | N.A. | 16.75 | 8.31 |
| Paddy | 15.26 | 0.34 | 79.60 | 0.70 | 119.37 | 1.08 |
| Ragi | 18.50 | Nil | 34.16 | Nil | 60.27 | Nil |

(iv) Kanyakumari Market Committee:

| | | | | | | |
|-----------|--------|-------|--------|-------|--------|-------|
| Coconut* | 1.90 | 0.98 | 1.91 | 1.54 | 1.93 | 0.97 |
| Cashewnut | 3.60 | Nil | 3.50 | Nil | 2.83 | Nil |
| Tapioca | 144.00 | 12.09 | 200.00 | 50.35 | 147.08 | 35.29 |
| Palmyra | 3.23 | 2.41 | 3.25 | 0.35 | 5.81 | 0.72 |
| Tamarind | 1.95 | 1.44 | 1.75 | 0.23 | 3.55 | 0.79 |
| Paddy | 195.00 | 8.84 | 195.00 | 13.30 | 185.11 | 15.43 |
| Groundnut | 2.30 | Nil | 2.55 | 0.18 | 2.36 | 0.10 |

SOURCE: Same as in Appendix-IX(i)

Note: *Coconut in '0,000 numbers.

P = Production

A = Arrivals.

Appendix-IXProduction and Arrivals of Commodities in Various Regulated Market Committees for the Period 1978-1979 to 1980-1981

('000 Quintals)

(v) Madurai Market Committee:

| Name of commodities | 1978-79 | | 1979-80 | | 1980-81 | |
|---------------------|---------|-------|---------|-------|---------|-------|
| | P | A | P | A | P | A |
| Paddy | 707.06 | 17.88 | 313.87 | 37.99 | N.A. | 78.25 |
| Cotton | 59.84 | 50.66 | 137.18 | 70.72 | N.A. | 105.3 |
| Groundnut | 95.44 | 9.09 | 92.72 | 11.21 | N.A. | 15.12 |
| Chillies | 14.16 | 0.57 | 11.58 | 1.23 | N.A. | 0.96 |

(vi) North Arcot Market Committee:

| | | | | | | |
|-----------|--------|-------|--------|-------|--------|-------|
| Groundnut | 74.16 | 26.37 | 74.20 | 25.30 | 48.36 | 27.32 |
| Paddy | 728.56 | 42.99 | 759.48 | 69.86 | 401.20 | 49.65 |
| Gingely | 1.33 | 0.60 | 0.92 | 0.42 | 1.24 | 1.68 |
| Sugarcane | 309.78 | 0.27 | 283.22 | 0.98 | 100.80 | 1.59 |

(vii) Pudukkottai Market Committee:

| | | | | | | |
|-------------|--------|-------|--------|-------|--------|------|
| Paddy | 400.00 | 24.00 | 300.00 | 27.00 | 500.00 | N.A. |
| Groundnut | 55.00 | 35.00 | 22.00 | 10.00 | 8.00 | 2.71 |
| Coconut* | 8.00 | 0.48 | 2.10 | Nil | 2.00 | Nil |
| Gingely | 7.00 | 5.00 | 7.62 | 0.14 | 2.50 | 0.06 |
| Cashewnut | 10.00 | 0.90 | 22.00 | 0.09 | 4.00 | 0.41 |
| Sugarcane | 6.00 | 0.55 | 5.00 | Nil | 2.00 | Nil |
| Bengal gram | 0.70 | 0.45 | 0.50 | 0.06 | 0.40 | 0.25 |
| Chillies | 2.30 | 2.00 | 1.75 | 0.03 | 0.70 | 0.09 |

Notes: P = Production; A = Arrivals; *Coconut in '0,000 Nos.

SOURCE: Same as in Appendix-IX(i)

Appendix - IXProduction and Arrivals of Commodities in Various Regulated Markets for the period 1978-1979 to 1980-1981 ('000 Quintals)(viii) Ramanathapuram Market Committee:

| Name of Commodities | 1978-79 | | 1979-80 | | 1980-81 | |
|---------------------|---------|-------|---------|-------|---------|-------|
| | P | A | P | A | P | A |
| Cotton | 31.76 | 10.37 | 13.40 | 10.07 | 23.00 | 22.16 |
| Groundnut | 20.20 | 7.22 | 17.71 | 9.78 | 16.00 | 10.80 |
| Chillies | 16.50 | 3.84 | 47.60 | 6.44 | 24.00 | 5.19 |
| Sugarcane | 45.73 | 1.81 | 48.00 | 1.93 | 40.00 | 2.41 |
| Cashewnut | 850.36 | Nil | 1.87 | Nil | 1.40 | Nil |
| Paddy | 550.55 | 15.79 | 400.00 | 28.23 | 600.00 | 19.74 |
| Blackgram | 2.30 | 2.04 | 0.82 | 0.09 | 3.50 | 0.88 |
| Gingely | 2.70 | 0.04 | 2.05 | 0.23 | 3.00 | 0.10 |
| Coriander | N.A. | N.A. | 5.00 | 2.12 | 4.00 | 0.58 |
| Coconut* | N.A. | N.A. | 180.00 | Nil | 160.00 | Nil |

(ix) Salem Market Committee:

| | | | | | | |
|-------------|--------|------|--------|-------|--------|-------|
| Groundnut | 112.19 | N.A. | 113.68 | 23.68 | 59.86 | 14.70 |
| Gingely | 2.02 | Nil | 1.91 | Nil | 2.74 | Nil |
| Castor seed | 1.70 | Nil | 1.75 | 0.57 | 1.19 | 0.05 |
| Cotton | 23.97 | N.A. | 24.12 | 5.45 | 9.69 | 7.92 |
| Sugarcane | 116.14 | N.A. | 107.53 | N.A. | 168.00 | N.A. |
| Jaggery | 1.32 | Nil | 2.22 | Nil | 1.32 | Nil |
| Chillies | 2.18 | Nil | 1.41 | 2.98 | 3.32 | 0.99 |
| Tamarind | 2.56 | Nil | 2.61 | Nil | 2.62 | Nil |
| Areca nut | 4.10 | Nil | 4.23 | Nil | 3.14 | Nil |
| Paddy | 142.90 | Nil | 175.67 | 0.14 | 114.58 | Nil |
| Cumbu | 39.12 | Nil | 28.01 | Nil | 41.47 | Nil |
| Cholan | 57.70 | Nil | 45.65 | Nil | 50.68 | Nil |
| Ragi | 25.72 | Nil | 30.58 | Nil | 32.26 | Nil |

Note: *Coconut in Quintals. P=Production; A=Arrivals.

Source: Same as in Appendix-IX(i).

Appendix - IXProduction and Arrivals of Commodities in Various Regulated Markets for the Period 1978-79 to 1980-81 ('000 quintals)

| Name of Commodities | 1978-79 | | 1980-80 | | 1980-81 | |
|--|---------|--------|---------|--------|---------|---------|
| | P | A | P | A | P | A |
| (x) South Arcot Market Committee: | | | | | | |
| Groundnut | 135.73 | 92.06 | 95.50 | 69.98 | 94.35 | 34.1 |
| Gingely | 7.61 | 8.91* | 8.86 | 7.02 | 9.61 | 6.00 |
| Cotton | 10.89 | 12.39* | 7.50 | 12.18 | 4.83 | 2.30 |
| Paddy | 911.23 | 113.51 | 814.14 | 166.80 | 658.09 | 116.65 |
| Cashewnut | 9.48 | 0.90 | 4.51 | 1.10 | 4.73 | 2.00 |
| Sugarcane | 59.00 | 3.86 | 56.84 | 2.46 | 43.21 | 0.94 |
| Blackgram | 3.00 | 0.69 | 1.48 | 0.58 | 3.59 | 2.70 |
| Green gram | 0.73 | 0.27 | 0.14 | 0.41 | 1.27 | 0.32 |
| (xi) Thanjavur Market Committee: | | | | | | |
| Paddy | 1518.59 | 334.4 | N.A. | 226.09 | N.A. | 1109.60 |
| Groundnut | 380.36 | 52.4 | N.A. | 50.07 | N.A. | 61.24 |
| Tobacco | N.A. | Nil | N.A. | Nil | N.A. | Nil |
| Cashewnut | N.A. | 0.09 | N.A. | 0.05 | N.A. | Nil |
| Coconut | N.A. | 1.57 | N.A. | 1.45 | N.A. | 2.97 |
| Greengram | N.A. | 2.27 | N.A. | 1.38 | N.A. | 5.36 |
| Bengal Gram | N.A. | Nil | N.A. | Nil | N.A. | Nil |
| Black Gram | N.A. | 12.94 | N.A. | 2.89 | N.A. | 7.01 |
| Gingely | N.A. | 4.00 | N.A. | 1.95 | N.A. | 3.15 |
| Cholan | N.A. | 1.25 | N.A. | 1.03 | N.A. | Nil |
| Chillies | N.A. | 0.07 | N.A. | Nil | N.A. | 0.06 |
| Ragi | N.A. | Nil | N.A. | 0.41 | N.A. | 0.54 |
| Cotton | N.A. | 175.43 | N.A. | 103.20 | N.A. | 103.33 |

Note: *The excess arrivals are due to supply from other districts.
P=Production, A=Arrivals.

Source: Same as in Appendix-IX(1).

Appendix - IXProduction and Arrivals of Commodities in Various Regulated Market
for the Period 1978-1979 to 1980-81 (in '000 quintals)

| Name of Commodities | 1978-79 | | 1979-80 | | 1980-81 | |
|--|---------|--------|---------|--------|---------|-------|
| | P | A | P | A | P | A |
| <u>(xii) Tirunelveli Market Committee:</u> | | | | | | |
| Cotton | 252.45 | 72.42 | 339.70 | 90.44 | 284.50 | 40.87 |
| Chillies | 127.12 | 29.99 | 86.65 | 19.09 | 15.91 | 11.69 |
| Corriander | 41.25 | 14.56 | 68.90 | 25.76 | 6.40 | 1.59 |
| Blackgram | 7.77 | 2.05 | 4.57 | 0.63 | 1.56 | 0.61 |
| Paddy | 185.32 | 7.97 | 226.64 | 19.59 | 42.62 | 31.52 |
| Groundnut | 11.95 | 3.38 | 18.52 | 1.81 | 18.48 | 3.04 |
| <u>(xiii) Trichy Market Committee:</u> | | | | | | |
| Groundnut | 729.84 | 647.76 | 889.03 | 594.08 | | |
| Gingely | 167.96 | 146.31 | 174.41 | 107.47 | | |
| Chillies | 146.89 | 50.7 | 191.11 | 54.17 | | |
| Cashewnut | 66.62 | 27.74 | 58.50 | 13.67 | | |
| Paddy | 493.01 | 21.03 | 441.02 | 57.14 | | |
| Sugarcane | 50.40 | Nil | 68.41 | Nil | | |
| Black gram | 9.96 | 6.39 | 16.48 | 5.09 | | |
| Cholan | 124.07 | 16.95 | 126.60 | 46.97 | | |
| Ragi | 6.24 | 3.19 | 7.02 | 3.16 | | |
| Tapioca | 48.6 | Nil | 35.3 | Nil | | |
| Corriander | 735.5 | 61.48 | 787.6 | 64.27 | | |
| Turmeric | 28.8 | 0.16 | 49.9 | 0.99 | | |
| Tobacco | 6.7 | Nil | 10.8 | Nil | | |
| Cotton | 67.9 | 6.01 | 53.08 | 6.02 | | |
| Cumbu | 105.44 | 48.11 | 115.60 | 77.57 | | |

Note: P=Production; A=Arrivals.

Source: Same as in Appendix-IX(i).

Appendix-X(I)

Arrivals of Commodities in Various RMs under Coimbatore MC 1978-79

(in Quintals)

| | Ground Net | Gingely | Cotton | Paddy | Tea- pig | Chillies | Vellam | Coconut Nuc. | Makha Cholam | Total |
|-------------------|---------------|---------|--------|-------|-------------|----------|--------|-----------------|-----------------|-------|
| Anner | 841 | Nil | 889 | Nil | Nil | Nil | 5634 | Nil | - | - |
| Ammapeth | 27149 | 7818 | 16504 | 5331 | Nil | Nil | Nil | 62320 | - | - |
| Erode | 1092 | 2833 | 14908 | Nil | 40786 | Nil | 6902 | 233515 | - | - |
| Udumalairpet | Nil | Nil | Nil | Nil | Nil | Nil | 28286 | Nil | Nil | Nil |
| Kaanthapady | 287 | - | 8238 | - | 260 | - | - | - | - | 23 |
| Kunnathoor | 168 | - | 21812 | - | - | - | - | - | - | - |
| Tharapuram | 432 | - | - | - | - | 38 | 3442 | - | 18 | - |
| Tiruppur | - | - | 16393 | - | - | - | - | - | 4 | - |
| Thondamuthoor | 40 | - | 489 | 39 | 1028 | - | 63 | - | 334 | - |
| Palladam | - | - | 610 | 15 | - | - | - | - | 9137 | - |
| Bhavani | 1533 | 8803 | 9785 | - | - | - | 74727 | - | - | - |
| Perunthurai | 1324 | - | 84 | - | - | - | 266664 | - | - | - |
| Mettupalayam | 1162 | - | 11449 | - | - | - | - | - | - | - |
| Avinasi | 45 | - | 4698 | - | 81 | - | - | - | - | 6 |
| Kodumudi | 1408 | 5313 | 6964 | - | - | 589 | - | 48241 | - | - |
| Gonichettipalayam | 521 | - | 14460 | - | - | - | - | - | 5016 | - |
| Sivagiri | 3260 | 7844 | 25597 | - | - | - | 452 | 92155 | - | - |
| Sathyammangalam | 118 | - | 763 | - | 136 | - | 6137 | - | 4081 | 198 |
| Pollechi | - | - | 9248 | 26 | - | - | - | - | - | - |
| Anthiyoor | 13671 | 3354 | 11807 | 456 | - | - | - | 387430 | - | - |
| Majayadipalayam | 64 | - | - | 20 | - | 282 | - | - | - | - |
| Moolanur | 1156 | 424 | - | - | - | 2387 | - | - | - | 587 |
| Coimbatore | - | - | 10292 | - | - | - | - | - | - | - |
| P. Pettai | - | - | 382 | - | - | - | - | - | - | - |
| Nambiyoor | 410 | - | 3190 | - | - | - | 588 | - | - | - |
| Vellakottai | 1408 | - | 4698 | - | - | - | - | 131750 | - | - |

Note: No arrivals in the remaining 4 regulated market yards. Researcher keeps records of similar data for five years. For want of space they were not included.

Source: Data collected from the records of MCs and Annual Reports and also from Tamil Nadu Agricultural Marketing Board, (Madras) 1978-1979.

Appendix-X (11)

Arrivals of Commodities in various RMs under Trichy ME-1970-72

In Quintals

| | Ground- nut | Gingdy Cotton Paddy | Chilli- les | Cholan Ragi | Cumbu | Black- gram | Carriam- Gar | Ground- nut (Red) | Cashew | | | |
|--------------|----------------|---------------------|----------------|----------------|-------|----------------|-----------------|----------------------|--------|------|------|-------|
| Ariyaloor | 24 | 6052 | .. | 248 | 4871 | 1424 | 299 | 3004 | 567 | 6070 | 2890 | .. |
| Arnimadam | 483 | 127 | .. | .. | .. | .. | .. | .. | .. | .. | .. | 1610 |
| Jayanthondam | 68164 | 9537 | .. | .. | .. | .. | .. | .. | .. | .. | .. | 31403 |
| Karoor | .. | 6 | .. | 9 | .. | .. | 27 | .. | .. | .. | .. | .. |
| Manappara | .. | .. | 61 | .. | .. | 54 | .. | .. | .. | .. | .. | .. |
| Tharayoor | .. | 22 | .. | 2 | .. | .. | 11 | .. | .. | .. | .. | .. |
| Trichy | .. | 152 | .. | 689 | 82 | .. | .. | .. | 279 | 72 | 23 | .. |
| Lalgudi | .. | .. | .. | 569 | .. | .. | .. | .. | 31 | 666 | .. | .. |

Note : No arrivals in the remaining 9 regulated market yards.

Source : Same as in Appendix - X (1)

Appendix-K (iii)Arrivals of Commodities in Various RMs under South Area NC-1970-72

(In Quintals)

| | Ground nut | Gingely | Cotton | Paddy | Cashew | Black gram | Vellam | Green Gram |
|-------------------|---------------|---------|--------|--------|--------|---------------|--------|---------------|
| Vridhachalam | 119306 | 33425 | 11 | 47 | 1200 | 3743 | 5591 | 29 |
| Villupuram | 139618 | 11535 | 112673 | 23482 | .. | 689 | 42 | 57 |
| Tindivanam | 21416 | 5664 | 10 | 41234 | .. | 537 | 51 | 85 |
| Tirukkollur | 109842 | 8806 | 37 | 173415 | .. | 26 | 23 | 18 |
| Cuddalore | 20748 | 3001 | 1 | 94 | .. | 60 | .. | .. |
| Panratti | 50066 | 1298 | 9899 | 29313 | 3 | 1064 | .. | 74 |
| Chinna Sales | 2814 | 795 | 10 | 42021 | .. | 1 | 26 | 1 |
| Ulundurpet | 10168 | 1901 | 399 | 32422 | .. | 73 | 2 | .. |
| Kallakurichi | 63320 | 8935 | .. | 73295 | .. | 16 | 5148 | .. |
| Kattumannarkoil | 2576 | 826 | .. | 32 | .. | .. | .. | .. |
| Thittagudi | 7321 | 987 | .. | 145 | .. | .. | 327 | .. |
| Gingey | 70906 | 1368 | .. | 325298 | .. | 26 | 1 | 48 |
| Chitambaram | 11 | .. | .. | 202 | .. | .. | .. | .. |
| Karinchipady | 33238 | 1999 | .. | .. | .. | 26 | 1284 | .. |
| Thalagapuram | 2261 | 1688 | .. | 40400 | .. | .. | 27904 | .. |
| Senkarapuram | 42308 | 1426 | .. | 73785 | .. | .. | 749 | .. |
| Thiruvannainallur | 8749 | 1129 | 514 | 72551 | .. | 1 | .. | .. |
| Manlurpetth | 3840 | 1941 | .. | 62848 | .. | 2 | .. | 2 |
| Kandamangalam | 3 | 28 | 3 | 6 | .. | .. | .. | .. |
| Sethiathope | 191 | 324 | 183 | 2513 | .. | 1 | .. | .. |
| Avaloor Petth | 603 | 18 | .. | 10226 | .. | .. | 73 | .. |

Note: The remaining 4 RMs have no arrivals.

Source: Same as in Appendix - X (i)

Appendix-X (iv)Arrivals of Commodities in Various RMs under North Arcot MC-1978-79

(In Quintals)

| | Ground nut | Gingely | Cotton | Paddy | Vellam |
|-----------------|---------------|---------|--------|-------|--------|
| Arni | 67895 | 293 | .. | 19376 | .. |
| Arcot | 5312 | 111 | .. | 3449 | 10 |
| Chengam | 877 | 85 | .. | 20390 | 27 |
| Sethupet | 125849 | 26 | .. | 12585 | .. |
| Cheygar | 210 | .. | .. | 2220 | .. |
| Gudiyatham | 577 | .. | .. | 783 | .. |
| Polar | 745 | 28 | .. | 25047 | .. |
| Tirupattur | 8172 | .. | 40 | 10 | 61 |
| Thiruvannamalai | 126494 | 4554 | .. | 91499 | 10 |
| Vaniyampadi | 6 | .. | .. | 13 | 489 |
| Vellore | 12196 | 280 | .. | 44347 | 6548 |
| Thakkolam | 274 | .. | .. | 216 | .. |
| Puthappalayam | 103 | 5 | .. | 1091 | 568 |
| Vettavalam | 1151 | .. | .. | 30678 | 6548 |
| Kaveripakkam | .. | .. | .. | 18503 | .. |
| Mangalam | 315 | 19 | .. | 4746 | .. |
| Thakkolam | 268 | .. | .. | .. | .. |
| Thallar | 336 | .. | .. | 311 | .. |
| Thasoor | 178 | 1 | .. | 7012 | .. |
| Peranamallor | 11 | .. | .. | 3320 | .. |

Note : No arrivals in the remaining 9 RM yards.

Source: Same as in Appendix - X (i)

Appendix-X (v)Arrivals of Commodities in Various RMs under Ramanathapuram ME-1978-79

(In quintals)

| | Gingely | Cotton | Paddy | Corrian- der | Chilli- ies | Vellam | Ground nut (Pod) | Black gram |
|------------------------|---------|--------|-------|-----------------|----------------|--------|---------------------|---------------|
| Rajasinge- mangalam | .. | .. | .. | .. | 17 | .. | .. | .. |
| Rajapalayam | .. | 10221 | .. | .. | 148 | 186 | .. | .. |
| Kamuthi | .. | .. | 53 | .. | .. | .. | .. | .. |
| Sattur | .. | 5 | 7 | 86 | 8 | .. | .. | .. |
| Chingampuneri | .. | .. | 1121 | .. | .. | .. | .. | 511 |
| Sivagangai | .. | .. | 19 | .. | .. | .. | .. | .. |
| Tripuvanam | .. | .. | 114 | .. | .. | .. | .. | .. |
| Vathreyiruppu | .. | .. | 41 | .. | .. | .. | .. | .. |
| Virudhunagar | 2 | 18 | 17 | 34 | 2361 | .. | 31 | .. |
| Aruppukottai | .. | .. | 195 | 3 | 30 | .. | 42 | 200 |
| Ramanathapuram | 2 | .. | .. | 21 | 1096 | .. | .. | .. |
| Paramakudi | .. | 1 | 8 | .. | 116 | .. | .. | .. |
| Thiruvadanai | .. | .. | 4 | .. | .. | .. | .. | .. |
| Perumthurai | .. | .. | 413 | .. | .. | .. | .. | .. |

Note : Remaining 4 RMs have no arrivals.

Source : Same as in Appendix X (i)

Appendix-X (vi)Arrivals of Commodities in Various RMs under Tirunelveli NC-1978-79

(In Quintals)

| | Ground nut | Cotton | Paddy | Chillies | Black gram | Corrian |
|--------------|---------------|--------|-------|----------|---------------|---------|
| Kadambur | 73 | 1092 | 33 | 126 | 1259 | 12 |
| Kovilpatti | .. | 693 | 190 | 78 | 380 | 0 |
| Puthoor | 36 | 1964 | .. | 2615 | 312 | 1053 |
| Sakarankoll | 179 | 2583 | .. | 779 | 17 | .. |
| Taticeerin | 1 | 63 | .. | 4 | 10 | 7 |
| Kalugumalai | .. | .. | 8 | .. | 10 | .. |
| Tenkasi | .. | .. | 15 | .. | .. | .. |
| Ambasamudram | .. | .. | 122 | 4 | .. | .. |
| Valliyoor | .. | .. | 106 | .. | .. | .. |
| Tirunelveli | 127 | 178 | 278 | 1 | .. | 4 |
| Vilathikulam | 3 | .. | .. | 1608 | 71 | 32 |

Note : The remaining 5 RMs have no arrivals.

Source: Same as the Appendix - X (i)

Appendix-X (vii)Arrivals of Commodities in Various RMs under Chinglepet NC-1978-79

| | Ground nut | Gingely | Cumbu | Paddy | Vel |
|-----------------|---------------|---------|-------|-------|-----|
| Kancheepuram | 31 | .. | .. | 982 | |
| Chengunram | .. | 2 | 16 | 178 | |
| Naseveth Pettai | .. | .. | .. | 59 | |
| Ponneri | 7 | .. | .. | 36 | |
| Uthirameroor | .. | .. | .. | 1514 | |
| Chinglepet | .. | 16 | 8 | .. | |

Note : No arrivals in the remaining 8 RMs.

Source : Same as in Appendix X-(i)

Appendix - X (viii)Arrivals of Commodities in Various RMs under Madurai MC
1978-79 (in Quintals)

| | Groundnut | Cotton | Paddy | Chillies |
|----------------|-----------|--------|-------|----------|
| Ottanchatram - | 118 | 345 | 71 | 4 |
| Thirumangalam | 134 | 36 | 33 | 24 |
| Theni - | - | 3042 | -- | 26 |
| Dindigul - | 106 | 47 | 8 | 2 |
| Natham - | 521 | 1060 | 208 | - |
| Uthirapatti - | - | 64 | 331 | - |
| Palani - | 16 | 295 | 26 | - |
| Madurai - | 9 | - | 49 | 1 |
| Cumbur - | - | 207 | 900 | - |

Note: Remaining 4 RMs have no arrivals.

Appendix - X (ix)Arrivals of Commodities in Various RMs under Kanyakumari MC
1978-79 (in Quintals)

| | Paddy | Tamarind | Coconut Nos. | Tapioca |
|----------------|-------|----------|-----------------|---------|
| Vadassery - | 19431 | 3 | 42164 | 1523 |
| Thoduvattu - | 242 | 3450 | 254554 | -- |
| Kaliyakkavilai | Nil | 665 | 49877 | -- |
| Monday Market | Nil | 100 | 125967 | -- |

Note: The remaining 2 RMs have no arrivals

Appendix - X(x)Arrivals of Commodities in Various RMs under Dharmapuri MC
1978-79 (in Quintals)

| | Groundnut | Cotton | Paddy |
|-------------|-----------|--------|-------|
| Krishnagiri | 696 | 1220 | - |
| Pochampally | 1140 | -- | - |
| Dharmapuri | 352 | 575 | 4 |

Note: The remaining 7 RMs have no arrivals.

Source: Same as in Appendix-X(i)

Appendix - X(xi)Arrivals of Commodities in Various RMs under Thanjavur MC 1978-79
(in Quintals)

| | Ground nut | Gin- gely | Cotton | Paddy | Black gram | Cholan | Kai- varagu | Coco- nut (Hog.) |
|----------------|---------------|-----------------|-----------------|-------|---------------|--------|----------------|---------------------------|
| Seerkashi - | 14752 | 320 | - | 544 | - | - | - | - |
| Thanjavur - | 9344 | 6 | 968 | 195 | 8 | 3 | 3 | - |
| Mannargudi - | 3808 | - | - | 93 | - | - | - | - |
| Orathond - | 1675 | - | - | - | - | - | - | - |
| Pattukottai - | 6177 | 8 | - | 380 | 19 | - | - | 105252 |
| Vallam - | 319 | - | - | - | - | 100 | - | - |
| Kumbakonam - | 433 | 2222 | 3511 | 206 | - | - | - | - |
| Kattalam - | - | - | 1127 | - | - | - | - | - |
| Thiruthurai - | - | - | - | 32 | - | - | - | - |
| Amapettai - | - | - | - | 127 | - | - | - | - |
| Papanasam - | - | - | - | 25 | - | - | - | - |
| Keshvaloor - | - | - | - | 10375 | - | - | - | 10000 10050 |
| Thanjavur - | 1637 | 29 | - | 4215 | 102 | 28 | 1 | - |
| Nagapattinam - | 27 | 1 | - | 42 | 62 | - | - | - |
| Poothaloor - | 33 | - | - | - | - | - | - | - |

Notes: The remaining 13 RMs have no arrivals.

Source: Same as in Appendix-X(i)

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