

**A COMPARATIVE STUDY OF THE ORGANISATION AND MANAGEMENT  
OF NOTIFIED MARKETS IN BANGLADESH WITH THE ORGANISATION AND  
MANAGEMENT OF REGULATED MARKETS IN WEST BENGAL  
INDIA**

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CERTIFICATE

This is to certify that the dissertation entitled "A Comparative Study of the Organisation and Management of Notified Markets in Bangladesh with the Organisation and Management of Regulated Markets in West Bengal, India" is a record of research work done by Mr. Md. Anwarul Islam, a Full-time student of Doctor of Philosophy in the School of Management Studies, Cochin University of Science and Technology during the period of his study.

The dissertation is the outcome of personal inquiry and research done by the candidate under my overall guidance.

  
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D E C L A R A T I O N

I declare that this Thesis is the record of bonafide research carried out by me under the supervision of Professor N. Ranganathan, School of Management Studies, Cochin University of Science and Technology. I further declare that this was not previously formed the basis of the award of any degree, diploma, associateship, fellowship or other similar title of recognition.

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## A C K N O W L E D G E M E N T

I have joined as a full-time Research Scholar in the School of Management Studies, Cochin University of Science and Technology, Cochin in November 1984, for this Research Study. After my joining as a Lecturer in the Department of Marketing, University of Dhaka, Bangladesh in 1980, I had several opportunities to participate in the Seminars, and Workshops relating to agricultural markets and marketing problems. Through this, I have come to know the agricultural marketing problems; specially problems faced by the small agriculturists. It is also a fact that agriculture is considered the backbone of the economy of a country like ours. So, through the improvement of agricultural markets and marketing, the national economy can be strengthened more, which in turn will encourage the agriculturists to grow more quality produce by way of getting more and remunerative price as an incentive. I undertook this study to find out the problems of regulated markets and to suggest remedial measures for the improvement of these markets.

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## C O N T E N T S

	<u>TITLE</u>		<u>PAGE</u>
	Acknowledgement ..	i -	iii
	Contents ..	i -	iv
	List of Tables ..	i -	iii
	List of Map and Charts ..	i	
	List of Appendices ..	i -	ii
	Glossary of Common Words ..	i -	iii
CHAPTER-I	INTRODUCTION ..	1 -	56
1.1	Introduction ..		1
1.1.1	Role Played by Agriculture ..		1
1.1.11	Agriculture in India ..		5
1.1.iii	Agriculture in Bangladesh ..		5
1.1.iv	Agriculture during the British period ..		9
1.1.v	Markets, Marketing & Marketing System ..		12
1.1.vi	Significance of Agricultural Marketing ..		14
1.1.vii	Shortcomings in Agricultural Marketing ..		31
1.1.viii	Overcoming the shortcomings in Agricultural Marketing ..		44
1.1.ix	Need for Market Regulation ..		55

<u>CHAPTER - II</u>	..	67 - 93
II.1.i The Research Study	..	67
II.1.1 General	..	67
II.1.ii Problem Identification	..	69
II.1.iii Why a Comparative Study?	..	76
II.1.iv Objectives of the Research Study	..	81
II.1.v Hypothesis to be Tested	..	82
II.1.vi Methodology of the Study	..	82
II.1.vii Other Sources of Materials	..	89
II.1.viii Limitations of the Study	..	89
II.1.ix Scheme of the Thesis	..	92
 <u>CHAPTER - III</u>	..	 94 - 125
III.1 Physiographic Position, Economic Aspects and Agricultural Marketing Conditions of Bangladesh and West Bengal	..	94
III.1.i Bangladesh : Physiographic and Economic Position	..	94
III.1.ii Agricultural Marketing in Bangladesh	..	101
III.1.iii West Bengal : Physiographic and Economic Position	..	107
III.1.iv Agricultural Marketing in West Bengal	..	113
III.1.v Agricultural Marketing System in India	..	116
 <u>CHAPTER - IV</u>	..	 126 - 169
IV.1. History and Development of Markets	..	126
IV.1.1 Evolution of Market	..	126
IV.1.ii Evolution of Regulated Markets	..	130
IV.1.iii Development of Regulated Markets in India	..	141
IV.1.iv Development of Regulated Markets in West Bengal	..	159
IV.1.v Development of Notified Markets in Bangladesh	..	164

<u>CHAPTER - V</u>	..	170 -	234
V.1.	Management of Markets	..	170
V.1.i.	Need for Management	..	170
V.1.ii	Regulated Market Management in West Bengal	..	174
V.1.iii	Notified Market Management in Bangladesh	..	205
<u>CHAPTER - VI</u>	..	235 -	302
VI.1.	Trading Practices and Management	..	235
VI.1.i	Trading Practices and Management in the Regulated Markets of West Bengal	..	240
	Market Charges : Toll collection, Commission charge, Brokerage charge, Weighing Charge, Sweeping charge;		
	Price Setting Practices	..	251
	Weights and Measures	..	263
VI.1.ii	Trading Practices and Management in the Notified Markets of Bangladesh (Existing at present and provisions laid down in the Act of 1964).	..	266
	Market Charges : Toll collection, Commission charge, Brokerage charge, Weighing charge, Sweeping charge;		
	Price Setting Practices	..	287
	Weights and Measures	..	292

<u>CHAPTER - VII</u>	..	303 -	329
VII.1. Supporting Services and Management	..		303
VII.1.1 Supporting Services and Management in the Regulated Markets of West Bengal	..		303
VII.1.1.i Marketing Credit-cum-storage	..		304
VII.1.1.i.ii Market Intelligence Service	..		309
VII.1.1.i.iii Grading of Agricultural Produce	..		314
VII.1.1.i Supporting Services and Management in the Notified Markets of Bangladesh	..		320
VII.1.1.i.1 Market Intelligence Service	..		320
VII.1.1.i.1.i Storage-cum-marketing Credit Facilities	..		324
VII.1.1.i.1.i.iii Grading Facilities	...		327
<u>CHAPTER-VIII</u>			
CONCLUSION AND RECOMMENDATIONS	..	330 -	377
APPENDICES	..	378 -	400
BIBLIOGRAPHY	..	401 -	417
INTERVIEW SCHEDULES	..	418 -	429

LIST OF TABLES

<u>Table No.</u>	<u>Title of the Table</u>	<u>Page No.</u>
1.1	Total population Percentage of Working Population in Agriculture and the Percentage of National Income Derived From Agriculture by India and Bangladesh as Contrasted with other countries.	.. 4
1.2	Structure of GDP (Gross Domestic Product) and Contribution to Growth of Agriculture in Bangladesh.	.. 8
3.1	Land Utilization in Bangladesh.	.. 98
3.2	Percentage of Crops of Cultivable Land.	.. 99
3.3	Growth and Structural Change in Bangladesh.	.. 100
3.4	West Bengal Agriculture (Classification of Area).	.. 109
3.5	Area Under Principal Crops.	.. 110
3.6	Production of Principal Crops.	.. 111
3.7	State-wise Position of Secondary Wholesale Markets in India.	.. 120
4.1	Growth of Regulated Markets in India	.. 154
4.2	State-wise Growth of Regulated Markets in India as on 31-3-1984.	.. 156
4.3	Progressive Growth of Regulated Markets in West Bengal	.. 162
4.4	District-wise Regulated Markets in West Bengal as on 31-12-1985.	.. 163
4.5	Growth of Notified Markets in Bangladesh	.. 167
4.6	District-wise Notified Markets in Bangladesh by the end of 1981.	.. 169

<u>Table No.</u>	<u>Title of the Table</u>	<u>Page No.</u>
5.1	Table Showing the Number of Members in Different Interest Groups in the Surveyed Regulated Markets.	.. 178
5.2	Table Showing the Notified Market Area under Visited Regulated Markets in West Bengal.	.. 183
5.3	Position of Sale of Jute in the Market and its Surrounding Market Area or Villages.	.. 185
5.4	Licence Issued (All Categories) by the MC in West Bengal.	.. 187
5.5	Principal Market Yard Possessed by Different Market Committee.	.. 193
5.6	Market-wise Notified Agricultural Produce.	.. 202
6.1	Extent of Reduction in Market Charges.	.. 238
6.2	Percentage of Share of Different Costs and Margins to the Consumers Price for Wheat and the Farmer's Savings After Regulation.	.. 239
6.3	Rate of Reduction for Vegetable Produce.	.. 249
6.4	Method of Sale Preferred by the Grower-sellers and Traders in A.P.	.. 254
6.5	Method of Sale Preferred by the Grower-sellers and Traders in West Bengal.	.. 257
6.6	Minimum Price Fixed by J.C.I. for Different Varieties and Grades of Raw Jute and Mesta in Different Districts in West Bengal for the Season 1985-86.	.. 259
6.7	Price Received for Jute by the Seller During Survey Period and the Previous Season (1984-85) of Survey Period.	.. 260

<u>Table No.</u>	<u>Title of the Table</u>	<u>Page No.</u>
6.8	Market Fee Realised by Izaradar from the Grower-sellers/Non-grower-sellers in the Surveyed Markets.	.. 270
6.9	Market Fee Realised by Izradars from the Traders in the Surveyed Markets.	.. 273
6.10	Bid Value for Three Years of the Selected Notified Markets.	.. 276
6.11	Weighing Charges for Certain Commodities in the Selected Notified Markets.	.. 282
6.12	Price of Paddy in the Peak Season and Slack Season for the Year 1985 and the Price at the Survey Period (January-May, 1985).	.. 289
6.13	Standard of Weighing Units Recognised in British India (which followed till the Introduction of Metric System of Weight).	.. 294
6.14	Differences in Weights and Numbers of Tolas in a Seer for Purchase and Sale of Agricultural Produce in the Selected Markets.	.. 296
6.15	Household Weighing Units and Their Approximate Weights (in terms of Seer).	.. 299
7.1	Regulated Markets having Godowns with their Capacity.	.. 307
7.2	Grading of Produce by Growers in the Surveyed Markets in West Bengal.	.. 318
7.3	Grading of Produce by Growers in the Surveyed Markets in Bangladesh.	.. 328
8.1	Operational Efficiency Index of Regulated Markets.	..
8.2	Operational Efficiency Index of Notified Markets in Bangladesh	..

LIST OF CHARTS AND MAP

<u>Chart/Map No.</u>	<u>Title of the Charts/Map</u>	<u>Page No.</u>
Chart-1	Characteristics of Agricultural Products Creating Problems in Agricultural Marketing.	.. 26
Chart-2	Location of Selected Notified Markets in Different Districts of Bangladesh	.. 84
Chart-3	Location of Selected Regulated Markets in Different Districts of West Bengal.	.. 85
Map-1	Position of Bangladesh and West Bengal.	.. 77

LIST OF APPENDICES

<u>Appendix No.</u>	<u>Title of the Appendix</u>	<u>Page No.</u>
I.I	.. A List of Different Charges and Deductions Prior to Regulation ..	378
II.I	.. List of 202 Notified Markets as Under the Bangladesh Agricultural Produce Markets Regulations Act 1964 ..	381
II.II	... List of Selected Notified Markets for Investigation in Bangladesh ..	385
II.III	.. List of 38 Regulated Markets in West Bengal ..	386
II.IV	.. List of 11 Selected Regulated Markets in West Bengal ..	388
V.I	.. Maximum Annual Fees for Grant of a Licence Payable by Different Categories of Market Functionaries in the Regulated Markets of West Bengal ..	389
V.II	.. Buying Price in the Farm Level or in the Home of the Producers and Price Received in the Assembly Market (Regulated Market) by Farias (Itinerant Traders) During the Survey Period (February to April 1986) ..	390
V.III	.. Schedule of Notified Agricultural Produce for the Whole State ..	391

VIII.I	.. Photographs of Marketing Activities in some Well Managed and Well-Run Regulated Markets in the States of Kerala and Maharashtra	..	392
VIII.II	.. Common Requirements of Amenities and Facilities Recommended by Indian Standards Institution for Layout for Regulated Markets Yards for Agricultural Commodities	..	396
VIII.III	.. Typical Layout for a Wholesale Market of Capacity About 86,000 Tonnes in a Year	..	400

GLOSSARY OF COMMON WORDS

1. Arhat, Arhatia .. An arhat is a business establishment of a trader, purchases and/or who purchases produce from the sellers and sales produce to other traders on behalf of sellers. He charges commission for it. The owner of a arhat is called arhatia.
2. Baisakh -- It is the name of the first month of the Bengali year.
3. Beparies/Farias -- They are itinerant or petty traders with small capital either of their own or borrowed from their relatives or friends and purchase produce from the growers/farmers moving from door to door of the houses in the village level. After collecting produce, they again ... sale to the big traders in the assembling market.
4. Chattak -- It is a unit of weighment and is equivalent to 58.32gms.
5. Dalal, Dalali -- A broker is called dalal. He works on behalf of sellers and traders and charges some fee both from them. The charges he takes is called dalali.
6. Garsaat -- Ungrading. When jute is sold without any grading is called 'garsaat jute' and the rate on which jute is sold is called 'garsaat rate'.
7. Gur -- Jaggery; made from sugarcane; more correctly pronounced as gur. It is brown in colour and sweet in taste.
8. Hat -- A market in the rural area which meets once or twice in a week. Besides the sale of agricultural and forest products and of urban consumer goods, the hats are a <sup>common place for functions</sup> socio-cultural ~~event~~ in the rural areas also. These are also called periodic markets.

9. Jubo complex -- An organisation of youths is called Jubo complex.
10. Kathi/kura -- It is a small pot made of cane or of bamboo. Kathi is used as a unit of weighment of produces like paddy, rice, pulses, wheat, etc. in some village level markets of Bangladesh.
11. Kendu -- More correctly, leaves from kendu tree (the botanical name for kendu is Diospyros menalexylon). The kendu trees are found along with Sal (Shorea Robusta). Kendu leaves used as cigarettes.
12. Khabol - Palm of hands put together. In the village level markets of Bangladesh, the sweepers collect one or more 'Khabol' of produce from the sellers as their sweeping charge.
13. Khash - 'Khash' means a land belongs to no man. It is owned by the government and considered as the government's property.
14. Mandi -- An unregulated market in urban area of Bihar and some other parts of India which meets every day of the week; it primarily deals in vegetables, fruits and foodgrains; it is, thus, common to have in a town, a subji mandi (vegetable market), sitafal mandi (market for custard apple) and a grain ganj (an area for foodgrains marketing) in addition to having an area for the hat.
15. Moori -- Puffed rice; correctly puffed rice dressed with edible oil, spices, and lime juice.
16. Maund -- It is an unit of weighment used for weighing produces everywhere in Bangladesh. It is equivalent to 37.3242kgs.
17. Potty - 'Potty' means a particular area for each kind of agricultural produce and goods in the market-yard, viz. vegetable potty, fish potty, rice potty, cloth potty, etc.

18. Pourashava -- It is a Bengali term of the word 'Municipality'.
19. Seer -- It is an unit of weight used for weighing produces everywhere in Bangladesh. It is equivalent to 0.93310kgs.
20. Taka -- Unit and <sup>the</sup>name of Bangladesh currency.  
 -- Taka 2 (two) <sup>are</sup>equivalent to <sup>Indian</sup>Re.1 (one) (approx.)
22. Union Parishad - Local political administrative organisation in Bangladesh. Its Chairman and members are elected by the people.
23. Upazilla -- 'Upazilla' means sub-districts. The government of Bangladesh in 1983 has upgraded all Thanas (Police Station)/Taluk into Upazilla.
24. Zamindar -- A zamindar is a landlord, who under the pre-independence administrative system had the right to impose and collect revenue on the use of natural resources by the residents of his territory. This was a more common form of zamindari in the Princely States of India. The Zamindar used to play, and in many ways continues to play, a vital role in the socio-economic and political administrative life of his territory.

## CHAPTER - I

### INTRODUCTION

#### Role Played by Agriculture

Agriculture is not only the main source of livelihood, but also a tradition and the most common way of life. It has been enjoying since times immemorial a place of pride in human economic and social life.<sup>1</sup> 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 rise in agricultural productivity did not precede or accompany industrial development".<sup>2</sup> A study of the economic histories of various nations would reveal that agricultural progress was clearly the major contributor to their subsequent developments.<sup>3</sup> The importance of agriculture in a country's economy is such that the posterity will owe a lot to it for their prosperity. There can be no other country in the world where agriculture is not preferred to other sectors of the economy.<sup>4</sup>

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<sup>1</sup> Sharma, A.N., Economic Structure of Indian Agriculture, Himalaya Publishing House, Bombay, 1984, p.6.

<sup>2</sup> Eicher, Carl and Witt, Lawrence (Ed.), Agriculture in Economic Development, McGraw-Hill Book Company, New York, 1974, p.8

<sup>3</sup> Nicholls, H. William, "The Place of Agriculture in Economic Development", in Ibid., p.17.

<sup>4</sup> Vasudevan, K. and Ghosh, M., A Simple Study of Agricultural Economics and Problems in India, New Heights, Delhi, 1981-82, p.64.

Nature plays an important role in agriculture. Every year farmers have to depend upon a suitable weather for their cropping. Because, agriculture is a seasonal occupation nature decides what, where and when a crop must be grown and harvested. In this occupation there is a partnership between nature and man. Nature being the senior partner often vetoes the proposals and intentions of man, the junior partner. It looks as if, 'in this business of farming, soil and nature are the active partners and man is the passive one'.<sup>1</sup> Thus, agricultural production is highly uncertain and is said to be a gamble on rains. Even if the farmer wants to control the production according to change in prices, he cannot do so for the 'technical uncertainty about yield. He has no control over the yield. Thus, producers not only face 'economic' uncertainty as to the price they would receive but also 'technical' uncertainty about the yield".<sup>2</sup>

It is a basic industry marked with uncertainties, limitations and immobilities. It is characterised by slow turnover, perishability of its produce, inelastic demand, joint supply and production in scattered and small units. Some countries experienced difficulties initially before making breakthrough in agricultural development, due to these peculiarities. Though the problems faced by the different western countries differ in nature and intensity, it is a fact that

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<sup>1</sup> Bansil, P.C., Agricultural Problems in India, Vikas Publishing House Private Limited, New Delhi, 1977, p.445.

<sup>2</sup> Patel, B.A., Agricultural Price Problems in India, The Bombay State Co-operative Union, Bombay, 1959, p.24.

their present industrial development was preceded by a long drawn period of agricultural growth.

As Mamoria<sup>1</sup> said: "Agriculture is not merely an occupation or a business proposition for the people, it is a tradition, a way of life which for centuries has shaped their thoughts, outlook and culture".

It has been justly observed that "at the head of all sciences and arts, and the head of civilization and progress stands not Militarism, the Science that kills; not Commerce, the Art that accumulates; but Agriculture -- the mother of all industries and the maintainer of human life".<sup>2</sup> This is applicable to India and Bangladesh and more specially to the agricultural dominated country than any other country.

Everybody should recognise 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. It promotes the welfare of the community, contributing to 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.<sup>3</sup> This sector also is considered the premier

<sup>1</sup> Mamoria, C.B., Agricultural Problems in India, Kitab Mohal Private Limited, Allahabad, 1966, p.38.

<sup>2</sup> The Agricultural Administration Committee Report, 1958, p.1, in Ibid., p.38.

<sup>3</sup> Singh, Daroga, "Importances in Agricultural Growth", Indian Journal of Agricultural Economics, Vol.XXXVI, No.1, Bombay, p.1.

industry of Bangladesh. In these two countries, agricultural production is the single largest economic activity. This sector contributes nearly half of the national product and provides jobs to more than half the population. Table-1.1 shows the comparative position of percentage of working population in agriculture and percentage of national income derived from it by India and Bangladesh and other developed countries.

Table - 1.1

Table Showing the Total Population, Percentage of Working Population in Agriculture and the Percentage of National Income Derived from Agriculture by India and Bangladesh as Contrasted with other Countries.

Country	Total Population (in thousand)	Percentage of working population in agriculture	Percentage of national Income derived from agriculture
India ..	762,000	60.0	40
Bangladesh ..	89,910	61.3	46
U.S.S.R. ..	242,768	25.7	N.A.
Japan ..	104,331	19.6	6
U.S.A. ..	204,879	3.7	4
Canada ..	21,406	8.2	5
U.K. ..	55,480	2.8	3

Source: Collected and compiled from the following sources:-

- (i) Government of India, India 1985 : A Reference Annual, Research and Reference Division, Ministry of Information and Broadcasting, New Delhi, May 1986, p.279.
- (ii) Govt. of Bangladesh, Statistical Year Book 1983-84, Bureau of Statistics, Statistics Division, Ministry of Planning, Dhaka, p.5.
- (iii) Govt. of India, Indian Agriculture in Brief, New Delhi, 1980, pp.265, 268-269.
- (iv) Commerce Annual Number 1979, Vol.139, No.3577, Bombay, 1979, p.261.
- (v) Mathew, K., et.al. (Ed.), Manorama Year Book 1988, Malayala Manorama, Kottayam, Kerala, 1988, p.375.

The importance of agriculture in the economic development of a country depends on the stages of economic development in which the nation finds itself and the point of time at which this development becomes a major social aspiration. So economic development is a continuous process which in the long run, breaks down the vicious circle of poverty and unemployment and thereby leads a country to a stage of self-sustained growth.

#### Agriculture in India and Bangladesh:

Agriculture is the largest and most important sector of the Indian economy. It provides not only food and raw materials but also employment to a very large proportion of population. More than 70 per cent of the people depend upon agriculture and about 80 per cent live on agriculture in rural areas.<sup>1</sup> Like any other under-developed country, India is basically an agricultural country that it may be termed as "Rural India".

Agriculture, being the dominant sector, the improvement or changes in the national output depend on the output in agriculture. 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.<sup>2</sup>

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<sup>1</sup> Government of India, Report of the National Commission on Agriculture, 1976, (Part II - Policy and Strategy), Ministry of Agriculture, New Delhi, 1976, p.2.

<sup>2</sup> The World Bank, World Development Report : 1979, New York, 1980, p.17.

Participation in national income would indicate that the various activities connected with agriculture have the largest share in the national income. For example, in 1975-76, of the total value of net national product (at 1960-61 prices) which was at Rs.21,952 crores, it contributed 42.9 per cent. No other sector taken separately comes anywhere close to this. This agricultural sector alone provides employment and work for living to the majority of people. According to 1971 census, as many as 72.5 per cent of the working population were engaged in agriculture that year. In villages, 80 per cent of the people earn from cultivation and allied agro-industries. A good part of the labour force in towns and cities too find jobs in marketing and other activities connected with agriculture.<sup>1</sup>

Further, the exports of primary produce earn valuable foreign exchange which can be used to import capital goods for the development of industry and infrastructure. Agricultural products account for a major portion of the exports of India. The proportion of agricultural goods exported from India contributes to about 50 per cent of its exports and goods manufactured with agricultural content contributes to about 20 per cent. In recent years, there has been a steady increase in

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<sup>1</sup> Chandra, Satish, Agricultural Price Policy in India, Chugh Publications, Allahabad (India), 1985, p.1.

the volume as well as in the value of India's primary exports.<sup>1</sup> Agriculture promotes industrial development also. Industry gets supply of raw materials from agriculture. A remark passed by Nicholls is that "increasing agricultural productivity makes important contributions to general economic development and that, within considerable limits at least, it is one of the pre-conditions which must be established before a take-off into self-sustained economic growth becomes possible".<sup>2</sup> Everybody will recognise the fact that industrial urban development creates conditions much more favourable for increasing agricultural productivity and output.

#### Bangladesh:

Agriculture is the main occupation of the people of Bangladesh. So, it is the mainstay of the economy. About 92% of the total population of this region live in the villages and 80% of them directly or indirectly depend on agriculture, for their livelihood.<sup>3</sup> Like any other under-developed country Bangladesh is also basically an agricultural country as it may be termed as 'Rural Bangladesh'. This country has fertile

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<sup>1</sup> Prasad, A. Sivarama, Agricultural Marketing in India, Mittal Publications, Delhi, 1985, pp.5-6.

<sup>2</sup> Nicholls, W.H., "The Place of Agriculture in Economic Development", cited in Carl Eicher and Lawrence Witt (Ed.), Agriculture in Economic Development, McGraw Hill Book Company, New York, 1964, p.13.

<sup>3</sup> Islam, Md., Anwarul, "Village Hat as a Rural Marketing Institution : Some Suggestions for Improvement", The Dhaka University Studies, Part-C, Vol.V, No.1, /June 1984, p.59.  
/Dhaka,

agricultural land. Rice, wheat, jute, sugarcane, tobacco, oilseeds, pulses and potatoes are the principal crops. Various kinds of vegetables, spices and fruits are also produced here. This sector employs about 61.3% of the labour force of its total agricultural population and directly contributes about 46% of the gross domestic products.<sup>1</sup>

Agricultural contributions of different plan periods are shown in Table-1.2.

Table - 1.2  
Structure of Gross Domestic Product and Contribution to Growth

Sector	FY 1960 <sup>x</sup>	FY 1965 <sup>x</sup>	FY 1970 <sup>x</sup>	FY 1973 <sup>§</sup>	TY 1978 <sup>#</sup>	FY 1980 <sup>§</sup>
Agriculture ..	60	56	61	60	57	46
Non-Agriculture..	40	44	39	40	43	54
Total ..	100	100	100	100	100	100

x = Plan periods during Pakistan regime.

\* = (1971 to 1972) two years gap due to liberation struggle.

# = (1979 - '80) Plan period for two years.

§ = Plan periods in Bangladesh.

Source: Huq. Mahfuzul, "Agriculture in the National Economy of Bangladesh" Farm Economy, Vol.I, No.1, Conference, 1978, p.44 (Journal of Bangladesh Agricultural Economists' Association); Government of Bangladesh Statistical Year book of Bangladesh, 1983-84, p.5.

<sup>1</sup> Government of Bangladesh, Statistical Year book of Bangladesh 1983-84, Bureau of Statistics, Ministry of Planning, Dhaka, 1984, p.5.

Bangladesh earns from agricultural produce a considerable amount of foreign exchange which helps to bring capital goods for its industrial development. This country produces about 90 million pounds tea per year, a sizeable quantity of which is exported to foreign markets after meeting the internal demand. It produces about 5 million bales of superior quality jute annually and 75% of the export earning comes from raw jute and jute manufacturing. Agriculture supplies raw materials for industry also. Although it is an agricultural country, large number of small and large-scale industries have been set up based on both indigenous and imported raw materials.

Therefore, it is clear that the importance of agriculture is reflected in all spheres of the economy. In a developing country like India or Bangladesh where the agriculture sector contributes nearly half of the national income, the importance of agricultural prices and other statistics cannot be over emphasized. The bulk of the population derives its income directly or indirectly from agriculture. The main source of income of the producers are the prices of agricultural commodities which they get for their produce. Agricultural development and industrial development are dependent upon each other.

#### Position of Agriculture during British period:

In ancient India the villages were almost self-sufficient economic units. The villagers themselves produced

their every-day necessary goods for their own consumption. Sometimes when they themselves could not produce any specialised goods, they came in terms of exchange. Only by this method of exchange they could satisfy their own needs.<sup>1</sup> So, agricultural production or any other household necessary goods production, was concentrated within one family or one village.

In the early British period that streams of production were continued. Some years after the British had spread their power in 1757, the reaction of the European Industrial Revolution was observed.<sup>2</sup> For feeding their Industry with raw materials, the British rule in India had some vested interests in modifying and moulding the agricultural developments to suit their colonial needs. V.B. Singh remarks that "In seeking to establish a social base in India for imperialist exploitation, the British rule founded an agrarian system which has been 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 of capital accumulation in a predominantly agricultural country, was organised on a basis which could give rise to an arrested and thwarted underdeveloped economy".<sup>3</sup>

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<sup>1</sup> Islam, Md., Anwarul, "History of Advertising with special reference to Bangladesh", The Dhaka University Studies, Part - C, Vol.2, No.1, Dhaka, 1981, p.92.

<sup>2</sup> Ibid., p.93.

<sup>3</sup> Singh, V.B., Indian Economy : Yesterday & Today, Allied Publishers Limited, Delhi, 1976, pp.15-16.

As a result, 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 the growers. The heavy demand for export market followed by remunerative prices attracted the cultivators to make the shift from the cultivation for home consumption to cultivation for export market. As a consequence of this shift, it was later realised that with the 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.<sup>1</sup>

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. Those were:

- (i) Laws for the reduction of rural indebtedness,

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<sup>1</sup> Nair, N. Rajan, A Study of the Evolution and Working of Regulated Markets in Tamil Nadu, (Ph.D. Thesis submitted to the University of Cochin, Cochin, 1983 (Unpublished), pp.5-6.

- (ii) Prevention of sub-division and fragmentation,
- (iii) Charging reasonable rents and credit through Co-operative institutions, etc.<sup>1</sup>

### Markets and Marketing:

Markets are the important centres to purchase and sell the products. Besides, agricultural inputs and other industrial products are also available in the markets for marketing. Marketing, in the recent times, is recognised as an important ingredient in the socio-economic and cultural development of a nation.

Direct marketing may take place at the consumer's home, (hawking) in retail markets or roadside stands, from car-door peddling, at the producers' markets or farms or by parcel post. The choice of the method or the place depends on the type of the producer, the relationship between him and the consumer and the nature of the product concerned. A bulk producer would not like to go hawking. Producers' stalls or markets are naturally confined to the producing areas.

With the increasing geographical spread between the producers and the consumers, direct marketing has been on the wane. The development of grading and standardisation have tended to arrest this decline. The smallness of the marketable surplus, lack of adequate market information and of familiarity

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<sup>1</sup> Ibid.

with market organisation and practice often make the use of middlemen indispensable to most producers for the purpose of marketing.

The tenuous output, lack of facilities of transport and pressure of creditors lead the producer to part with his saleable produce in his village often in entire ignorance of the equity of price. This proportion varies with the nature of the produce and for the same product, according to the facilities of transport.

Specialisation in the agricultural economy varies widely. Assume, in the completely self-sufficient sector, a producer consumes his products all. In this case, he may or may not sell a small quantity of product in the market. In the second stage, a producer may produce several products for his own use and to sell some in the market. This stage is made possible by a medium of exchange money. The surplus production is sold in the market for money and this money is used to buy other goods and services. The third stage is complete specialization in which a producer sells all of his produce and satisfies his needs through purchases from the market.

Of the three types of specialisation, the second type is most common. There are, however, more instances of self-sufficient farming than of complete specialization. Most farms produce more than one product. In many parts of

the country it is possible to have two or more crops from the same land in one year. The marketing problems occur because of a lack of adequate facilities. This condition is caused due to preponderance of low-income farmers who cannot provide capital for marketing facilities.

Significance of Agricultural Marketing:

Formerly, commodities were produced for home consumption. Under the barter system of economy, surpluses of produce were interchanged between the parties concerned.<sup>1</sup> There was no problem of agricultural marketing in ancient India as the Indian villages were self-sufficient, self-dependent and self-contained isolatory units. It was only after the introduction of money that markets came to be organised for sale and purchase of commodities. Agricultural marketing was of little importance under subsistence farming, with sub-divided and fragmented holdings. It is significant to note that the commercialisation of agriculture gave rise to marketing and the development of transport and communication contributed to its growth. Before the First World War hardly any country except the United States, appreciated the need for an efficient marketing of agricultural produce.<sup>2</sup>

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<sup>1</sup> Srivastava, S.K., et. al., Agricultural Economics and Co-operation, S. Chand & Co., Delhi, 1970, p.255 (Quoted from S.A. Hussain, Agricultural Marketing in Northern India, 1937, p.67.

<sup>2</sup> Ibid., p.255.

During the reign of the Mughals the process of marketing was based on the individual efforts of peasants to the same extent as that of today. In the 13th Century, grain dealers of Northern India used to buy grain in the village and sell among the villagers what they had purchased in the towns.<sup>1</sup> During the regime of Aurangzeb, peasants after keeping some quantity of grain for home consumption and seed, used to sell the rest. Thus, the system of marketing prevalent in those days was not very much different from that in modern times.<sup>2</sup>

In the process of economic development, subsistence agriculture gives rise to more market-oriented production. This expansion of marketing possibilities, either through the purchase of inputs, or the sale of output at home and abroad, is deemed to increase the growth prospects not only of agriculture but also of the entire economy. Owens and Shaw<sup>3</sup> made a very remarkable comment on this, "Agricultural Development is first of all a human problem, not a technical problem. If all farmers have access to production inputs, the financial system, the market and agricultural knowledge, then they can improve the state of agriculture. But more farmers lack access to a market system and thus lack both the resources and the incentives to modernise their production methods". So we have to make a good agricultural policy,

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<sup>1</sup> Ibid., p.255 (Quoted from W.H. Moreland, The Agrarian System of Moslem India), p.38.)

<sup>2</sup> Ibid., p.256.

<sup>3</sup> Owens, Edgar and Shaw, Robert, Development Reconsidered, Lexington Books, Massachusetts, 1972, p.71.

which can provide a good framework and easy access to a market system of a farmer. According to T.W. Schultz,<sup>1</sup> "Policy for agriculture should have two central objectives: First, to provide a framework for the satisfactory use of agricultural resources and Second, to develop institutions which will permit farmers to achieve a welfare position at par with other major groups in our national community". This indicates that the plans for agricultural development should be adopted and simultaneously institutions should be developed through which farmers can profitably dispose off their produce. Through a profitable sale of their produce, they can enhance their welfare position like other major groups of the society. So, a well-organised 'market system' can provide a better standard of living to the sub-urban and rural population.

By using modern technology, intensive cropping, processing, storage and marketing, agricultural produce are becoming more and more important and playing a vital role in the economy. In the absence of sound marketing facilities, the producers have to depend on local traders and middlemen for the disposal of their farm produce, which are normally sold at throw-away prices.

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<sup>1</sup> Schultz, T.W., "A Guide to Better Policy in Agriculture", Readings in Social Science, Vol.2, Michigan State University Press, East Lansing, Michigan, U.S.A., 1956, p.281.

A market system consists of the interactions of all of the component parts and processes in the society. Because, the only purpose of an economic system is to serve the needs of the people.<sup>1</sup> The market system is one way of organizing the economy to decide what, how and for whom goods and services are produced. A strong competitive market system is necessary for the country's social and economic welfare. When it functions effectively, it serves the nation by stimulating the efficient provision of goods and services. Moreover, it promotes business investment in research, new equipment, and other capital goods necessary for improvements in productivity and economic growth. The market system benefits a broad spectrum of the society -- workers, consumers, and business. It also provides resources to support social programmes and improve the quality of life.<sup>2</sup>

The existence of competitive markets is extremely important for the country's economic and political development. Historically, the function of business has been to supply the public with goods and services and to provide jobs and income, thereby increasing the nation's wealth. The competitive market is usually the most effective vehicle for allocating resources to produce most of the goods and services the country needs. It is generally efficient and flexible and it can respond more

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<sup>1</sup> Haveman, Robert, H., et. al., The Market System, John Wiley & Sons, New York, 1978, p.165.

<sup>2</sup> C.E.D., Redefining Government's Role in the Market System, Committee for Economic Development, New York, 1979, pp.13-15.

quickly than the government to the changing needs and preferences of individuals. Therefore, when government acts to correct or aid the market, that action should be conceived and executed in so far as possible in a way that works with the market, not against it. Where competition is absent, government has a responsibility to restore it, where the market fails to take into account the costs of pollution or to supply adequate product information, government has a responsibility to provide the needed incentive.<sup>1</sup>

According to the Swedish economist Assar Lindbeck,<sup>2</sup> "It is exactly the market system, with competition and free entry, that allows a rather far reaching decentralization of economic decisions and initiatives in a work with strong interdependence between the decisions and activities of

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<sup>1</sup> Ibid., p.18 "The Committee believes that there are broad economic and social problems whose solutions depend on making greater use of the market system, rather than on relying on government". For details on the market system, see the book, pp.13-39. Policy-makers should not automatically assume that government action is the best way to deal with an economic problem or achieve a social goal. Government involvement should be considered only if the market system is clearly incapable of dealing with the problem.

<sup>2</sup> Lindbeck, Assar, "Can Pluralism Service"? Eleventh Annual William K. McInally Memorial Lecture, Graduate School of Business Administration, University of Michigan (Ann Arbor : University of Michigan, 1977), pp.8-9, cited in Ibid., p.30.

various economic agents. Without a reasonably well-functioning market system, a far-reaching centralization of economic decision-making and responsibilities would be necessary; such a situation would largely destroy pluralism".

As a dynamic and basic social institution, the marketing system is capable of generating changes with far-reaching implications. The potential power of marketing as a change agent is succinctly described by Nicosia and Glock in the following manner:<sup>1</sup>

"Tensions and harmony are the salient features of a viable society. Tensions, of course, imply change and a society, to be viable, must find organisational designs which provide the means for harmonious change through time. These means consist of a variety of structures and mechanisms : political, religious, economic and so forth. Marketing as a socio-economic mechanism that contributes to the society's search for harmonious patterns of tension. Marketing both reflects and contributes to social change".

Marketing fills as well as creates needs in a society. It is indeed a patent mechanism for social change in an adaptive way.<sup>2</sup> The greatest strength of the market system lies in its efficiency and flexibility.

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<sup>1</sup> Nicosia, Frances, M. and Glock, Charles, Y., "Marketing and Affluence : A Research Prospectus", cited in King, Robert L., (ed.) Marketing and the New Science of Planning, American Marketing Association, Chicago, 1968, p.561.

<sup>2</sup> Yoshine, M.Y., The Japanese Marketing System : Adaptations and Innovations, The Mint Press, England, 1971, p.XIV.

So, in the marketing system, marketing for agricultural produce is essential for marketable surplus. Marketable surplus is the residue left with the producer after meeting his requirement for family consumption, farm needs and payment in kinds to labour, the landlord, artisans and others; marketed surplus is the quantity of produce actually sold irrespective of the requirements of grower.<sup>1</sup> A grower's marketed surplus can be either more or less or the same as his marketable surplus. It is more when the grower retains less of the produce than is required by his family and on his farm under the pressure of immediate cash needs. He may repurchase the produce to satisfy his needs. The marketed surplus will be less than marketable surplus when a grower holds some of his surplus produce on the farm or consumes more than normal amounts of it in substitution for other commodities. It is worth noting that marketed surplus of small subsistence farmers increases with a price fall because more quantity has to be sold to meet the minimum cash needs.<sup>2</sup> The two basic elements of an agricultural system are production and marketing and marketing of agricultural produce is as important as the

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<sup>1</sup> Moore, G.P., et. al., Indian Foodgrain Marketing, Prentice-Hall of India Private Limited, New Delhi, 1973, p.30.

<sup>2</sup> Mamoria, C.B. and Joshi, R.M., Principles and Practice of Marketing in India, Kitab Mahal, Allahabad, 1978, p.575. (Quoted in Prasad, A. Sivarama, Agricultural Marketing in India, Mittal Publications, Delhi, 1985, p.22).

production itself.<sup>1</sup> Both the two are interdependent. Better marketing stimulates production and production needs efficient marketing'.<sup>2</sup>

The vital and continuing role of marketing in agricultural production and economic development becomes clear when its relationship with other sectors are considered. Marketing had its beginning in agriculture. It developed beyond the stages of self-sufficiency, when man was able to produce more food than what he needed for himself. This transition from "production for consumption" to "production for exchange" came slowly. In fact, the marketing economy of today is still a part of this transitional stage.<sup>3</sup> The important and exact role played by the agricultural marketing in economic development is emphasized by A.S. Kahlon and R. Charles. They expressed their views as "Expansion of marketing outlets is, to a great extent, a necessary accompaniment by the process of economic planning".<sup>4</sup>

<sup>1</sup> Desai, N.R., "Agricultural Marketing in Madhya Pradesh", Agricultural Marketing, Vol.III, No.1, Jan-April, 1960, p.43.

<sup>2</sup> Definition of "Efficient Marketing", "Efficient and effective marketing system from the farmer's viewpoint is one that will induce the production of those products and quantities which, when sold to consumers, will result in maximum returns after the deduction of the maximum marketing charges and farm production cost". (Vide Thomson, F.L., Agricultural Marketing, McGraw-Hill Book Co., New York, 1951, p.4.)

<sup>3</sup> Brunk, Max, E. and Darrah, L.B., Marketing of Agricultural Products, London, 1955, p.18.

<sup>4</sup> Kahlon, A.S. and Reed, Charles, "Problems of Marketable Surplus in Indian Agriculture", Indian Journal of Agricultural Economics, Vol.XVI, No.1, Bombay, 1961, pp.46-50.

Production, processing and all levels of selling should become highly co-ordinated 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.<sup>1</sup>

National Commission on Agriculture in India expresses a view on the significance of agricultural marketing. In their opinion:

"agricultural marketing is a process which starts with a decision to produce a saleable farm commodity and it involves all aspects of market structure or system, both functional and institutional, based on technical and academic considerations and includes pre-and post-harvest operations, assembly, grading, storage, transportation and distribution".<sup>2</sup>

The experience of advanced countries also has shown that economic progress and market development are inter-dependent. Economic development in a country is accompanied by numerous problems embracing all phases of economic activity including production, distribution and consumption. Unless these problems are suitably tackled, economic progress gets arrested. The advanced countries take advantage of continuously improving technology in agricultural production and marketing along with the accompanying services of transportation, storage and packing to facilitate efficient handling and

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<sup>1</sup> Nair, N. Rajan, op. cit., p.12.

<sup>2</sup> Government of India, Report of the National Commission on Agriculture, Part XII, (Supporting Services and Incentives), Ministry of Agriculture and Irrigation, New Delhi 1976, p.110.

distribution of agricultural commodities for promotion of economic progress.<sup>1</sup>

The recent development in agriculture exhibit stark structural imbalances. A deeper analysis would reveal that these structural problems are largely institutional 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.<sup>2</sup> 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 went 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 enhance appreciably, the adoption of improved production techniques must go hand in hand with efficient marketing.<sup>3</sup> John P. Lewis of U.S. Agency for International Development pleaded long back for bold steps to

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<sup>1</sup> Kahlon, S.S., et. al., "Emerging Problems of Agricultural Marketing in Punjab", Seminar on Emerging Problems of Marketing of Agricultural Commodities, The Indian Society of Agricultural Economics, Bombay, 1972, p.274.

<sup>2</sup> Rao, B. Rama, "Marketing of Agricultural Produce", Agricultural Marketing, Vol. VI, No.3, Nagpur, 1963, pp.14-17.

<sup>3</sup> Mirchandani, "Marketing and Farm Management in India", Agricultural Marketing, Vol.VI, No.1, New Delhi, 1963, p.2.

investigate the market mechanism which he has described as the most effective self-adjustment incentive system yet discovered for mobilising the purposes and energy of the individual cultivators to the furtherance of national interests.<sup>1</sup> M.S. Swaminathan, says, "Marketing becomes essential to insulate the farmers from the vagaries as well as the exploitative nature of the market mechanisms prevailing in the most parts of the country".<sup>2</sup>

So, it could be stated that there is an unbreakable linkage among efficient agricultural growth, agricultural marketing and the resultant economic growth of a country. It is a pity that, this linkage and its consequent effects on other sectors were not recognised in full perspective or were neglected in the past.

Marketing of agricultural products begins when the products are loaded at the farm and ends when the food reaches the consumer; <sup>and</sup> that marketing is concerned with such functions as pricing, transportation, and exchange (through middlemen, viz. brokers, auctioneers and retailers.) Marketing of agricultural products differs from that of industrial products. The agricultural products are produced in

<sup>1</sup> Lewis, John, P. of U.S. Agency for International Development, 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.

<sup>2</sup> Swaminathan, M.S., "Bread, Basket or Begging Bowl", The Illustrated Weekly of India, January 4, Bombay, 1961, p.17.

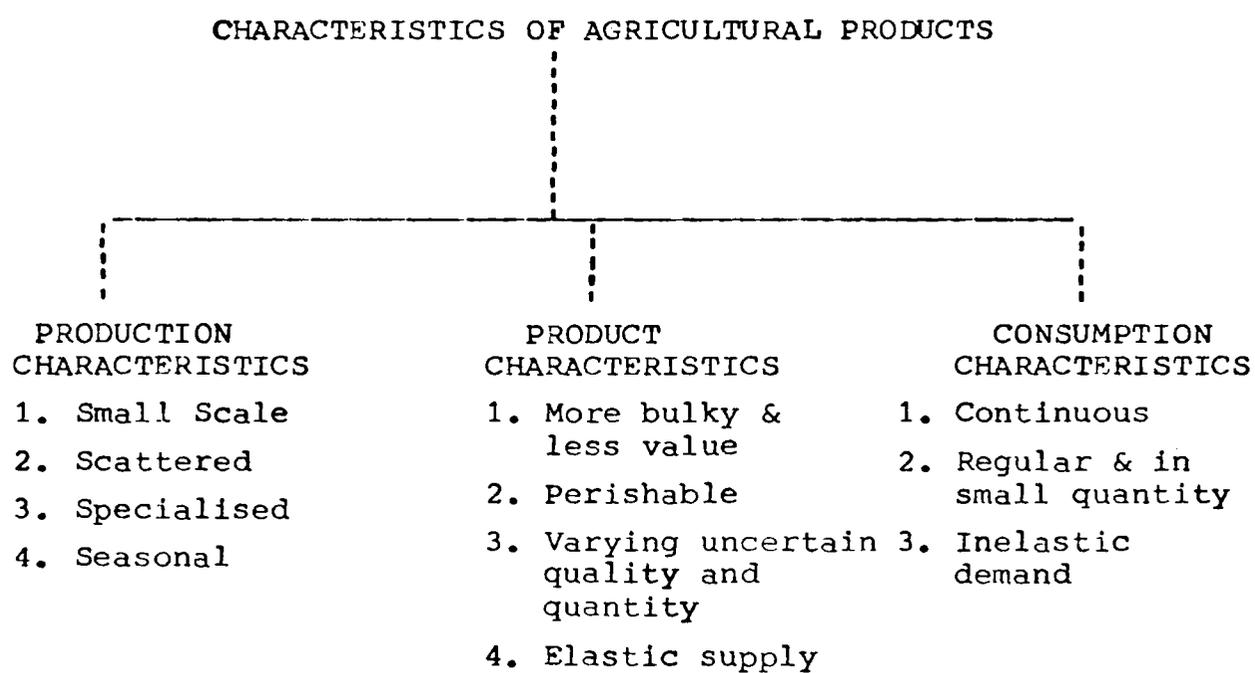
small quantities on scattered farms, hence the collection of these small lots becomes a complicated affair. Most farm products are produced seasonally, but the <sup>products</sup> / must be supplied round the year. <sup>Because</sup> / <sup>consumers</sup> most of the / may not like to change their food habits.

In the modern society the problem of agricultural produce marketing is more difficult. The producers are separated from consumers by brokers, wholesalers, auction markets and retailers. In some cases they are separated by several hundreds of miles. The wide distance between the producer and the consumer has created a communication problem. It is impossible for consumers in cities to get their word-of-mouth preferences back to the producers in the villages.

It is a recognised fact that agricultural produce have certain peculiar characteristics. They have varying physical attributes such as bulk, perishability, seasonality, scattered in small scale and in most cases the products need processing before they are brought to the market. These constraints often compel the producers, specially the small and marginal ones, to sell the products in the village to the local traders or to the money lenders or in the local markets. Main characteristics of agricultural products which make agricultural marketing much more elaborate and complex has been given in the following chart :

Chart - 1

CHARACTERISTICS OF AGRICULTURAL PRODUCTS CREATING  
PROBLEMS IN AGRICULTURAL  
MARKETING



Source: Sadhu & Singh, Fundamentals of Agricultural Economics, Himalaya Publishing House, Bombay, 1983, p.225.

Because of the above peculiar characteristics of agricultural produce, farmers are selling surplus produce after harvesting. They are obviously doing it, because they have no other alternative. Whenever they have any surplus for sales, they want to do it immediately, because their holding power is extremely limited. The main reasons are:-

- (i) Most of the agricultural produce are perishable in nature.
- (ii) Poverty of the farmers, i.e. they have no capacity to hold it. Sometimes, there is a contract between the money-lender and the farmer regarding the sale on a prescribed rate before hand.
- (iii) Farmers have no suitable place for storing and preservation.
- (iv) Farmers do not even see in many cases any economic advantages to holding for future sale in case of relatively non-perishable products.
- (v) Custom-bound practice of selling the produce as such without going for any further processing.
- (vi) The quantity of produce by an individual farmer is often limited and this small quantity cannot cheaply be taken to the market for want of full cart load.
- (vii) Most of the cultivators are so poor that they do not possess a cart and consequently the transport charges during the season are very heavy.

- (viii) Their relative ignorance about the market conditions i.e. specially the price. During the post-harvest period, price of the produce is very low and it is not profitable for the small farmer to bring his produce to the market place bearing some unmeasurable marketing costs.
- (ix) The farmer is ignorant of the marketing techniques of the traders in the market place and its functionaries so that he is liable to be cheated.
- (x) Small farmers generally avoid market because of number of malpractices by the traders are common in the market place.

So farmer usually avoid the market situation and sells his produce in the village. In the above mentioned situation, the farmer generally thinks that if he sells his produce in the village, he is not subject to such inconveniences to a great extent.

'Forced sales' occur due to the handicap of farmers and lack of institutional credit facilities at the time of harvest. The money lenders force the farmers to sell their produce much below the market price which they contacted before (at the time of lending money) and that too immediately after the harvest. S.C. Jain<sup>1</sup> narrates the situation of the producer, "the majority of subsistence producers are

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<sup>1</sup> Jain, S.C., Principles and Practice of Agricultural Marketing and Prices, Vora & Company, Publishers Private Limited, Bombay, 1971, p.253.

compelled to sell their produce just after harvest, in order to meet the pressing claims of their creditors. More often than not, crops are even hypothecated to them in advance. Frequently, most producers sell their produce, repay debts, face a shortage, and contract debt again. Thus they sell to repay debt only to fall in debt again". V.K. Agarwal<sup>1</sup> said that, "Indian farmer is born in debt, lives in debt and dies in debt". In recent times, this situation has undergone some change.

Indebtedness is not the sole reason for forced sale of the farmer's produce. From the foregoing discussions it has been seen that there are so many causes of post-harvest sale of farmers' produce. Besides, lack of storage and transport facilities and non-availability of market information of the present situation when they are about to sell produce also compell the growers to dispose off their produce at the earliest. At present, there are no effective means to transmit market information from one market to the other. Under such a situation if the farmers take their produce to the market without knowing the prices prevailing there, they are put to a great disadvantage. This is an important area which requires special treatment. A few commodity survey reports have been published but they are not helpful to the farmers in the present context. Even then, if price situation of the daily

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<sup>1</sup> Agarwal, V.K., "Problems of Agricultural Marketing in India", Indian Journal of Marketing, Vol.XI, No.9, New Delhi, 1981, pp.23\_24.

market is transmitted to the farmer, it goes against the interest of the traders and the individual farmers can not do anything against the organised traders.

The producer-seller of agricultural produce faces high cost of marketing. The high cost of marketing is normally reflected in the final price paid by the ultimate consumers. This marketing cost appears high due to long marketing channel. Because, agricultural produce needs some processing and handling after harvest to reach to the final consumer. In between producer and consumer, there are a large number of middlemen involved in the agriculture produce business to reach the products to the ultimate consumer and each of the middlemen are specialised in their marketing function are getting a share of consumers' price for their services. It also increases the cost of marketing for agricultural produce.

Effective measures should be taken to reduce marketing costs and if it is done, producers' share in the consumers' price will increase. There are many ways to reduce marketing costs and margins, some of which are given below:

- (a) Organisation of an effective price and market information service.
- (b) Introduction of standard weights and measures and quality grades.

- (c) Regulation of markets with the objectives of strengthening competition.
- (d) Promotion of producer and consumer co-operatives where suitable.
- (e) Assistance to improve marketing practices with the objective of reducing waste and improving quality.
- (f) Establishment of permanent training facilities in agricultural marketing, and
- (g) Organisation of effective credit facilities.

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 consumer.<sup>1</sup> In the developed countries like United Kingdom, United States of America, Germany, though marketing costs are high, their marketing services/<sup>are</sup> much more better and sophisticated. Consumers are very much satisfied with marketing services in those countries.

#### Shortcomings in Agricultural Marketing:

Agriculture is fundamentally different from manufacture. Therefore, the marketing of farm products usually tends to be a complex process. In view of the growth of the

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<sup>1</sup> Mathew, E.T., "Towards Bitter Marketing Organisation for Indian Agriculture", Indian Journal of Agricultural Economics, Vol. XII, No.2, Bombay, 1957, pp.186-195.

distance between the farm producer and the consumer, as well as the small size and wide scatter of the producing units, there exists an elaborate and complex marketing organisation for agricultural produce. Most of the problems in marketing of agricultural produce spring from their conditions of production and nature of demand. The flow of produce from the farm to the market requires some preparation and processing. They have to pass through many hands and many operations. The market mechanism is required to provide the transport and storage facilities as well as finance and bear the risks. Great variations occur both in the output and quality of the produce from year-to-year and between seasons. Their weight and volume are great in comparison to the several manufactured goods. They are generally perishable and cannot be stored for a considerable period of time. The adjustment of supply to demand cannot be quick. The price stability is simply impossible.<sup>1</sup>

The marketing of farm products is a matter of great interest to the farmer, the consumer and the middlemen. To the farmer, it provides the channel of communication between him and the society and gives him continuous information about demands for his products. The consumer views it as a means of supplying his needs since marketing helps in relating

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<sup>1</sup> Amarchand, D. and Varadharajan, B., An Introduction to Marketing, Vikas Publishing House Private Limited, New Delhi, 1980, p.273.

the standard of living of the people by satisfying the multitude of needs and desires of consumers. The middleman depends upon it for his livelihood. These diverse interests lead the farmer to seek a high priced market for farm products, the consumer a low priced market and the middleman, a margin between the farm price and consumer's price that will amply reward him for his services.<sup>1</sup> Because, agricultural produce passes through a long chain from producer to consumer, it needs various activities and thus creates problem in marketing.

Agriculturists have not yet fully realized the importance of combined action for the purpose of bargaining on equal terms with buyers of agricultural produce, who have an organisation of their own. This is so because, farmers are small cultivators scattered all over the country having very little time and knowledge to look to the marketing side for their business, while purchasers are large-scale operators on an organised basis. Feeling the problems of farmers, the National Planning Committee pointed out, "The farmer, in general, sells his produce at an unfavourable place and at an unfavourable time, and usually gets very unfavourable terms".<sup>2</sup>

The farmer, who sells his produce in the market, cannot get the whole price settled because various deductions

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<sup>1</sup> Frank, A.P.P., Farm Economics, Lippincott, London (Quoted in Sadhu and Singh, Fundamentals of Agricultural Economics, Himalaya Publishing House, Bombay, 1983, p.220).

<sup>2</sup> Government of India, Rural and Marketing Finance, National Planning Committee, Delhi, 1947, p.42.

are made out of the sale proceeds by the trader. As the mandis and unregulated village markets are not subjected to any statutory control, the farmers have to pay various market charges, long established by custom. The following is an account of the unwanted charges deducted in the unregulated markets : taxes and tolls; commission; brokerage; handling charges; weighment charges; charges for other services; charity, quality allowance, weight allowance, temple charges, sample, a quantity put upon for weighing the rest, village school, milk for buyer's children and so on. A list of different charges and deductions have been shown in Appendix - I.I.

A great part of these cumulative charges has to be borne by the producer-farmer. The marketing Sub-Committee said "The great objection to the market charges lies not only in their multiplicity but also in the fact that they are not clearly defined and specified".<sup>1</sup>

Further, in the unregulated markets, malpractices are common as most of them do not have committees to control their activities. When disputes arise, there is no effective machinery to decide them in an impartial manner. Naturally the innocent farmers are invariably exploited by middlemen by their malpractices such as manipulation of weights and

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<sup>1</sup> Government of India, The Report of the Marketing Sub-Committee, Delhi, 1958, p.61.

measurements, taking away samples without payment, negotiating the sale price under the cover of cloth, and speaking a language with dubious connections. The Royal Commission on Agriculture said, "some of the practices obtaining in the market amount to nothing less than common theft".<sup>1</sup>

The most defective preparation for marketing is the deliberate practice of adulteration. In commodities such as groundnut, cotton and tamarind, damping is often resorted to, in order to increase their weights. Superior rice is adulterated with inferior rice, new rice is passed off as old rice and clay balls are mixed with groundnuts. In a study report it is mentioned, "It is a sad commentary on our marketing methods that many people firmly believe dirt and dishonesty to be a paying proposition. It is still more unfortunate that, as matters stand at present, so many of these people are right".<sup>2</sup>

Producers have to pay a variety of incidental charges which further reduce the return which they expect from the sale of their produce. It is surprising to note that not only the arathia and dalal (commission agent and broker) but also a host of others including the munim,

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<sup>1</sup> Government of India, Report of the Royal Commission on Agriculture, Bombay, 1928, p.388.

<sup>2</sup> Government of India, Report of the Marketing of Linseeds, Delhi, 1944, p.77.

chowkidar, waterman, arathias-cook and beggars consider themselves entitled to a share in the produce sold.<sup>1</sup>

The Bengal Jute Enquiry Committee reports that mal-adjustment is not only the factor which depresses the price of raw jute relatively to that of manufactured. The other factor is the imperfection of the market. First, there are frictional defects arising out of the existing customs or practices of the market, or from the restricted nature of the facilities it offers to buyers and sellers. Secondly, there are the more fundamental defects, which arise from the present structure of the jute market, and prevent competitive bargaining between buyers and the primary sellers on an equal plane. These two categories are by no means exclusive of each other, and perhaps overlap at several points. The first category of defects includes those arising out of imperfect knowledge of market conditions, irregular allowances and deduction, absence of standardization of weights and measures and of the quality of jute, difficulties of transport, etc. Under the latter head fall all those factors, which are responsible for the very weak holding power of the cultivator, and account for his low bargaining strength. They range from his method of production to his system of marketing, and, in their practical consequences, result in the significant fact that almost the whole of his annual output of the crop must leave his hands.<sup>2</sup>

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<sup>1</sup> Government of India, Report of the Marketing of Wheat in India, Delhi, 1941, p.44.

<sup>2</sup> Government of India, Report of the Bengal Jute Enquiry Committee, Calcutta, 1940, p.39.

Agricultural marketing is affected by a large number of superfluous middlemen in the business. In the village level, the farias or beparies purchase produce in the villages from the producers' at cheap rates. They take 'dhalta' in the name of shortage of produce and do manipulation at the time of weighing the produce also. In the market place, the middlemen like arathia or commission agents take different deductions on sales proceeds, so the grower do not have any effective channel through which they can get a remunerative price for their saleable produce.

An empirical study<sup>1</sup> was done by O.G. Das and others the on/role of middlemen in agricultural marketing. Their study reveals that the middlemen are taking a lion's share of the consumer's price. The respondents were asked to narrate their experience with the commission agents. They narrated their experience as follows:

- (i) The commission agents gave loans in instalments and realised lesser price for their agricultural produce than prevailing rate in the market in collusion with the buyers;
- (ii) The commission agents were charging four to five times more interest than bank rate;

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<sup>1</sup> Das, O.G., et. al., "Role of Middleman in Agricultural Marketing - An Emperical Assessment", Indian Journal of Marketing, Vol. XII, No.5, January 1982, p.12.

- (iii) The commission agents were not providing the loans/advances to poor and needy farmers;
- (iv) They were charging higher rates of commission than allowed by the Marketing Committees'; and
- (v) They were making unauthorised deductions from the sale proceeds.

It is a common complaint of marketing reformers that unnecessary categories of middlemen are able to interpose themselves between producers, on the one hand, and 'necessary' middlemen and dealers, on the other, and that thereby the costs of marketing are raised. As a corollary, reformers advocate compulsory elimination of the supposedly redundant links in the chain of distribution.<sup>2</sup> The advocates of such measures generally fail to ask the relevant question concerning why the so-called 'redundant' intermediaries are not by-passed by those with whom they deal. For the services of an intermediary will be used only if the price (margin) he asks is less than the value his customers set on the services he performs for them. They will by-pass him if he provides no services at all (i.e., if he is redundant) or if the charges for his services are excessive in comparison with the costs his customers will incur if they provided these services for themselves. Thus redundant middlemen will be

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<sup>1</sup> Baver, P.T. and Yamey, B.S., Markets, Market Control and Marketing Reform, Weidenfeld on Nicolson, London, 1968, pp. 30-68.

automatically eliminated from the channel of distribution. The redundant intermediaries and intermediaries charging excessive prices will be eliminated without official intervention.<sup>1</sup>

In these circumstances a redundant intermediary (i.e., a dealer whose margin is higher than the value of his services to the parties served by him) would certainly be by-passed. In these circumstances the compulsory elimination of any class of intermediaries will mean that their services have to be performed on more onerous terms by one or another of the parties between whom they stand. It will involve an otherwise uneconomical measure of vertical integration and, at the same time, a reduction in the number of marketing alternatives open to the parties concerned. Both these consequences are likely to be particularly serious in underdeveloped areas.<sup>2</sup>

There is no doubt that the convenience provided by the service of the middlemen is necessary but the cost of this convenience should not be such as to make the consumer pay a high price and the producer to get very little. There are a number of functionless middlemen who take an excessive share of the profits from sales.<sup>3</sup>

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<sup>1</sup> Ibid.

<sup>2</sup> Ibid.

<sup>3</sup> Krishnaswami, S.Y., Rural Problems in Madras, p.314, in Srivastava, S.K., et. al., Agricultural Economics and Co-operation, S. Chand & Co. Ltd., Delhi, 1970, p.263.

G.R. Spinks expressed his views in favour of middlemans' activities. He said: "often middleman is the first to bring the producer into the money economy, in fact he alone often creates the market".<sup>1</sup>

In the United States of America also the producer gets a small amount out of every dollar paid by the consumer; but we cannot compare the marketing charges prevailing in that country with those of our country because there the high costs of marketing are due to superior servicing, hygienic processing, modern packing and storage, and in our country there are high due to superfluous and functionless middlemen.<sup>2</sup>

Though different writers and thinkers make controversial comments about the activities done by the middlemen, it is a fact that a large number of middlemen are still existing in the agri-business and their activities also are redundant in our under-developed economy. These middlemen are always trying to cheat or exploit the illiterate and unorganised small farmers. Farmers alone cannot do anything against the astute traders and the farmers are afraid of them. Because they (middlemen) are the source of credit to the small farmers in the villages at the time of sowing seeds

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<sup>1</sup> Spinks, G.R., Attitudes Towards Agricultural Marketing in Asia and the Far East, Bombay, 1971, pp.2-16.

<sup>2</sup> Srivastava, S.K., op. cit., p.263.

in the field. Gangulee<sup>1</sup> described the situation of farmers thus "The farmers were not telling true story and that they were afraid of the brokers and others with whom they had to deal". Buyers always keep themselves in an advantageous position by doing malpractices and manipulation in their trade. Alok, Ghosh says that the buyers manipulated the prices made unauthorised deductions and followed defective weighment systems, etc. It has become the habit of the traders. By occupying a strategic position between the producers and consumers, the traders acquire considerable market power and introduce procedures and practices in the markets which are to his advantage.<sup>2</sup>

Agriculture marketing suffers from lack of organised marketing institutions in the village level or in the nearby urban areas. A marketing institution with proper management can play a vital role in the marketing of agricultural produce of the farmers.

Co-operatives have generally come to be recognized as an important segment of an agricultural marketing system. In many countries they have become quite important as a means of achieving greater efficiency as well as a more equitable distribution of the benefits of development. The main

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<sup>1</sup> Gangulee, N., The Indian Peasant and His Environment (The Linlithgow Commission and After), Lindsay Drummond, London, 1935, pp.78-79.

<sup>2</sup> Ghosh, Alok, Indian Economy - Its Nature and Problems, The World Press Limited, Calcutta, 1977, pp.240-250.

objectives of marketing co-operatives include reduction of marketing margins and costs, improving operational efficiency and influencing supply and demand in the market.<sup>1</sup> But, the objectives of co-operative marketing institutions have not yet met with complete success. The impact created by this institution cannot spread widely.

According to 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".<sup>2</sup>

From the above discussions of the shortcoming of agricultural marketing, it is clear that operational or functional inefficiency is the fundamental defect. Our agricultural marketing system is fully affected by these inefficiencies. These inefficiencies affect other factors also. Operational or functional efficiency of marketing institution has to be raised with specific objectives, so that marketing system could be improved and farmers would get maximum benefit from it.

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<sup>1</sup> Rahman, Mahmudur, Development of Agricultural Marketing in Bangladesh, Bangladesh Academy for Rural Development Committee, Bangladesh, 1973, p.44.

<sup>2</sup> Mukherjee, P.K., "The Role of Institutions in Asian Agricultural Development", in Asian Development Bank, Asian Agricultural Survey, 1969, pp.603-632.

The idea of these institutions was taken from the West (developed countries) and implemented in these regions (India - Bangladesh Sub-continent) without making any modifications which will suit <sup>their</sup> socio-economic conditions. This is the main reason for failure of the institutions. 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".<sup>1</sup>

It is inappropriate for developing countries to initiate marketing innovations from developed countries without adequate reference to their economic development background. First of all, there exists a wide range of difference in the agricultural production system between developed and developing countries. In most Asian countries there are many small farmers with a small surplus of production nearly above their consumption needs. This requires a subsistence marketing structure different from the commercial farming-cum-modern marketing structures of most developed countries. Differences in consumers purchasing power between developed and less developed nations also pose a bottleneck in the transfer of agricultural marketing innovations. The low income level of

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<sup>1</sup> Galbraith, J.K., Economic Development, Houghton Mifflin Company, Cambridge, 1955, pp.1-12.

consumers limit the assortment of retail stores and also limits customer mobility.<sup>1</sup>

Most of the institutions were initiated by the Government and naturally the 'return on public investment' 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.<sup>2</sup>

the  
Overcoming/Shortcomings in Agricultural Marketing:

The surplus of agricultural produce of a farmer is disposed off in several ways. The first and the most common method is to sell away his surplus produce to the village money-lender or trader from whom he took advances for cropping. The farmer is bound to sell his produce to him. The second method a farmer has to follow is to dispose off his produce in the weekly or bi-weekly village markets. In these markets, he sells his produce to the petty intermediary or the intermediary/<sup>who</sup> deals with a large volume of transactions. The farmer also sells his produce through the mandis in

<sup>1</sup> Mittendorf, H.J., "Evaluation of Food Marketing Systems in Europe and North America and its Relevance to Asia", Food Marketing Systems in Asia, F.A.O. No. RAFE 24, Bangkok, 1975, in Kim, Sung-Hoon, "Agricultural Marketing in Developing Economics : Some Reflections", Kurukshetra (Focus on Agricultural Marketing), Vol. XXXIII, No.9, June, 1985, p.11. Delhi,

<sup>2</sup> Gangulee, N., op. cit., pp.85-87.

nearby towns. But, the mandis may be located at a distance of several kilometres. Therefore, the farmer has to make special effort to carry his produce to the mandi. Here, he can't sell his produce directly to the trader. The trader purchase farmers' produce through 'dalals'.

In every stage of selling his produce, the farmer faces a lot of problems and gets a very unremunerative price. Due to defective marketing, the market situation compels him to sell his produce at throw-away prices. The money lender gives him a very low price than the market price at the time of taking loan. In the village market, the intermediaries cheat him in many ways by doing manipulation and malpractices. For taking the produce to the mandis, he faces transportation problems. Even if he brings his produce to the market, he will not get a fair price due to the interference of 'dalal' and malpractices done by the trader. He cannot hold his produce for better price for the lack of holding power.

In order to have the best advantage in marketing of his agricultural produce the farmer should enjoy certain basic facilities:<sup>1</sup>

- (i) He should have proper facilities for storing his goods.

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<sup>1</sup> Datt, Ruddar and Sundharam, K.P.M., Indian Economy, S. Chand and Company Limited, New Delhi, 1980, p.435.

- (ii) He should have holding capacity, in the sense, that he should be able to wait for times which he could get better prices for his produce and not dispose off his stocks immediately after the harvest when the prices are very low.
- (iii) He should have adequate and cheap transportation facilities which would enable him to take his surplus produce to the market rather than dispose off it in the village itself to the village money-lender-cum-merchant at low prices.
- (iv) He should have clear information regarding the market conditions as well as about the ruling prices; otherwise, he may be cheated. There should be organised and regulated markets where the farmer will not be cheated by dalals and aratiyas (traders).
- (v) The number of intermediaries should be as small as possible so that the middlemen's profits are reduced. This will increase the returns to the farmer.

To facilitate the above, reforming the markets and the marketing conditions is essential. Millikan and Hapgood<sup>1</sup> said, "market reform" therefore, "ought to be an integral / <sup>part</sup> of

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<sup>1</sup> Millikan, Max, F. and Hapgood, David, No Easy Harvest, Scientific Book Agency, Calcutta (Year not given), p.61.

any policy for agricultural development. Normal economic incentives for farmers to increase their productivity can operate only to the extent that the marketing systems enlarges the market for their produce and brings them a reasonable price. Their desire to earn large cash incomes can be stimulated by a marketing system that brings them cheap consumer goods, and their effort to increase productivity can succeed only if the system delivers the needed inputs. Marketing is as critical to better performance in agriculture as farming itself and should be treated with equal care".

The reform of marketing is often urged on the grounds that there are too many competing middlemen and that their competition is not <sup>for</sup> the best advantage of the producers. This complaint is made not only against the competition of traders but also against that of the first processors of agricultural produce, e.g. the owners of slaughter houses or of cotton ginneries. The argument takes two forms -- first, if there are many competitors, competition is too severe, and this leads to the payment of excessively or ineconomically high prices to producers; secondly, if there are many competitors, competition is wasteful, and this leads to the payment of unnecessarily low prices to producers. It is often said that excessive competition forces dealers or processors to cheat producers more scandalously and persistently. The two forms of the argument are often combined; moreover, each

gives rise to the same proposals for reform, namely, that the number of intermediaries should be reduced in the interests of producers and that the margins for their services should be controlled.<sup>1</sup>

Statutory measures designed to control or to modify the processes of agricultural marketing or to reshape the structure of trade in agricultural produce are in force in many parts of the world. They are of three broad types. First, there are measures designed primarily to raise the returns of certain classes of producers -- monopolistic restriction of supply, differential prices, and subsidies fall in this group. Secondly, there are various measures designed, at least ostensibly, to stabilise prices or incomes. In addition, a miscellany of measures designed to improve agricultural marketing have been introduced in recent decades in many countries; these include reduction in the number of intermediaries, control of the channels of marketing, delimitation of the places where transactions may take place, elimination of inferior grades of products, and so forth.<sup>2</sup>

The government can initiate effective measures for reforming the marketing situation of a country. Without government action marketing reform may not be possible. The

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<sup>1</sup> Bauer, P.T. & Yamey, B.S., Markets, Market Control and Marketing Reform, Weindenfeld and Nicolson, London, 1968, pp.30-40.

<sup>2</sup> Ibid., pp.30-40.

marketing system as existing in a country having a socio-economic orientation and which is not beneficial to the producing or consuming class should be reformed with government participation. Frederic Lundy Thomsen says, "the government should do everything and anything it can to improve marketing in the interests of farmers and consumers. They would have the government set up and operate marketing facilities in active competition with private and co-operative agencies, fix prices and margins, regulate the number and characteristics of private agencies allowed to engage in marketing, subsidize selected marketing operations, render marketing services customarily provided by private marketing agencies, and govern the time, place and manner of marketing commodities as well as the quantity marketed".<sup>1</sup>

Production, processing and marketing form an integral part of agricultural economy which is the backbone of a country. The goal of all successful marketing is the lowering of the prices of goods and maintaining standards of quality without, at the same time, adversely affecting the interests of the producers. Thus, any increase in the efficiency of marketing which has the effect of lowering the cost of distribution as well as the price for the consumer, brings about an increase in the national income. Along with the price factor, problems

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<sup>1</sup> Thomsen, Frederick Lundy, Agricultural Marketing, McGraw-Hill Book Co. Inc., New York, 1951, p.457.

of agricultural marketing began to receive serious consideration of governments with the gradual realization of the fact that the farmer/labourer without any developed system of agricultural marketing had to face severe hardships.<sup>1</sup>

An efficient marketing system is a great asset for making the best use of what is produced. Marketing system is efficient when the distribution is economic as well as equitable and the price structure rational. Economic distribution aims at the maximisation of the net consumable quantity out of a given quantity of production. For this purpose, every unit of the national food production or supply should go a long way in meeting food requirements. Equitable distribution may be defined as distribution in a manner that marginal utilities derived by consumers are equalised. Such absolute equalisation is almost impossible but steps can be taken to minimise disparities. The Marketing Sub-Committee of the Government of India in its report (1946) emphasized this point in the following words:

"The guarantee of an assured market for agricultural produce at a remunerative minimum price constitutes the most direct and effective form of assistance. It is an essential part of a nation-wide drive to raise agricultural production and output. Some of us, in fact, consider that

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<sup>1</sup> Jain, S.C., Principles and Practice of Agricultural Marketing and Prices, Vora & Company, Bombay, 1971, p.305.

all the other measures combined will not succeed in attaining the objectives in view, unless the producer is guaranteed a remunerative minimum price for his produce".<sup>1</sup>

The need for government assistance in initiating and facilitating the improvement of marketing organisation and methods is now felt by most of the countries. Many countries are aware of the marketing problems and are prepared to legislate and allocate technical and financial resources in the furtherance of marketing efficiency. The following measures may be taken up for improving the marketing efficiency:

- (i) Regulatory : Making of rules that marketing agencies must abide by for the common interest of producers, traders and consumers;
- (ii) Facilitating : Programmes may be taken up to make the marketing system more efficient so that it can provide a better service to users;
- (iii) Government can buy, sell and store certain commodity for influencing price and movement of price or to supplement existing marketing channels and for increasing competition.

For improving marketing efficiency, government has to intervene in the market operation and make policies. Governments

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<sup>1</sup> Government of India; Report of the Prices Sub-Committee of the Policy Committee on Agriculture, Forestry and Fisheries, Department of Agriculture, Manager of Publications, Delhi, 1946, p.ii.

are persuaded to intervene in the market to prevent exploitative practices of the traders. This also ensures equitable distribution of commodities and at the same time, helps the farmer in getting his due share. The government policies for market intervention in this respect have a vital role and it operates for the welfare of the society. Each and every government believes in planned economic development and wishes to achieve economic change with social justice. But the situation of the farmers of less developed countries is very pathetic. These farmers are exploited by the trader groups in respect of the prices of their produce. Governmental intervention is not so effective and the activities of the middlemen are not restricted due to lack of infrastructure facilities. Markets have not been reformed in a constructive way. In such a situation, government is bound to interfere in the market conditions.

From the foregoing discussion it appears that the government adopts policy innovations and different institutions for improving the agricultural marketing efficiency. A viable marketing system enables the farmer to get a remunerative price for his produce. The consumer too is able to satisfy his desire at a reasonable price within his capacity to pay. The government takes steps to intervene in the marketing process by way of supply, subsidies, equitable distribution through rationing, other methods of public distribution, levy procurement of essential commodities, offering support price

during post-harvest periods and regulating market practices for agricultural commodities. So, governmental intervention to overcome shortcoming and improving agricultural marketing can be classified in the following way:

1. Direct intervention through the establishment of executive agencies to handle trade in certain selected commodities;
2. Intervention through initiating voluntary organisation like co-operative societies; and
3. By initiating direct regulatory role through regulation of markets and market practices.

Government executive agencies such as 'food corporations' declare prices for foodgrains and purchase produce from the producer/seller in and after the harvesting season. These agencies procure foodgrains only from the producer/seller.

The concept of a levy on farmers' produce at a price lower than the market price was used for a long time. This system was compulsory for farmers holding considerable quantities of marketable surplus. This system is not in vogue now and is replaced by the concept of guaranteed floor price which is announced before the harvesting season.

The concept of support price is to protect the producer: from distress sale of his produce in and after the harvesting season and from his purchasing commodities at a price higher than market price. This price is declared earlier because normally prices fall in the harvesting season due to <sup>the availability of</sup> large quantity of marketable surplus.

The concept of incentive price is related to cover cost of production and is supposed to be announced before the sowing season.

But none of these systems could give substantial benefit to the small producers/farmers because of the defective institutional framework and operational procedure that has been discussed in the earlier paragraphs.

Co-operative marketing, a voluntary business organisation established by its member patrons utilise market farm products collectively for their direct benefit. Under this system, producers sell their produce through co-operative sales association. Member patrons get financial help during the harvesting season against their produce deposited to the society to avoid distress sale when the market price falls. This system plays a vital role to solve the problems of marketing of farmers who are united together and to secure better prices through efficient marketing of their produce.

Co-operative marketing, as a system, provides greater incentives to producers, accompanied by a greater degree of fairness, due to the opportunities it provides for participation by farmer members in the marketing system. But this system is only beneficial to the member patrons and is unable to eliminate the deficiencies in the marketing system.

A very important measure which the government has taken to improve agricultural marketing has been the setting up of regulated markets in the country. With the establishment of these regulated markets, the malpractices have<sup>almost</sup> disappeared and the market charges have been rationalised. The government has successfully replaced the different systems of weights and measures prevalent in the country with the metric system. This is a great improvement indeed as compared to the previous system under which the farmers were deceived by the traders.

#### Need for Market Regulation:

In the early ages, man used to produce to fulfil his family requirements. When he learns specialization to the extent of producing one kind of product, he engages himself with that product only. But, when he feels the need<sup>for</sup> another product/<sup>he</sup> begins to show a desire to acquire it through exchange. So, we may see that man has needs and wants. Needs and wants create some sort of discomfort in persons, which is satisfied through acquiring goods and services. These goods

and services are obtainable in several ways, such as, self-production, coercion, supplication and exchange. Human society works on the principle of exchange which means that persons specialize in the production of particular goods and services and exchange those commodities for the other things they need.

But the above situation started changing when man began to produce more and more produce and created market, for the disposal of his produce. The size of marketed surplus of agricultural produce has increased due to increased production. With the promotion of the intensive cropping, processing and storage facilities the marketing of agricultural produce is becoming more and more important. B.S. Saxena<sup>1</sup> said:

"One set of technological revolution, better communications and introduction of money economy increased the size of the market and marketing of agricultural produce became a very complicated process beyond the comprehension of the producer".

Economic activity begins with production and ends with consumption. Consumption stimulates production by satisfying the desire of the consumers and enabling the producers to maximise profit. Thus consumption is the ultimate goal of marketing and in this context rural market as a

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<sup>1</sup> Saxena, B.S., "Role of Agricultural Marketing", Commerce Annual Number,/1970, pp.121.

marketing institution has very significant role. The existence of rural market is indispensable to the villagers or farmers where they buy their necessities and sell their marketable surplus. Therefore, it may be said that the rural market as a marketing institution is the heart of economic activities of village people. In a sense, it directs the rural economy.<sup>1</sup>

In the absence of sound marketing facilities, the farmers have to be dependent upon local traders and middlemen for the disposal of their farm produce which is sold at very low prices. In/<sup>the</sup>case of small farmers the marketing of produces involves serious problems. Since the quantity of their produce is small and overhead expenditure on processing, transport and marketing of the produce is heavy, the marketing of their produce is hardly remunerative if they do it on their own. In most cases these farmers are forced, under socio-economic conditions to carry on distress sale of their production. Farmers in the villages sell their produce: to the money lender from whom they have usually taken a loan. The money lender in turn passes it over to a bigger merchant or firm in the neighbouring market-town. Farmers also dispose off their produce in the nearby village-market which sits once or twice a week. In the village markets, the farmers sell their produce to the petty traders or arathdars. So, the farmers are victims

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<sup>1</sup> Islam, Md. Anwarul, "Village Hat as a Rural Marketing Institution : Some Suggestion for Improvement", op. cit., pp.58-59.

of several malpractices done by the traders, which curtail the price from the actual price of their produce.

The plight of the farmers of West Bengal and Bangladesh is far worse. They are illiterate and extremely poor, their output are too small, they have no holding power and no facility for storage and credit, they are practically at the mercy of the traders. Unless the marketing strength of the farmers is increased, they cannot expect fair prices for their produce. Unfortunately, the matter of ensuring fair price to the farmers for their surplus produce has not been given as much attention as has been given for raising their production.

In the view of C.Y. Lee, "availability of efficient rural periodic markets certainly facilitate the small farmers' marketing efforts. In Asian countries, every 5,000 - 8,000 farm households need a good market which is properly managed and has proper facilities and regulatory services. Availability of such markets will attract more sellers and more assembly traders and will facilitate the marketing process. Where such rural markets are not available the small farmer lacks the needed market information and the function of price setting is definitely in favour of the village assembly traders who often can indicate the price and the quantity of the procurement. Comprehensive efforts are required on the part of governments

to develop such rural markets".<sup>1</sup> From the above views it appears that market should be regulated for better functioning. If well managed markets are available in the nearby area of the producing centre of farmers, they can dispose off their produce without any bad affect and get a remunerative price for their produce.

"The controversy over the need for government regulation and interference in marketing is long dead. It has been admitted that the competitive system cannot adequately protect the interest of the growers and consumers as they are not in a position to bargain on equal footing with the resourceful and willy traders, because of their limited resources and inadequate knowledge. Even in the orthodox capitalistic country like U.S.A., a host of government regulations have been ushered in to maintain and police competition by suppressing trusts, cartels and other monopolistic combinations in restraint of trade, thereby improving the business ethics and practices, facilitating trade and providing services, to ensure the supply of wholesome and quality products which directly affect commodity prices with the ultimate object of

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<sup>1</sup> Lee, C.Y., (Senior Marketing Officer, Agricultural Services Division, F.A.O., Rome), a paper on "Removing Marketing Constraints in Rural Development", presented at a Seminar on Small Farmer Marketing Improvement in Asia, held in Bangkok, Thailand, 15-17 June, 1983 (Papers published by F.A.O., Bangkok, 1983), p.7. For details vide the publication.

safeguarding the interest of growers and consumers and promoting social welfare and national interests."<sup>1</sup>

In India, several committees laid down their opinion on the need for market regulation or government intervention in the market to safeguard the interest of farmers after viewing their very sad marketing conditions.

The need for market regulation was felt by Royal Commission on Agriculture in India, in 1928. The Committee observed thus:

"It is established that the cultivator obtains a much better price for his produce when he disposes off it in a market than when he sells it in his village. The importance of such markets lies not only in the functions they fulfil but in their reactions upon production. Well regulated markets create in the mind of the cultivator a feeling of confidence and of receiving fair play and this is the mood in which he is most ready to accept new ideas and to strive to improve his agricultural practice. Unless the cultivator can be certain of securing adequate value for the quality and purity of his produce, the effort required for an improvement in these will not be forthcoming".<sup>2</sup>

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<sup>1</sup> Maziruddin, Kazi, "Marketing Legislations in Pakistan Regulation of Markets", paper presented on National Seminar on Agricultural Marketing, at Dhaka, 5th April, 1966. Papers published by Agriculture Information Service, Government of East Pakistan (now Bangladesh) Press, p.154.

<sup>2</sup> Government of India, Report of the Royal Commission on Agriculture in India, Government General Press, Bombay, 1928, para 327, p.388.

The Commission again pointed out that "the value of educative effect of well-regulated markets on the producer can hardly be exaggerated, but it has yet to be recognised in India".<sup>1</sup>

Indian Central Banking Enquiry Committee also observed the pathetic condition of the village producer and how they were falling into the clutches of the village money-lender, by handing over their produce to the latter. This situation occurred due to lack of proper organised markets and pre-and-post-harvest marketing finance. The Committee narrated in the report that:

"the village producer was seldom able to get a proper price because he was chronically indebted to the middlemen, who advance 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".<sup>2</sup>

The Committee again pointed out that:

"for want of facilities the grower was not in a position to wait and sell the commodities for proper price".<sup>3</sup>

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<sup>1</sup> Ibid., p. 388.

<sup>2</sup> Government of India, Report of the Central Banking Enquiry Committee, Government General Press, Bombay, 1931, pp.76-77.

<sup>3</sup> Ibid., pp.79-80.

Indian Central Cotton Committee submitted an enquiry report in 1917-1918. The Committee mentioned in the report that Berar Cotton Market was the only market where the constitution of market was regulated by special legislation, 'The Berar Cotton and Grain Markets Law of 1897', and that their management was in the hands of elected committees. The Committee had appreciated the protection provided to the producers through regulation of markets and demanded the establishment of similar legislation in cotton growing areas.<sup>1</sup>

In the old Bombay State in 1952, a Committee was appointed by the then State Government to evaluate the working of regulated markets in the State. The Committee was headed by Mr. M.L. Dantwala and it recommended marketing legislation to equalise the bargaining power and create conditions conducive to more perfect competition.<sup>2</sup>

In 1972, the Government of Kerala also appointed a Committee to study the activities of middlemen in the regulated market and measures to eliminate their redundant activities. The Committee stated in its Report in 1975 that:

<sup>1</sup> Government of India, Report of the Central Cotton Enquiry Committee, Government General Press, Bombay, 1919, p.12.

<sup>2</sup> Government of Bombay State, The Report on the Enquiry into the Working of Regulated Markets in the Bombay State, Bombay, 1952, p.26..

"orderly marketing alone will assure a fair return to the farmer which is a pre-requisite for increased agricultural production".<sup>1</sup>

The above statements show that if marketing legislation is enforced in the market, the redundant middlemen and their activities will be eliminated automatically from the market. As a result, farmer's incidental charges will be reduced and his income will be increased. This increased income will stimulate him to enhance production.

The Directorate of Marketing and Inspection conducted a nation-wide survey on working of regulated markets in India. The survey team found that the traders were powerful, educated and resourceful. Moreover, they had formed associations and codified trade practices and business ethics for their advantages. They exploited the illiterate farmers as and when they willed. The Survey team emphasized the need for regulation of market to protect the interests of the farmers.<sup>2</sup> The need for market regulation is all the more great in primary assembly markets where the majority of the sellers are producers who, on account of their vulnerability, are prone to be exploited. By occupying a strategic position

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<sup>1</sup> Government of Kerala, The Report of the Expert Committee for Enquiry into the Working of the Regulated Marketing System in Kerala, Trivandrum, 1972, p.54.

<sup>2</sup> Government of India, Working of Regulated Markets in India, Directorate of Marketing and Inspection, Nagpur, 1968, pp.1-13.

between the producer-seller and consumer, traders acquired considerable market power and introduced procedures and practices to their advantage and against the interests of the producers. Due to his unique position, the trader succeeded in taking a major proportion of the price paid by the consumer.

According to G.R. Allen, "public intervention in marketing frequency aims at increasing the bargaining power of producers against the middlemen with whom they deal".<sup>1</sup>

Peter Stutely says, "government intervention is essential to create orderly marketing, to provide better incentives and increase farmers' income, and to get a greater share of profits that is being earned by the private traders".<sup>2</sup>

Uma J. Lele views government intervention for the regulation of markets in some other way. She says:

"In some cases, public marketing facilities have provided a particular impetus to increasing cash-crop production by small holders. Government intervention in agricultural

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<sup>1</sup> Allen, G.R., Agricultural Marketing Policies, Basil Blackwell, London, 1959, p.13.

<sup>2</sup> Stutely, Peter, "Government Intervention in Agricultural Markets", in Hunter, Guy, et. al., (Eds.), Policy and Practice in Rural Development, Oxford University Press, London, 1976, pp.329-337.

marketing is closely linked with price stabilisation and food production policies".<sup>1</sup>

In another article, she says that government intervention is necessary to eliminate imbalances in agricultural marketing, which affect industrial growth.<sup>2</sup>

Some marketing experts and agricultural economists have emphasised the need for the regulation of markets through governmental intervention to safeguard the interests of the producer-seller by eliminating constraints thereby ensuring its proper and efficient functioning.

From the foregoing discussions it appears that government intervention in marketing is quite an old practice and it plays a very crucial role for the overall development of the economy. The process of intervention is universal irrespective of the political or social structure of a country.

The problems of agricultural marketing are so complex and of such magnitude that it is difficult to conceive of a small farmer-oriented programme, divorced from a general strategy of improving the total agricultural marketing system.

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<sup>1</sup> Lele, Uma, J., "The Role of Credit and Marketing in Agricultural Development", in Islam, Nurul (Ed.), Agricultural Policy in Developing Countries, Macmillan Book Company, London, 1974, p.432.

<sup>2</sup> Lele, Uma, J., "Marketing and Pricing of Foodgrains", in Shah, C.H., et. al. (Ed.), Agricultural Development in India - Policy and Problems, Orient Longman, New Delhi, 1979, pp.141-147.

In an agricultural marketing system, different parties have different and conflicting interests. 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 prevent exploitative practices and to ensure increase in production. In developing such a strategy, the governments have to play an important role.

Market regulation as a concept should thus be viewed as an instrument to transform an essentially subsistence agriculture into commercial agriculture. Strategies like green revolution with high technology production of agricultural produce would remain only partially successful if systematic and orderly marketing channels are not evolved to distribute the marketable surplus in a way which will be remunerative to the grower.

## CHAPTER - II

### ABOUT THE RESEARCH STUDY

For improving agricultural marketing, which has been discussed in the previous chapter, the Government has intervened in different ways. The direct regulatory role through the regulation of markets and market practices is one of the ways in which governmental intervention can improve agricultural marketing. This study is an enquiry of the direct regulatory role of the government through regulation of markets and market practices. By restructuring the operational methods and redesigning the existing physical markets, this system gives direct benefit to the cultivating class and protects them from the market manipulations of organised and powerful private traders. If traders do not continue their trade for the time being they will not be affected financially, because they are resourceful or financially solvent. On the other hand, cultivators must sell their produce immediately after harvesting for the lack of additional facilities or to satisfy other needs for which finance is required. Another important reason is that cultivators/farmers are not organised and because of lack of their organisation, they sell their produces individually. In this situation, a farmer is helpless when astute traders indulge in manipulations at the time of

purchase of the produces. So it is the government's obligation to protect the interest of the farmers. Protection of the farmer/cultivator is necessary not only from the point of social justice but also from that of economic growth. If the farmers are assured of a remunerative or incentive price for their produce, they will get the inspiration to produce more and through more production, economy will be developed and the nation as a whole will be benefitted.

This study will examine the management system of the markets through the direct regulatory role played by the governments to control markets and market practices in West Bengal and Bangladesh.

In West Bengal, an Act was passed to intervene in its markets in 1972, and is called "The West Bengal Agricultural Produce Marketing (Regulation) Act, 1972". This Act was enforced since then and under this Act agricultural produce/markets called 'regulated markets' were established. These markets are being managed under this Act.

In Bangladesh, an Act was passed to intervene in its markets in 1964, and is called "Bangladesh Agricultural Produce Markets Regulation Act, 1964".<sup>1</sup> Under this Act

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<sup>1</sup> This Act was passed when Bangladesh was under Pakistan and was named "East Pakistan Agricultural Produce Markets Act, 1964". After liberation in 1971, it was retitled into "Bangladesh Agricultural Produce Markets Act, 1964". Bangladesh Government had amended it by its notification No. 430 published in the Bangladesh Gazette, Dhaka, on the 7th April, 1985.

government has declared some markets as "notified markets" from time to time. This act has not been enforced yet due to political constraints. From 1964 to 1970, the then government did not take much interest to enforce the Act to regulate the markets. After liberation, there have been no stable governments and each government has tried to use the markets for its own interests and formed rules and regulations to manage those markets in its own way.<sup>1</sup>

This study is an examination of the management system of regulated markets in West Bengal and the existing management system of notified markets in Bangladesh. This study is an attempt in finding out whether there is any difference between management system of the markets of two regions or not.

#### Problem Identification:

Bangladesh and West Bengal are predominantly agricultural. So agriculture is the main occupation of the people of both the regions. It is the mainstay of the economy also. About 85 per cent of the total population of Bangladesh and 80 per cent of the total population of West Bengal are directly dependent upon agriculture for their livelihood. Agricultural produce are grown in its vast rural areas and all the agricultural produce come to the consumer (both in the rural and urban areas) through rural markets.

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<sup>1</sup> Management of Markets in different times after liberation will be discussed later.

There are over 7,900 rural markets<sup>1</sup> (including 202 'notified market') of different categories in Bangladesh and over 3,000 rural markets<sup>2</sup> (including 38 'regulated markets') of different categories in West Bengal. A few of the notified and regulated markets are urban and semi-urban based. They are rural in the sense that about 90 per cent of the grower-sellers and traders of the adjoining rural areas come to these markets for disposing off their produce and buying their necessary day-to-day requirements.

These markets play a vital role in the life of the people of both Bangladesh / and West Bengal. People of the adjoining areas often operate directly in these markets as sellers and buyers. The surplus of the farm products of the majority of individual farmers is small and is brought to the local rural markets for sale, for cash is needed by them to buy the inputs and the other necessaries of life. These markets not only

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<sup>1</sup> Islam, Md., Anwarul, "Village Hat as a Rural Marketing Institution : Some Suggestions for Improvement", The Dhaka University Studies, Part-C, Vol.V, No.1, Dhaka, June 1969, p.60. The author has compiled the total numbers of markets from 1960 to 1980 from different sources, such as:

- (i) Based on Survey.
- (ii) Ministry of Land Administration and Land Reforms, Government of Bangladesh.
- (iii) Directorate of Agricultural Marketing, Government of Bangladesh.
- (iv) Farouk, A., Bangladesher Panya Bipanan Byabastha, Bangla Academy, Dhaka, First Edition, 1976.

<sup>2</sup> Directorate of Agricultural Marketing, West Bengal Hats and Bazaars, Calcutta, May 1986, pp.I-VII.

cater to the needs of the people as buyers and sellers of the produce but also serve as recreation centres where the people of the rural areas come into contact with each other and exchange inter-alia, ideas on production, marketing and development.

Economic activity starts from production and ends with consumption. Consumption stimulates production by satisfying the desire of the consumers and enabling the producers to maximise profit. Thus consumption is the ultimate goal of marketing and in this context village market as a rural marketing institution has a very significant role. The existence of rural markets is indispensable to the villagers, where they can buy their necessaries and sell their marketable surplus. Therefore, it may be said that the village market as a rural marketing institution is the heart of the economic activities of village people. In a sense, it directs the whole rural economy.<sup>1</sup>

Markets in the rural areas or urban/semi-urban areas primarily function in facilitating agricultural marketing. The farmers sell their surplus products to the traders in cash and buy inputs and other necessaries of life they need. The needs of the small farmers and villagers of the rural areas in some

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<sup>1</sup> Islam, Md. Anwarul, op. cit., pp.58-59.

way or other, are served by these markets. These markets are the nerve centres of the economic, social and cultural activities of the rural life of the people. The growers of the nearby villages bring their surplus farm products for sale in these markets on fixed market days every week and purchase their daily necessities of life. There are some intermediaries (itinerant traders) in the local assembly markets. The traders buy growers' surplus produce and they again sell the produce in the secondary or consuming markets. The itinerant traders are the typical type of intermediaries in between the growers and the consumers. They also transact through the arathdars. They collect the produce from the grower either from the villages or from local primary rural markets and sell it to the big traders in an assembly market or nearby town-market. Growers also sell directly their produce to the traders in a primary or an assembly or a nearby town-market. As such, the efficiency of these markets is directly related to the income and well-being of the farmers.<sup>1</sup>

But, the farmers in the villages or rural areas in Bangladesh and West Bengal are deprived of modern amenities of marketing. The existence of these markets is a must for the rural farmers or village people. So, these markets are the heart of economic activities and they play an important role in directing the rural economy. But, the fact is that, these

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<sup>1</sup> Ibid., pp.60-61.

markets of both the regions are not managed properly. Owing to improper management, various malpractices are existing in these markets. Grower-sellers of the adjoining areas of these markets are facing problems for marketing their produce. Rural markets are the only outlets of the rural farmers for disposing off their produce. Development of the economy depends mostly on the development of these markets. Therefore, economic development will occur mostly through the development of these markets. Hence, these markets should be developed. It should also be properly managed and organised, so that the farmers can increase their cash income as sellers and their relative prosperity as buyers of industrial products ensured through the creation of an efficient market operation.

"Due to ineffective marketing systems, production resources in the nation have been conspicuously under-utilised or misused. Extremely low prices have not only discouraged farmers' willingness for continued farming but have also caused the low level of production in the following years."<sup>1</sup>

Agricultural Departments functioning in the various States in India did not give substantial help to cultivators in seeking the best possible financial return from their produce. They paid little attention to the improved quality of

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<sup>1</sup> Kim, Sung-Hoon, "Agricultural Marketing in Developing Economics : Some Reflections", Kurukshetra : Focus on Agricultural Marketing, Vol. XXXIII, No.9, June 1985, p.11.

the produce; and thought that the problems connected with the marketing of produce were outside their purview.<sup>1</sup>

Agricultural marketing is essential both for the producer and consumer. Aware of the bad conditions of the agriculturists and agricultural marketing, the then Government of India appointed a Commission named, "Royal Commission on Agriculture", in 1926, under the Chairmanship of Lord Linlithgow. The Commission suggested the organisation of a new set of markets or to reshape the existing ones. The Commission called for a market organisation for better regulation of buying and selling of agricultural produce, and the establishment of proper administration of markets.

The aim of better marketing is not necessary to displace any unit in the existing machine but to enable that machine to function to a greater advantage. A well organised regulated market can achieve the aim of better marketing. According to the Royal Commission of India, "The establishment of properly regulated markets should act as a powerful agent in bringing about a reform which is much needed, primarily in the interest of the cultivators and, secondarily, in that of all engaged in trade and commerce in India".<sup>2</sup> The Royal Commission hoped that the establishment of regulated markets

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<sup>1</sup> Government of India, Report of the Royal Commission on Agriculture in India, Government General Press, Bombay, 1928, p.381

<sup>2</sup> Government of India, Report of the Royal Commission on Agriculture in India, Government General Press, Bombay, 1928, p.396.

would confer "an immense boon to the cultivating classes of India".<sup>1</sup> The Commission further recommended in its report to abolish unauthorised markets and bazaars and to establish a sufficient number of well regulated markets which can give an easy access to the cultivator.

As per the recommendations of the Royal Commission on Agriculture, West Bengal in India introduced regulation of markets in 1972, by establishing regulated markets and Bangladesh introduced regulation of markets in 1964 by establishing 'notified markets'. This study is an attempt to explore the management system of the two. Proper management is a vital task for smooth operation and functioning of the market. Better management can create facilities in the market place for facilitating marketing. If facilities are created and proper management is done, the producer/sellers can have access to the market and earn a remunerative or incentive price for their produce. And at the same time, imbalances in transactions can be avoided. But, the main problem is that markets are not being managed properly. There are no specific rules and regulations to control the trade and trade practices. As a result, traders are manipulating their trade and producer/sellers are being cheated by the traders.

It is a great pity that not much attention is paid to the application of periodic market analysis to problems of

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<sup>1</sup> Ibid., p.389.

rural development in the Third World. Almost all studies of periodic marketing systems have shown how exploitative structures can be.<sup>1</sup> Similarly, the almost all studies indicate what an active system of trading it is, with some form of spatial organisation as its strong point. However, / <sup>neither</sup> of the studies have mentioned how best the exploitative nature of the system could be minimised nor indicated the use of its spatial form for rural development and planning.<sup>2</sup>

#### Why a Comparative Study?

Before the separation of India and Pakistan in 1947, the present Bangladesh and West Bengal were one and was then known as "The Bengal State".<sup>3</sup>

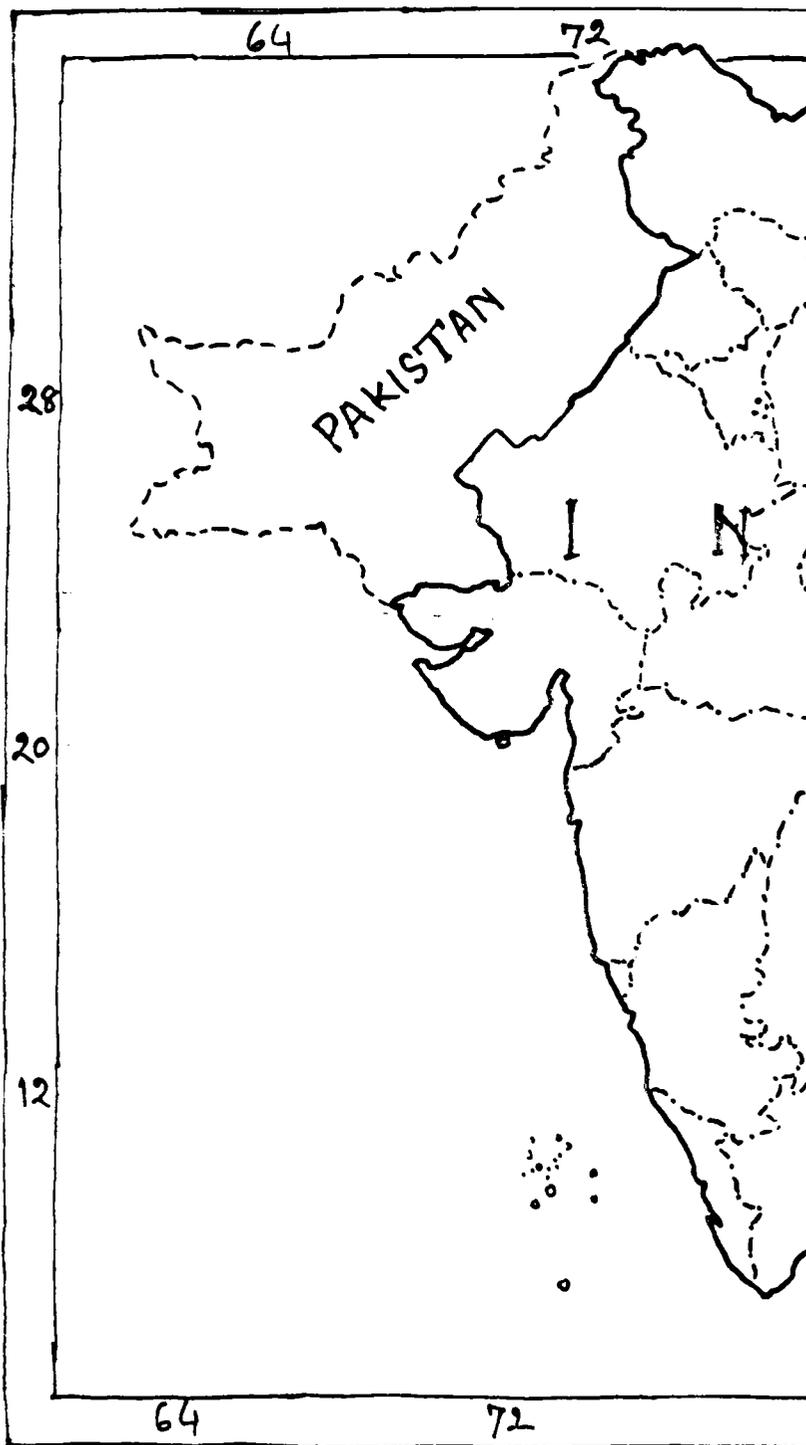
<sup>is</sup>  
The old Bengal/known as Ganda or Vanga in ancient Sanskrit literature, appears to have been celebrated from the epic period. The Mahabharata refers to the King of Vanga as an ally of the Kauravas in their war against the Pandavas. Apparently at the time of Aryan penetration in the east, Vanga had a well-settled civilisation and culture. In the 3rd century

<sup>1</sup> Wanmali, Sudhir, Periodic Markets and Rural Development in India, B.R. Publishing Corporation, Delhi, 1981, p.7 taken from Kaplan, D., "The Mexican Market Place : then and now", Proceedings, American Ethnological Society, Seattle.

<sup>2</sup> Ibid., p.7.

<sup>3</sup> Map-1 shows the position of Bangladesh and West Bengal.

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Position of Banc



B.C. Bengal was part of the Mauryan Empire and from the 4th to the 6th centuries A.D., it was under the Gupta dynasty. By about 800 A.D., Bengal had its own dynasty of independent Kings, the Palas. The Palas were very powerful and expanded their territories into the neighbouring countries of Bihar, Orissa and Assam. In the 11th Century, Bengal passed under the rule of a new dynasty, the Senas. The Senas who ruled from their capital at Nadia were driven out by Qutubuddin, the Sultan of Delhi. Thereafter, Bengal became a part of the Delhi Empire. With the death of Aurangzeb, the last great Mughals, Bengal became independent under the Muslim governors. Siraj Daula, the last independent Muslim ruler of Bengal was defeated by the British in the battle of Plassey in 1757. For about seven years the British were in a sort of dual control with the successors of Siraj Daula, Mir Jaffar and Mir Kasim. In 1764 Mr. Kasim was routed in the battle of Buxar and the British took over the administration of Bengal.<sup>1</sup>

When Bengal was first constituted by the British as a province it was a vast area, including present-day Bihar and Orissa and extended westwards upto Agra. In 1863, Agra was detached from Bengal but Assam was added to it. In 1874 Assam was formed into a separate province. In 1905 Lord Curzon

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<sup>1</sup> Mathew, K., et. al. (Ed.), Manorama Year Book, 1985, Manorama Publishing House, Kerala, India, 1985, pp.688-689.

divided Bengal into two provinces. A new province called Assam and East Bengal with its capital at Dhaka was carved out of old Bengal. The rest of the territory together with Bihar and part of Orissa formed Bengal. This event, known as the partition of Bengal, aroused the dormant patriotism of the Bengalis, who opposed the partition as an attempt at disintegrating Bengal. The rest of India stood by Bengal and troubles broke out. Peace was restored in 1911, when the partition was abrogated by a declaration of King George V at the Royal Durbar in Delhi. Another change announced at the Durbar was the shifting of the capital from Calcutta to Delhi. The new Bengal did not include Assam or Bihar.<sup>1</sup>

In 1947, Bengal was partitioned between India and Pakistan. While Pakistan's share came to be called East Pakistan (now Bangladesh), India's share was called West Bengal. In 1950, the Princely State of Cooch Bihar became a part of West Bengal.

Bangladesh was under Pakistan as its eastern wing and was known as East Pakistan. It remained with Pakistan for about 24 years, i.e. from August 14, 1947 to March 25, 1971. Bangladesh became an independent country in 1971.

The 1947 partition of Bengal between India and Pakistan shattered the closely integrated economy of East and

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<sup>1</sup> Ibid., p.689.

West Bengal. An individual Bengal enjoyed a prosperous economy, but the separation has resulted in independent economies, considerably weakening the prosperity it once enjoyed.

Bangladesh and West Bengal are mainly agricultural areas. Most of its agricultural produce came to the consumer through the rural markets both in the rural and urban areas. Markets of both the regions are similar in character. Its trends and operational activities were also same before the partition. Again, the cultural and social background of the people of both the regions were same. Even at the present time, though the regions are politically separate, the cultural and social habits are more or less the same.

It has been mentioned that both Bangladesh and West Bengal have rural markets and all these markets meet once or twice in a week on fixed days. A very few markets meet daily which are urban or semi-urban based. But as Bangladesh is an independent country and West Bengal is a State of India, and as these two regions are administered by a separate political entity, the management and administration of these markets seem to be different. A streamlined management system has proved to be successful and could give a substantial benefit to the producing class. This study proposes to examine only the management system of notified markets in Bangladesh and the management system of regulated markets in West Bengal and focus attention where the management system is found to be efficient and effective.

Objectives of the Research Study:-

A market of agriculture produce plays an important role in directing the rural economy. In the rural areas, there is no marketing place except these rural markets. Most markets in Bangladesh and West Bengal were unregulated till recently. Because, markets are not being managed properly different problems arise during transactions between the seller and the buyer. When a farmer goes with his produce to the market a dispute arises between him and the middleman or the purchaser. He then has to depend on the decision of his broker or the trader. Most of these markets are not having necessary infrastructural facilities. Besides, these markets suffer from many problems such as:

- (i) lack of proper management,
- (ii) lack of improved transportation and communication facilities,
- (iii) lack of adequate storage facilities,
- (iv) lack of standard weights and measures,
- (v) lack of proper grading and standardisation facilities,
- (vi) resistance to overcome the traditional marketing systems,
- (vii) lack of marketing finance immediately after the harvesting season,
- (viii) lack of price uniformity, and so on.

In order to make these markets operate on a sound and efficient basis, problems should be solved and market management system should be improved or changed.

The objectives of the study are:

1. to make a comparative study of the organisational structure of the notified markets in Bangladesh and the regulated markets in West Bengal;
2. to study the pattern of management of notified and regulated markets;
3. to evaluate the operational efficiency of notified and regulated markets; and
4. to offer suggestions for improving the working of notified and regulated markets.

Hypothesis to be tested:

The following null hypothesis has been formed:

'It has been hypothesized that there is not much difference in the operational efficiency among regulated and notified markets'.

Methodology of the Study:

The main purpose of this study is to analyse the system of management of the selected markets of Bangladesh and West Bengal and find out where the management system is efficient and effective or not. It intends to assess the

methods and process of management practices in these selected markets. To the best of my knowledge no such detailed and systematic study has so far been made especially from the conceptual, organisational and managerial point of view. Published materials are very few except for certain government reports and study reports. The studies which are available, however, do not cover management and functional aspects. As such, greater emphasis have been given on primary sources.

The required data was collected directly from primary sources, through an intensive field study. A total of 51 markets (40 notified markets in Bangladesh and 11 regulated markets in West Bengal) have been selected.<sup>1</sup>

Out of 202 notified markets in Bangladesh, 40 markets have been covered for the study which comes to about 20 percent of the total notified markets. Name of the Districts have been arranged division-wise and then the name of the markets have been arranged District-wise.<sup>2</sup> Markets have been selected

<sup>1</sup> It has been mentioned in the earlier paragraph that there are 202 notified markets in Bangladesh and 38 regulated markets in West Bengal. Chart-2 shows the location of selected Notified Markets in different Districts of Bangladesh and Chart-3 shows the location of selected Regulated Markets in different Districts of West Bengal.

<sup>2</sup> Bangladesh is divided into 4 Administrative Divisions and each division is divided into several Districts. Before November 1982, this country was divided into 19 Administrative Districts and each District were divided into several Sub-Division. But, from November 1983, Government has upgraded each Sub-Division a District. Each District is divided into several Sub-Districts. Before reformation, these Sub-Districts (now named Upazilla) were called Thana or Police Station. All Thanas have been upgraded and renamed as Upazilla. This study have considered old Districts, i.e. 19 Districts.

Chart - 2

Location of Notified Markets Selected for the Study in Different Districts of Bangladesh (for names refer Appendix-II.II)

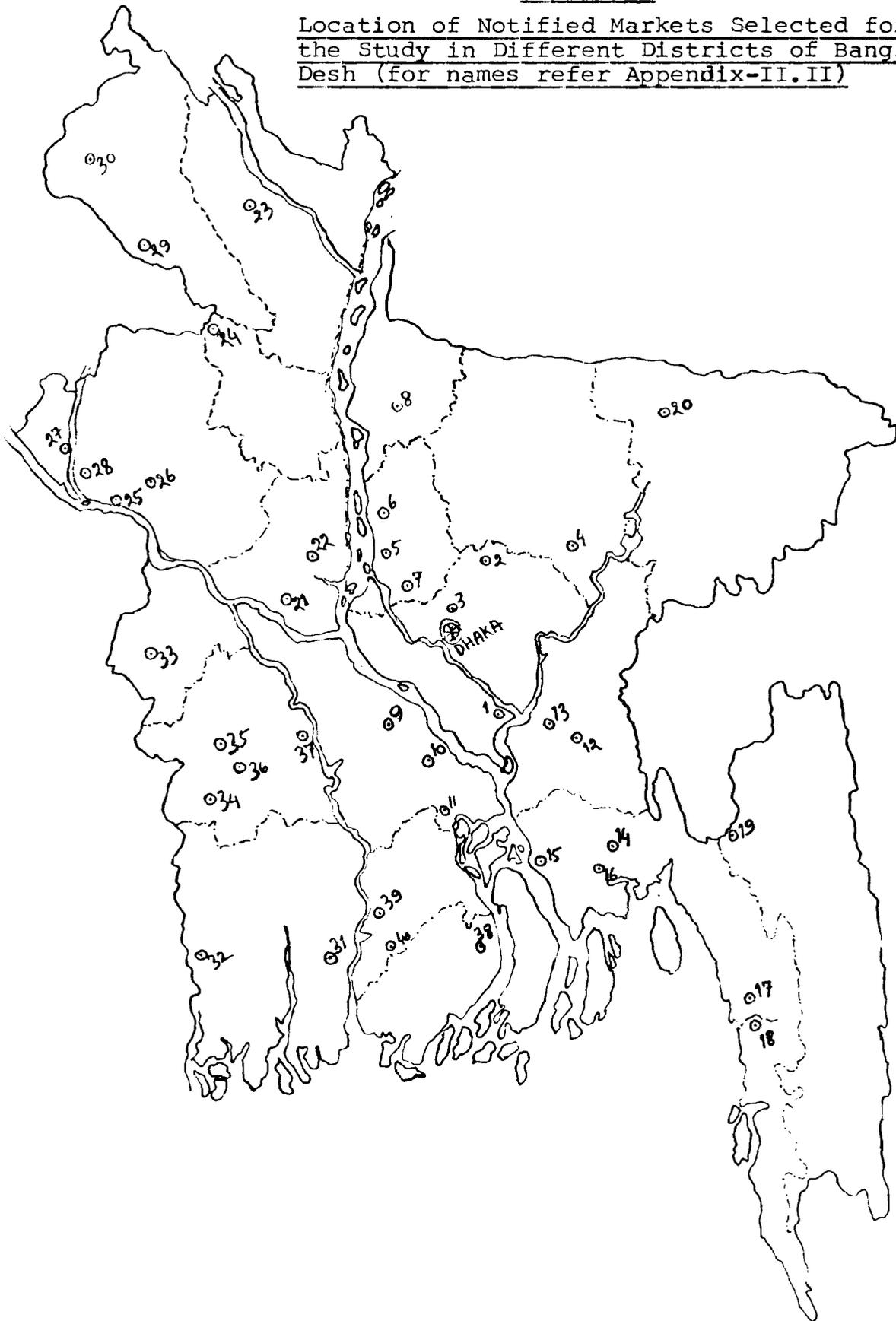
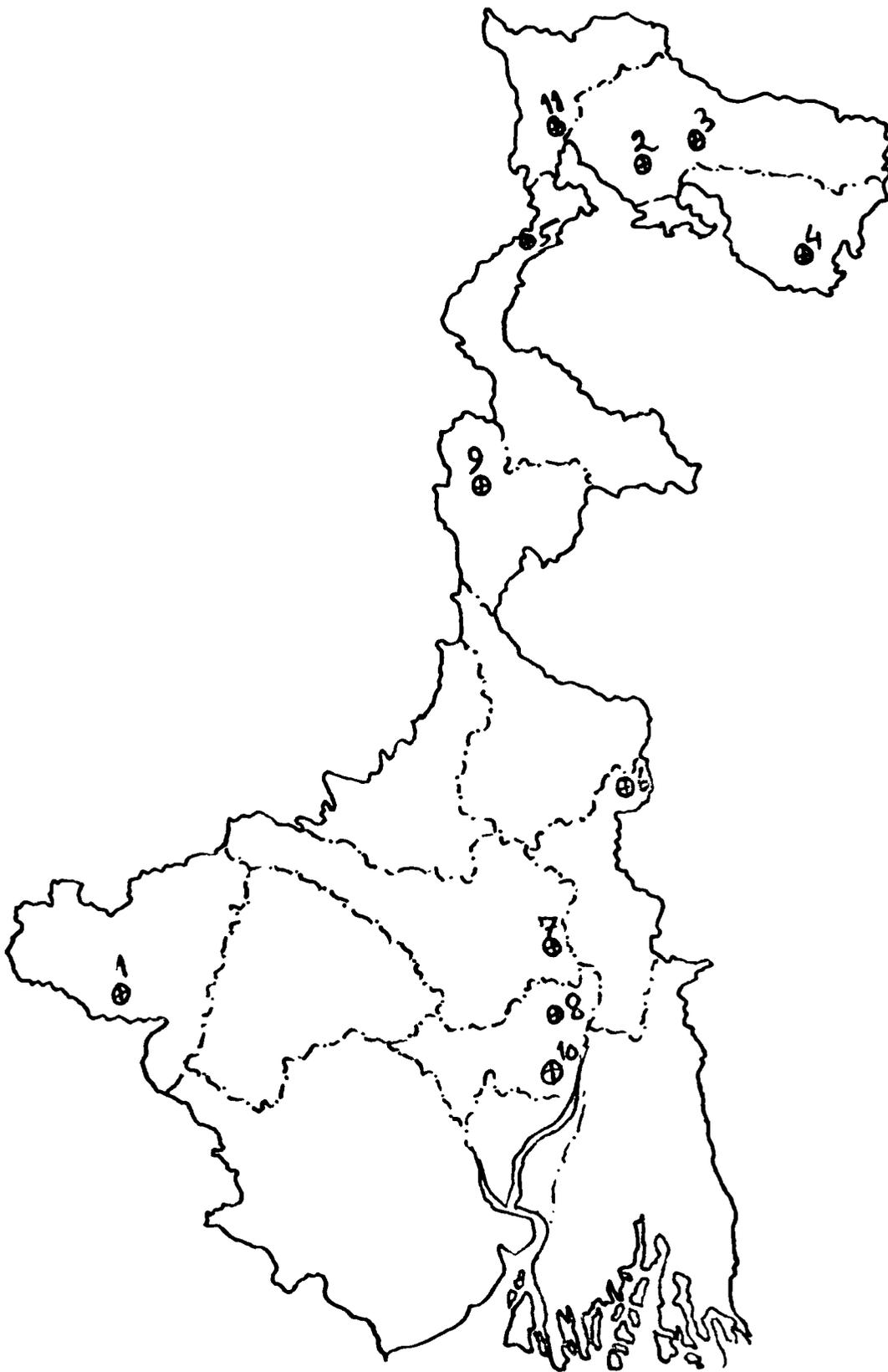


Chart - 3

Location of Regulated Markets Selected for the Study in  
Different Districts of West Bengal (names given in  
Appendix-II.IV)



serially from the serial number on the basis of random sampling using random number table.<sup>1</sup> Markets, which are situated under the jurisdiction of Municipality are managed by Municipal Parishad and markets which are situated under the jurisdiction of Upazilla are managed by Upazilla Parishad. Personal interviews were conducted in these selected markets through written structured interview schedules with the market management or controlling authority and with the attending grower-sellers/sellers and traders on particular market day. Three types of interview schedules have been used (one for market management authority, one for attending grower-sellers/sellers and one for attending traders). A pilot survey was conducted with the written structured interview schedule in the first half of 1985 to test the appropriateness of the interview schedule. The schedule was modified in the light of the practical difficulties and inconveniences. Afterwards, the pilot survey was rejected and the final survey was conducted and completed by May, 1986. Some informal interviews were also held with the management authority, office staff and with the grower-sellers/sellers and traders. Sellers and traders found in the markets at first sight were interviewed individually irrespective of age and financial standing.

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<sup>1</sup> List of total 202 notified markets and/selected markets for investigation have been shown in Appendix-II.I and Appendix-II.II.

In West Bengal, out of 38 regulated markets, 11 markets have been selected for study purpose on the advice of the officials of the Directorate of Agricultural Marketing, Government of West Bengal.<sup>1</sup> Of the 38 markets that have been declared as regulated markets, 11 markets have started functioning. Markets are managed by a Market Committee, i.e. a statutory body. Personal interviews were conducted through written structured interview schedules with the market management authority (Secretary of the Market Committee) and with the attending grower-sellers/sellers and traders on the particular market day. In each market, three grower-sellers/sellers and three traders were interviewed. For the selection of selection of sellers and traders, procedures followed were similar to those followed in Bangladesh. Survey was made in the first half of 1986. Some markets have been visited twice to complete the work.

Three hundred interviews have been / conducted among the paddy and jute grower-sellers/sellers and traders of both the regions, because, paddy and jute are the main agricultural crops. But, in some markets where these two commodities were not found for sale and purchase, the sellers and buyers of available agricultural commodities other than paddy and jute have been interviewed.

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<sup>1</sup> List of 38 Regulated Markets and/selected markets for investigation have been shown in Appendix-II.III and Appendix-II.IV.

In both the regions, most of the grower-sellers/sellers are illiterates and the traders are to some extent literates or half literates. Because of the general illiteracy of the sellers and conservatism of both sellers and traders, they had to be taken into confidence and the questions <sup>had</sup> / been elaborately explained to them in their language . Many queries were in the form of close personal observations and informal and friendly discussions with the interviewees. Afterwards some useful notes were taken separately. Visual observation of important marketing functions and of physical facilities were also made from a close distance in order to strengthen the standard of information and make them more impressive. Careful personal observation was the key instrument in many instances in the collection of information in the relevant area.

Frequent contacts and discussions were made with the concerned officials of the Department of Agricultural Marketing,<sup>1</sup> Government of Bangladesh and Directorate of Agricultural Marketing, Government of West Bengal and other concerned government offices. Discussions were made informally and some useful information and data from the official records have been collected.

Thus, forty markets, i.e. forty market management authorities have been interviewed in Bangladesh and eleven regulated markets, i.e. eleven market management Committees

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<sup>1</sup> The Department of Agricultural Marketing was called the Directorate of Agricultural Marketing. The Government of Bangladesh has changed the name by a notification No.430, dated, the Sunday, April 7, 1985, published in the Bangladesh Gazette.

have been interviewed in West Bengal in relation to the management and administrative activities of the markets.

To evaluate the management efficiency of the Regulated Markets in West Bengal and the Notified Markets in Bangladesh, a conceptual weight value<sup>1</sup> is given against each of the identified particular function in quantitative terms. The index value thus determined reveals the efficiency of a particular function and also the total efficiency. The assessment of pulling weight-value against achievement made in the performance is done on the basis of the data collected and the discussions the researcher had with the market management authority.

#### Other Source Materials:-

The materials required for the study have been collected partly from the published (books, journals, articles, etc.) and unpublished (articles, manuscripts, etc.) sources. Relevant studies on agricultural marketing and market management made by several scholars within and outside the countries (India and Bangladesh) have also been examined.

The major part of the study, however, was based on intensive personal investigation and direct observation made in a number of notified and regulated markets.

#### Limitations of the Study:-

In most of the under-developed countries, however, the subject of marketing has hardly drawn adequate attention of social scientists.<sup>1</sup> The reason for this is not that

<sup>1</sup> Developed by Dr. O.R. Krishnaswamy and N.I.Chand, "The Measurement of Operational Efficiency of Regulated Markets-A Conceptual Model", Vidya Bharathi, Vol.4, No.2, Bangalore University, Bangalore, 1978, p.39.

<sup>2</sup> Hussain, S.A., Agricultural Marketing in Northern India, George Allen & Unwin Ltd., London, 1937, p.63.

these countries do not require such studies, but the want of the right type of men to undertake it. A student of marketing should generally be an economist with a knowledge of statistical methods primarily used in economic analysis. In addition to this, disciplined analysis proves even more difficult in under-developed countries where markets are unorganised and statistics as a rule is non-existent. A marketing expert should over and above be a geographer, historian and cultural anthropologist as he is unable to avoid considerations involving all these fields.<sup>1</sup> This suggests an apology for our not having any systematic market research in pure as well as applied branches in countries like India and Bangladesh. The fact has to be admitted that as under-developed countries we require studies on marketing even more than is necessary in developed countries like the U.S.A. or U.K. The peculiar customs and circumstances in countries like India and Bangladesh need altogether new methods of approach to be developed by ourselves.

Designing a proper methodology for analyzing the management efficiency of the markets in Bangladesh and West Bengal seems to be difficult and complicated because of a number of factors which affect it. There is extreme variability in the market conditions which may force one to adopt a

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<sup>1</sup> Hettinger, Herman, S., "Marketing in Persia", Journal of Marketing, Vol.XV, No.3, January 1951, pp.289-297, (Quoted in Abdullah Farouk, Marketing of Rice in East Pakistan, unpublished Ph.D. Thesis submitted to the University of Dhaka, Bangladesh, 1953, pp.4-5).

large sample size to make generalisations really meaningful, though this may not be always practicable due to time and resource constraints. Considering the above constraints a sample of 51 markets, i.e. markets management authority and 300 interviewees of grower-sellers/sellers and traders both in Bangladesh and West Bengal have been selected. For selection of 40 markets in Bangladesh, a method of random sampling was undertaken. But, the same method could not be followed in West Bengal because only 11 regulated markets were found functioning fully or partly. The method of selection of markets in West Bengal as stated above was adopted because of the absence of a suitable sampling frame that discouraged the use of random sampling techniques. So, the markets which <sup>only</sup> functioned/were selected for the study.

A greater number of markets have been selected for Bangladesh, because the number of notified markets are more and cover almost all the Districts. Only one market (Chatmohar in Pabna district) in Bangladesh could not be covered <sup>by</sup> / the study because of absence of the grower-sellers/sellers and traders on the particular market day. This market had been declared as notified market in late sixties. Presently, another market has been established half a mile away which functions on two days of the week than the earlier market. Grower-sellers/sellers and traders are performing their selling and buying in the new established market instead of <sup>in the</sup> /old market. Only few vegetable retailers and consumers were performing their selling and buying in the old market place.

Generalisations made may not be fully applicable to all the markets in both the regions and may be taken only as indicating certain general trends in their management activities as a whole. Certain aspects have not been attempted in this study such as, cost-benefit analysis of the management of markets, effects of market regulation on production, etc. The study has been confined primarily to trace the management system of the markets in both the regions in separate administrative contexts and to make a comparison between the two, i.e., which system is more efficient and effective and can give a substantial benefit to the agricultural producing classes.

Scheme of the thesis:

The thesis is divided into eight chapters.

The first chapter consists of the role of agriculture and agricultural marketing in India and Bangladesh. This chapter also provides the agricultural marketing systems, the shortcomings and way to improve the shortcomings. It also includes review of the available literature on the subject.

The second chapter comprises the identification of the problem and the reasons of the comparative study. It also includes the objectives of the study, method of data collection tools and techniques used for data collection and analysis and limitations of the study.

The physiographic position, economic aspects and agricultural marketing conditions of West Bengal (India as a whole) and Bangladesh have been discussed in the third chapter.

Historical development of markets has been discussed with reference to India in the fourth chapter. Development of regulated and notified markets in West Bengal and Bangladesh /<sup>respectively</sup> has also been discussed in this chapter.

The fifth chapter emphasizes the need of market management. This chapter also includes the organisation and management of regulated and notified markets in West Bengal and Bangladesh respectively.

Chapter six deals with trading practices and their management in the regulated and notified markets of both the regions.

Chapter seven deals with the supporting services relating to marketing activities and their management of both categories of markets in both the regions.

In the concluding chapter, besides providing a summary of the study, recommendations are also made for the improvement of the organisation and management of the markets and marketing activities in the regulated markets and notified markets.

### C H A P T E R - I I I

#### PHYSIOGRAPHIC POSITION, ECONOMIC ASPECTS AND AGRICULTURAL MARKETING CONDITIONS OF BANGLADESH AND WEST BENGAL

##### Bangladesh:

Bangladesh appeared on the world map as a sovereign state of December 16, 1971 following the War of Liberation waged from March 25 to December 16, 1971. The country was a part of the British Indian provinces of Bengal and Assam from 1757 to 1947. With the termination of its rule in August, 1947 it became the eastern wing of Pakistan.

Bangladesh is a landmass of 143,778 sq.km. It lies in the north-eastern part of the South Asia between 23° 34' and 26° 38' north latitude and 88° 01' and 92° 41' east latitude. The country is bounded by India on the west and north and India and Burma on the east and the Bay of Bengal on the south. Limits of the territorial waters of Bangladesh are 12 nautical miles and the area of the high seas extending to 200 nautical miles measured from the base lines constitute the economic zone of the country.<sup>1</sup>

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<sup>1</sup> Government of Bangladesh, Statistical Year Book of Bangladesh 1983-'84, Bangladesh Bureau of Statistics, Statistics Division, Ministry of Planning, Dhaka, 1984, p.3.

With about half the surface of the country below the 25' contour line, Bangladesh is generally described as a delta or as a flat alluvial plain, albeit the physiography presents considerable regional variety. Geologically speaking, the land can be divided into three broad categories of physiographic regions. There are the Tertiary Hills, the Pleistocene Uplands and the Recent Plains. This tripartite division also coincides with a division of the country based on altitude or relief. The Recent Plains can be further sub-divided into Piedmont Plain, Flood Plain, Deltaic Plain, Tidal Plain and Coastal Plain.<sup>1</sup> The Piedmont Plain to the NW rolls down sharply from N to S with a gradient of 3'/mile. On an average Flood plains made up of continental deposits, deltaic plains built up by both marine and continental deposits and the tidal plain composed predominantly of marine deposits are all of very low elevation with considerable areas lying below the 10' contour line and all of them taken together occupy about 90% of the area of Bangladesh. A narrow strip along the coast of Chittagonj represents a coastal plain.<sup>2</sup> Except the hilly regions in the north-east and south-east, some areas of high lands in the north and north-western part the country consists of low, flat and fertile lands.

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<sup>1</sup> Chowdhury, Sirajul Islam, et. al. (Ed.), Bangladesh Yearbook 1983, Progoti Prokashani, Dhaka, 1983, p.1.

<sup>2</sup> Islam, M. Aminul & Miah, M. Muniruzzaman, Bangladesh in Maps, published by Mr. Nuruddin Ahmed, Registrar, Dhaka University, Dhaka, 1981, p.9.

Rivers constituted a significant feature of the physical landscape of Bangladesh. In spite of their great numbers and variety, the rivers of the country, excluding the ones in the two south-eastern districts (old) of Chittagong and Chittagong Hill Tracts, belong to three major River Systems: the Ganges, the Brahmaputra-Jamuna and the Meghna. The general grain of the country being from NW to SE, the majority of the rivers flow in that direction.<sup>1</sup> Except the three major rivers there are others important rivers (such as the Teesta, the Surma and the Karnafully) and all of the above mentioned rivers with their tributaries and distributaries, numbering about 230 with a total length of about 15,000 miles covering the country, flow down to the Bay of Bengal. The alluvial soil is thus continuously being enriched by heavy silts deposited by rivers during the rainy season.

There are six seasons in a year of which three are relatively cool, the others having between a hot summer and a heavy monsoon. The climate characteristics are due to the particular location of the country : the tropic divides it almost in two halves, the high Himalayas overlook the north and the Bay of Bengal surge over to its south. The Tropic contributes to the high temperature, the Himalayas shut it off from the incursion of northern cold waves, and the Bay brings in the Monsoon rains. Monsoon starts in June and stays upto October. This period accounts for 80 per cent of the total

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<sup>1</sup> Chowdhury, Sirajul Islam, op. cit., p.2.

rainfall. The average annual rainfall varies from 50" to 200".<sup>1</sup> The maximum rainfall is recorded in the coastal areas of Chittagong and northern part of Sylhet district (old), while the minimum is observed in the western part of the country. Heavy monsoon rainfall in Bangladesh coupled with its location at the lowermost reaches of three mighty river systems, drain a vast wet basin and low altitude of major parts of the country, among others, make floods an annual phenomenon here.

Bangladesh is governed by a unitary form of government of the Presidential type. For the convenience of administration the country is divided into four administrative divisions (i.e. Dhaka, Chittagong, Rajshahi and Khulna), each placed under a Divisional Commissioner. Each Division further sub-divided into districts. After the administrative re-organisation carried out by the present government in November 7, 1982, the number of districts in the country has risen to 64. The newly created districts are basically former sub-divisions. Each district consists of several Upazillas which were formerly known as Thanas (Police Station). There are 493 Upazillas/<sup>set</sup> Thanas. The Upazillas are upgraded Thanas where the /<sup>set</sup> up has been thoroughly re-organised and expanded taking the administration to the door-step of the people and making it more responsive to the needs of the people and capable of providing quick decisions in solving local problems.<sup>2</sup>

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<sup>1</sup> Government of Bangladesh, Statistical Yearbook of Bangladesh 1983-84, op. cit., p.1.

<sup>2</sup> Ibid., p.4.

The total civilian labour force has been estimated as on 1st January 1984 at 28.7 million out of which 26.3 million are male and 2.4 million female. In the 1983-84 labour force survey, the total agricultural labour force has been estimated to be 16.4 million as against 15.4 million in 1981 population Census. Agricultural labour force employs 61.3% of the total labour force.<sup>1</sup>

The uses of rural land provide the major economic activity of Bangladesh. The following Table (Table 3.1) shows the pattern of land utilization in different years from 1975-76 to 1982-83:-

Table - 3.1  
Land Utilization in Bangladesh

Year	Forest	Net available for cultivation	Culturable wastes	Current fallows	Net cropped area	Area shown more than once	Total cropped area
			(a)	(b)			(c)
1975-76	5438	6628	662	1591	20968	8718	29686
1976-77	5449	6626	661	2100	20445	8534	28979
1977-78	5425	6669	665	1838	20693	9009	29702
1978-79	5423	6674	623	1760	20801	9436	31846
1979-80	5427	6686	615	1706	20873	9483	31973
1980-81	5416	6712	619	1404	21158	9701	32521
1981-82	5298	6837	611	1350	21212	9748	32638
1982-83	5296	6876	582	1278	21276	9940	32905

Notes: (a) Culturable waste is the area suitable for cultivation but lying fallow for more than one year.

(b) Current fallow is the area already brought under cultivation, but not cultivated during the year.

(c) Total cropped area is the sum of the net cropped area and the area sown more than one hectare (2.47 acres = 1 hectare)

Source: Government of Bangladesh, Statistical Yearbook of Bangladesh 1983-84, Bangladesh Bureau of Statistics, Statistics Division, Dhaka, 1984, p.217.

<sup>1</sup> ibid., pp.4-5.

Among land utilization, agriculture is by far the most important and has always been the mainstay of the economy of the country. Different agricultural crops are grown in its land. Paddy, jute, wheat, sugarcane, tobacco, oil-seeds and pulses are the principal crops. Various kinds of vegetables and spices are also produced. Among the fruits and nuts grown in Bangladesh bananas, mangoes, papayas, pineapples, jack fruits and coconuts, etc., are important. Agriculture supports directly or indirectly, a little over four-fifths of the population. This sector of the economy employs considerable number of the total labour force and contributes nearly fifty per cent of the G.D.P. About 40 per cent of the G.D.P. is derived from food crops of which three-fourths come from paddy alone. The Table-3.2 shows the percentage of crops of cultivable land.

Table - 3.2

Percentage of Crops of Cultivable  
Land

	1973-74	1977-78	1981-82
Food Crops ..	81.3	81.6	83.7
Paddy ..	79.6	79.4	79.2
Wheat ..	0.9	1.5	4.0
Others (Corn) ..	<u>0.8</u>	<u>0.7</u>	<u>0.5</u>
Jute ..	7.2	5.8	4.3
Pulses ..	2.3	2.7	2.3
Oil Seeds ..	2.3	2.6	2.3
Potato ..	1.2	1.3	1.3
Others ..	<u>5.7</u>	<u>6.0</u>	<u>6.1</u>
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Note: The above table has shown from 1973-74 to 1981-82 with four years gap.

Source: Tapas Mozumdar, "Difficulties in Agriculture" (Bepana Krishi Baybastha)", Robbar (A Bengali Weekly Magazine) Edited by Abdul Hafiz, Vol.VII, No.27, Dhaka, 1985,p.17

The above table shows that paddy is grown in 80% of the total cultivated land. Jute is the next major crop to paddy.

Thus, agriculture occupies a position of preponderant importance in the economy of Bangladesh. From Table-3.3, it can be seen that the share of agriculture (including livestock, forestry and fisheries) in the G.D.P. has declined from about 72 per cent in the early fifties to about 55 per cent in the late seventies.

Table - 3.3

Growth and Structural Change in Bangladesh 1950-51 to 1979-80  
(Constant 1972-73 Prices)

	Sectoral share of Total GDP (Percentage)					
	1950-51 to 1954-55	1955-56 to 1959-60	1960-61 to 1964-65	1965-66 to 1969-70	1972- 73	1979- 80
Agriculture	71.5	68.1	64.7	62.2	57.6	54.6
Industry	3.6	5.4	7.7	8.2	10.4	8.7
Power, gas & construction	0.6	0.9	2.2	4.1	4.6	6.4
Housing	5.0	5.3	4.8	4.5	4.1	4.5
Services	19.3	20.3	20.6	21.0	23.3	25.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note: The sectoral shares for 1950-1970 are based on five year averages.

Source: Cited in Alauddin, M. and Mujeri, M.K., "Strategy of Agricultural Development in Bangladesh: Past and Present", A paper presented at the Fifth General Meeting and Conference of the Bangladesh Economic Association held in Dhaka on April 30 - May 3, 1981. Authors have compiled it from (i) Alamgir, M. and Berlage, L., Bangladesh National Income and Expenditure, Bangladesh Institute of Development Studies, Dhaka, 1974, p.168; (ii) Bangladesh Planning Commission, The Draft Second Five Year Plan, 1980-85, Dhaka, pp.1-8.

In terms of the 1972-73 prices, around 75 per cent of the agricultural value added is derived from the major crops while nearly half of the agricultural value added comes from paddy alone. "If the ancillary activities like transporting and marketing of agricultural products are taken into account, agriculture's share would be as high as two-third. Over half of the value added in the manufacturing sector results from the processing of domestically produced agricultural goods".<sup>1</sup> Thus in terms of the proportion of the total population depending directly on agriculture for their livelihood and the contribution of agriculture to the national accounts of Bangladesh, agriculture holds the key to economic development in the foreseeable future.

#### Agricultural Marketing in Bangladesh:

The marketing system of Bangladesh is largely traditional and less productive. Historically, little attempt has been made to organise and improve the marketing system in the country. Some efforts were made by the government to organise some of the marketing functions from time to time, but nothing substantial has really been achieved. While it is true that planned efforts are being made to effect a breakthrough in agricultural production, enough attention has not

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<sup>1</sup> Khan, A.R., The Economy of Bangladesh, Macmillan Press, London, 1972, p.38.

been paid to organise the marketing sector of the economy. With the prospect of surplus production of some foodgrains in the near future, the need for a more efficient distribution system is increasing. Indeed, "modern agriculture" implies a market oriented agriculture. Now that the elements of production transformation are being developed, the scope of moving towards "modern agriculture" must include the marketing dimensions if the momentum of production transformation is to be sustained.<sup>1</sup>

The general system of marketing in Bangladesh is of long standing. The producer sellers are habituated to sell their produce to the intermediary traders in the home/village and in the locally held village markets on a particular day and also purchase necessary commodities used by them. Time <sup>again</sup> and/governmental interventions have brought alterations in segments of the structure, but the conventional basic system has generally persisted.

Rural marketing system indicates marketing functions and facilities obtained in rural areas not only for the transfer of rural produce but also for inflow of other goods for consumption of rural people. Marketing facilities and services are the prime-movers in the wheel of economic growth of a country, for they provide channels for effective and efficient flow of goods and services from one sector to

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<sup>1</sup> Rahman, K. Mahmudur, Development of Agricultural Marketing in Bangladesh, Bangladesh Academy for Rural Development, Comilla, 1973, p.56.

another. Variations in marketing channels and specific functions are found for individual commodities, but, at the points of exchange, the system accommodates most classes of agricultural products within three main types of markets:<sup>1</sup>

- (i) primary markets,
- (ii) secondary/assembly markets; and
- (iii) terminal markets.

The primary markets are principal periodical centres of trade for agricultural raw products in the rural areas. This type of market may function as an assembling centre as well as a general retail distribution centre. There are very small markets located in the rural areas catering to the needs of a very small area, i.e. a few villages where mostly local farmer-sellers and farmer-consumers operate and transactions are done mostly in retail, most of the markets have no permanent shops. These markets are locally called village "hats".<sup>2</sup> Most of farm produce that is sold by farmers is exchanged in

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<sup>1</sup> A Market is a place where persons assemble daily or on particular days in a week primarily for the purposes of buying and selling agricultural and horticultural produce, live-stock, poultry, hides-skins, fish, eggs, milk and milk products, or any other articles of food or drink or other necessities of life and includes shops selling such articles or manufactured articles within such a place.

<sup>2</sup> The Village primary or assembly markets are called "hats" in Bihar, Orissa, West Bengal and in Bangladesh. Periodical markets in India are generally divided into two categories, viz., Fairs and Weekly Markets. Weekly markets are held generally once or twice a week. These markets are called "Hats" or "Hatwaras" in Rajasthan, "Penth" in Uttar Pradesh, "Shandies" in Southern India, and "Athawaras" in Maharashtra. (Cited in Damodar Lal, Mali, "Periodical Markets in Rajasthan" Indian Journal of Marketing, Vol.6, No.1-2, New Delhi, 1975, p.11.

these markets. Of course, many farmers sell their produce in the secondary markets, and also at their homes. The food crops generally change hands among the people of the area around the market. A major volume of sales of crops takes place at the primary markets which are within the easy reach of the farms. Primary markets constitute the principal outlets for the sales of agricultural products in the country. The economy of the village is highly dependent on the operation of the village markets. So, these markets constitute the lifeline of rural Bangladesh and is the vehicle through which the farm produce is exchanged.

Secondary markets serve as wholesale outlets that operate as assembly centres for production areas and as distribution points in the consuming centres. Rural secondary markets generally develop on major river and rail-road channels which readily have access<sup>to</sup>/the nation's transport system. These markets are bigger than the primary markets and cater to the needs of a much wider area. Assemblage in these markets is much larger than those in the primary markets and the transaction take place both in wholesale and retail. Besides the local producer-sellers and buyers, intermediaries like itinerant traders, wholesalers, brokers, commission agents, stockists, processors, etc., operate in these markets. A major portion of the internal trade is carried on between the primary and the secondary markets.

Terminal markets are mainly assembling and distributing markets located at or near the important consuming centres from where the supplies are distributed to different consuming areas. These markets are organized by the trade agencies and associations, and serve as the major contact point between rural and urban areas. Markets collect and assemble products from both primary and secondary sources which are subsequently redistributed to urban outlets. Infra-structural facilities are more or less available in this type of markets.

Several classes of functionaries operate within the marketing system to provide various levels of services which enhance the exchange process. The first level is composed of 'farias' and 'beparies', who are essentially itinerant traders. The majority are seasonal traders. 'Arathdars' function as wholesalers, and 'dalals' operate as brokers or commission agents. Both perform a wide variety of functions ranging from short-term financing to finding buyers for 'farias' and 'beparies', providing storage facilities for a fee. Arathdars are generally well established in permanent facilities. They tend to be more important in the larger urban and semi-urban secondary markets while dalals are dominant in the smaller interior markets. The institution of the arathdar is of long standing. Most arathdars come from families who have engaged in business for decades. The working relationships that they have established with other traders throughout the marketing

system have remained unusually stable. A high level of trust is placed in the arathdars, and the services they perform augment the exchange efficiency in the market place.<sup>1</sup>

Marketing co-operatives, generally have not proved successful so far. The co-operatives organised at the growers' level for purchases and sales failed due to various reasons. Among the reasons are small volume of business, lack of finance, lack of understanding of objectives and principles of co-operative action, lack of technical knowledge of marketing by the members as well as the management. It also includes the absence of a suitable high level co-operative organisation designed to support and coordinate the activities in matters of procurement, storage, processing and distribution, etc. For the marketing of jute, the chief cash crop of the country, jute co-operatives were organised at the initiative of the government but they have not succeeded in organising jute marketing in an orderly manner. Jute Marketing Board now takes care of the jute marketing business. The activities of co-operative marketing are limited to a small number of societies. There are some co-operatives among the producers of tobacco,

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<sup>1</sup> Wennergren, E. Boyd and others, Agricultural Development in Bangladesh, Westview Press, Boulder, Colorado, 1984, pp.131-132, Taken from Farruk, Muhammad, O., "The structure and Performance of the Rice Marketing System in East Pakistan", Occasional Paper No.31, Cornell University, June 1970, p.35.

betel leaf and vegetables. Some co-operatives of fishermen are also in existence. There are over 4,000 multi-purpose co-operative societies at the Union level. Though these co-operatives were supposed to be multi-purpose, it has been found that credit operation is their sole or main function. The general condition of the marketing operations of the existing co-operatives is not satisfactory.<sup>1</sup>

#### West Bengal:

West Bengal is a State of India situated in the east. It stretches from the Himalayas in the north to the Bay of Bengal in the south. It is bounded on the north by Sikkim and Bhutan, on the east by Assam and Bangladesh, on the West by Orissa, Bihar and Nepal, and on the south by the Bay of Bengal. It has an area of 87,853 sq.kms.

West Bengal has two natural divisions, the Himalayan north comprising the districts of Darjeeling, Jalpaiguri and Cooch Bihar and the alluvial plain that lies south of it. Darjeeling, the northernmost district has a maximum elevation of 3,658m above the sea level. The Jalpaiguri and Cooch Behar

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<sup>1</sup> Rahman, K. Mahmudir, "Agricultural Marketing System in Bangladesh", F.A.O (Ed.), Marketing - An Accelerator for Small Farmer Development (15 Village-level Case Studies in Asia), Food and Agricultural Organisation of the United Nations, Bangkok, 1976, pp.67-68.

districts are low-lying areas watered by swift-flowing rivers like the Teesta, the Torsa, the Jaldhaka and the Ranjit. The southern part is a thickly populated level expanse of rice fields, dotted with mango, coconut and banana gardens. This vast alluvial plain is the handiwork of many big rivers, the chief of which are the Bhagirathi and its tributaries -- the Mayurakshi, the Damodar, the Kangsabati, and the Rupnarayan. The Bhagirathi, called Hooghly in its lower reaches, is itself a branch of the Ganga and provides Calcutta its link with the sea.<sup>1</sup>

The entire State belongs to the high rainfall region. Rainfall varies from 120cm in the south-western region to 400cm in the northern region. The normal rainfall for the State as a whole is around 175cm.<sup>2</sup>

The legislature is unicameral, known as the Legislative Assembly. The State is divided into 16 districts. The name of the districts are Bankura, Birbhum, Bardhaman, Calcutta, Cooch Bihar, Darjeeling, Hooghly, Howrah, Jalpaiguri, Malda, Midnapore, Murshidabad, Nadia, Purulia, 24-Parganas, West Dinajpur. The three-tiered Panchayat system is with 3,305 Gram Panchayats at the base, 339 Panchayat Samities at the C.D. Block (intermediate) level and 15 Zilla (districts)

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<sup>1</sup> Mathew, K.M. et. al. (Ed.), Manorama Year Book 1985, Manorama Publishing House, Kerala State, S. India, 1985, pp.687-688.

<sup>2</sup> Ibid., p.689.

Parishads at the apex. The Panchayat institutions act as agencies for implementing development programmes.<sup>1</sup>

The State ranks second in rice production and fourth in national foodgrain production. Rice is one of the principal crops in West Bengal. It occupies 72.43 per cent of the total cultivated area of the State. The State alone accounts for 4.9 per cent of the country's total foodgrain production (1981-82). The uses of land provide the major economic activity of West Bengal. The following Table (Table-3.4) shows the classification of area used for agriculture and other purposes.

Table - 3.4  
West Bengal Agriculture (Classification  
of Area)

Classification	(Thousand Hectares)			
	1977- 78	1978- 79	Provisional 1979- 80	1980- 81
Area according to village papers ..	8,849	8,849	8,849	8,849
Area under forests (Reserved) ..	1,186	1,186	1,186	1,186
Area not available for cultivation ..	1,326	1,324	1,378	1,373
Other uncultivated lands excluding current fallows ..	620	654	641	598
Current fallows ..	70	66	164	84
Net area sown ..	5,647	5,619	5,480	5,608

Source: Statistical Hand Book 1982, Government of West Bengal, Calcutta, p.63.

<sup>1</sup> Ibid., pp.689-690.

Different agricultural crops are grown in its land. Paddy, wheat, pulses, barley, maize, etc., are the principal food crops grown and cover maximum of its cultivable land. The following table (Table-3.5) shows the area under principal crops in different years:

Table - 3.5  
Area Under Principal Crops

Crops	(Thousand Hectare)		
	Years		
	1979-80	1980-81	1981-82
<b>1. Foodgrains</b>			
<u>Cereals:</u>			
Rice/Paddy ..	4905	5176	5210
Aus ..	628	615	695
Aman ..	4023	4215	4216
Bero ..	<u>254</u>	<u>346</u>	<u>299</u>
Wheat ..	506	283	214
Barley ..	31	35	32
Maize ..	47	53	51
Other cereals..	26	28	29
Total Cereals ..	5515	5575	5536
<b>2. Pulses</b>			
Gram ..	104	96	65
Arhar (Tur) ..	19	22	27
Other Kharif Pulses ..	42	40	50
Other Rabi Pulses ..	394	366	279
Total Pulses ..	559	524	421
Total Foodgrains ..	6074	6099	5957

Source: Statistical Hand Book 1982, Government of West Bengal, Calcutta, p.69.

Among cash crops jute, mesta and tea dominate. West Bengal produces 55.0% of India's jute and mesta and 22.9% of tea. About 19% of all-India production of potato is produced in West Bengal alone. Oil seeds cover 5.35% of area under principal crops and contributes 19.1% of All-India production. The following table (Table-3.6) shows the production of principal crops in different years.

Table - 3.6  
Production of Principal  
Crops

(Thousand Tonnes)

	1979-80	1980-81	1981-82
<b>1. Foodgrains:</b>			
Cereals - Rice ..	5886	7465	5833
Aus ..	530	576	668
Aman ..	4676	6024	4408
Bero ..	680	865	757
Wheat ..	768	473	389
Barley ..	30	31	27
Maize ..	56	56	58
Other Cereals ..	17	18	18
<b>Total Cereals ..</b>	<b>6757</b>	<b>8043</b>	<b>6325</b>
<b><u>Pulses:</u></b>			
Gram ..	72	56	43
Arhar (Tur) ..	25	17	21
Other Kharif pulses ..	25	26	32
Other Rabi Pulses ..	182	140	129
<b>Total Pulses ..</b>	<b>304</b>	<b>239</b>	<b>225</b>
<b>Total Foodgrains..</b>	<b>7061</b>	<b>8282</b>	<b>6550</b>

	1979-80	1980-81	1981-82
<b>2. Oil seeds:</b>			
Rapeseed ..	53	79	95
Linseed ..	14	19	14
Other oil seeds ..	32	52	67
Total Oil seeds ..	99	150	176
<b>3. Sugarcane (Gur) ..</b>			
	144	87	141
<b>4. Fibres:</b>			
Jute (1) ..	3778	4443	4474
Mesta (1) ..	272	259	149
Cotton (1) ..	(b)	(b)	(b)
Other fibres ..	6	9	7
Total Fibres (1) ..	4056	4711	4630
<b>5. Miscellaneous Crops</b>			
Potato ..	1995	1972	1985
Ginger ..	4	4	5
Dry Chillies ..	16	17	18
Tobacco ..	11	17	13
Tea (2) (3) ..	123, 978	133, 186	128, 199

(1) Thousand bales of 180kgs. each

(2) Thousand kgs.

(3) Figures relate to calendar year, i.e. 1960-61 man means 1960 and so on.

(b) Less than 500 bales.

P = Provisional

Note: Crop-year is from July to June.

Source: Statistical Handbook 1982 (collected from Directorate of Agriculture, West Bengal and Tea Board, pp.67-69.)

Agricultural Marketing in West Bengal:

Agricultural produce marketing of West Bengal touches the lives of a large number of rural people, mostly farmers. As in <sup>Bangladesh</sup> agricultural marketing is mainly rural based. According to a recent survey done by the Directorate of Agricultural Marketing, there are more than 3,000 markets<sup>1</sup> dealing with marketing of agricultural produces. In <sup>the</sup> case of small and marginal farmers, marketing of produce is still more critical. The amount of produce <sup>they</sup> are able to sell directly is small. The overhead expenditure on processing, transport and marketing of the produce is heavy, the marketing of their produce is hardly remunerative if they do it on their own.

The structure and dimension of these produce markets undergo continuous change with the change in pattern of production and consequent upon expansion of irrigation, introduction of newer types of crops and innovation in production. These produce markets, therefore, give a very eloquent reflection of the transformation in the countryside.

The agricultural produce markets commonly known as 'hat' and 'bazar' of different sizes and characters, are distributed throughout the length and breadth of the country. These markets can be grouped into four categories, namely:

<sup>1</sup> Directorate of Agricultural Marketing, West Bengal Hats and Bazars, Calcutta, May 1986, pp.I-VII.

primary market, secondary or wholesale market, terminal market and regulated market. The farmers bring their produce to the nearest market for sale in small bags or baskets. The consumers and small processors or traders purchase the same after settlement of prices by open negotiation (in most cases dictated by the processors or traders) for their own consumption or processing or for reselling to the big traders.

Primary markets are dominated by grower-sellers and retail consumers of the surrounding areas. In these markets small traders also gather the produce for transferring to secondary markets. These markets operate once or twice in a week and generally do not offer storage or other infra-structural facilities. In the secondary or wholesale markets, buying and selling take place in bulk and traders sell their goods in bulk to bigger traders. Infra-structure facilities are more or less the same in these markets. Terminal markets are those where agricultural products are gathered and later despatched to the different consuming centres for consumption. These markets are dominated by the retailers and consumers. Products are also sent to the processing centres and export markets. However, in most of the market yards of primary, secondary and terminal retail trading are also carried out side by side. In order to safeguard the interest of the farmers and consumers, regulated markets are established to keep a control on the market and marketing activities through

certain regulations. Mainly wholesale transactions are taking place in the market yard. Under the Agricultural Produce Marketing Regulation Act, the State Government is enforcing market regulations through the Inspectorate and Market Committees.

In most cases the farmers' price for the agricultural produce is dictated by the middlemen. In the secondary market, supply position usually determines the level of prices. Specially the prices of jute, paddy or rice and other important products are subjected to seasonal changes. The reason for this is, that the seller of these produce are invariably the farmers who have to dispose off their produce immediately after the harvest because of their poor holding capacity. Again the mass arrival of produce in the market, generally keep the prices down. As the season advances, price rises to the highest level in the late summer and autumn. Price thereafter tends to rise up when the stock with most of the growers other than big ones are generally exhausted.

Besides these rural and urban or semi-urban based markets, there are organisations and agencies of the Central and the State Government viz., Food Corporation of India (FCI), Jute Corporation of India (JCI), Cotton Corporation of India (CCI), National Agricultural Co-operative Marketing Federation (NAFED), West Bengal Agricultural Marketing Federation Ltd. (BENFED) engaged for purchasing some specific products from the farmers at a government fixed price. The traders also

after purchasing produce from the farmers at a lower price, sell it again to the government purchasing centres.

Agricultural Marketing System in India:

The agricultural marketing system presently prevailing in India is characterised by a considerable degree of diversity and flexibility in the arrangements between different commodities and regions. The marketing arrangement comprises on the one hand, systems operated freely by private enterprise without any state intervention and, on the other, include those which are completely under state control. In between these two extremes, there are also several other arrangements with varying degrees of government intervention and support in the area of price fixation, procurement quotas, buffer stocks, credit controls, etc. The need for trying out so many varying marketing systems in the country arises from the greatly dissimilar conditions of production and marketing between commodities and States. These have been evolved over a period of years on the basis of past experience. These systems are also subject to a continuous review by the government and are also subject to changes and modifications as may be warranted from time to time by the changing production and marketing situations, as well as the economic policies.<sup>1</sup>

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<sup>1</sup> Ramaswamy, P., "Agricultural Marketing System in India", F.A.O. (Ed.), Marketing - An Accelerator for Small Farmer Development (15 Village-level Case Studies in Asia), Food and Agricultural Organisation of the United Nations, Bangkok, 1976, p.113.

The traditional concept of the Indian rural economy emphasizes that this sector is composed of a very large number of peasants, cultivating tiny fields and producing largely for their personal consumption and interested in producing only a limited surplus to meet unavoidable cash needs. Production for the market to meet the cash needs is an established feature of peasant farming in India now. Marketable agricultural surplus, therefore, <sup>augments</sup> from increased productivity. The marketed surplus varies directly with the size of farms. The larger the size of the farm, the larger will be the marketable surplus.

There are many ways in which the farmer can dispose off his surplus produce. The first and the most common method is to sell away surplus produce of small farmers to the village money-lender-cum-trader. The trader may buy agricultural produce on his own or he may act as an agent of a bigger merchant or of a mercantile firm of the neighbouring town.<sup>1</sup>

The second method adopted by the Indian farmer is to dispose off his produce in the weekly or bi-weekly village markets and nearby town markets. These markets for agricultural produce may be broadly classified into two categories viz., the wholesale markets and the retail markets. The markets fall into three sub-categories.<sup>2</sup>

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<sup>1</sup> Datt, Ruddar & Sundharam, K.P.M., Indian Economy, S.Chand & Company Ltd., New Delhi, 1980, p.434.

<sup>2</sup> Mamoria, C.B., Agricultural Problems of India, Kitab Mahal, Allahabad, 1976, p.719.

- (i) primary markets,
- (ii) secondary markets, and
- (iii) terminal markets.

Primary markets are those markets which sit in the rural or village areas and are organised once or twice a week, and where agricultural produce, cattles and other things are brought for sale from nearby villages. Producers sell their produce in small quantities to the petty traders and purchase necessary goods for home consumption. The operational areas of these markets vary according to the circumstances. In some cases the aforesaid area is confined to one or more than one village only whereas in other cases their operational area may extend upto villages 10 - 15kms. away. Wholesale transactions also occur in some primary markets.

Secondary markets are also weekly or bi-weekly markets and sit in the village area or urban/semi-urban areas. These markets are organised near district or block headquarters, railway stations, in an important place on the bank of a river where good communication facilities exist. These markets have some infrastructural facilities. Producers themselves or village traders, hawkers or agents of traders bring the produce from their homes and from primary markets and sell them in these markets. These markets are for wholesale as well as retail transactions.

It is significant to note that the aforesaid two types of markets play different roles. A particular market may function as a primary wholesale market for some commodities and as a secondary market for others, and according to the time element, a market may function for the same agricultural commodity as a primary wholesale market for some months of the year and as a secondary wholesale market for the rest of the year.<sup>1</sup>

Terminal markets are big town or city markets which operate mainly to export agricultural and other non-agricultural goods. Imported goods also come through these markets and are distributed to the retail, primary and secondary markets spread all over the country. Since these markets are situated in a big town or city, they possess good infrastructural facilities. Market participants are big traders, merchants, commission agents and their agents.

In the terminal markets, some retail markets do exist in particular places. In these markets retailers sell different types of commodities or all types of agricultural produce on retail basis to the ultimate consumer.

According to National Commission on Agriculture, there are 22,000 shandies or hats or village primary markets serving an average area of 8 to 16kms. radius, although some

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<sup>1</sup> Srivastava, S.K., and et. al., Agricultural Economics and Co-operation, S. Chand & Co. Ltd., Delhi, 1970, p.258.

of the bigger markets serve a wider area.<sup>1</sup> In the whole country, the total number of secondary wholesale markets, as on September 30, 1977 was 4,315.<sup>2</sup> On an average a secondary market serves an area of 775sq.km. and a population of 1.32 lakhs. Wide variations, however, are noticed in the location and area served by these markets. For example, there is a market in Punjab, for every 168sq.km. as compared to one for every 1,588sq.km. in Orissa.<sup>3</sup> Table-3.7 presents the State-wise position of secondary wholesale markets in India.

Table - 3.7

State-wise Position of Secondary Wholesale Markets in India  
as on 31-3-1984

State/Union Territory	Secondary Wholesale Market
1. Andhra Pradesh	556
2. Assam	101
3. Bihar*	443
4. Gujarat**	304
5. Haryana	192
6. Himachal Pradesh***	25
7. Karnataka	329
8. Kerala	56
9. Madhya Pradesh**	633
10. Maharashtra*	635
11. Manipur	20
12. Meghalaya	3
13. Orissa*	76
14. Punjab*	639

contd.....

<sup>1</sup> Government of India, National Commission on Agriculture, 1976, Part-III, cited in Sadhu & Singh, Fundamentals of Agricultural Economics, Himalaya Publishing House, Bombay, 1983, p.239.

<sup>2</sup> Sharma, A.N., Economic Structure of Indian Agriculture, Himalaya Publishing House, Bombay, 1984, p.349.

<sup>3</sup> Sadhu & Singh, op. cit., p.239.

State/Union Territory	Secondary Wholesale Market
15. Rajasthan***	283
16. Tamil Nadu	340
17. Tripura***	84
18. Uttar Pradesh	623
19. West Bengal	265
20. Chandigarh	3
21. Delhi**	5
22. Goa, Daman and Diu	11
23. Pondicherry	1
24. Jammu & Kashmir	---
25. Nagaland	10
26. Sikkim	10
27. Andaman and Nicobar Islands..	--
28. Arunachal Pradesh	-31
29. Dadra and Nagar Haveli ..	--
30. Lakshadweep	--
31. Mizoram	---
Total ..	5,678

Source: Mund, Dilip Kumar, "Agricultural Marketing : Problems and Prospects", Kurukshetra, Vol. XXXIII, No.9, June, 1985, p.37, adopted from The Annual Report 1984-85, Government of India (Department of Rural Development, Ministry of Agriculture and Rural Development).

\*Figures are provisional. \*\*Figures relate to December, 1983.

\*\*\*Figures relate to March 1983.

India's agricultural produce marketing system recognizes two systems<sup>1</sup> viz.,

- (1) Free marketing system in the hands of private enterprise, and
- (2) Marketing Systems subject to Government intervention.

By and large, trade in respect of a large number of agricultural commodities is allowed to take place freely, and

<sup>1</sup> Ramaswamy, P., op. cit., p.114.

is in the hands of private enterprise. Oil seeds, spices and condiments, fruits and vegetables are some of the important commodities which fall under this category. There is practically no form of Government intervention in the marketing of these commodities. Market prices of these commodities fluctuate freely depending on the market-forces and the private traders freely operate in the markets. Private trading operates in all categories of markets.<sup>1</sup>

The marketing of some other agricultural commodities is, however, subject to Government intervention of varying types. This is with a view to fulfil certain specific objectives. For instance, the marketing of foodgrains is subject to procurement by public sector agencies, usually supported by a levy, on the basis of procurement prices fixed by the Government. A specialised agency, "the Food Corporation of India", has been created for undertaking the procurement on behalf of the Central Government. In the case of certain commercial crops like cotton and jute also, special corporations have been created for undertaking price support operations, for canalising the import and export of these specific items and for maintaining a buffer stock of these industrial raw materials. A number of commodity boards have also been set up to attend to the problems relating to the production and marketing of certain specialised commodities - Coffee, Tea, Rubber, etc.

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<sup>1</sup> Ibid.

The Government of India also intervenes in market and marketing activities through the creation of market regulation acts. Regulation of markets in some form or the other began in India as early as 1887 but serious consideration to this cause was given since 1928 on the recommendation of the Royal Commission on Agriculture. Under the Agriculture Produce Markets Acts, States are empowered to enforce this Act and regulate the markets and marketing activities. From 1939 to 1984, India has developed about 5,579 markets as regulated ones and has brought them under the Agricultural Produce Markets Acts in different States.

Co-operative Marketing:

The main job in agricultural marketing is how to take over the responsibilities of the produce of the farmer and give him the best of benefits and amenities without subjecting him to the intricacies of market transactions. In this respect, the Co-operative Marketing Societies can render a yeoman service.<sup>1</sup> In India, co-operative marketing for agricultural produce of the small farmers has been developed to facilitate the marketing of their produce. Because of the extremely small holdings and the resulting financial handicap of the small farmers in the country, special attention is given to the development of co-operative marketing. Separate co-operative marketing societies were established prior to 1954 but since then multi-purpose societies were started which on the one hand provide credit facilities to the farmers and on the other, undertake the responsibility of marketing their surplus produce.

By now, co-operative marketing institutions have been built up at different levels starting from the primary level right up to the national level. Presently, apart from one national level federation, there are 27 State level federations, 161 Central Marketing Societies, and nearly 3,200 primary marketing societies. In addition there are

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<sup>1</sup> Sadhu & Singh, op. cit., p.241.

specialised marketing societies like Sugarcane Supply Societies, Cotton Sale Societies, Co-operative Milk Unions. Co-operative Societies also function in the area of agricultural processing activities, such as ginning and pressing of cotton, oil extraction, fruit and vegetable processing, sugarcane crushing, processing of dairy products.<sup>1</sup>

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<sup>1</sup> Ramaswamy, P., op. cit., p.115.

C H A P T E R - I V

HISTORY AND DEVELOPMENT OF MARKET

Evolution of Market:

Markets in the most literal and immediate sense are places where things are bought and sold. In the modern industrial system, however, the market is not a place; it has expanded to include the whole geographical area in which sellers compete with each other for customers. Alfred Marshall, whose "Principles of Economics" was for long an authority for English-speaking economists, based his definition of the market on that of the French economist, A. Cournot:

"Economists understand by the term Market, not only particular market place in which things are bought and sold, but the whole of any region in which buyers and sellers are in such free intercourse with one another that the prices of the same goods tend to equality easily and quickly".<sup>1</sup>

To this Marshall added:

"The more nearly perfect a market is, the stronger is the tendency for the same price to be paid for the same thing at the same time in all parts of the market".<sup>2</sup>

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<sup>1</sup> Cited in The New Encyclopaedia Britannica, Encyclopaedia Britannica, Inc., Chicago, Vol. II, 1973-74, p.511.

<sup>2</sup> Ibid.

History and anthropology provide many examples of economics based neither on markets nor on commerce. An exchange of gifts between communities with different resources, for example, may resemble trade, particularly in diversifying consumption and encouraging specialization in production, but subjectively it has a different meaning.

When men started to live making all kinds of necessary goods needed by them then they had no idea either of exchange or trade. Their very limited wants were satisfied by their immediate environment. Nomads too had some sort of free exchange of petty articles in the form of gifts or reciprocal exchange of needed items, when men started living in groups, whatever their size, they began an exchange of commodities.

A change from primitive society to peasant society is the cause of the beginning of exchange at some fixed place. With the development of agriculture and with the improvement in living conditions, men soon realized the advantage of trade and they began to produce more than what was required to meet local needs. This kind of trade too was limited to certain favourable geographical locations such as the banks of rivers or their junction, junction of travel routes, coastal points, an oasis, etc. Similarly, progress from one system to another was the result of slow development through the ages.<sup>1</sup>

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<sup>1</sup> Saxena, H.M., Geography of Marketing, Sterling Publishing Private Ltd., New Delhi, 1984, p.9.

"Markets as centres of commerce seem to have had three separate points of origin. The first was rural fairs. A typical cultivator fed his family and paid the landlord and the money lender from his chief crop. He had sidelines that provided saleable products, and he had needs that he could not be satisfied at home. It was then convenient for him to go to a market where many could meet to sell and buy. The second point was service to the landlords. Rent, essentially, was paid in grain; even when it was translated into money, sales of grain were necessary to supply the cultivator with funds to meet his dues. Payment of rent was a one way transaction, imposed by the landlord. In turn, the landlord used the rents to maintain his warriors, clients, and artisans, and this led to the growth of towns as centres of trade and production. An urban class developed with a standard of life enabling its members to cater to each other as well as to the landlords and officials. The third and most influential, origin of markets was in international trade. From early times merchant adventurers (the Phoenicians, the Arabs, etc.) risked their lives and their capital in carrying the products of one region to another".<sup>1</sup> These trade points lead to the origin and development of market.

On the way to the evolution of specialised trading comes the rise of regular trading. John Hicks<sup>2</sup> views that

<sup>1</sup> The Encyclopaedia Britannica, op. cit., p.513.

<sup>2</sup> Hicks, John, A Theory of Economic History, Oxford University Press, London, 1969, p.26.

the simplest way in which regular trading may grow up is probably the following:

"Any kind of social gathering (such as a religious festival) provides an opportunity for trading; trading which begins as casual, but becomes habitual. The articles may have been brought, in the first place, for personal consumption during the festival, or as gifts for the Gods but if the participants do not bring just the same thing, they will be tempted to barter with one another some of the goods they have brought. As this begins, it is a mere sideline; and if the advantages to be got from such rudimentary trading are small, it will remain a sideline. But when the advantages are more considerable the new activity will grow; and it may well grow at the expense of that which was the original motive for meeting. The religious harvest festival turns into a village fair or village market".

However, gatherings held on the occasion of festival or any other reason in the town or villages gradually developed into authorised centres for trading known as 'markets'. These market places became popular because people satisfied their needs through exchange.

The most important aspect of the development of market-place trade was the beginning of periodic markets. These periodic markets have been developed all over the world to fulfil the limited wants of the people and also to dispose off the limited surplus available for sale after satisfying their own needs. The periodic markets are of two types, viz.

(1) Weekly or bi-weekly or those meeting on some specific day of the month, and

(2) Fairs.

The difference between the first type of markets and the others, lies in the fact, that, the former is primarily an assemblage of traders on some specific days of the week or fortnights to facilitate retail as well as wholesale operations. While the fair may be held once or twice in a year and become the focal point for sometime for the community's economic, religious, and cultural activity. Periodic markets were being organised at intervals of two to ten days in some parts of the world. Although, these markets are characteristically of the medieval ages, they are still prevalent in several countries of Africa and Asia.<sup>1</sup> These markets mostly operate in a ring system or in circuits and their days are fixed in such a way that a trader can visit a maximum number of markets by adopting a circular route. In many parts of the developing world such markets play an important role in rural economic development and they co-exist with urban markets.<sup>2</sup>

#### Evolution of Regulated Markets:

The history of marketing legislation or regulations can be traced back to the time of Prophet Jacob. During a prolonged famine, his son went over to Egypt to buy wheat

<sup>1</sup> Saxena, H.M., op. cit., pp.10-11.

<sup>2</sup> Ibid.

from their brother Jeseeph. Each person was allowed only a specified quantity.<sup>1</sup> There is also an evidence to the effect that in 794, dubbed as a period of "hard times" Chalemagne prohibited profiteering in wheat and other food stuffs by setting up maximum prices and apparently forbade "cornering" the supplies by influential traders".<sup>2</sup>

In ancient times people used to exchange their produces among themselves at a particular place. The exchange activities and the place were not governed by any rules and regulations. But when the market came into existence as 'fairs' at a particular time and particular place on the occasion of religious festival, these fairs were controlled by the religious authority. Venn pointed out that when Christianity came into Western Europe, the practice of combining Church festivals with what are now known as 'fairs' came into existence. At the time of Roman Origin, some French fairs were traced out. Later gatherings of fairs became common and evolved into markets. These fairs followed strict rules and regulations formed by conventions and customs, but without any direct or indirect interference from the Government.<sup>3</sup> Generally, fairs were held once or twice a year

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<sup>1</sup> Shah, F.A., "Marketing Legislations Regulation of Markets", paper presented in a National Seminar on Agricultural Marketing, Government of East Pakistan (present Bangladesh), 5th to 25th April, 1968, published by Agricultural Information Service, Agricultural Marketing, Dhaka, 1968, p.171.

<sup>2</sup> Ibid.

<sup>3</sup> Venn, J.A., The Foundations of Agriculture Economics, London, 1933, pp.270-271.

i.e. recurring at distant intervals. Markets may function in the space of short intervals unlike the fairs.

The fairs play a vital role in the rural economy. They are a marketing occasion for rural inhabitants. Fairs also serve as stimuli to trade, upon which in many instances the economic welfare of an entire community depends. Transactions take place on retail basis. So, retail marketing is a dominant feature of all fairs.

In ancient times, fairs were held at natural sites, in or near temples at the time of some religious festival and under the protection of local chiefs. Fairs also came into existence at place where merchant caravans had to halt to change their means of transportation, or where multitudes of people assembled at particular times for a religious festival.<sup>1</sup> During those days, the volume of trade was small, transportation difficult and the economy at a subsistence level. It was good for the seller as well as for consumers to gather annually or at intervals of three or six months to centralize the supply and demand of merchandise at a particular place. These fairs were managed under certain rules formed by the locale elite and other influential people.

When, population began to rise and the people started producing more, they felt the need for new places where exchanging or selling could be facilitated. As a result, the

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<sup>1</sup> Saxena, H.M., op. cit., p.116.

popularity of fairs waned and new market place came into existence. "The history of markets in Western Europe can be traced to the rise of fairs in the tenth century following the breakdown of local isolation and the expansion of commercial contacts", says Hodder.<sup>1</sup>

Market regulation can be traced also in India during the ancient and medieval periods. During the Mauryan sovereignty, trade was minutely regulated. The amount and price of all goods was declared, and the sale was by auction. Any type of combination or malpractice which affected prices was punishable. At all important centres a record was maintained stating "who the merchants are, whence they come, with what merchandise, and where it has been vised".<sup>2</sup> K.S. Lal has mentioned in his book 'History of the Khiljis' that "Alauddin took measures for market control during the early medieval period (1290 to 1320 A.D). These measures may be considered as landmarks in the history of the development of the marketing system in India. These measures were effective in the Delhi region only and was an indication of the State control on marketing for fair distribution and for checking unfair practices in trade".<sup>3</sup>

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<sup>1</sup> Hodder, B.W., Economic Geography, Methuen, 1974, p.142.

<sup>2</sup> Saxena, H.M., op. cit., p.23 (Quoted from Rapson, E.J. (Eds.), The Cambridge History of India, Vol.1, Ancient India, S. Chand & Co., New Delhi, 1968).

<sup>3</sup> Ibid., p.24. (Quoted from K.S. Lal, History of the Khiljis, 1967). In order to check the blockade imposed by Mughal invaders at Delhi, Alauddin decided to overcome the difficulties of transport and food shortage by market regulation. He regulated the prices of foodgrains and fixed them at

(contd.....)

With the advent of science and technology in Western Europe, industrial revolution came and people started producing more and more goods. Men created new market places. Transportation also facilitated this new creation of markets. As a result, new market places came into existence and the popularity of fairs came down. This expansion of markets led to the promulgation of the Market and Fairs Act of 1862 in U.K. to regulate the markets and fairs activities. This is the first known form of government regulation in that country.

A commission on agriculture was appointed in 1862 to investigate into markets and tools. The Commission's recommendations were implemented in the form of the Markets and Fairs Act in 1862. After this, several Acts were enacted with a view to provide fair trading practices in the markets. Market committees were formed to manage and control the public markets in Britain. Several 'Boards' were also established

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Contd.....

very low rates. The prices fixed for important items were as follows:

Wheat	=	7½	jital*	per man <sup>+</sup>
Barley	=	4	jital	per man
Gram	=	5	jital	per man
Rice	=	5	jital	per man
Sugar	=	1⅓	jital	per ser**
Gur	=	1/3	jital	per ser
Ghee				
(Butter)	=	1	jital	for 2½ sers
Oil of seasamum	=	1	jital	for 3 sers
Salt	=	1	jital	for 1/2 man

Note: \* 'jital' was a copper coin, in one silver tanka there were fifty jitals.

\*\* Ser was a unit of weight equal to 0.93310 kilogram.

+ Forty ser was equal to one 'man' (one 'man' is equal to 37.3242kgs.)

Source: Saxena, H.M., Geography of Marketing, 1984.

to manage the markets. But Boards failed to function properly and this created 'Commissions' and 'Authorities' to replace the defunct Boards.<sup>1</sup>

In Great Britain, social welfare had demanded legislation to control and regulate markets. A court of "pie poudre" was held in every market or fair in England and Wales to work for the maintenance of law and order and to see that contracts were honoured. Between 1896 and 1926, as many as thirty-two Acts were passed in Great Britain in regard to the regulation of fairs. The local bodies usually had a market committee to look after the markets under their jurisdiction, and these markets were supervised by a market Superintendent in its day-to-day works.<sup>2</sup>

So, it can be said that gathering held at any important place for purpose of selling and buying of commodities gradually turned into 'market'. But these markets would have to receive an authorisation from an authority. B.A. Patil

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<sup>1</sup> Hallet, Graham, The Economics of Agricultural Policy, London, 1971, pp.213-221. The Industry Development Authority 1956 and the Meat and Livestock Commission were established instead of the defunct Board. It should be noted that no information available to point out about the causes of defunct of the Board.

<sup>2</sup> Srivastava, R.S., Agricultural Marketing in India and Abroad, Vora & Co., Bombay, 1960, pp.176-177. Among the Acts, the more important were the Markets and Fairs Acts of 1874, which consolidated many of the previous Acts and Regulation; the Weights and Measures Act 1878; the Corn Sales Act of 1921, and the Horticultural Produce Act of 1926.

pointed out that when a market was to be held in the village area or in an important new place, it was necessary to receive approval as per the Act from the District Magistrate.<sup>1</sup> Market places continued to exist getting authorisation from the legal authority and were controlled under definite rules and regulations.

The need for market regulation was felt by the government to safeguard the interest of developing industrial sector and also to promote efficient and effective marketing of agricultural commodities. It is essential to safeguard the interest of the agricultural producing class. P.V. Shenoi says that: "the central objective of the management activities of agricultural marketing is to get the best possible deal for the farmer in order to provide motivation to him to optimise his output, giving him a good income, without however, causing hardship to the consumer".<sup>2</sup> The first task of the management is to identify the various market constraints which hold down the income of the farmer and to arrange them in an order of economic priority. Secondly, the cost benefit implications of each constraint have to be judged, and thirdly, the available scarce resources like trained manpower, money and material have to be employed for the maximum benefit of the farmer.

The constraints may be due to the lack of physical

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<sup>1</sup> Patil, B.A., Agricultural Price Problems in India, The Bombay State Corporation Union, Bombay, 1959, p.76.

<sup>2</sup> Shenoi, P.V., Agricultural Development in India - A New Strategy, Vikas Publishing House Pvt. Ltd., New Delhi, p.125.

infrastructure facilities, viz. transport, storage or service facilities like packing, processing, grading or lack of institutional facilities for price stabilization, regulation of demand (such as regulated markets), marketing credits, etc.<sup>1</sup> The managerial task is to identify these market constraints by preparing plans and programmes in a phased manner.

For improving agricultural markets and marketing conditions for the benefit of the farmer various Governments in the world have from time to time, intervened in the marketing practices in different ways. Historical evidence proves that the regulation of markets started in the early ages. But, serious attempts on the regulation of markets appeared to in the latter part of the 19th century and become widespread in the first half of the 20th century.

Agricultural marketing in the U.S.A. received State attention much earlier than in Europe. Through the passing of the State legislation by Minnesota to regulate market functionaries, control of markets in the U.S.A. began in 1899.<sup>2</sup> The interest of the people in marketing problems was first aroused by the report of the Industrial Commission in 1900. The report expressed demand for State assistance in regard to agricultural marketing. With its commitments to a Laissez fare economy, 'Marketing Orders and Agreements' became a common feature by 1930 in U.S.A. and the wide recognition of the utility of these measures led to the passing

<sup>1</sup> Ibid., p.126.

<sup>2</sup> Government of India, Agricultural Marketing in India - Regulated Markets, Vol.I, Directorate of Marketing and Inspection, Nagpur, 1968, p.138.

of the Perishable Agricultural Commodities Act by the Federal Government in the same year. Under this Act, all market functionaries -- commission men, merchants and brokers -- dealing with perishable products in interstate commerce were required to obtain a licence from the Secretary of Agriculture and to get it renewed annually.<sup>1</sup> In U.S.A., the process of legislation to intervene in the agricultural marketing mechanism continues from that time.

The first major cash crop introduced for peasant cultivation in East Africa was cotton. The Colonial Government sought to introduce a monetary economy into the area. In Uganda, the Uganda Company was set up in 1903 to take over the economic activities of Church Missionary Society (C.M.S), particularly to encourage cultivation and to market cotton. But, reports began to arrive from Britain in 1907, warning the Colonial Governments of the deterioration of quality of Uganda Cotton. The Government then decided to intervene in a drastic way. Through these measures Uganda cotton managed to hold its place in the export market, and the industry continued to grow rapidly.<sup>2</sup> Reminiscing about those early days, a retired British Agricultural Officer in Uganda stated:

"The cotton seed in general distributed in this period was very mixed, but strangely

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<sup>1</sup> Srivastava, R.S., op. cit., pp.177-182.

<sup>2</sup> Yoshida, Masao, Agricultural Marketing Intervention in East Africa, Institute of Development Economics, Tokyo, 1984, pp.9-11.

the price realised in the Liverpool market was, on the whole, satisfactory and compared favourably with that realised for similar type of American growth. It would seem therefore that the seed, though mixed, was gradually becoming acclimatized and was developing a character of its own".<sup>1</sup>

The question of mixing different varieties of cotton reappeared in the early 1930s. The Uganda Colonial Government again decided to intervene drastically in order to maintain the purity of seed. The Cotton (Amendment No.2) Ordinance of 1933 enabled the Governor to declare any part of the protectorate to be a Cotton "Zone", and to prohibit or restrict the movement of cotton into, or out of, any zone.<sup>2</sup> Uganda has established statutory Marketing Boards, having exclusive authority to sell the produce and even to fix a 'fair price' for the produce and also for the purpose of achieving orderly marketing.

In Kenya, the first Cotton Ordinance which was enacted in 1908, was similar in context to that of the Uganda Cotton Ordinance, 1908. Different Marketing Boards have been established to handle the marketing problems of different kinds of agricultural produce.<sup>3</sup> After the independence of Uganda, Kenya and Zanzibar, Statutory Marketing Boards were established

<sup>1</sup> Morgan, A.R., "Uganda's Cotton Industry - Fifty Years Back", Uganda Journal, Kampala, September, 1958, p.111.

<sup>2</sup> Uganda, Ordinance and Subsidiary Legislations, 1933, pp. 164-166, cited in Masao Yoshida, op. cit., p.13.

<sup>3</sup> Cited in Yoshida, Masao, op. cit., p.16.

between 1961 and 1963 to deal with different agricultural commodities and became the most characteristic feature of the agricultural marketing system.

In Australia, efforts to fix minimum price for wheat in 1930 proved abortive, and between 1931-34 State assistance to those units stricken by the depression took the form of subsidies. Besides price regulation, State action was directed to many other important aspects of marketing. The steps taken to regulate trade practices and the quality of commodities have in general proved their worth.<sup>1</sup> Canadian 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.<sup>2</sup> Marketing Boards were set up in Canada and South Africa to solve specific problems growing out of the depression of the 1930s.<sup>3</sup>

In Northern Ireland, the first Act for regulating marketing was passed in 1924 and was related to eggs, which was followed by other Acts - viz. those of 1926 and 1936 dealing with the same subjects. The Marketing of Potatoes Act

<sup>1</sup> Srivastava, R.S., op. cit., pp.182-183.

<sup>2</sup> Abbot, J.C., Agricultural Marketing Boards - Their Establishment and Operation, F.A.O/U.N., Rome, 1974, p.2.

<sup>3</sup> Mettendorf, H.T., "Marketing Boards", a paper presented to the Seminar on Agricultural Marketing, published by Agricultural Information Service, Government of East Pakistan, 1966, p.91.

1928, the Dairy Produce Act, 1929 and 1931; the Agricultural Produce (Meat Regulations) Act, 1930 and the Marketing of Fruit Act, 1931 are the others in this field. The main features which distinguish these from the English Acts were the provision for licensing dealers and processors, followed later by grading and price-fixation in some cases. The Acts relating to potatoes and fruits laid greater emphasis on exports.<sup>1</sup>

Thus, it can be said that the system of market intervention or market regulation has reached its present state of development, thanks to the inspiration it received from the past. In the first half of the 20th Century, the market regulation practice started spreading all over the world. Almost all agricultural based countries have adopted this policy and are aware of the possibilities of better marketing of their produce.

#### Development of Regulated Markets in India:

It becomes clear from emperical evidence that many of the periodic markets of today were functioning as such even before the British arrived on the scene. These markets were located at the seats of administrative power of the local principalities. The road development programme of the British, which was started to help promote local trade, gave rise to the construction of Rest Houses in the areas away from the district headquarters. As the British administration

<sup>1</sup> Srivastava, R.S., op. cit., p.180.

spread its tentacles, the villages having Rest Houses gained importance as centres of revenue and administration; these villages seemed to have an advantage over others as possible locations of a periodic market, and furthered the process of transition from a centre of mobile administration to that of periodic marketing.<sup>1</sup>

The number of market places started increasing due to the expansion of trade and commerce. The growing demand of agricultural raw materials for the industries in England facilitated the creation of new markets in India. India became the source of raw materials to Britain. In the first half of the twentieth century, reports started reaching the then Government of India about the quality deterioration of raw material as well as the poor and helpless conditions of the producing class. So, the then British Government in India decided to intervene through the creation of regulated markets on the same lines as had been adopted in Great Britain for improvement of the situation.

In Great Britain, during the late Victorian period, Acts controlling the piecemeal conduct of the scattered urban markets began to appear in the Statute Book. There were 32 such Acts in the United Kingdom by 1920. A Committee was set up to investigate and comment upon the prevailing (legal)

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<sup>1</sup> Wanmali, Sudhir, Periodic Markets and Rural Development in India, B.R. Publishing Corporation, Delhi, 1981, p.160.

chaos in British Agricultural Markets in 1922. In 1924, a separate Market Branch of the Ministry of Agriculture was formed under the Chairmanship of Lord Linlithgow. In India, a Royal Commission on Agriculture was appointed in 1926. Subsequently, he (L. Linlithgow) became the Viceroy of India and the head of the Royal Commission on Agriculture in 1928.<sup>1</sup>

It was required to examine and report on the prevailing conditions of agriculture. The Commission was asked to investigate, particularly, on:

1. The measures being taken for the promotion of agricultural and veterinary research, experiment, demonstration and education, the compilation of agricultural statistics, introduction of new and better crops and improvement in agricultural practices, dairy farming, and the breeding of stock;
2. The existing methods of transport and marketing of agricultural produce and stock;
3. The methods by which agricultural operations were financed and credit afforded to agriculture; and
4. Main factors affecting the rural prosperity and welfare of the agricultural population.<sup>2</sup>

The financial position of the Indian farmer had been precarious during the years following the depression.

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<sup>1</sup> Harris, Barbara, Transitional Trade and Rural Development : The Nature and Role of Agricultural Trade in South India, Vikas Publishing House, New Delhi, 1981, pp.38-39.

<sup>2</sup> Bansil, P.C., Agricultural Problems in India, Vikas Publishing House, New Delhi, 1977, p.37.

That the marketing of his produce constituted a real problem was hardly been realized in India until the Royal Commission on Agriculture (1928) brought to the notice of the Government of India the deplorable condition of the Indian farmer labouring under serious disabilities and exposed to exploitation in the absence of adequate marketing facilities. It drew attention to the various drawbacks and shortcomings he faced (the Indian farmer) for the disposal of his produce at an uneconomic price. The Royal Commission, therefore, emphasized that improvement in production alone cannot be stabilised unless corresponding improvement in the marketing of agricultural produce is also effected simultaneously.<sup>1</sup>

Regulated markets have been developed in this country for making marketing of agricultural produce more orderly and efficiently. The principal aim in regulating agricultural produce market is to remove the malpractices in the market and to ensure a fair deal to producer. Regulation of agricultural markets was suggested as early as in 1928 by the Royal Commission on Agriculture in India.

But, historical evidence proves that the step towards a regulated market was introduced in India much earlier than the Royal Commission even thought of it. 'Karanja' was the first regulated market to be established in 1886 under the

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<sup>1</sup> Jain, S.C., Principles and Practice of Agricultural Marketing and Prices, Vora & Co., Bombay, pp.305-306.

Hyderabad Residency's Order.<sup>1</sup> Later, in 1897, a special law known as "The Cotton and Grain Market Law" was enacted in Berar. Berar was known then as "Hyderabad Assigned District".<sup>2</sup> The aim of the laws were to improve the situation, specially in marketing of agricultural produce: and this was the first major step taken by the Britishers regarding market regulation. The highlights of this Act were:<sup>3</sup>

- (i) all the markets which existed on the date of the enforcement of the law came under its fold,
- (ii) the Resident could set up additional markets or bazaars for the sale of agricultural produce,
- (iii) the Commissioner was to appoint a Committee of five members to look after the market affairs,
- (iv) trade allowances or customs in usage were abolished,
- (v) unauthorised markets and bazaars were banned within five miles of the notified market or bazaar,
- (vi) bazaar/market functionaries were required to take out licences,
- (vii) the Resident was empowered to make rules for some specific matters,
- (viii) penalties were laid down for breach of certain provisions of the law.

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<sup>1</sup> Prasad, A. Sivarama, Agricultural Marketing in India, Mittal Publications, Delhi, 1985, p.42.

<sup>2</sup> Government of India, Working of Regulated Markets in India, Regulated Markets, Vol.II, Directorate of Marketing, Ministry of Food & Agriculture, Nagpur, 1968, pp.1-2.

<sup>3</sup> Saxena, H.M., op. cit., p.27.

Thus, the regulated markets came into existence and started functioning with due regard to the socio-economic conditions prevailing in the country. Mirchandani and Hiranandani say:

"this type of reform at the primary level of marketing was first recognised for general adoption in the country by the General Cotton Committee appointed by the Government of India in 1918 and later it received a wider recognition. In pursuance of this recommendation, the then Government of Bombay was the first to enact the Bombay Cotton Markets Act in 1927".<sup>1</sup>

In fact, it was the first law in the country which attempted the regulation of markets. The purpose of such attempt was to evolve sound market practices fair and beneficial to the producer and to the trader. But, it was not implemented properly because of certain limitations and local interests of the market committees. According to Royal Commission on Agriculture in India:<sup>2</sup>

"the market committees are unwilling to take energetic action to secure fair trading owing to the fact that the majority of their

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<sup>1</sup> Mirchandani, R.T. and Hiranandani, G.J., "Regulated Markets - Their Review and Their Impact on Market Structure and Efficiency", Seminar series-V, Marketing of Agricultural Commodities, Indian Society of Agricultural Economics, Bombay, 1965, p.72 (cited in Prasad, A.Sivarama, op. cit., pp.42-43.)

<sup>2</sup> Government of India, Report of the Royal Commission on Agriculture in India, Government General Press, Bombay, 1928, p.390.

members are general commission agents or large buyers who do not wish to offend the class to which they belong or on which they are very closely dependent for a successful season's trade".

Though, the working of these markets were not satisfactory, they proved very helpful to the growers of cotton. The growers responded enthusiastically by selling through these markets more and more of their produce.<sup>1</sup> It was found that not less than 68 per cent of the cotton sold in that province was sold in those markets.<sup>2</sup>

Later, the regulation of markets received wider recognition after the enactment of the Royal Commission on Agriculture in 1928. The Commission focused attention on the defects and chaotic conditions existing in the agricultural commodity markets and recommended that "these defects can only be removed by the establishment of properly regulated markets."<sup>3</sup> The Central Banking Enquiry Committee, the Provincial Economic Conference, etc. endorsed this recommendation subsequently in their reports and several provinces adopted the basic market regulation policy drawing inspiration from the recommendations of the Royal Commission.

The recommendations of the Commission were made with a view to bring about all-round efficiency in the field of

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<sup>1</sup> Hussain, S.A., Agricultural Marketing in Northern India, George Allen & Unwin Ltd., London, 1937, p.280. See also Ibid., p.389.

<sup>2</sup> The Report of the Royal Commission on Agriculture in India, op. cit., p.389.

<sup>3</sup> Ibid., p.389.

agricultural production. The aim was to make agriculture a profitable industry rather than a mode of living. The Commission covered such subject, as fragmentation and subdivision of holdings, irrigation, improvement of livestock, rural education, co-operation, marketing, etc. One of the basic recommendations of the Commission was to change the outlook of the cultivator himself so that they may take an active interest in bringing about improvements.<sup>1</sup> It suggested that "rural problem should be tackled as a whole in all its various aspects simultaneously".<sup>2</sup> It assigned the Government specific responsibilities for bringing about improvements in rural life.

Following the recommendations, the Central Provinces Cotton Market Act was enacted and the Cotton and Grain Markets Law of Berar was amended in 1932. In 1933, the Madras Commercial Crops Act was passed. Since 1934, a similar legislation, the Agricultural Produce Markets Act existed in Baroda.<sup>3</sup> On the recommendation of the Royal Commission, the office of the Agricultural Marketing Adviser to the Government of India was constituted during 1935 and the office was the first manifestation of the realisation by the Government of India of the importance of agricultural marketing. The Provincial Governments also established their marketing

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<sup>1</sup> Bansil, P.C., op. cit., p.37.

<sup>2</sup> The Report of the Royal Commission on Agriculture in India, op. cit., p.398.

<sup>3</sup> Shah, K.T. (Ed.), Rural Marketing and Finance, Bombay, 1947, p.68.

organisations with the help of subsidies from the Indian Council of Agricultural Research. The main objectives of agricultural marketing organisations were:

- (i) to help the cultivator in the profitable disposal of his produce and creating the necessary incentive for improving his production, both qualitatively and quantitatively;
- (ii) to minimise the share of market functionaries in consumer's price and to render services as will benefit both producers and consumers; and
- (iii) to explore the possibilities of export of agricultural commodities for inland and foreign trade thereby earning foreign exchange.

But, unfortunately, further progress in the course of fulfilling of these objectives has been rather too slow. The department had quite inadequate staff and grants and this could be the major cause for the failure to achieve the aforesaid goals.

The markets controlled under the Acts constituted in the first half of 1930 did not achieve the desired results because the markets could not properly safeguard the interest of the growers. The Committee Members were not showing keen interest in the welfare of the producer-seller. It has been mentioned earlier in one paragraph that the Market Committees were dominated by Commission Agents and large buyers. The members of the cultivating classes in the area served by the market are excluded from the Committee and that their very

substantial interests in the proper management of the market receive no recognition. This was done purposely, because, according to the criteria laid down, no person was eligible for appointment to the Committee, who had not resided within the limits or within five miles from the limits of the town in which the market was situated for atleast three months prior to the date on which the list of persons eligible for appointment to the Committee is prepared.<sup>1</sup> Naturally, the cultivating class could not fulfil this criteria.

In 1938, a model bill was prepared by the Central Agricultural Marketing Department.<sup>2</sup> This bill covered the whole of the country. On the basis of the bill, several States and Provinces drafted their own legislative enactments. Following other States -- Punjab, Hyderabad and Mysore passed Acts in 1939. But, on the eve of World War-II, i.e. in 1939, only half a dozen then provinces and States had enacted legislation for market regulation and the total number of regulated markets established was 122. Progress for establishing regulated markets were very slow. Till 1950, only 286 regulated markets were working in the Central Provinces, Bombay, Madras, Andhra Pradesh, Mysore and Punjab. One

<sup>1</sup> The Royal Commission on Agriculture in India, op. cit., p.390.

<sup>2</sup> Later, this Department renamed into the Directorate of Marketing and Inspection, Government of India (established in Nagpur).

reason for this slow growth is the selfish motives and vested interests of the trading class. These markets were not managed properly. So, they could not give substantial benefit to the producing class as well as to the consumers. But, in a very few cases, the regulated markets proved to be fruitful to the producing class and to the traders and consumers.

From 1940 to 1946 (during the period of World War-II) almost all the markets became defunct. Few markets were working only partially. The Royal Commission's view did not last long during this period.<sup>1</sup> So, progress in the field of regulation of markets was checked. This period is considered as the liberation movement period for India. So, the then British Government did not show much interest in further development of regulated markets. Second World War also was one of the reasons for not taking part any interest for development. India became an independent country in 1947. In spite of its broken socio-political and economic conditions, activities of the regulated markets were at a stand still to some extent. In the post-war period a rapid expansion of regulated markets took place.

After independence, India was just recovering from the after-effects of partition. There was no noticeable work done by the Government for regulated markets for sometime. The Government was only concerned with the immediate problems

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<sup>1</sup> Desai, Vasant, Agricultural Development - A Case Study, Popular Prakashani, Bombay, 1976, p.92.

of nation buildings. Plans for long term economic development were not taken during that time. There was an urgent need to formulate new economic policies for the country as a whole. The Government of India set up the Planning Commission in March 1950, to prepare a plan for the "most effective and balanced utilisation of the country's resources".<sup>1</sup> The first five-year plan was made effective from April, 1951. In the area of development of marketing, especially of agricultural products, a directive was issued to the States to develop regulated markets.

The Planning Commission in its first and subsequent five year plans emphasized the need and vital role played by the regulated markets in promoting an orderly marketing of farm produce in the country. The Commission also urged various States that had not enacted the necessary legislation to do so and to regulate the markets thereunder.<sup>2</sup> A well managed marketing system which protects the interest of both producers and consumers and also the traders, is the backbone of agricultural development. Steps were initiated to remove existing deficiencies that threatened agricultural economy. A well integrated marketing system for agricultural produce had to be developed also. Realising this, the planners rightly decided to pay greater attention to marketing and trade and institutional framework which can help particularly to minimise the

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<sup>1</sup> Saxena, H.M., op. cit., p.28.

<sup>2</sup> Working of Regulated Markets in India - Regulated Markets, Vol.II, op. cit., p.21.

handicaps of small and marginal farmers and maximise the benefits of intensive agriculture offered by small holdings.<sup>1</sup> Undoubtedly, the establishment and strengthening of regulated markets is the most effective and important measure. It is expected that the regulated markets will eliminate malpractices and provide an orderly and competitive system of marketing for agricultural produces.

The need for the establishment of regulated markets was felt because the prevailing system was not suitable, specially to the farmer-seller. In order to ameliorate the sad conditions of the producing class, regulated markets have been established and continue to function since 1930. In 1951, the policy of the India Government was aimed at fighting all the short-comings existing in agricultural marketing and the First Five Year Plan visualised the regulation of new markets throughout the country. Second Plan period was considered as the continuation of First Plan and for effecting improvements in the working of the markets already established. The growth of such markets in the beginning was slow, but in 1960 and 1970, the progress was quite substantial. From 1980 to 1984, the trend towards regulation of markets was on the increase when compared to the previous years. Table-4.1 shows the growth of regulated markets in India.

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<sup>1</sup> Government of India, Sixth Five Year Plan 1980-85, Planning Commission, New Delhi, pp.97-98.

Table - 4.1

<u>Growth of Regulated Markets</u>				
<u>in India</u> (Base years: 1939-40)				
Sl. No.	Year	Number of regulated Markets	Index Numbers	Number of increase over ten years
1.	1939-40	122	100	--
2.	1949-50	283	232	+161
3.	1959-60	604	495	+321
4.	1969-70	2,070	1,697	+1,466
5.	1979-80	4,446	3,644	+2,376
6.	1980-84	5,579	4,573	+1,133

Note: The latest data of the number of regulated markets is available upto 31-3-1984.

Source: (i) Sharma, A.N., Economic Structure of Indian Agriculture, Himalaya Publishing House, Bombay, 1984, p.351.

(ii) Saxena, H.M., Geography of Marketing, Sterling Publishing, New Delhi, 1984, p.29.

(iii) Government of India, Annual Report 1984-85, Department of Rural Development, Ministry of Agriculture and Rural Development, cited in D.K. Mund, "Agricultural Marketing : Problems and Prospects", Kurukshetra, Vol.XXXIII, No.9, Delhi, June, 1985, p.37.

(iv) Compiled from the above sources.

It can be seen from the table that in 1950s, i.e. during the First and Second Plan periods, Government had just initiated the programme of market expansion for regulation after independence. Consequently, in the space of ten years only 321 number of markets had come under regulation.

Allocation of resources were also less. The Second Five Year Plan allocated slightly less than 20 per cent of the total expenditure to "Agriculture and Rural Development". These two plan periods did not bring about the desired results. More markets developed as regulated ones, i.e. 1466 and 2,376 respectively during 1960s - 70s. In this period, allocation of resources were more for this purpose and the Government took keen interest. In the Sixth Plan, Agricultural marketing was given special importance by allotting 96.11 crores rupees exclusively for its development.<sup>1</sup> The main thrust of the Sixth Five Year Plan therefore, would be on:

- (a) a further expansion of the regulated market system in terms of both more markets and commodities to be brought within the scope of regulation;
- (b) strengthening the arrangements for enforcement and inspections to ensure a regulated system of open auctions, trading practices and margins of intermediaries; and
- (c) development of rural markets and shandies and establishment of rural markets in areas where such a facility is not available within a reasonable distance.<sup>2</sup>

From 1980 to 1984, the number of markets brought under regulation are 1,133. So, by the end of 1984, a total number of 5,579 markets have been regulated in this country.

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<sup>1</sup> Government of India, Sixth Five Year Plan, Planning Commission, New Delhi, 1981, p.142.

<sup>2</sup> Ibid., p.112.

Some States took keen interest for the development of regulated markets and enacted necessary legislations for this purpose, whereas, some others lagged far behind. Their actions were slow. Even today, there are States and Union Territories that have not initiated any constructive effort in this regard. Table-4.2 below shows the growth of regulated markets in the different States.

Table - 4.2

State-wise Growth of Regulated Markets in India as on  
31-3-1984

Sl. No.	State/Union Territory	Number of Regulated Markets			Percentage of Total
		Principal	Subyard	Total	
1	2	3	4	5	6
1.	Andhra Pradesh	218	338	556	9.96%
2.	Assam	7	9	16	0.29%
3.	Bihar*	121	644	765	13.71%
4.	Gujarat**	128	176	304	5.45%
5.	Haryana	91	101	192	3.44%
6.	Himachal Pradesh***	9	31	40	0.72%
7.	Karnataka	113	216	329	5.90%
8.	Kerala	4	--	4	0.07%
9.	Madhya Pradesh**	258	173	431	7.73%
10.	Maharashtra*	230	405	635	11.38%
11.	Manipur	--	--	--	-
12.	Meghalaya	--	--	--	-
13.	Orissa**	40	51	91	1.63%
14.	Punjab	130	509	639	11.45%
15.	Rajasthan***	132	221	353	6.63%
16.	Tamil Nadu	261	--	261	4.68%
17.	Tripura**	4	1	5	0.09%

1	2	3	4	5	6
18.	Uttar Pradesh	253	370	623	11.17%
19.	West Bengal	38	282	320	5.73%
20.	Chandigarh	1	2	3	0.05%
21.	Delhi***	5	3	8	0.14%
22.	Goa, Daman and Diu	1	2	3	0.05%
23.	Pondicherry	1	-	1	0.02%
24.	Jammu & Kashmir	APMR ACT NOT YET ENACTED			
25.	Nagaland	-DO-			
26.	Sikkim	-DO-			
27.	Andaman and Nicobar Islands	-DO-			
28.	Arunachal Pradesh	-DO-			
29.	Dadra and Nagar	-DO-			
30.	Lakshadweep	-DO-			
31.	Mizoram	-DO-			
Total		2045	3534	5579	

Note: \* Figures are provisional.

\*\* Figures relate to December, 1983.

\*\*\* Figures relate to March, 1984.

Source: (1) Mund, Dilip Kumar, "Agricultural Marketing : Problems and Prospects", Kurukshetra, op. cit., p.37, cited from Government of India, Annual Report 1984-85, Department of Rural Development, Ministry Agriculture and Rural Development.

(2) Percentage calculated and compiled.

Market regulation came into vogue in Andhra Pradesh, Maharashtra and Tamil Nadu since 1930 followed by other States in the subsequent years. The Table-4.2 indicates that Bihar stood first in the regulation of markets with 765 regulated markets comprising 13.71 per cent of the total regulated markets in the country. Punjab and Maharashtra stood second and third respectively, with 639 and 635 regulated markets

covering 11.45 per cent and 11.38 per cent of the total markets of this kind. The other States where the regulation is significant enough are Uttar Pradesh (623 - 11.17%), Andhra Pradesh (556, 9.96%), Madhya Pradesh (431, 7.73%), Rajasthan (353, 6.33%), Karnataka (329, 5.90%), West Bengal (320, 5.73%), Gujarat (304, 5.45%), Tamil Nadu (261, 4.68%), Haryana (192, 3.44%), etc. Some States and Union Territories were less number of regulated markets. Regulation is completely absent in the States of Jammu and Kashmir, Meghalaya, Manipur, Nagaland and Sikkim. Except Chandigarh, Delhi, Goa, Daman and Diu, other Union Territories have not yet enacted the legislation pertaining market regulation.

It is evident from the Table-4.1 that substantial progress in market regulation was achieved during 1970-80, and the Table-4.2 also reveals the active interest evinced by respective Governments of the States. Some States developed more number of markets, but many of them lagged behind. As mentioned earlier 5,57<sup>9</sup> number of markets have been developed as regulated by March, 1984 in this country. Even then, the progress in the field of market regulation is not very satisfactory. Still, quite a sizeable number of markets remain to be regulated. Further, with the increase in the agricultural production and extension of agricultural exchanges, there is need for the establishment of regulated markets.

In different Plan periods, number of steps have been taken for regulating the marketing practices, standardising weights and measures, developing suitable infrastructure facilities in the market yards, introducing quality standards

through 'Agmark' certification, managing markets by a Committee etc. Through the Agricultural Produce Markets Act, a legal framework has been provided in all the States, even then, the progress in the development of markets and in the enforcement of the Act have been very uneven. Owing to the inability to enforce the Act, several malpractices, deductions and charges that a producer-seller has to bear still continue in different markets.

Steps have to be taken so that the management authority can effect drastic measures to remove all disabilities from the markets. Further steps have to be taken not only to bring the remaining secondary/assembly or terminal markets but also the primary markets under regulation. For this, the Central Directorate of Marketing and Inspection can provide necessary guidance and assistance to the State Government in extending regulation to all the markets within their jurisdiction. Another drastic step the Government has to take is to bring all private markets under the public fold and regulation extended to those markets also.

#### Development of Regulated Markets in West Bengal:

In pursuance of the recommendations of the Royal Commission on Agriculture and as endorsed by other Enquiry Committees several States passed legislations for the regulation of the markets in the years between 1930 and 1940. Unlike many other States in the country, West Bengal has been

a late starter in the field of regulation. In West Bengal, around 1968-69, an Act to regulate agricultural marketing was passed. But, that Act proved inadequate in many respects. The provisions of the Act were at variance with the accepted concept of regulation. The chief weakness was that the assembling markets were outside the ambit of regulation. In these markets, the implementation of the regulatory programme was necessary. The responsibility of management and providing of facilities were vested on the owners of the village hats. There was no provision in the Act for raising of resources for construction of modern infrastructure. Infrastructural facilities were badly needed for the marketing of cash crops.<sup>1</sup>

Discussions were then initiated regarding the weaknesses of the Act with the Government of India, the Financing Banks, Warehousing Corporation and other agencies involved to reform the Act. The decision was to repeal the Act and to replace it by another with suitable provisions for effective implementation of regulation programmes so as to benefit the producers and meet their increasing needs for marketing facilities.<sup>2</sup> The Act in the revised form was thus adopted in West Bengal in 1972 and came as "The West Bengal Agricultural

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<sup>1</sup> Gupta, N.S. Das, "Market Regulation - The Legal Framework Available in the State", paper presented at the Second Six Month Residential Training Programme in Agricultural Marketing for Agricultural Marketing Officers of Directorate of Agricultural Marketing, Government of West Bengal, March-Sept. 1983, Calcutta, p.1.

<sup>2</sup> Ibid.

Produce Marketing (Regulation) Act, 1972". Later, this Act was amended from time to time (1975, 1977, 1978 and 1981).

The Act of 1972, provides for the declaration of notified area, notified commodities, formation of market committees, collection of market fees, etc. It further empowers the Government to make rules for proper management and regulation of such markets, confers on the market committees the powers to frame bye-laws, define prohibitory acts, offences and authorizes someone competent enough to try and impose fines on the offenders etc.

The main features of the West Bengal Agricultural Produce Marketing (Regulations) Act of 1972 are to provide institutional protection to the producer-sellers by way of providing organised markets, to establish statutory market committees composed of representatives of all the interests concerned with not less than 50 per cent of the members drawn from the farming community, to fix the limit of the market area/ market yard/sub-market-yard, to abolish some of the market charges which were charged by the traders for their own interest, to levy market fees on the transactions of regulated commodities from the buyers, etc. Another most important feature of the Act is that the Market Committee has the authority to raise or borrow market-funds for development of outlay of market-yard/sub-yard and other infrastructural facilities which facilitate the efficient marketing.

The programme for regulating markets started only in 1973 under the provision of West Bengal Agricultural Produce Marketing (Regulation) Act, 1972. Till the end of 1985, only 38\* of the total 235 secondary assembling markets have been brought within the ambit of this programme. There are 15 districts in the State and regulated markets have been developed in all the districts except one, viz. 24-Pargana. In 1973, as the first step, 15 markets were brought under regulation and in 1974 and in 1975, 9 and 7 markets respectively. In the subsequent years, the regulation of markets progressed slowly, but steadily as a few more markets were regulated in the years 1977, 1980 and 1982, i.e. 1, 4 and 2 markets respectively. The following table (Table-4.3) shows the progressive growth of regulated markets in the State.

Table - 4.3

Progressive Growth of Regulated Markets in West Bengal

Year	Number of Markets Brought under regulation
1973	15
1974	9
1975	7
1977	1
1980	4
1982	2
Total	38

Source: The Directorate of Agricultural Marketing, Government of West Bengal, Calcutta.

Note: \*Number of markets has been given excluding sub-market yards.

The continued success of the production programme required a system of orderly and guided marketing. It was, therefore, felt necessary to hasten the programme of regulation. But in West Bengal, regulation programme is not so rapid. Table-4.4 shows the district-wise progress in the regulation of markets. More markets have been brought under the ambit of regulation in Bakura and Murshidabad accounting for 5 markets each. The other districts have less number of regulated markets.

Table - 4.4

District-wise Regulated Markets in West Bengal As On  
31-12-1985

Sl. No.	Name of the Districts	Number of Regulated Markets
1.	Bakura ..	5
2.	Bardwan ..	4
3.	Birbhum ..	1
4.	Cooch Bihar ..	4
5.	Darjeeling ..	2
6.	Howra ..	1
7.	Hughly ..	3
8.	Jalpaiguri ..	2
9.	Maldah ..	1
10.	Midnapur ..	4
11.	Murshidabad ..	5
12.	Nadia ..	3
13.	Purulia ..	1
14.	West Dinajpur ..	2
	Total ..	38
		=====

Source: Data collected from the Directorate of Agricultural Marketing, Government of West Bengal, Calcutta.

The increase in the notified market centres has improved the marketing facilities of the producers, who are enabled to sell their agricultural commodities at markets located nearer to their villages. Establishment of properly regulated market can benefit the producer-sellers substantially.

#### Development of Notified Markets in Bangladesh:

Markets as an institution had its beginning in Bangladesh, as elsewhere, with the transition from nomadic life to settled life. Initially most of the markets in Bangladesh were of the nature of fairs held on important religious or other festivals at some convenient place either on private or no-man's ('Khash') land. These fairs were held under open sky or under the shade of big banyan trees, mostly on the bank of the rivers. As the agriculture made progress and the social life of the people widened, people started using the fairs as points for the exchange of individuals' surplus produce and articles. So, the need for market place increased, ~~the catering to these increased needs.~~ This encouraged some local people to take the initiative to establish hats and bazaars on their private land as a source of income. In some cases, market places were donated by the local influential or landed aristocrats to elevate their positions in the societies for fame and social status.<sup>1</sup>

<sup>1</sup> It is worth mentioning here that the markets as in the whole of India and Bangladesh are of great antiquity. History and development of markets in West Bengal (India) and Bangladesh till 1947 is same, because, both the regions were in the same country. So, progress in this regard came in the same manner. We have discussed this part in regard to the development of markets after division of India (West Bengal) and Pakistan (East Pakistan, i.e. present Bangladesh) in 1947.

The development of markets in Bangladesh received great encouragement when Lord Cornwallis introduced permanent settlement of land. The allottees of land popularly known as Zamindars became a dominant feature in the economic life of rural Bengal in the later part of 18th century. They were influential people. Through the instrument of permanent settlement, they became the owners of fairs, hats and bazaars. These intelligent Zamindars in course of time visualized the hats and bazaars as potential source of income. This stimulated them to organize the hats and bazaars for collection of tolls and rents. A part of the revenue thus collected was spent for the maintenance and development of the markets. In this way, many new markets were started in order to cater to the increasing needs of the rural economy and also for the increase of income of the Zamindars. Some of the Zamindars were philanthropic in their attitude and donated the market to serve as source of income for the development of roads and other communication links connecting rural areas with urban centres.<sup>1</sup>

The British rule ended in 1947, Bengal was divided into two parts. The eastern part became East Pakistan (present Bangladesh) and the Western part became West Bengal and remained with India as a State, which has been mentioned earlier. In Bangladesh, markets remained the property of the Zamindars

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<sup>1</sup> Rapport Bangladesh Limited, "Report on Market Management Study in Selected Rural Markets in Noakhali Districts", prepared for Noakhali Integrated Rural Development Project under Integrated Rural Development Programme (IRDP), Dhaka, Bangladesh, 1980, pp.7-8.

until 1949. After that, the then Government decided to reform land holding in the country. Consequently, all markets belonging to landlords and other tenure holders came under the ownership and management of the Ministry of Land Administration and Land Reforms of the Government under the State Acquisition and Tenancy Act, 1950 with the exception of some markets which were owned by the Court of Wards and Religious Trusts.

Though, the Royal Commission on Agricultural in India recommended the regulation of market and marketing activities in 1928, the then Government did not take any interest for market regulation in the Bengal region. After the division in 1947, the then respective governments also did not take keen interest on this matter, as had been done in some provinces of West Pakistan.<sup>1</sup>

Gradually, the Government realised the need for market regulation to protect the cultivating class. The Government also got inspiration in this regard observing the success of market regulation in other countries. In an agricultural dominating country like ours, those who are contributing more to the national economy should be protected for their interest as well as for the interest of the Nation. It is a recognised fact that the producing classes are not being remunerated properly for their produce. They are being cheated by the

<sup>1</sup> The reason behind 'why did the then government not take much interest for the regulation of market places?' could not be mentioned here due to no other reference material was available for verifying the facts stated. The same situation also happened for West Bengal in India.

astute traders at every stage while selling their produce and are thus deprived of the actual price. So, the Government should play a vital role in order to improve marketing system.

As per the recommendations of the Royal Commission on Agriculture in India in 1928, to ameliorate the conditions of the farmers and to create better marketing facilities, the then government of East Pakistan (present Bangladesh) in 1964, passed an Act viz., East Pakistan Agricultural Produce Markets Regulation Act 1964, to regulate the markets and marketing activities. This Act became as Bangladesh Agricultural Produce Markets Regulation Act after liberation in 1971. Under this Act, some assembly/secondary type markets have been declared as notified markets and brought under regulation. The following table (Table-4.5) shows the number of markets notified under this Act in different years:

Table - 4.5

Growth of Notified Markets in Bangladesh

Year		Number of Markets Notified and Brought Under Regulation
1965	..	4
1966	..	10
1967	..	51
1969	..	11
1970	..	24
1975	..	1
1980	..	42
1981	..	59
Total	..	202

Source: The Department of Agricultural Marketing, Ministry of Agriculture, Government of Bangladesh, Dhaka.

The Act of 1964, provides for the declaration of notified areas, notified commodities, formation of market committees, collection of market fees, etc. According to this Act, the Government has power also to make rules for proper management and regulation of notified markets. The market committee can prohibit offences, if any occurrence arises during transactions between the seller and buyer. The Act provides institutional protection to the producer-sellers by way of providing organised markets, to establish statutory market committees composed of representatives of all interests concerned, to fix the limit of market charges and market fees on the transactions of notified commodities, etc.

Though, in order to improve the situation by way of regulating marketing charges and other activities of the market functionaries, the then Government enacted the Act in 1964, which provided for regulating the purchase and sales of agricultural produce in the notified markets. The enforcing agency, i.e. the Agricultural Marketing Department could not cope with the task of implementing the provisions of the Act. The reasons behind the non-implementation of the Act have been discussed earlier in Chapter-II. Even then, the Government has declared some markets as 'notified markets' from time to time on the plea that these markets will be regulated under the provision of the Act. Till the end of 1981 only 202 of the total 2,600 assembly/secondary markets have been brought under the jurisdiction of the Act. Most of the important markets have been brought under the ambit of regulation in all

districts (before upgradation of Sub-Division into District) to cover the whole of the country. Some districts have more notified markets, some less. The following table (Table-4.6) shows the district-wise notified markets:

Table - 4.6  
District-wise Notified Markets in Bangladesh by the  
End of 1981.

Sl. No.	Name of the District	Number of Notified Markets
1.	Dhaka ..	13
2.	Mymensingh ..	12
3.	Tangail ..	6
4.	Jamalpur ..	5
5.	Faridpur ..	14
6.	Comilla ..	18
7.	Noakhali ..	11
8.	Chittagong ..	5
9.	Chittagong Hill Tracts ..	5
10.	Sylhet ..	12
11.	Pabna ..	6
12.	Rangpur ..	15
13.	Bogura ..	6
14.	Rajshahi ..	12
15.	Dinajpur ..	11
16.	Khulna ..	9
17.	Kushia ..	7
18.	Jessore ..	14
19.	Barisal ..	16
20.	Patuakhali ..	5
	Total ..	202

Source: Collected from The Department of Agricultural Marketing, Ministry of Agriculture, Government of Bangladesh, Dhaka.

Note: According to the source, there is no change in the number of notified markets since 1981.

CHAPTER - VMANAGEMENT OF MARKETSNeed for Management:

A sound and effective management is essential for the successful operation of any organisation either with profit or service motive. It is true that a good management is one, which enables the group to achieve its objectives with minimum expenditure, resources and efforts and, least interference with other worthwhile activities. Management of regulated markets as such is an instrument which enables concerned authorities to achieve these objectives.

Regulated markets as a concept should thus be viewed as an instrument to transform an essentially subsistence agriculture into a commercial one. Commercial agriculture helps farmers to improve their status as well as helps to develop the nation. Strategies like Green Revolution with high technology production of agricultural produce would remain only partially successful if systematic and orderly marketing channels are not evolved to distribute the marketable surplus in a way which will be remunerative to a grower.

It may be questioned as to why it is necessary to have statutory regulation of markets. In the markets located at the terminal points and major distribution centres, the traders have organised themselves into associations with a view

to safeguard their interests. These associations have adopted agreed sets of rules and bye-laws codifying thereunder various trade practices and business ethics to be followed. Even in secondary markets, traders and other functionaries such as arhatias have formed associations. These trade associations, however, generally tend to concern themselves with the interests primarily of the buyers and not as much with those of the sellers. There is thus a need for a machinery (machinery for effective management of market) to regulate the market practices in the trading centres with a view to safeguard the interests of the sellers. This need is all the more great in primary assembling markets where the majority of the sellers are producers who, on account of their vulnerability, are more prone to be exploited. To be able to function effectively the market regulating agency should not only have statutory backing but should also be properly supervised and controlled by the Government for holding the scales even between the sellers and the buyers.<sup>1</sup>

Khols<sup>2</sup> mentions certain points considering the position of farmers and their farm produce, which ultimately may help in determining legislative policy. The legislative policy<sup>for</sup> the proper management and control of the market should cover the following points:

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<sup>1</sup> Government of India, Working of Regulated Markets in India - Regulated Markets, Vol.II, Directorate of Marketing and Inspection, Nagpur, 1968, Chapter-I.

<sup>2</sup> Khols, R.L., Marketing of Agricultural Produce, Macmillan, New York, 1958, pp.126-127.

1. Farmers are very price-conscious. With relative stability in production and the relative lack of control over it, both gross and net incomes have been associated with the level of prices. High and rising prices mean farm prosperity. Low and falling prices mean farm depression. To a large segment of agriculture it is as simple as that.
2. Farmers increasingly believe that they are the tail of the economic dog. They cannot divorce themselves from the rest of the economy and they receive the most severe jolts as the price and business levels zoom up and down over the years.
3. Prices of individual commodities are extremely unstable. Wide fluctuations both within the year and from year to year are the normal pattern. And since many farmers produce only one major product, what these individual prices do is a matter of great concern. With the inelastic demands for many commodities, shifts in supply have resulted in wide sweeps in prices.

In order to ameliorate the above situation of the poor farmer, the markets under legislation should be managed in such a way that the numerous deficiencies are rectified, and a well-planned and efficient market and marketing system brought into existence. Efficiency of marketing depends on the appropriate relationship between various actively participating institutions and their services. For this, a concrete mechanism decision/has to be developed as to when the crops are to be sold, how much is to be sold, where is it to be sold, what marketing services and transportation vehicles will be needed,

what will be the spread over of marketing costs, what portion the agriculturist will get from the price taken from consumers and what will be profit margins of intermediaries. The Royal Commission on Agriculture in India<sup>1</sup> pointed out:

"The business of sale is not a matter for amateurs . . . . . skilled technical advice and guidance are necessary but even more important is proper business management, unless this is available, the society must inevitably come to grief".

The discussions in the earlier paragraphs justified the need of management of markets in a proper manner. Management can provide better marketing facilities in the market place. It controls the unfair and unjust activities done by the traders and the grower-sellers can be assured of a fair price for their produce. It is stressed that the regulated markets should have a fairly comprehensive knowledge of the modern marketing concepts and techniques. The personnel must have the necessary skill to practise this knowledge also. One essential pre-requisite for the successful practice of marketing is the ability to think creatively and respond quickly to changing situations. Decision-making process, organisational set up and attitude of the personnel in the regulated market committee must all be geared towards making it possible.

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<sup>1</sup> Government of India, Report of the Royal Commission on Agriculture in India, Government General Press, Bombay, 1928, cited in Sadhu and Sing, Fundamentals of Agricultural Economics, Himalaya Publishing House, Bombay, 1983, p.238.

This chapter comprises the discussion<sup>of</sup> the management system of regulated markets in West Bengal and the management system of notified markets in Bangladesh under legislation. It is, however, felt necessary to study the management pattern of the markets in a separate administrative set up. This study attempts to reveal the efficiency and effectiveness of management pattern and their drawbacks in both the regions.

#### Regulated Market Management in West Bengal:

In West Bengal, an Act has been passed called "The West Bengal Agricultural Produce Marketing (Regulation) Act, 1972" which emphasizes the need for the regulation of markets and market practices. Under this Act, important and assembly type of markets have been brought under the ambit of regulation. The Act provides for management, control and regulation of marketing of agricultural produce in markets falling within the notified market areas of the regulated markets, bringing these under its ambit as notified sub-markets. Once a regulated market has been constituted, its management is vested on the respective Market Committee (MC). The MC is legally bound to implement the provisions laid down in the Act. Further, the MC is also responsible for establishing Regulated Markets wherever and whenever necessary.

#### The Organisation and Structures of Market Committee:

It was noted earlier that West Bengal is one of the late beginners in line with the introduction of regulation in the field of marketing. It is largely because the State

Government of West Bengal since independence did not give much attention to the need for regulation in market places till 1971. In 1972, an Act was passed and came into force in the same year.

According to the Act, there shall be a Market Committee for every market area.<sup>1</sup> In respect of individual markets, the Market Committee is the Administrative/Management Authority. As the MC is the king-pin in introducing regulatory measures in a market, the first step in the process is therefore to constitute a MC. A Market Committee established under the marketing Act is entrusted with the responsibility of enforcing within the notified area, the different provisions of the Act, the rules and the bye-laws framed thereunder. Furthermore, the Act enjoins a market committee to establish markets within its market area and provide the necessary facilities to persons using it for an orderly marketing of agricultural produce. The MC performs all these as directed by the Government from time to time. A MC is therefore, the pivot of the whole mechanism designed to improve the standards of marketing within its jurisdiction.

A Market Committee is constituted by the Government notification, under Section 5(3) of the Act consisting 15 (fifteen) members including two official members. In the

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<sup>1</sup> Section 5(1) The Act of 1972 compiled and published by West Bengal State Marketing Board, 1984.

composition, growers as a group have considerable strength having 7 out of 15 members. According to this Act (as amended by West Bengal Act XXI of 1981, in 1981), the composition of Market Committee is as follows:

Representative of State Government (one will be Ex-officio Member-Secretary)	..	2 (Nominated)
Representative of Co-operative Marketing Society	..	1 (Nominated)
Representative of Financing Bank	..	1 (Nominated)
Representative of Local Authority	..	1 (Nominated)
Representative of Small Growers	..	2 (Nominated)
Representative of West Bengal Legislative Assembly elected therein from the Consti- tency comprising the principal market yard or the major part of it.	..	1 (Nominated)
Representative of Agriculturists of the Market Area	..	5 (Nominated)
Representatives of Licenced Traders doing business in agricultural produce in the market area	..	2 (Nominated)
		-----
Total	..	15
		=====

There is a need for rationalising the strength of market committees based on some set principles so that the members may not be too many in some and too few in the others, upsetting the balance of legitimate representation of various interests. The number of members on market committees may be kept flexible (based on some principle), depending upon the size and type of market to be controlled. When a range is given, the intention is that the State Government concerned

should weigh various considerations and prescribe the number, if necessary by categorising them instead of fixing the strength at some figure, for all market committees. The number of members can also be enhanced by the Government under Section 5(4) of the Act by another three persons, two from the growers and one from the licensed traders. Then, there can be a maximum of 18 members in an MC in case of requirement.

A Committee constituted initially with members from Government offices, Co-operative Society in Local Authorities, financing bank, agriculturists and traders shall be deemed to have been validly constituted under Section 5(3A) of the Act. The Committee so constituted is, therefore, legally competent to take any decision within the framework of the Act. But, it has been found in some visiting markets that the total number of members are more than the constitution. The Committee of these markets had been formed before amendment of the Act in 1981. These Committees are still existing, though their office terms are for three years [Section (5(7) of the Act]. The following table (Table-5.1) shows the number of members in different interest groups in the surveyed regulated markets.

The table indicates the heterogeneity in the composition of market committees. Regulated Markets such as Islampur, Samsi, Karimpur, Kalna, Pandua and Sheoraphully have more members as in the case of representation of the

Table - 5.1

Table Showing the Number of Members in Different Interest Groups in the Surveyed Regulated Markets

Members of different Interest groups	Din-heta	Dhurguri	Bela-coba	Shiliguri	Islam-pur	Sam-si	Balam-pur	Karim-pur	Kalna	Pandua	Sheoraphully
Representative of Govt. nominee.	2	2	2	2	2	2	2	2	2	2	2
Representative of Agril-culturists.	5	5	5	5	5	5	5	5	5	5	5
Representative of Small Growers	2	2	2	2	2	2	2	2	2	2	2
Representative of Traders	2	2	2	2	2	2	2	2	2	2	2
Representative of Co-operative Society	1	1	1	1	1	1	1	1	1	1	1
Representative of Financing Bank	1	1	1	1	1	1	1	1	1	1	1
Representative of Local Authority*	1	1	1	1	1	1	1	1	1	1	1
Representative of Member of Legislative Assembly to the State Govt.**	1	1	1	1	3	4	1	4	4	6	8
Total :	15	15	15	15	17	18	15	18	18	20	22

Source: Collected from Regulated Market Office during the period of Survey.

\*Local Authority means an elected representative by the people having jurisdiction over the market area.

\*\*Representative from the constituency comprising the principal marketyard for the major part of it.

Members of Legislative Assembly (MLA), whereas there should be one representative of a MLA elected thereto from the constituency comprising the principal market yard or the major part of it, as per amendment Act, 1981. These Committees were formed before <sup>the</sup> amendment of the Act, and were not reconstituted. Other Regulated Markets have reconstituted their Market Committees as per Amended Act.<sup>1</sup>

Under Section 5(5) of the Act the member of a Market Committee is to be appointed by the State Government. The Act gives an exclusive power to the State Government in the matter of selection and appointment of members. The Government shall appoint one from among the members of the Market Committee to be the Chairman and another to be the Vice-Chairman [Section 5(6) of the Act].

When Market Committees are constituted for individual markets, their duty is to look after the

<sup>1</sup> According to Section 5(3) Clause (ddd), of the amendment Act, 1981, where a Market Committee was constituted prior to the commencement of the West Bengal Agricultural Produce Marketing (Regulation) (Amendment) Act 1981, with more than one member of the West Bengal Legislative Assembly as members of the Market Committee, the State Government may declare the names of the Chairman (from among the members), the Vice-Chairman and other members of the Market Committee by a fresh notification under Section 6 with only one member of the West Bengal Legislative Assembly as a member of the Market Committee under this Clause and upon such declaration the other members of the West Bengal Legislative Assembly who were members of the Market Committee prior to such declaration shall be deemed to have vacated their offices as members of the Market Committee.

Prior to this amendment Act, all MLAs of the notified area of the regulated market were supposed to be the members of the Market Committee.

regulation of trade on the basis of the Act and rules and bye-laws made under it. The Act [Section 5(2) of 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. All aspects relating to the organisation, administration and day-to-day management are vested with this committee.<sup>1</sup>

The organisational structure of Regulated Markets in West Bengal is defined by the Act itself. In other words, it is a legal structure emphasizing 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. In some cases, if any decision is taken by the Market Committee, that decision requires the approval of the Government or the Agricultural Marketing Board.<sup>2</sup> For this, the RMs cannot perform well when need arises and it is one of the reasons perhaps attributable to this structural incompetency. This affects the proper management of markets.

#### Duties and Functions of the Market Committee:

For better management of the regulated markets, the Market Committees are assigned duties and functions. According to Section 12 and Sub-section (1) of the Act, the following are the assigned duties of the MCs under the Act:

<sup>1</sup> The rights are not absolute rights but are only qualified rights which will be discussed in the subsequent paragraphs and chapters.

<sup>2</sup> Section 14(3). The MC may appoint other officers and employees as the Board may sanction.

- (i) to establish<sup>a</sup> market for providing facilities in connection with the marketing of agricultural produce,
- (ii) to grant or renew licences to traders, brokers, weighmen, measurers, warehousemen, surveyors and other persons as admissible by the Act,
- (iii) to administer market committee fund, and maintain the accounts thereof,
- (iv) to maintain and manage the principal market yard including the sub-market yard or yards,
- (v) to keep a set of standard weights and measures in each principal market yard and sub-market yard against which weighment and measurement may be checked,
- (vi) to collect and furnish statistics and information relating to the marketing of agricultural produce from the market yards,
- (vii) to publish and disseminate market information for the benefit of the general public,
- (viii) to settle disputes between buyers and sellers or their agents,
- (ix) to promote grading and standardisation of agricultural produce,
- (x) to control and regulate market functionaries and to prosecute persons operating without a valid licence in the market area,
- (xi) to bring, prosecute or defend any suit, action proceeding, application or arbitration in regard to any matter,
- (xii) to perform such other duties and discharge such other functions as are imposed or conferred upon it by or under this Act or the rules made thereunder,

- (xiii) to frame bye-laws for the purpose of carrying out the provisions of the Act and the rules made thereunder,
- (xiv) to inspect and verify scales, weights and measures in use in a market area and also the books of accounts and other documents maintained by the market functionaries.

By examining the 'management functions'<sup>1</sup> and their defects under the Act mentioned above, we can analyze the working performance done by the management authority.

Notified market area has been declared by the State Government as per Section 2(1) of the Act, on the basis of the flow of notified agricultural produce towards the market. As a result, market area is not uniform for all markets, Declaration of market area on the basis of the above method has an advantage, i.e., where there is flow of produce towards the market, the farmers will be interested to bring more produce to that particular market when regulation is done in full force. In some other States in India, this market area has been declared as the whole administrative district and notified market area is determined as a 10 or 15 kilometre radius area surrounding the regulated market area. Under this system some area may lack the regulation effect. But in West Bengal, notified market area under regulated markets

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<sup>1</sup> 'Trading Practices' and 'Supporting Services' relating to management function will be discussed in the subsequent chapters.

will come under effective regulation. The Table-5,2 shows the notified market areas under regulated markets in West Bengal according to flow of produce coming to the market.

Table - 5.2

Table Showing the Notified Market Area Under Visiting  
Regulated Markets in West Bengal

Sl. No.	Name of Regulated Market	Area Declared as Notified Market
1.	Dinhata	.. Whole of Dinhata Sub-Division
2.	Dhupguri	.. Dhupguri and Banarhat P.S.
3.	Belacoba	.. (i) Rajganj P.S. excluding Dabgram Anchal & Binaguri Mouza of J.L. No.3. (ii) Belcoba & Barapatia Natunbas Panchayats of Jalpaiguri P.S.
4.	Shiliguri	.. Shiliguri P.S., Naxalbari P.S., Khoribari P.S., Dabgram-2nd and Binnaguri-3 of Phulbari Anchal of Rajganj P.S.
5.	Islampur	.. Islampur P.S., 8 Mouzas/Chopra P.S., 12 Mouzas of Goalpokher-1 P.S.
6.	Samsi	.. Kharba, Chanchal, H.C. Pur, Ratna P.S. in full.
7.	Balarampur	.. Whole P.S. of Balarampur, Borabazar, Baghmundi and part of Arsha.
8.	Karimpur	.. Whole of Karimpur-1 & 11, Tehatta-1 and Chapra Block.
9.	Kalna	.. Whole of Kalna Sub-Division.
10.	Pandua	.. Pandua P.S., Balagarh P.S., Dhaniakhali P.S., Mogra P.S., Chinsurah P.S. & Polka-Dadpur P.S.
11.	Sheoraphully	.. Srirampur Uttar-para Block, Chandan Nagar, Singur, some portion of Haripal Block & Jangi Para Block, Chenditola.

Source: Collected & compiled from the Annual Report of the District Agricultural Marketing of Cooch Bihar, Jalpaiguri, Darjeeling, West Dinajpur, Maldah, Purulia, Nadia, Bardwan and Hoogly Districts of West Bengal.

It is thus seen that the State Government may, by notifications, declare any area as market area within which purchases and sales of notified agricultural produces shall be regulated. The law is interested in having purchases and sales of agricultural produces regulated and leaves to the executive decisions <sup>on</sup> the area over which such regulation could be effectively carried out. Accordingly, for declaration of market area of a regulated market committee, the concept of command area or hinterland of that particular market was taken into consideration. There has however been a change in the principle for having at least one market area for one Sub-division.

At present, regulation has been effected only in the market yards. The transactions outside the yard but within the 'notified area' are still going on. Grower-sellers sell most of their produce in the house/villages to farias or paikars and those in the village hat/primary markets to petty intermediaries. For example, Jute is a cash crop to the farmer and has secured a special position in the economy. This jute passed on to the terminal market from the growers crossing two stages. A study has been done by the Secretary, Belacoba Market Committee showing stages of arrival of Jute (Table-5.3) in the market. In the first stage i.e., in the village itself where about 60 per cent of the marketable surplus is disposed off by the growers in a loose and unassorted form at their own doors having been pressed by financial circumstances. In the secondary stage, only 10 per cent of Jute is brought by

Table - 5.3Table Showing the Position of Sale of Jute in the Market and its Surrounding Market Area or Villages


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I. <u>At the Primary Stage:-</u>		
(a) From Villages	..	60% of the total production.
(b) From hats and primary Markets	..	37% of the total production
(c) Passed on to the Secondary Market(a+b)	..	97% of the total production
(d) Retained by the Growers for domestic uses	..	3% of the total production
		-----
		100%
		-----
II. <u>At the Secondary Stage:</u> (Arrival at the Secondary Market Belacoba)		
(a) Through Growers	..	10%
(b) Through Fariahs	..	50%
(c) Through Katcha bailers and arathdars & their agents	..	40%
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Passed on to the terminal market	..	100%
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Source: A Report prepared by the Secretary, Belacoba Market Committee, Jalpaiguri District, West Bengal (Unpublished).

the grower and the rest is brought by different intermediaries. From the above table and discussion it can be concluded that the marketing of produce by the growers is still a far cry. Intervention through regulated markets would be complete and effective only when all marketing functions are brought under regulation.

To conduct the business of a notified commodity in a notified market area, a trader or any other user of the markets has to obtain a licence from the Market Committee. As per Section 13(1) of the Agricultural Produce Marketing (Regulation) Act, 1972 (as amended in 1981), "after six months from the declaration of any area as a market area, no person shall, within the market area, carry on business or act as a trader, commission agent, broker, weighman, measurer, warehousemen or surveyor, or sell or purchase agricultural produce, or engage in processing or preservation of agricultural produce, or set up, establish or continue a place for storage, sale or purchase of any agricultural produce, except in accordance with the prescribed terms and condition of a licence issued in this behalf by the market committee'. Once the licence is granted nothing prevents him from doing business anywhere in the notified area. Provided that the trader should have to produce his accounts of business transaction<sup>from</sup>/time to time to the market committee. But, the performance of issuing licence to the market users are not satisfactory. Licence issued (all categories) by the market

committees of the markets visited in different years are shown in the Table-5.4

Table - 5.4

Licence Issued (All Categories) by the MC in West Bengal

Name of Market Committee	Total number of licence issued				
	1980-81	1981-82	1982-83	1983-84	1984-85
1. Dinhata	3258	882	501	792	490
2. Dhupguri	2	3	3	16	20
3. Belacoba	N.A.	N.A.	N.A.	N.A.	100
4. Shiliguri	N.A.	N.A.	N.A.	N.A.	100
5. Islampur	N.A.	N.A.	N.A.	N.A.	63
6. Samsi*					
7. Balarampur	N.A.	N.A.	N.A.	16	134
8. Karimpur	N.A.	2 <sup>+</sup>	72	67	75
9. Kalna	128	79	22	74	64
10. Pandua	N.A.	N.A.	N.A.	N.A.	8
11. Sheoraphully	N.A.	N.A.	N.A.	N.A.	8

Source: Collected from MC offices during field survey.

# Licence of all categories include traders, commission agents, brokers, weighman, measurers, warehousemen or surveyors or persons engaged in the sale or purchase of agricultural produce, or engaged in processing or preservation of agricultural produce, etc.

\* In 1975-76, a total of 225 licences of all categories were issued by the Samsi Regulated Market Committee. But, after court cases were filed by the traders against the imposition of certain rules and regulations under Agricultural Produce Marketing (Regulation) Act, 1972, no trader took licences from the Market Committee. Licences were issued only to the Government agencies such as, Jute Corporation of India, Co-operative Marketing Society, etc.

+ Licences were issued only to two Government agencies (Jute Corporation of India and Karimpur Marketing Society).

Note: Maximum annual fees (under Rule 5(i)(a) for grant of a licence payable by different categories of market functionaries have been shown in Appendix-V.I.

The above table shows that in Dinahata regulated market a reasonable number of market users came under the licence issued by the market committee in 1980-81. But in subsequent years, the number of licences issued decreased. The condition of other markets in this regard is also very deplorable. The Market Committee is not in a position to force the market users to come under licence. In recent years i.e. in 1984-85 onwards, very few of the traders and other market users were taking licences to conduct their business in the notified market area. One of the major reasons<sup>1</sup> for the inability of the Market Committee in issuing licences to the traders and other market users is that traders in different Regulated Markets have filed cases against the implementation authorities and the West Bengal Agricultural Produce Marketing (Regulation) Act, 1972.

"The traders within the jurisdiction of market committees lodged cases at the High Court against certain provisions of the Act and received injunction orders. To remove the loop-holes the Act was amended in 1975, 1977, 1978 and 1981. This will facilitate smooth execution of the regulation programme and is expected to remove the constraints, mainly legal, which are hindering progress of work. Altogether 47 cases were filed till 1980-81 by the traders and others at the High Court and those were defended by the

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<sup>1</sup> This fact has been revealed ... at the time of discussion with all the market Secretaries of MC during the survey period.

State lawyers. During the year 1981, the number of Court Cases were reduced and there were only 20 each cases pending at the High Court".<sup>1</sup>

It was reported during field survey that the Court cases were getting favourable judgment from the High Court towards the implementation of the provision of the Act by the Market Committee. This has facilitated the proper implementation of different provisions of the Act and paved the way of proper management of the market. In recent years, traders and others are showing their interest towards the regulation of market and marketing activities and are coming under the ambit of regulation measures for performing their business activities.

To discuss the different problems for smooth functioning and management of the regulated market, a meeting is necessary of the committee members. Every Market Committee shall hold its meeting at least once in every month (Section 15(i)). If any necessity comes for taking quick decision by the Market Committee, then an emergency meeting will be held at any time. The Secretary of the market will fix the agenda and convene the meeting with the approval of the Chairman of the Committee [Sec. 15(1A)]. The committee will have to take decisions within the purview of the Act and Rules.

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<sup>1</sup> Annual Administrative Report of the Agricultural Marketing Directorate, Government of West Bengal for the year 1980-81. Report prepared by the Directorate itself vide page 3 of the Report.

and Rules. Any decision taken by the Market Committee out of the purview of the Act will become a bye-law of the Act and the decision must need approval of the West Bengal State Marketing Board [Sec. 38A(2)].<sup>1</sup> This may be considered as the loop-hole of the Act, because, it stands in the way of immediate solution to the problem. As such, a development proposal formulated by the Market Committee is examined by the Directorate and thereafter transmitted to the Board for approval, instead of the committee submitting the proposal to the Board directly. Because of this multi-point examination system, the proposal in question is inordinately delayed and the purpose of the programme sometimes is frustrated.

It is not possible for the market committee members to meet frequently for taking decisions regarding the working and management of the market. A market committee may delegate duty/duties to a sub-committee or sub-committees constituted by it from among its members. So, a sub-committee is a small body constituted for the performance of specific work or for sharing the general duties of a Market Committee. Any

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<sup>1</sup> If the Board is satisfied that the proposed bye-law is not contrary to the provisions of the Act or the rules made thereunder, it shall register such bye-law within a period of three months from the date of receipt thereof and forward to the Market Committee a copy of the bye-law so registered together with a certificate of such registration, and such certificate shall be conclusive evidence that the bye-law has been duly registered.

decision regarding functions of the regulated market under the Act and over which it has jurisdiction, will be discussed in the general body meeting of the MC. The MC may accept, reject or revise the decision of such sub-committee or sub-committees. This provision of the Act also stands in the way of immediate solution of the problems relating to day-to-day function and management of the RM.

Different provisions of the Act applicable to the market and the decisions taken by the Market Committee in a meeting to fulfil those provisions shall be executed by the Market Secretary with full assistance of other officers and employees of the market committee. The market committee staff along with <sup>the</sup> Secretary will discharge such duties as may be entrusted to them by the MC (Section 16). The Secretary of the RM will be appointed by the State Government from among the officers of the Directorate of Agricultural Marketing, Government of West Bengal. In most of the RMs in West Bengal, the Sub-Divisional Agricultural Marketing Officer or the District Agricultural Marketing Officer has been appointed as an Ex-officio Market Secretary of the RM. The Secretary of the individual regulated market has to look after the activities of whole administrative and management functions of the RM along with their general administrative work.<sup>1</sup> Only in Shiliguri

<sup>1</sup> It was revealed during discussions with the market Secretaries of visiting regulated markets (except Shiliguri) that it is very necessary to appoint a full-time Secretary for each and every RM, because, the Ex-officio Market Secretaries have assigned duties and functions to look after general administrative work relating to agricultural marketing under their jurisdiction as well as administrative and management functions of the regulated markets. So, it is very difficult for them to manage both sides as Ex-officio Secretaries.

Regulated Market, there is full-time market secretary to look after the whole regulation affairs of the market.

The Secretary who got the appointment from the State Government from among the officers of the Directorate of Agricultural Marketing, shall be the principal officer of the Market Committee and shall carry into effect the resolution of the Market Committee and shall be responsible for keeping the accounts of the market committee and also for timely submission of all returns, statements and reports by the market committee to the Director, Board and the State Government. He shall also discharge such other functions as are entrusted to him by the Act and the rules and the bye-laws made thereunder. So, it is clear from the above assigned work on the Secretary that a Sub-divisional Agricultural Marketing Officer or District Agricultural Marketing Officer as an Ex-officio Market Secretary of the Regulated Market is overloaded with work.

#### Internal Arrangement of the Regulated Market:

Some markets are held daily and some ... once or twice in a week. The Regulated Market Committee is supposed to arrange all facilities (both physical and service) for the grower-sellers/sellers and traders/buyers in the market. The MC has market yard where transactions between sellers and buyers will be held. As per Section 4(1) of the Act, the State Government may, by notification, declare any enclosure,

building or locality in any market area, to be the principal market yard and other enclosures, buildings or localities in such area to be one or more sub-market yard or yards for a market area. Following this declaration, different market committees possess areas as 'market yards' as is shown in Table-5.5 given below:

Table - 5.5

Principal Market Yard Possesses by Different Market Committee

Name of the Market Committee	(Area in acres)	
	Principal	Market Yard
1. Dinhata MC/RM	..	30.90
2. Dhupguri MC/RM	..	23.57
3. Belacoba MC/RM	..	29.39
4. Shiliguri MC/RM	..	50.53
5. Islampur MC/RM	..	20.07
6. Samsi MC/RM	..	32.90
7. Balarampur MC/RM	..	22.75
8. Karimpur MC/RM	..	40.58
9. Kalna MC/RM	..	25.99
10. Pandua MC/RM	..	30.17
11. Sheoraphully MC/RM	..	38.04

Source: Collected from RM Office during field survey.

Most of the sellers and traders in the markets are coming from nearby areas, i.e., within a distance of 5 to 6 kilometres in average. Some come from areas lying within 15 kilometres or more. Where the routes of transport and

communications are well developed and the market has more importance, sellers and traders will come from a far, i.e. from other districts of the same States or from the neighbouring States. In this case, Shiliguri Regulated Market is an exception.<sup>1</sup> Traders transacting their business in the regulated markets are commission agents, stockists, wholesalers, paddy and wheat crushers, itinerant traders, processors and others. Itinerant type of traders are more than other types of traders.

Both grower-sellers and non-grower-sellers coming with their produce in the RM stay <sup>for a short period the</sup> /during/ market hours. Sellers are selling their produce to the individual traders/ buyers in the market immediately after reaching the market. Sometime a seller has to stay in the markets yard for the whole period, if any of his produce remains unsold. He has to wait till the produce is sold. When the market time is over, the seller <sup>is</sup> /forced to sell his produce at a lesser price than the existing market price.

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<sup>1</sup> It was revealed from the survey that sellers and traders are travelling towards the Regulated Market from the adjoining areas. But, in Shiliguri RM, sellers and traders are coming from adjoining areas as well as from far distant places from other districts of the same State or from other States. Very few of grower-sellers are coming from nearby area. Because, notified areas of this market has no excess marketable surplus produce. Agricultural products (whichever is produced) /consumed locally. A very small surplus of locally produce vegetables and fruits are sold in this market in the harvest season only. The only surplus product 'tea' is sold in the Calcutta auction market instead of selling here. The study also revealed that in shiliguri RM 98% of the sellers are non-grower-sellers and only 2% are grower-sellers. Most of the sellers are bringing their produce by truck.

But the system of selling and stay required in the Shiliguri RM and Sheoraphully RM is somewhat different from other markets. In Shiliguri RM, sellers have to stay a longer than the prescribed market hours for selling their produce. This is because the sellers are mostly non-grower-sellers who usually come from distant places. They deposit their produce to the commission agent for selling and the commission agent sells the deposited produce to the traders/buyers on behalf of sellers. Different kinds of vegetable products brought by the sellers are displayed in gunny-bags or in baskets in front of the commission agents' shop-cum-godown. Transactions mostly occur in the first-half of the day and by auction system. The commission agent fixes minimum price as per market rate (per quintal), buyers' check the produce and bid the price. Accordingly, those who bid the highest price, get that produce. After bidding, the labourer employed by the commission agent weighs the produce and on the basis of weightment the buyer pays the price of the purchased produce to the commission agent. The commission agent after deducting his commission (at the rate of Rs.4/- to Rs.6/- per quintal of produce) and weightment charges, pays the entire amount to the seller. If any produce remains unsold, the seller can keep his produce in the commission agent's godown for the next market day. For storing, the seller does not have to pay any charge. In Sheoraphully market, grower-sellers of jute are selling their raw-jute (ungraded) to the trader who has a business establishment equipped with storage facilities in the

market. Prices are fixed through bargaining with the trader at the present market value. After fixing the price, jute is weighed by the trader's labourer and the price of the sold jute is paid to the seller after deducting traders' commission (at the rate of Rs.4/- to Rs.5 per quintal) and other charges. In most cases, traders purchase jute on behalf of big jute bailer.

As per Section 13(1) of the West Bengal Agricultural Produce Marketing (Regulation) Rules, 1982, all kinds of agricultural produce brought into or produced or processed in the market area except such quantity for retail sale shall be sold in the principal market yard or sub-market yard or yards as the case may be, and not at any other place within the market area and the sale and purchase of such agricultural produce in such yards shall be made by open auction or by tender system or by sample or by open agreement as may be permitted by the market committee.

The sale and purchase in the market yard will be conducted by the market committee staff. This system has not been introduced so far because of lack of sufficient staff of the market committee.

The traditional system of sales and purchases in other RMs for all agricultural produce is still existing. Sellers of agricultural produce bring their produce to the market for sale. They enquire about the prevailing market

price for saleable produce. Buyers check the quality of the produce and after checking, bargaining take place between the seller and the buyer for settling the price. When the price is settled, the produce is weighed and the price paid to the seller after necessary deductions.

But the selling and purchasing of jute in the RM yard is different from that of other agricultural produce. In some RMs in West Bengal, Jute Corporation of India (JCI) is purchasing jute from the grower-sellers and itinerant traders (farias). This agency issues purchase orders to the grower-sellers in advance. Under this purchase order, grower-sellers are supposed to bring jute for sale to the JCI. Since the small grower-sellers do not have the holding power of their produce, they dispose it off to the village farias or beparies immediately after harvesting or at the time of need.<sup>1</sup> As a result, in most cases, the purchase orders ultimately are handed over to the big or progressive farmer in some way or other.

Farias and also some grower-cum-farias purchase jute at village level from the small growers visiting door to door and sell the same to the big traders and their agents in the primary or assembly markets.<sup>2</sup> They also sell it to

<sup>1</sup> The position of village sale and sale in the market has been shown in Table-5.3 earlier in this Chapter.

<sup>2</sup> Buying price in the village/farm level and price received in the primary or assembly market by farias during the survey period has been shown in Appendix-V.II.

the JCI when the price offered by the latter is profitable compared to that offered by the traders. The progressive farmers also bring their jute to the primary or assembly market for direct sale to traders and agents of Jute Mills. The traders send the jute to Jute Mills at Calcutta after grading and bailing the same in bailing press machines installed at their premises.

Sellers of agricultural produce (both grower-sellers and non-grower-sellers) who resell in the surrounding area having access to the market, prefer to sell their produce in the regulated markets. This is because the prices prevailing in the RMs are higher, compared to other markets and due to nearness of the market to their home or farm, they can easily manage transportation facilities either of their own or hired for carrying the produce to the market. Some grower-sellers and non-grower-sellers prefer to sell in private markets due to their earlier habit. Sometimes they sell their produce both in the regulated market and in private market, when they find out the feasibility and convenience of the markets (RM and private) considering time,<sup>1</sup> distance, etc.

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<sup>1</sup> For clarifying time, it revealed from the discussion with the sellers at the time of survey that some markets sit once or twice in a week. In between two-market-days in one week, when the sellers find necessity to sell their produce, they sell either of the markets (RM or Private) which is convenient to them.

During the time of the weighing of produce, settlement of price, payment and receipt.. of price of sold agricultural produce, some misunderstanding may arise between the sellers and the buyers which may be the cause of discontentment and may affect smooth functioning for the management of regulated market. The affected party from among the sellers and buyers may raise the matter of dispute to the market committee. For settlement of disputes, there are some provisions made under the West Bengal Agricultural Produce Marketing (Regulation) Rules, 1982. If any dispute arises in any regulated market between buyers and sellers of agricultural produce or their agents, the Market Committee shall arrange for the settlement of such dispute. If any affected party reports his dispute immediately to the Market Secretary, the Secretary himself or any person authorised by him shall settle the same amicably. As far as possible, the dispute will be settled on the spot and on the same day [Section 19(a) of the West Bengal Agricultural Produce Marketing (Regulation) Rules 1982]. If the Secretary or the authorised person fails to settle the dispute, each of the two parties to the dispute shall, as soon as may be, select one arbitrator, and the Market Committee shall select one arbitrator other than the two selected by the parties, from the panel<sup>1</sup> of arbitrators prepared for the

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<sup>1</sup> Market Committee shall prepare in April every year a panel of twelve arbitrators (except any member of the market committee or any professional lawyer) from agriculturists or traders living in the market area [Section 19(c) of the Rules 1982].

purpose by the Market Committee [Sec. 19(b) of the Rules 1982]. There is an exemption that if both the parties to the dispute select the same arbitrator, the Market Committee shall not select any other arbitrator. Another arrangement that has been made under the Rules is that where three arbitrators are selected, the Market Committee shall, immediately after such selection refer the dispute to them and the three arbitrators shall expeditiously decide the dispute by majority of votes and make an award accordingly, and where only one arbitrator has been selected, the Market Committee shall immediately refer the dispute to him and he shall expeditiously decide the dispute and make an award.

From the above discussion regarding disputes and its settlement on sale and purchase of agricultural commodities, it is clear that settlement of dispute on the spot and on the same day will benefit both the parties mainly in terms of time saving. But how far will <sup>this</sup> / be possible on behalf of a Market Secretary? A Market Secretary as <sup>the</sup> chief administrative officer of the RM has to look after the whole management functions of the market. Persons authorised by <sup>the</sup> / Secretary who has no other job except settlement of disputes, can play an effective role in this regard. On the contrary, settlement of dispute through arbitrators, if it is not finalised on the same day, may take some more days, which may affect the grower-sellers specifically. Because, small grower-sellers come to the regulated market for selling of their produce only when they feel the need for cash to fulfil other needs of their

own or his family. It is sheer waste of time. The grower-seller cannot spend some more days for this purpose.

Different kinds of "agricultural produce"<sup>1</sup> grown in the State has been notified for sale and purchase in the regulated market yard or notified market area. The State Government by notification declares the name of agricultural produce.<sup>2</sup> All agricultural produces are not available in all notified areas of the regulated markets. So, the State Government by notification declares the name of agricultural produce for individual regulated market according to the availability of produce in that particular notified area. The following table (Table-5.8) will show the agricultural commodities notified under individual regulated market which are available in the notified area of the market and has the tendency to flow towards the Regulated Market.

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<sup>1</sup> 'Agricultural Produce' means any produce of agriculture, horticulture, pisciculture, sericulture, forestry or animal husbandry and includes any related product [Sec.2(i) of Clause (a) of the West Bengal Agricultural Produce Marketing (Regulation) Act 1972 (as amended upto 7-7-1981)].

<sup>2</sup> A schedule of notified agricultural produce for the whole State have been shown in Appendix-V.III.

The State Government may, by notification, include any item of agricultural produce in the schedule or exclude any such item from it.

Table - 5.6Market-wise Notified Agricultural Produce. \*

<u>Name of Regulated Market</u>	<u>Name of Notified Produce.</u>
1. Dinhata	.. Jute, Tobacco, Mesta, Paddy, Rice, Mustard, Pulses, Cattle, Goat and Sheep.
2. Dhupguri	.. Paddy, Rice, Jute, Tobacco, Mustard seed, Cattle, Wheat, Animal Husbandry Products, Betalnuts & Sugarcane.
3. Belacoba	.. Paddy, Rice, Jute, Vegetables and Cattle.
4. Shiliguri	.. Paddy, Wheat, Maize, Vegetables, Fruits, Animal Husbandry Products, Pulses, Oil seeds and Oils (all varieties).
5. Islampur	.. Paddy, Rice, Jute, Oilseeds, Vegetables, Fruits (Mango, Pineapples), Animal Husbandry Products, Fish & Meat.
6. Samsi	.. Paddy, Wheat, Barley, Pulses, Jute, Cattle, Hids & Skins, Fruits (Mango), Poultry Birds and Eggs.
7. Balarampur	.. Paddy, Rice, Vegetables, Cattle Poultry & Lac.
8. Karimpur	.. Paddy, Rice, Wheat, Pulses, Oil seeds, Fruits (Banana , Jack-fruit), Vegetables, Jute, Mesta, Animal Husbandry Products, Betal Leaf.
9. Kalna	.. Paddy, Rice, Wheat, Jute & Potato.
10. Pandua	.. Paddy, Jute, Wheat, Rice, Potato, Onion & Cattles.
11. Sheoraphully	.. Jute, Potato, Onion, Wheat & Vegetables.

Source: Collected from the Regulated Market Office during the period of survey.

\*Data have been collected from the selected RMs only.

Each and every Market Committee is responsible individually to bring all market users under the ambit of market regulation, who are dealing with above mentioned commodities in the notified market area. From the above table it is seen that commodities have been notified under each market which are available in the surrounding area. The activities of sales and purchase between sellers and buyers in the market yard will be supervised and managed by the market committee staff for smooth functioning of the market and to check the illegal malpractices done by the stronger parties to the affected parties. The market committee will create facilities for proper management of the market<sup>and the</sup> grower-sellers will bring their produce to the market for sale instead of selling in home or in village to the itinerant traders (farias or beparies) with a considerably low price than the market price. But in practice, a very few of the varieties of agricultural produces notified under the Act are transacted in the regulated market in West Bengal. Grower-sellers/sellers and traders are still transacting their business outside the regulated market yard as well as in the privately managed market.

Mostly, the 'Regulated Market' in West Bengal is seen only as a physical institution. The regulation in the regulated market would become effective only when these markets are used by all the concerned parties. If these concerned parties do not use regulated markets properly,

regulation under this concept can only be partial and limited. Spread effect is necessary for regulation of marketing. Intervention through regulation of market would be complete and effective only when all marketing functions are brought under the ambit of regulation. Presently, in West Bengal, regulation is practiced only in the market yards. The transactions outside the market yard, but within the notified area are still existing. Transactions outside the market yard are excluded from regulation for some practical reasons.<sup>1</sup>

Another limiting factor is that 'private markets' are out of the ambit of regulation and these markets are flourishing with equal or more efficiency within the notified areas of the market. Market Committee has no control over it. Field study revealed that some private markets are working efficiently within the "eye sight of" RM. Traders in these markets are not supposed to take any licence from the market committee or to produce any accounts of their business transaction. In essence, traders in the RMs allegedly complain that market regulation discriminates traders in the RM and those in the private market. This is one of the major reasons to show disinterest towards market regulation by the traders and other market users. This causes the very slow development of regulated markets in West Bengal.

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<sup>1</sup> Some 'Court cases' ... have been moved... by the traders in different RMs against the implementation authority.

Notified Market Management in Bangladesh:

In Bangladesh, all the markets belonging to the landlords (Zamindars) and other tenure holders come under the ownership and management of the Ministry of Land Administration and Land Reforms under the State Acquisition and Tenancy Act, 1950 with the exception of some markets which were managed by the Court of Wards and Religious Trusts. Before 1950, the Landlords organised these markets as a regular source of revenue through collection of tolls, rent, etc. In exchange they looked after the maintenance and development of these markets.

With the termination of the 'Zamindari' system in 1950, the rural markets (locally called 'hats') had difficulties in readjusting themselves to the new situation and some were adversely affected.<sup>1</sup>

Establishment, management and development of all markets owned by the Government were governed by the Government Estates Manual which contained details of their direct management and principles for settlement of Government markets and conduct of auction for temporary settlement or lease to private parties for the purpose of collection of revenue and day-to-day management. The Ministry of Land

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<sup>1</sup> Patel, Ahmed, M., "The Rural Markets of Rajshahi District", Oriental Geographer, Vol.VII, No.2, July 1

Administration and Land Reforms undertook the administrative activities of the markets through the District and Sub-divisional and local officials of the Revenue Department posted at Police Station and at Union level.<sup>1</sup>

The Revenue Department of the said Ministry leased<sup>2</sup> out the markets to third parties who bided the highest price through an auction system. Consequently the highest bidder would get the authority of toll collection from the market users from the beginning of the Bengali New Year month 'Baisakh'. With the transfer of the ownership to the Government, the administration and management of the markets became the responsibility of that Ministry. The actual day-to-day management of rural markets was done by the local officers/staff of the said Ministry either directly or through the lessees to whom the toll-receiving interests of the markets were leased out.

Since the markets are situated away from the revenue department office (except two or three Thana based markets), the officials or staff of the said department were not so interested to look after the management of the market, as well as for the well-being of the market users, after leasing

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<sup>1</sup> Cited in Islam, Md. Anwarul, "Village Hat as a Rural Marketing Institution : Some Suggestions for Improvement", The Dhaka University Studies, Part-C, Vol.V, No.1, Dhaka, June 1984, taken from chapter "on Land Revenue Administration", Estates Manual, Ministry of Land Administration and Land Reforms, Government of Bangladesh.

<sup>2</sup> The System of lease out the market is locally called ' "Isaradari" system.

it out to the Lessee (Auctioneer). The Lessees also were only interested to increase their income through toll collection rather than <sup>the</sup> upkeep of the day-to-day management of the markets. As a result, supervision and management were badly affected of these markets and subsequent development were not done by the authority.

In 1964, the then Government passed an Act called, "The East Pakistan Agricultural Produce Markets (Regulation) Act 1964 (after liberation of Bangladesh in 1971, it is called "The Bangladesh Agricultural Produce Markets (Regulation Act 1964), to intervene and manage some of its important market places by certain rules and regulations.<sup>1</sup> But this Act has not yet been enforced in full. Instead of this Act and rules, different Governments in power in different times tried to manage the markets according to their will framing laws and rules.

So, the 'Isaradari' (Lease) system continued from the time of acquisition of the markets by the government and till the end of the Pakistani regime.

After independence of Bangladesh in December, 1971, the then Government abolished the 'Izaradari' (Lease) system.

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<sup>1</sup> Under this Act of 1964, 202 of the important markets (which have been taken as study areas for the purpose) have been 'notified' for supervision and management under various provisions. This has been mentioned in Chapter-II. Different provisions of this Act and how far these provisions will be effective for proper supervision and management of these notified markets shall be discussed ~~of these notified markets shall be discussed~~ in this section.

Then the management of the government notified markets (including all markets) was vested upon committees nominated by the local Revenue Officers belonging to the Ministry of Land Administration and Land Reform under the Bangladesh Government Hats and Bazaars (Markets) Management Order 1972. The Committee was entrusted with the following responsibilities:

- (a) Formulating proposals for fixation of rates of tolls for different classes of commodities/sellers/buyers and also proposals for exemption of commodities/sellers/buyers from payment of tolls;
- (b) Preparing annual budget;
- (c) Supervising collection of tolls;
- (d) Preventing collection of tolls in excess of the approved rates or exempted from payment of tolls;
- (e) Looking after cleanliness/upkeep and proper sanitation;
- (f) Formulating proposals for improvement of the market for approval by the appropriate authority and so on.

The members of the Committee were to be nominated and management, control and administration were/handed over with a view to achieve/<sup>to be</sup>the three main objectives, viz.

- (i) adequate collection of revenue,
- (ii) better management, and
- (iii) physical development of the market.

The Committee would collect tolls through toll-collectors from the market users (buyers and sellers both). As per/<sup>the</sup>provisions of the said government order, one-third of the net

the income from the market was to be spent for development of the same market, one-third for Thana Development Fund and the rest one-third to be deposited in Government account. The government reviewed the matter from time to time and found that the results achieved by this system were far from satisfactory.<sup>1</sup>

After about three years, i.e. in 1975, Government decided to hand over the markets (including notified markets) to Izaradars through auction, so, ultimately the system of toll collection and day-to-day management of markets through Izaradars (lease holders) were reintroduced in place of management through committees in respect of all markets including those which used to be managed by the local bodies under lease from the Government.<sup>2</sup> Although it was conceived that government earnings under this head of account during post-independence period would be TK.3 crore, but it was not fulfilled due to the cancellation of the Izaradari system. For the development of rural markets, there has to be a Market Advisory Committee in each District or Sub-Division. About TK.10 crore (ten crore) was not deposited in the government's exchequer for the last three years on account of

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<sup>1</sup> Rahman, A.K.M. Bazlur, "Report on the Rural Market Survey in Bangladesh". This paper was presented in the National Seminar in Dhaka on Rural Market Centre Development Programme in Bangladesh from 19th to 21st November, 1979 (Department of Agricultural Marketing, Ministry of Agriculture and Forests, Government of the People's Republic of Bangladesh) pp.21-22 (unpublished).

See also, Farouk, A., Bangladesher Panya Bipanan Byabastha (Product Marketing System in Bangladesh), Bangla Academy, Dhaka, First Edition, 1976, p.162 (in Bengali).

<sup>2</sup> Ibid.

rampant corruption.. Hence, the government decided to do away with the committees nominated by the Local Revenue Department.<sup>1</sup>

It was a fact that by the Izaradari system, the government could earn revenue from the market, because, markets were leased out in the month before the beginning of the Bengali New Year and the lease holders were supposed to deposit lease money in the first month of the Bengali New Year. After taking lease, the Izaradars considered the markets (collecting tolls from the market users) as their business. So, they were very much interested to increase their income rather than to look after the smooth operation of the market. After leasing out the markets, the respective department of the Government did not show any interest in looking after the proper management and function of the market.

So, the lease system through the Local Revenue Department was continued upto the second half of 1978. It was felt that the income derived from such arrangement did not commensurate with the cost involved for the management. A class having vested interests had been exploiting the

<sup>1</sup> Cited in, Islam, Md. Anwarul, op. cit., p.67 (taken from The Daily Ittefaq, the 14th July, 1975). It was also revealed during discussions with the officials of the Ministry of Land Administration and Land Reforms that the nomination of committee members by local Land Revenue Department of the said Ministry was totally influenced by the then ruling political party and government. As a result local politicians as well as influential persons would be nominated as committee members whose motive was to manage and collect tolls from the markets. So, they deliberately manipulated the income derived from the markets for their personal interest. Only a negligible amount was deposited by them in the government accounts.

situation in their favour. Because of such a situation and changed circumstances, the government decided to hand over the management of notified markets (including all rural markets) in the country to the local bodies viz., Union Parishads/Pourashavas (Municipalities/Corporations) with immediate effect from November 1978 by an order.<sup>1</sup> As per the order, the markets are to be managed for development and maintenance by the management committees duly nominated by Union Parishad/Pourashava consisting of the members taken from the business class, shop-keepers, etc., who conduct their business in the market. The Chairman of Union Parishad/Pourashava under which jurisdiction of the market is situated, would be the Ex-officio Chairman of the management committee. The management committee has to arrange toll collection from the market users. From the total collection, one percent (1%) has to be deposited with the Ministry of Land Administration and Land Reforms of the Government of the People's Republic of Bangladesh as premium. All expenses for maintenance, development and management of the market have to be spent from the income accrued from that respective market. Any balance amount after meeting all expenses has to be deposited

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<sup>1</sup> Ministry of Local Government, Rural Development and Co-operatives, Government of the People's Republic of Bangladesh - Memo No.S-IV/IV-4/78/629(83), dated November 2, 1978 (Bengali) The transfer of management of notified markets was effective after the government order was communicated to the concerned departments and the Union Parishad/Pourashava/Corporation. The markets which were situated within the geographical boundary of particular Union Parishad/Pourashava/Corporation and cater to the needs of that locality were transferred to the concerned local bodies for control and management.

in the concerned Union Parishad/Pourashava's account and  
 should  
 that money / be spent for general development activities.

The objectives of such a new arrangement were mainly to help increase the financial resources of the Union Parishads/Pourashavas/Corporations,<sup>to</sup> allow them to spend additional funds for development of markets and also to help the said Institutions to initiate development plans of urgent public importance out of the funds from such new sources. Another specific objective as eloquently declared by the government was to break the monopoly of the middlemen in the management of markets and free the people from their exploitation.<sup>1</sup>

Within a period of one year, the Government again changed the order. In September 1979, the collection of market fee was assigned to Jubo-complex (Youth Complex) for which it would get 10 per cent of the total annual income collected from the markets. The order also directed the respective Union Parishads/Pourashavas to constitute market management committee for<sup>the</sup> day-to-day management of the market regarding toll collection, maintenance and development.<sup>2</sup>

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<sup>1</sup> Alam, Md. Munjurul and Rahman, Syed Aminur, Management of Rural Hats and Bazaars - some case studies, a Project Report published by Bangladesh Academy for Rural Development (BARD),... Comilla, Bangladesh, September 1981, p.1.

<sup>2</sup> Ministry of Local Government, Rural Development and Co-operatives, Government of the People's Republic of Bangladesh - Memo No.S-4/IV-4/78(Part-4)/577 dated 10th September, 1979 (Bengali).

As per the rules of the order,<sup>1</sup> the markets were supposed to be managed by a Managing Committee consisting of nine persons which included the following:-

Chairman of respective Union Parishad/ Pourashava	..	1
Two representatives of the Shopkeeper and traders	..	2
One representative of Jubo-Samity (Youth Samity)	..	1
Nominated Members by the prescribed authority, i.e., Sub-Divisional Officer (SDO)	..	5
	..	9
		=====
Total	..	9

The Chairman of the respective Union Parishad/Pourashava would be the ex-officio Chairman of the Market Committee. In case of Corporation, the respective Ward Commissioner of the area where market situated would be the ex-officio Chairman of the Committee, The Secretary of the Committee would be elected by the members of the Committee.

In the said order, there was no indication of the procedure of management of markets, and from which categories of the people, members would be nominated by the prescribed authority. Alam and Rahman's<sup>2</sup> study observed that the S.D.Os concerned nominated some members after being influenced by the top leaders of the ruling party and as a result these people (members of the market committee) did not care for the

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<sup>1</sup> Ibid.

<sup>2</sup> Alam, Md. Munjurul, et. al., op. cit., pp.5-6. (Details has been given in the research report.)

Union Parishad/Pourashava Chairman in matters relating to the management of the markets. It was also observed that committees were formed as per criteria laid down in the government order. But within the fixed criteria mostly the influential ones among the various categories of people were included/nominated in the committees. In all the committees, the nomination of the people of the ruling political party was seen.

So, it is seen from the above discussions that the government had to find out the source of finance to strengthen the Union Parishads/Pourashavas financially and it was one of the prime reasons for transferring the management of local notified markets (including all markets) to these bodies. Though, committees were formed for the respective market for proper management, actually, there was no management. The income accrued from the respective market was not properly utilised for the development of the market. Consequently, no substantial physical development came. In fact, lease holders did not come into the scene for toll collection during that period, but the people or market users were not free from their exploitation.

Under the order issued by the Ministry of LGRD & C in 1979, the criteria for distribution of realised income from the markets were fixed. According to the criteria 1% (one per cent) of the total income has to be deposited in

the Ministry of Land Administration and Land Reforms. From the balance the / amount, the distribution had to be as follows:

Collecting Agent (Youth Complex or Jubo Complex .. 10%		
(Market)		
Bazaar/Development ..	..	20%
Union Development ..	..	40%
Deputy Commissioner's Fund ..	..	25%
Contingency Fund ..	..	5%
		-----
		100%
		=====

the  
As per/government order, Jubo-Complex used to collect market fee from the buyers and sellers in the markets and were supposed to deposit the collected money to the Union Parishad/Pourashava respectively. But, most of these samities (complexes) were irregular in depositing the collected money and manipulated the accounts of actual collection. Since the Jubo-Complex in all cases had the blessings from the ruling political party, as they made a good co-ordination among themselves (Chairman and Members, etc.) and deliberately manipulated the accounts. But co-ordination was lacking when the Chairman of the Union Parishad/Pourashava as an ex-officio Chairman of the Market Committee did not owe any political affiliation to the ruling party. Alam and Rahman's study<sup>1</sup> observed that where some problems of co-ordination was reported, the Chairman of the committee tactfully adjusted with the Jubo-Complex without going for any clash or hitch, although it was very difficult for that Chairman to adjust.

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<sup>1</sup> Ibid., p.9.

Though the committees were responsible to look after the overall management of notified markets, which included:

1. Preparation of market development plan,
2. Review of collection of toll,
3. Deposit of collected money, etc., most of the committees did not show keen interest about their responsibilities except market fee collection.

Because of anomalies in toll deposit, distribution as per the criterion laid down in the order and in other related works regarding management and development, the government decided again and issued an order<sup>1</sup> in September 1982 to lease out (Izaradari system to the third party under open auction) the markets under the supervision of the respective Union Parishads/Pourashavas/Municipal Corporations. The said order directed to constitute a market committee under each market in the following manner:

- |   |                      |
|---|----------------------|
| (a) Chairman/Chairmans<br>(Markets which catered to the economic needs of the people of UP/UPs, Pourashava/Pourashavas) | .. Member (No limit) |
| (b) Representative from among the Shop-keepers and traders<br>(Nominated by Controlling Authority)                      | .. 2 (Two)           |
| (c) Nominated members by prescribed Authority   | .. 2 (Two)           |

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<sup>1</sup> Ministry of Local Government (Local Government Department), Government of the People's Republic of Bangladesh - Memo. No. Sec. 4/H2 /82/273, dated 7th September, 1982 (Bengali).

The said order directed the criteria for distribution of realised income from the markets. According to the criteria 1% (one per cent) of the total income has to be entrusted to the Ministry of Land Administration and Land Reforms. From the <sup>balance</sup> / amount, the distribution had to be as follows:

(i)	Market Management Committee for Market Development	..	16%
(ii)	Contingency Fund for managing office work..		4%
(iii)	Up/UPs, Pourashava(s) participating in the management/on the basis of population, if there is participation of more than one).	..	45%
(iv)	District Market Committee (30% of money would be distributed on the basis of population to the UP(s) those had no market, or having markets but annual income less than TK.1,000/- 5% would be reserved for inspection and audit expenses).	..	35%
			-----
			100%
			=====

The said order also directed to constitute a District Market Management Committee in each District. The Committee's constitution is as follows:

(a)	District Commissioner	..	Chairman
(b)	Concerned Sub-Divisional Officer(s) (Under which market, were situated within the geographical boundary of Sub-Division)	..	Members (No. would be as per numbers of Sub-Division)
(c)	Two nominated members by District Commissioner from each Union Parishad - Chairman and a Trader.	..	Members (No. would be as per Nos. of UPs)
(d)	Assistant Director of the Local Government and Rural Development.	..	Member-Secretary.

From the above discussions it is clear that under the order, the committee was formed at the Union level without any specific number of members in the committee. Chairman/Chairmen would become the member of the Committee in the geographical area under the market which is situated/or the markets which catered to the need of the people of UP(s) or Pourashava(s). It would be difficult to determine the number of UPs or Pourashava(s) which were benefitted by that market, because, market users used to come to a market place from a distance which might even cover a number of UP(s) or Pourashava(s). Moreover, under the geographical area of UP(s) or Pourashava(s), there might be situated a number of markets. There was a provision to nominate members by the prescribed authority, but that provision failed to indicate the specific criteria or category from which two members should be nominated.

Market Development Fund was reduced and the consequent percentage of fund was very meagre for developmental work in the market places. A large part of percentage of income from the markets were utilised for other general purposes of the UP(s)/Pourashava(s).

A market management committee was formed in the District level. This committee had no function actually except the distribution of 35 per cent of income derived from

the markets to the deserving UP(s) or Pourashava(s) as per the criteria of the order.<sup>1</sup>

So, from past experience it is seen that the system of management of notified markets had changed several times due to the change of government and government's decision. But, no system gave fruitful results regarding the administration and management of the markets. Moreover, in all the systems, there were no constructive methods for efficient supervision and management of the markets, except market fee collection, leasing out, distribution of income, and formulation of development plan to a little extent. But, proper management and development work of the markets were very unsatisfactory.

In November, 1982, the government took the decision to replace the originally colonial administrative structure with a system based on devolution of executive adjudicial authority. Under this system, Upazillas (called Thanas or Police Station) have been made the lowest self-contained administrative unit. To this end, all Thanas have been upgraded and named as Upazilla. The new system has brought down the administrative machinery to the doorstep of the rural

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<sup>1</sup> From the 35% of total income, 30% would be distributed to the Union Parishad, those having no hats and bazaars (markets) or having hats and bazaars but its income from each market was less than TK.1000/- per annum. This 30% money would be distributed on the basis of population of those Union Parishads. The rest 5% of money would be earmarked for meeting the expenses of inspection team and audit work (order of the 7th September, 1982 mentioned earlier).

majority. Additionally, the government machinery has been streamlined to improve efficiency, save time and money and to induct a measure of rational co-ordination in the executive branch.<sup>1</sup> In different phases, the upgradation of Thanas into Upazillas were completed by the end of 1983.

Under this new administrative reforms and changed circumstances, the government of the People's Republic of Bangladesh decided to hand over the notified markets (including all markets) to the Upazilla/Pourashava/Corporation) which are situated within the geographical boundary of particular aforesaid local body for supervision and management. The order was issued on March, 1984.<sup>2</sup> This system is now in vogue.

As per the order, the Upazillas/Pourashavas have been empowered to lease out the markets to the third party under open auction. The concerned executive officer or a person nominated by him will conduct the auction operation and the person who bids the highest price in the auction will get the authority of toll collection from the particular market(s), provided that the bidding average must be higher than <sup>that of</sup> the last <sup>handed</sup> three years. The market under lease will be / over to the lease-holder <sup>by</sup> the authority to collect <sup>the</sup> market fee from the buyers and sellers as prescribed from the beginning of the Bengali year for one year.

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<sup>1</sup> Government of Bangladesh, Bangladesh, Department of Films and Publications, Ministry of Information, Dhaka, December 1983, p.29.

<sup>2</sup> Ministry of Local Government, Rural Development and Co-operatives, Government of the People's Republic of Bangladesh - Memo No. Section-9/H-2/82/37(538), dated 13th March 1984.

The Upazilla Parishad/Pourashava Parishad<sup>1</sup> is responsible to look after the overall administration and management of the markets.

The Parishad (Council) will assign some duties such as, day-to-day management, up-keep of the market places, etc., to

<sup>1</sup> The Upazilla Parishad will constitute in the following manner by the order of the Ministry of LGRD and Co-operatives (Local Government Division), Government of Bangladesh under gazette notification No.S.R.O.10-L/84/S-VIII/2E-3/83/13, Dhaka, the 10th January, 1984:

- (a) Chairman (Elected)
- (b) Representative members (Chairman of the Union Parishads and Pourashavas within the Upazilla, ex-officio);
- (c) Three women members residing in the Upazilla (nominated by the Government);
- (d) Official members as under:
  - (i) Upazilla Nirbahi (Executive) Officer .. Ex-officio
  - (ii) Upazilla Health & Family Planning Officer .. "
  - (iii) Upazilla Education Officer .. "
  - (iv) Upazilla Agriculture Officer .. "
  - (v) Upazilla Engineer .. "
  - (vi) Upazilla Co-operative Officer .. "
  - (vii) Upazilla Livestock Officer .. "
  - (viii) Upazilla Fishery Officer .. "
  - (ix) Upazilla Social Welfare Officer .. "
  - (x) Upazilla Rural Development Officer .. "
  - (xi) Upazilla Mass Communication Officer .. "
  - (xii) Upazilla Revenue Officer .. "
  - (xiii) Officer-in-charge, Police Station .. "
- (e) Chairman of the Thana Central Co-operative Association within the Upazilla; and
- (f) One Member nominated by the Government.

Pourashava Parishad: The Pourashava Parishad will constitute in the following manner:

- (1) Chairman (Elected)
- (2) Ward Commissioners (Members, elected) (Nos. are flexible)

the Izaradars. But in practice <sup>1</sup>zaradars are not interested in such matters. They are only interested in fattening their income by collecting fee from the market users.

The total lease money collected from markets under each Upazilla/Pourashava/Corporation will be distributed and utilized as per government instruction. According to the criteria fixed by the government the distribution is to be as follows:

1. Land Revenue Fund as premium to the government (LALR Ministry) from the total income	..	..	5%
2. Market Development Fund	..	30%	
3. Revenue Income of Upazilla/Pourashava/Corporation*	..	70%	95%*
		-----	-----
Total	..	100%	100%

(\*The balance amount after the deduction of 5% will form the base as 100%)

The Parishad will review the matter of market management and development work in a meeting. They will sketch a plan and execute it with the approval of the concerned department of the government. For development, 30% of the income derived from all markets is also very meagre. A large amount of income (70%) is distributed to the revenue fund of the concerned Upazilla/Pourashava/Corporation and is utilised for other purposes (general developmental activities), whereas the income derived from the markets should be spent for the purposes of markets only.

The members of the Parishads are responsible for performing their normal administrative functions. So, as ex-officio members of the market committee, it may be difficult for them to look after the management activities in full. The said order also has not mentioned clearly the procedural measure of management of the markets.

In the said order it is mentioned that government officials can visit the market places at a time to examine the functions relating to market fee collection by Izaradars and other market related activities. But, it was reported by the market users (respondents) during the time of visiting market places that none of officials of the concerned department were paying visits to the market places.

Out of the 40 surveyed notified markets, 75% of the markets were assembly/secondary; 7.5% markets were terminal and 17.5% markets were both secondary and terminal type of markets.\* Most of the markets functioned twice-a-week. A few markets functioned daily and they were mostly terminal type of markets. Some markets function once-a-week and these were big markets as compared to others which sit twice-a-week, some of them were functioning daily also. But, gathering of people on weekly market days are more than daily gathering. People from the adjoining areas and also from distant places come to these markets for performing their business transactions and other social activities. Most of the markets cover 7 to 8 sq. miles in average and serve more than five

\* See Appendix No. II.II.

unions. Roads and water ways have access to the bigger markets which are better than the smaller ones. Smaller markets cover less than 5 sq. miles and serve less than 3 Unions.

Grower-sellers/sellers who sell directly to the buyers/traders do not need space, because, they come with their produce to the market and after direct contact sell produce in the traders premises. But, those who are selling on retail basis, do need space and they occupy space according to their requirement. All these sellers come before market hours and stay till their produce are sold.<sup>1</sup> Grower-sellers/sellers sell one kind of produce. A very few of them sell more than one kind of produce.

In most of the markets, auction or lease change hand each year. Any one can take lease of markets by bidding the highest price in the open auction. But, in some cases lease go to the same person for years together.<sup>2</sup> It is because

<sup>1</sup> In Ramgarh and Tangail market grower-sellers/sellers occupy allotted space given by the Bazaar Fund Committee and Municipal Authority respectively. This space varies commodity to commodity.

<sup>2</sup> One peculiarity has been revealed in Bibir Hat during the time of survey. This is a very big market in Chittagonj District and famous for cattle transactions. Other agricultural produce like vegetables, pulses, etc. are also assembled here and distributed to the Chittagonj City (Terminal) market. In this market (hat), there is an organisation of lease holders consisting of 18 members and taking lease of this market is their business. They bid the price, during the time of an open auction in one of their partners name and the following year, they bid by another's name. This way, auction of that market is moving among themselves. Nobody from outside can come forward and bid that market against them. It was also revealed from the discussions with

the man who bid for taking lease of the market, either is an economically very solvent or politically influential person. Nobody can bid against him. Some lease holders take this as their business. So, they try to get hold of lease and continue it for several years.

Farmer-sellers/sellers do not come to the market regularly for selling their produce. The farmers come when they feel the need for cash to fulfil other needs of the family, to pay debts to the creditors and for lack of holding power and proper storage facilities in their home. The latter comes when accumulation (purchasing at the door step or villages of growers) of a certain quantity of produce is

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(contd.....)

the lease holders that they invest money in the cattle trade and encourage the bringing of cattle to this market for sale and purchase. If auction of this market changes to some other hand, traders will not bring or purchase cattle to/from this market. Selling and purchasing of cattle will decrease to a considerable extent. For fear of that, no one except these people step forward to take the lease of that market. As a result, lease goes to that party every year.

Of the surveyed markets, only Ramgarh market is not leased out to the private party. This market is being managed by the Bazaar Fund Committee constituted in the District level under the control of Additional District Magistrate. All markets in Chittagonj Hill Tracts Districts are managed by Bazaar Fund Committee. Under this system, the District Commissioner will nominate a person residing in the market area who has some social respect, who is responsible to collect tolls/fees from the market users with the help of assistants employed by the Bazaar Fund Committee. The tolls/fees are fixed by the District Administration. The person responsible for toll/fee collection is called "Bazaar Chowdhury". From the total collection, he is paid a certain percentage as honorarium.

over. The sellers resale the purchased produce to the big traders or processors. The grower-sellers prefer to sell their produce in the market. But in unavoidable circumstances they sell in the villages or at home itself. They prefer to sell produce in the market, because in a big market place the competition among the buyers enables them to get higher price than they do when they sell in villages. Some grower-sellers/sellers prefer to sell in the market because of the nearness to their homes or producing point and where transportation through road, river and other modes are easier.

Non-grower-sellers purchase agricultural produce mostly from the growers in the villages. Of the total saleable produce, about 80% purchase from the growers in the village and 20% purchase from other small farias or beparies (small traders) in the primary markets.

Grower-sellers/Non-grower-sellers and Traders both come to the market for reasons other than merchandising. Sometimes they come to buy daily necessities of life, viz., to buy agricultural inputs, to hear local news, to gather information on farming, to collect receivables, to visit friends and to perform some other social contacts. A few traders have their permanent establishments within the market area itself.

More than 50% of the traders who attend in the markets are itinerant type or petty traders. They purchase produce from the small sellers in a small quantity and resell the produce to the big trader for a small margin of profit.

Others are local stockists, commission agents, local processors and small consumers. In some markets or adjacent to the market area, government agencies like Jute Marketing Corporation (JMC), Jute Mills Corporations (for different mills), Food Procurement Department are also trading. These traders have business establishments within the market area or adjacent to the market area or come from a near place. They transact their business or visit market regularly. Normally, they purchase one kind of commodity. Some of them purchase more than one kind.

Notified Market Management under Bangladesh Agricultural Produce Markets Regulation Act, 1964 (As amended on the 24th March, 1985):-

Under this Act, important and assembly type of markets have been brought under the ambit of regulation. The Act provides for management, control and regulation of marketing of agricultural produce in the notified market. <sup>the</sup> Enforcement of Agricultural Produce Markets Regulation Act, 1964, is one of the functions of the Department of Agricultural Marketing. So, markets (hats/bazaars) declared as notified ones will be managed by the Department of Agricultural Marketing of the Government of Bangladesh. Different provisions of the Act and Rules made therein will be enforced by the Director (as the Head of the Institution<sup>Department</sup>).

It may be difficult for the Department without strong support of the administration and local authorities to enforce this Act. Necessary instructions may, therefore, be issued from the Ministries of Agriculture and Local Government for extending their full support for enforcement of the Act. There is an Office of the Agricultural Marketing Department at the District level headed by a District Marketing Officer (DMO)/ Marketing Inspector (M.I), who is hardly assisted by office personnel. A number of markets have been declared as notified markets in each District (before November, 1982 the newly formed Districts were called Sub-division). So, it may be difficult for this local District level office and officer to enforce and supervise market regulation activities. This local office is responsible in looking after general administrative work relating to agricultural marketing.

But for actual day-to-day supervision and management and enforcement of the regulatory and improvement measures, there must be a full-time official at the Notified Market level. A Market Committee consisting of members from various interests and an office with perpetual succession and a common seal is needed at the market level for supervisory work. The MC will be the king-pin in introducing regulatory measures in the market and this committee established under the marketing Act will be entrusted with the responsibility of enforcing within the notified area, the different provisions of the Act, the rules and the bye-laws framed thereunder. The MC will



said that the growers are exploited in different ways by astute traders and others in the society and in the market because they sell their produce individually to the traders. They have no organization of their own. So, they are unable to protest against malpractices and manipulations done by the exploiters. But the traders have their own organisation and they are very much aware of their own interests. In such a situation, as this, the majority of the members in the Market Advisory Committee should be drawn from the growers.

As per Section 11 of the Act, the Market Advisory Committee shall perform some duties and functions which are as follows:<sup>1</sup>

- (a) To advise the Director in the matter of regulation of market practices;
- (b) To advise the Director in the matter of fixation of market charges for different kinds of agricultural produce for different market functionaries operating in the Notified Markets;
- (c) To advise the Director in the matter of improvement of markets;
- (d) To make arrangements for settlement of disputes between purchasers and sellers arising in a Notified Market;
- (e) To undertake arbitration in respect of disputes between purchasers and sellers arising in a Notified Market;

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<sup>1</sup> Ibid.

- (f) To maintain a set of standard weights and measures; and
- (g) To perform such other duties as may be entrusted to it by the Director or as may be prescribed by rules.

In fact, a provision is made in the Act to constitute a Market Advisory Committee at the District level and some functions have been laid down for the Committee in the provision, but how far these functions will be fruitful are questionable? This is because the MAC is not attached directly with the activities of the markets, viz., the execution of regulatory measures to control market practices; the fixation of market charges for different kinds of agricultural produce for different market functionaries operating in the notified markets; the need of improvement of markets, etc. Whenever a Committee is directly attached with market activities then only they can find out the problems and advise the apex body to take necessary action on the affected matters.

Market functionaries in the Notified Markets will have to come under licence for performing their activities. As per Section 4(1) of the Act, the Director or any other officer of the Agricultural Marketing Department authorised by him shall issue licences in such form as may be prescribed by rules to the market functionaries for operating in a Notified Market under such terms and conditions as the Director may deem it fit to fix. Licences shall be valid

for one year from the date of issue and may thereafter be renewed annually (Sub-section 3). Section 5 indicates that for every licence issued and for every renewal thereof, such fee as may be prescribed by rules shall be paid to the Government.

Regarding settlement of disputes, Section 14 of the Bangladesh Agricultural Produce Markets Regulation Act 1964, indicates that in case of a dispute arising between a purchaser and a seller, the dispute will be referred to the Market Advisory Committee for amicable settlement or, if necessary for arbitration.<sup>1</sup>

For settlement of dispute, whom the affected party should contact is not mentioned in the Act. Perhaps / may be/ to the Market Secretary of the Advisory Committee. The District Marketing Officer who is an ex-officio Secretary has an office in the district headquarters. Notified markets are away from this office and are held on different days in a week. As far as the producer-seller is concerned, he comes to the market for the disposal of his produce at the time of need of cash for fulfilling

<sup>1</sup> The dispute may arise on account of (a) deviation from sample when the purchase is made by sample; (b) deviation from standard when the purchase is made by a reference to an accepted standard; (c) difference between the actual weight of a container and the standard weight; (d) payment of price; (e) delivery of goods; (f) damage of goods; (g) admixture of foreign matters; (h) the presence of moisture in excess of the natural moisture content; and (i) such other matters as may be prescribed by rules.

family exigencies. If any dispute arises between the two parties (seller and buyer), an immediate and on-the-spot settlement of that dispute on the same market day is called for. Putting a dispute to the Market Secretary and its settlement requires considerable time. Moreover, the dispute put by the affected party will be referred to the Market Advisory Committee by the ex-officio Secretary. As per the Bangladesh Agricultural Produce Market Regulation Rules 1969, the Committee will sit to discuss the matters under its purview once in three months. So, the dispute referred to them for settlement may need more time which may affect badly the producer-seller and the purchaser also.

Another thing which is to be considered is that sellers and buyers may not be known to each other. After the transaction is over they may not meet again. Moreover, the producer-seller visits the market place at the time of need. In this case, if any dispute regarding sale and purchase arises between them, it also needs immediate and on-the-spot settlement.

From the above discussions it may be said that the Market Advisory Committee at the District level constituted under the Act will not be effective for actual day-to-day supervision and management. / And MAC cannot function as an authority to advise the Apex Body like / the Department of Agricultural Marketing.

Market Committees constituted at the market level select members from different interest groups (a

majority or at least half of the total members are from the grower-sellers group) who are using the market place and from the public and local representatives who will effectively manage the markets. There should be a market committee office at the market level for giving full-time service headed by ex-officio market Secretary. Different provisions of the Act will be executed by the Secretary and he <sup>should</sup> be responsible for day-to-day management and up-keep of the market along with the market committee staff. The Secretary should be empowered to execute the provisions of the Act. The Committee will review the matters relating to market management and improvement and will take necessary steps in this regard with the approval of the Government.

CHAPTER - VI

TRADING PRACTICES

AND

MANAGEMENT

General:

In the market places, trading practices vary from commodity to commodity and market to market. These practices include different charges, i.e. market fee/toll, commission charge, brokerage charge, weighing charge, sweeping charge, etc. These charges were considerably high and manipulated before the regulation of the market, for lack of any fixed criteria and proper supervision. Most of the traders were concentrated in private markets and used to charge exorbitant rates, thereby exploiting sellers as well as buyers. It is recognised that prior to regulation, there were many and different kinds of charges levied by private traders.<sup>1</sup>

<sup>1</sup> Different kinds of charges were arathdari, dalali, hamali or palledari, chalni, dhanak, dharmada or gowsala, dhada-wasi, borirator, baisari, britti or multhi, dhalta or jhukti, namuna, pathshala, karda, batta, bardana, doodh khara, kanta bhada, patti, shagirli, munimi, mashri, vatta, ground rent, cart park rent, postage and telegram, rest house charges, storage rent, etc.

Source: Government of India; Report of the Royal Commission on Agriculture in India, Government General Press, Bombay, 1928. Mamoria, B.B., Agricultural Problems in India, Kitab Mahal, Allahabad, 1976. Mamoria, B.B. and Joshi, R., Principles and Practice of Marketing in India, Kitab Mahal, Allahabad, 1978. Prasad, A. Sivarama, Agricultural Marketing in India, Mittal Publications, Dhaka, 1985.

One of the main problems of the marketing of agricultural commodities in India is the multiplicity of market charges and their heavy incidence on the producer-sellers.

According to the Royal Commission on Agriculture in India, "deductions which fall entirely on the grower-seller but against which he has no effective means of protest are made in most markets for religious and charitable purposes and for other reasons. Large samples of his produce are taken for which he is not paid even when no sale is effected. These samples consisting of as much as five to eight seers from each cart, are invariably regarded as the pre-requisite of the merchant. Bargains between the agent who acts for him and the one who negotiates for the purchaser are made secretly under a cloth and he remains in ignorance of what is happening".<sup>1</sup>

The above statement indicates the chaotic condition of the grower-sellers in the market places while disposing their produce . The sellers were exploited by the traders in different ways by the name of different charges. In the absence of statutory regulations in the past, these charges were neither defined, nor were they based on service considerations and were recovered either in cash or in kind or often in both. These had no sanction except the usage or

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<sup>1</sup> Report of the Royal Commission on Agriculture in India, op. cit., pp.385-389.

customs prevailing in different markets and were always introduced in favour of the traders and other functionaries, and to the detriment of the producer-seller. After establishing regulated markets as per recommendation of the Royal Commission some of these charges have been eliminated and minimised by putting provisions in the Market Regulation Act.

Many studies have been made to compare the effects of regulation on the market charges. All studies have recognised the fact of some elimination and reduction of charges from the market practices done by the traders. Nadkarni, in his book "Agricultural Prices and Development with Stability" states that taking all the charges together -- commission, weighment, hamali, brokerage, charity and unauthorised deductions -- they amounted to Rs.3.99 per Rs.100/- worth of produce during the pre-regulation period; the figures could be brought down to Rs.2.05 during the post-regulation period. Thus the farmer could be saved of Rs.1.94 per Rs.100/- worth of produce and the percentage of saving amounts to 48.6.<sup>1</sup>

The study finds that marketing charges were reduced to half after regulation. The charges in existence are given below in Table-6.1. Some of the charges like 'hamali', 'charity' do not exist at present. Other unauthorised charges which were exorbitantly levied by the traders in the market

<sup>1</sup> Nadkarni, M.V., Agricultural Prices and Development with Stability, New Delhi, 1973, p.106.

place have been eliminated in course of time and as a result of introduction of regulation. The Table-6.1 shows the extent of savings enjoyed by the sellers in the yards of regulated markets.

Table - 6.1  
Extent of Reduction in Market Charges  
(Amount in Rupees)

Items	Average market charges payable for per Rs.100/- worth of produce		Savings	Percentage of savings
	Before Regulation	After Regulation		
Commission	1.69	1.13	0.56	33.1
Weighment	0.38	0.15	0.23	60.5
Hamali	0.56	0.20	0.36	64.3
Brokerage	0.29	0.19	0.10	34.5
Charity	0.12	0.06	0.06	50.0
Miscellaneous	0.95	0.32	0.63	66.0
<b>Total</b>	<b>3.99</b>	<b>2.05</b>	<b>1.94</b>	<b>48.6</b>

Source: Sharma, D.P., Rural Economy of India, Vikas Publishing House, New Delhi, 1980, p.196.

Another study by L. Krishnaswamy throws light on the effect of regulated market on marketing charges. His study also shows the savings in marketing charges of farmers as a consequence of regulated marketing (Table-6.2).

Table - 6.2

Percentage of Share of Different Costs and  
Margins to the Consumer's Price for Wheat  
and the Farmer's Savings After Regulation

Items	Before Regulation	After Regulation
Net producer's share ..	Rs.75.18	Rs.77.24
Marketing cost at primary market ..	5.20	5.69
Transportation cost from primary market to secondary market. ..	1.93	2.87
Marketing cost at secondary market. ..	1.25	1.91
Total marketing cost upto secondary market level. ..	8.38	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 ..	7.46	4.54
Margin of retailer ..	4.76	4.77
	16.44	12.29
Total ..	100.00	100.00

Farmer's savings = (Rs.77.24 - 75.18) = Rs.2.06 for Rs.100/- 'worth of produce as a result of regulation'.

Source: Krishnaswamy, L., "Impact of Regulation on Costs and Margins of Agricultural Marketing in Rajasthan", Agricultural Situation in India, Vol. XXV, No.7, New Delhi, 1970, pp.823-828.

The above table indicates that marketing costs from primary to secondary markets have increased after regulation. These costs can be reduced further, by providing improved transportation facilities. But the share of commission men at primary markets and wholesaler at secondary markets have been reduced considerably.

From the above discussions it may be said that grower-seller can increase his income from the consumer's price paid as a result of regulatory measures or by controlling unnecessary charges imposed upon the sellers by the traders.

The two tables show the difference of savings of income of the grower-sellers after regulation of markets. The savings may vary from commodity to commodity, place to place, and even from season to season.

#### Trading Practices and Management in the Regulated Markets of West Bengal:

In the regulated markets of West Bengal, trading practices like market fee/toll, commission, brokerage, weighing charge, sweeping charge, etc., are existing. Trading practices like price setting, weights and measures along with other different charges are supposed to be supervised and controlled by the Market Regulation Act Implementation Authority under certain provisions.

We shall now examine different trading practices and their management in the regulated market areas.

Market fee/toll:

Market fees are collected at fixed rates from the buyers/traders of a commodity offered for sale for use in the market yard. Grower-sellers are exempted from market fee for selling their produce in the market yard. But, in some markets like Belacoba, Balarampur, Dinhata where market fee has not been enforced<sup>1</sup> on the buyer, R.M. staff collect toll both from the sellers and buyers. Toll rates are fixed and are collected as per volume of the commodity sold.

Market fee from the buyers of produce are collected on ad valorem basis, i.e. Re.1.00 per Rs.100/- worth of produce. The Market Committee Staff collect this fee directly from the buyer.<sup>2</sup>

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<sup>1</sup> Till the visit during the first half of 1986 by the researcher, market fee has not been enforced. In Dinhata R.M. it has been revealed from the discussion with the market Secretary that the market fee from the buyers on ad valorem basis has not been introduced. The R.M.C. is not in a position to introduce it, because of a High Court injunction.

<sup>2</sup> As per Sec. 17(1) of the West Bengal Agricultural Produce Markets Regulation Act 1972; the market committee shall levy fees on any agricultural produce sold in the market area, at a rate which shall not be more than two rupees per one hundred rupees of the amount for which the agricultural produce is sold.

The Market Committee may authorise its officers or staff or any other persons to realise the fees directly from the buyers [Sec. 17(2), Clause (iii)].

Commission Charge:

Commission is a charge realised by the Commission Agents working in the regulated markets for the services rendered in arranging the sale or purchase of commodity. In the process, the commission agents provide temporary storage facilities for the produce consigned/brought to them for disposal. No separate charge is usually made by the commission agents for temporary storage of the produce in their precincts, the period of which varies from several hours to <sup>a</sup> few days.

In <sup>the</sup> regulated markets, commission agents also are existing. In Sheoraphully and Shiliguri regulated markets, commission agents are rendering services in favour of the sellers. Grower-sellers/sellers hand over their produce to the commission agent and the latter makes all necessary arrangements for selling it to the buyers/traders. The commission agents are performing their business mainly for jute and potato in the Sheoraphully market. Grower-sellers bring <sup>their</sup> produce to the market and sell <sup>them</sup> / through these commission agents. They charge a commission fee @ Rs.4.00 per quintal of produce (excluding other charges). For weighment, handling and packing of the produce, they charge Rs.0.50 per quintal of produce.

In Shiliguri regulated market, sellers of vegetables and fruits deposit their produce with the commission agents and for rendering the service of disposing off that produce,

they charge commission @ Rs.4.00 to 6.00 per quintal of produce (excluding other charges).<sup>1</sup> For weighment, packing and loading, they charge the buyer Rs.0.60 per quintal of produce for payment to the weighmen/labourer.

But, in Balarampur market, the system is different from the above mentioned two markets. Here, the buyers of vegetable produce come from distant places on the market day. They enter into an agreement with the commission agent for buying vegetable produce on their behalf. The buyers deposit the money with the commission men. The commission<sup>men</sup>/purchase the produce from the grower-sellers or petty non-grower-sellers in a small quantities and collect the produce in their business precincts. When the market hours are over, they weigh all the purchased produce and deduct commission charges @ Rs.2.50 to Rs.3.00 per quintal of produce from the buyers.

But, the charges payable to commission agents for their service to the sellers and buyers may from time to time be fixed by the market committee with prior approval of the Board.<sup>2</sup>

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<sup>1</sup> One peculiarity revealed from the discussion with the commission agents that commission charge varies according to the familiarity of the seller to the commission agent and also regularity of bringing produce for disposal through the same. They say that by charging less commission, they can handle large quantity of produce and through large handling, they can earn more. Moreover, less charge stimulates the sellers to bring produce frequently. This system itself indicates the lack of uniformity in commission charge as well as personal discrimination.

<sup>2</sup> Vide Section 13(12) of the West Bengal Agricultural Produce Marketing (Regulation) Rules, 1982.

From the above discussion it is evident that commission charges vary from market to market. The system also differs. In some markets, it is the grower-sellers/sellers who are charged, but in other markets, it is the buyers. The R.M.C. of those markets have not succeeded in bringing uniformity on commission charges hitherto. Moreover, personal discrimination reduces the price of commodity of the new or unfamiliar grower-sellers/sellers.

Brokerage:

It is a fee charged by the broker, locally known as 'Dalali' and the broker is known as 'Dalal', for the service rendered by him in bringing the buyers and sellers of a commodity together and arranging the exchange. He works both for the sellers and the buyers and receives brokerage from the party for whom he acts.

In the regulated markets of West Bengal, normally brokers are not found for the purpose because, sales and purchases are arranged directly or through the commission agents. Only in case of cattle market, brokers exist. Brokerage is not fixed and it depends upon the bargaining between the broker and the giver.

But, the charges payable to brokers for their service to the sellers or buyers may from time to time be fixed by the Market Committee with prior approval of the Board.<sup>1</sup>

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<sup>1</sup> Vide Section 13(12) of the West Bengal Agricultural Produce Marketing (Regulation) Rules, 1982.

Weighing Charge:

Weighing charge occurs for weighment of produce by the weighmen during the time of sale and purchase. Such charges also exist in the regulated markets. In most of the RMs where big traders transacting bulk quantities of produce, there weighment is done by the employed weighmen of the traders. Charges are deducted by the traders at the time of payment of price to the sellers and later reimbursed to the weighmen. Charges vary from market to market. It varies between Rs.0.50 to Re.1.00 per quintal of produce. In some markets, this weighing charge altogether includes some other functions such as bagging, handling, loading and unloading, etc. by the weighmen. In some markets, it includes bagging and loading only.<sup>1</sup> Mostly the sellers pay the charge. But, if it happens that the buyers have to pay the charge which is determined by negotiation, the buyers pay weighing charges to the weighmen. Some traders have employed their own labourers for performing these functions and pay them accordingly.

The weighing charges payable to weighmen for their service to the sellers or buyers may from time to time be fixed by the market committee with prior approval of the Board.<sup>2</sup>

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<sup>1</sup> The traders or the weighmen could not tell weighing charges separately during the time of visit of the RMs.

<sup>2</sup> Vide Section 13(12) of the West Bengal Agricultural Produce Marketing (Regulation) Rules, 1982.

Trade Allowances and Deductions:

Trade allowances and deductions are traditional measures adopted by traders to fleece the agriculturist-seller. Traders used to inflict it in the name of religion, charities and on arbitrary pretexts like admixture of foreign matter with produce, inferior quality, driage, moisture, weight difference in packing materials and so many other unnecessary and unauthorised reasons.<sup>1</sup> Free samples, extra weight in weighment and deduction of a discount for cash payment were also other techniques adopted by the traders to secure additional fringe benefits.

A. Shivarama Prasad observes:

"If the propriety or otherwise of these charges in relation to the legitimate services rendered to the seller is examined, it becomes evident that the only justifiable charges among these are arhat or commission, hamali or handling charges, tulai or weighment, and seiving. Any deduction in the name of charity of any kind is unwarranted. Similarly, payments to the munim or an apprentice of the arhatiya are uncalled for, specially when their principal (arhatiya) gets full commission for the services performed by him. Again, there is no case for claiming allowances for quality and weight when the produce is subjected to thorough examination by

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<sup>1</sup> Some types have been pointed out in page No.1 (foot note 1) of this chapter.

the buyers before it is offered for sale. Apart from the propriety of the nature of deductions, even the quantum of allowance claimed from the sellers has no relationship with the services rendered by the so-called functionaries. The consequence of all these charges was a considerable decrease in the real worth of the produce sold by mostly the illiterate and tradition-bound farmers".<sup>1</sup>

To remove these numerous unauthorised and unwarranted malpractices in the market place which considerably reduces the price of the produce of farmer-sellers, the Royal Commission on Agriculture in India suggested that the market committees constituted under the Act should be vested with powers to determine the nature and utility of the services rendered by every type of market functionaries in respect of such services rendered in the regulated markets.<sup>2</sup>

In West Bengal, trade allowances still exist in the notified market area or regulated market yard. No market committee (except Shilfiguri) has determined trade allowances taken by the traders from the sellers at the time of sale of produce to them. As a consequence, traders are taking 'dhalta'<sup>3</sup> or by doing malpractice at the time of weighing of produce without the knowledge of grower-sellers. This is happening mostly outside the RM yard. But in the notified market area, it is reported by the grower-sellers that in

<sup>1</sup> Prasad, A. Sivarama, op. cit., pp.205-206.

<sup>2</sup> Report of the Royal Commission on Agriculture in India, op. cit., pp.382-415.

<sup>3</sup> 'Dhalta' refers to leaving produce in favour of buyers.

case of jute, traders take dhalta to the tune of 3kg. in average per quintal and for paddy 2kg. per quintal. In case of vegetable produce, dhalta is 5kg. in average per quintal.<sup>1</sup>

As per Section 33 of the West Bengal Agricultural Produce Marketing (Regulation) Act 1972, no trade allowance, fee or charge other than such as may be determined by a market committee shall be recovered in any transaction within a market area. This stipulation is not yet made applicable in the notified market area of the regulated markets.

But in Shiliguri regulated market, the commission agent's association has fixed the rate of deduction or dhalta in case of vegetable produce only from the sellers, considering the fact that the vegetable produce are highly perishable. This rate of deduction has been approved by the R.M.C., Shiliguri. Table-6.3 shows the rate of deduction for different kinds of vegetable produce in Shiliguri R.M.

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<sup>1</sup> It revealed from the discussion in the regulated markets that traders cover loss (driage, handling, etc.) and make some extent of profit by taking 'dhalta' from the grower-sellers. There is no fixed rate for it.

The non-grower-sellers take dhalta from the growers in the village or in farm in the name of loss but more than actual loss and by doing some malpractice at the time of weighment of produce. Most of the time, they make some profit from this dhalta after covering necessary cost and the loss incurred during transportation.

One peculiarity in practice revealed during discussions in the Karimpur regulated market is that farias purchase Jute from the growers in the village @ Rs.175.00 per quintal and resell it to the local stockist with the same purchase price. It is possible to resell the jute with purchase price, because farias take dhalta 3 to 4kg. of jute per quintal. So, after covering the necessary cost and loss incurred while transporting the produce to the market, the farias make some extent of profit.

Table - 6.3

Rate of Deduction for Vegetable Produce  
in Shiliguri R.M.  
 (1 Bag = 50 to 70kg. of produce)

Sl. No.	Item	Unit	Deduction
1.	Cabbage	..	Big Bag 3 kgs. Small Bag 1½ kgs.
2.	Cauli-flower	..	Big Bag 3 kgs. Small bag 1½ kgs.
3.	Brinjal	..	Big bag 3 kgs. Small bag 1½ kgs.
4.	Tomato	..	Upto 60kgs. 2 kgs. Above 60kgs. 4 kgs.
5.	Green peas	..	Upto 60 kgs. 1 kg.
6.	Beans	..	Upto 60 kgs. 1 kg.
7.	Patwal	..	Upto 60 kgs. 1½kgs. Above 60kgs. 2½kgs.
8.	Bittergard	..	Above 60kgs. 4 kgs.
9.	Jhinga	..	Upto 60 kgs. 2 kgs.
10.	Sag (Vegetable leaf)	..	Upto 60 kgs. 3 kgs.
11.	Radish	..	Upto 60 kgs. 2 kgs.
12.	Snake gard	..	Upto 60 kgs. 2 kgs.
13.	Lady's finger	..	Upto 60 kgs. 2 kgs.

Source: Collected from the record file of commission agent's association in Shiliguri Regulated Market.

From the above table it can be said that the rate of deductions or trade allowances are fixed and reasonable. Raw vegetable produce have some peculiar

characteristics. It desiccates within a short span of time and are highly perishable. Sellers are concerned about these rates of deduction. Without trade allowances buyers will not purchase such produce. Sellers are also satisfied with this because traders do not take any excess weighment as trade allowances than this rate.

So, it can be said that only reasonable allowances and justifiable fixed quantities are allowed as trade allowances. Unnecessary and unwarranted levies taken by the traders are also sought to be prohibited. Thus, the elimination of these deductions has come to be one of the most essential objective of the regulated marketing.

#### Sweeping Charges:

Sweeping charge is a charge collected by the sweepers for maintenance of cleanliness of the market places.

Before introduction of regulation in the market places, sweeping charges were collected by the sweepers themselves in kind and sometimes in cash mostly from the sellers in the market. This charge reduced the sale proceeds of the sellers to some extent.

But, after introduction of regulation and establishment of regular office in the market places, sweepers are being employed by the R.M.C. and paid from the market committee

fund. As a result, sweeping charges previously deductible from the sellers have been eliminated from the regulated markets.

Price Setting Practices:

Prices play a very important role in agriculture. In many countries as far as crops are concerned no two years are alike. The agricultural prices frequently fluctuate for various reasons. It suffers from violent fluctuations due to vagaries of nature, thereby demand and supply variations become significantly reactive. Sometimes even an unimportant factor causes distress sales and disturbs the price movement. Hence, agriculture not only is a gamble in the monsoon but also adversely affects the prices. The reason attributed to wide fluctuations in agricultural prices is the predominance of nature on agriculture which determines the supply side whereas the demand for agricultural commodities remains more or less constant. Therefore, the supply side, which is decided by the production which further depends on nature, plays a very important role in the determination of the prices of agricultural commodities in a free economy. These wide fluctuations in agricultural prices affect all the sections of the community in one way or the other. Changes in agricultural prices have serious repercussions and they affect the prosperity of farmers.<sup>1</sup>

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<sup>1</sup> Chandra, Satish, Agricultural Price Policy in India, Chugh Publications, Allahabad, 1985, pp.2-3.

The wide intra-seasonal and spatial spread in prices essentially results from the semi-perishable nature of commodities, inadequacy of appropriate storage facility, inadequate and slow transportation system, and relatively limited demand at a particular point of time. The Agricultural Price Commission in India had observed in 1976 that when the prices threaten to fall to uneconomic levels, they do call for measures for support but even when they do not, the producer receives only a truncated share in the final price paid by the consumer. Thus, irrespective of the need for price support, the interest of the producer and the consumer alike call for a narrowing of the price spread to limits justified by the costs of carrying the commodity overtime.<sup>1</sup>

The objectives of price policy would differ according to the basic differences in the economic structures of different countries. In countries where incomes and government revenue are high, markets are well developed, only a small proportion of the population depends on agriculture, and supply response to price changes is high, the objectives of price policy would naturally be to provide incentive prices for higher production and assure a reasonable farm income. But in the case of a typical less developed country, where

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<sup>1</sup> The Agricultural Price Commission in India, 1976, in Kahlon, A.S., et. al., Agricultural Price Policy in India, Allied Publishers Ltd., New Delhi, 1983, pp.394-395.

the agricultural sector accounts for a lion's share in the G.N.P., a large proportion of the population depends on subsistence agriculture, market imperfections do not allow the producers to get a reasonable share in the consumer price. Unless the government intervenes to strengthen the market infrastructure, a policy of providing incentive prices and raising farm incomes would not materialise.<sup>1</sup>

The government policies in this respect have large social welfare dimensions. It is more so in the case of the less developed countries where the farmers are badly exploited. Due to lack of infrastructure facilities and proper controlled market organisation, the activities of the farmers are restricted. In such circumstances governments should interfere to ameliorate the conditions of the farmers by intervening in market situations. There are many ways<sup>2</sup> of controlling market situations. Regulation of market practices, especially for agricultural commodities is also one among such interventions.

Through the regulation of market and market practices, and by adopting a good method of selling system, the price of produce of farmers can be increased. Regulated markets can give such substantial benefit of higher prices to the farmers. Fixation of price of produce through an auction system may

<sup>1</sup> Ibid., p.6.

<sup>2</sup> Different ways of government intervention of market situation have been discussed in Chapter-I.

raise the share of final price to the grower-sellers.

A. Shivarama Prashad<sup>1</sup> has studied some regulated markets in Andhra Pradesh. In his study, it has been proved that in all the regulated markets all grower-sellers (100 per cent) preferred an open auction system of selling to any other system. As they are largely illiterate, they suspect malpractices in the tender system or other systems of sale. His study also has revealed the views of the traders. In all the regulated markets under study, a good chunk of traders (i.e. 90 per cent) preferred open auction system of sale. Tender system of sale was preferred by a small percentage of traders (only 10% per cent). The table-6.4 shows the method of sale preferred by the grower-sellers and the traders in the selected regulated markets of Andhra Pradesh.

Table - 6.4

Method of Sale Preferred by the Grower-Sellers and  
Traders in Andhra Pradesh

Preference		Auction System	Tender System
Grower-sellers	..	100%	--
Traders	..	90%	10%

Source: Compiled from Prasad, A. Shivarama, op. cit., p.221.

From the above it may be said that price of agricultural commodities increase or decrease depending upon

<sup>1</sup> Prashad, A. Shivarama, op. cit., pp.220-221.

the system of price setting practices. In the regulated markets, price setting practices through auction system has proved successful and both the grower-sellers and traders accept this system. Now, we shall examine the price setting practices for agricultural commodities in the regulated markets of the West Bengal.

Price Setting Practices in the RMs of West Bengal:

In almost all the selected regulated markets(except Shiliguri) prices are fixed on the bargaining or open argument basis. The grower-sellers/sellers bring the produce to the market on the particular market day before and after the market hours. They then take the produce to the traders. After checking the produce by the traders, bargaining or open agreement for price (on the basis of spot market price position) takes place. This practice of price setting is applicable for all agricultural commodities except jute.

In Shiliguri Regulated Market, prices for vegetables and fruits are set through an open auction. Sellers deposit their produce with the commission agent for sale. Commission agents display produce in front of the godown in the morning before 8.30A.M. Traders coming from different places wait for the auction. Normally, auction takes place between 8.30a.m. and 10.30a.m. Traders for a particular commodity, after checking the produce bid for

the price. The traders who bid the highest price can take the produce. If any seller does not accept the price and he thinks that the price is lower than the present market price, he can withdraw his produce through the representative commission agent. The seller can keep his produce in the storage facilities provided by the same commission agent for sale on the following market-day. But, the sellers generally do not do<sup>so</sup>/considering the fact that the vegetable produces are highly perishable. Only semi-perishable produces like potato, onion, etc., can be stored for the next market day.

Accordingly, as this seen in the following table in all the eleven selected markets, open agreement system has existed as the most popular method followed by open auction system. In this connection, the views of the grower-sellers in the selected markets have been elicited as to their preference for a particular method of sale. Interestingly enough, the sellers in all the markets preferred 'open agreement system' to other systems. It is obviously because of their practice. As they are largely illiterate, they suspect malpractices in the tender system of sale. They think that the traders can organise themselves and quote a less price than the actual market price. So, they will be deprived of the actual market price. Moreover, they can <sup>contact</sup> a number of buyers, if they feel that the price offered by the latter is less than the

market price. Hence they prefer open agreement system. In two markets and only for particular commodities, the sellers prefer open auction system.

The Table-6.5 shows the method preferred by grower-sellers and traders in the regulated markets.

Table - 6.5  
Method of Sale Preferred by Grower-Sellers and Traders  
in West Bengal

Category	Open Agreement	Open Auction
Grower-sellers	90%	10%
Traders	80%	20%

Source: Collected from field survey.

In some regulated markets, the Jute Corporation of India (JCI) purchases jute from the grower-sellers and sellers (Farias, Beparies or Petty Traders). The JCI declares price for different grades of jute every year and is supposed to purchase jute for declared prices. Sellers intend to sell jute to the JCI when the market price of jute falls short of the JCI prices.

It was reported from the sellers of jute during survey period that JCI has fixed the price for different grades of jute. The Table-6.6 shows the price fixed by JCI for different grades of jute for the season 1985-86. This

agency is supposed to purchase jute from the sellers with the fixed price for each grade. But, the agency's purchasers are not purchasing jute on the basis of these fixed prices, because grower-sellers due to their lack<sup>of</sup>/knowledge about grading, bring "garsaat" (ungraded) jute to the JCI purchasing centre for sale. As a result, they do not get right price for the specified grade. In that case, normally, JCI purchasers offer the sellers less price (Rs.8/- to Rs.10/- per quintal) than the specified price. Later, the JCI authority in the RM grades purchased jute with their trained workers. Only<sup>the</sup>/progressive growers who are aware of grading jute, bring graded jute and receive actual price from the JCI.

In West Bengal, mostly W-5 and TD-5 varieties of jute are grown. So, from the above discussion and table<sup>No.6.6</sup>/it is revealed that whatever may be the price for specified grade declared by the JCI, the small grower-sellers are being deprived of the actual price for lack of knowledge of grading.

Though, JCI had declared the price for jute for the season 1985-86, it fluctuated considerably during the season. This fluctuation in price depends upon demand and supply position of the produce. Moreover, it depends upon the International Market situation. Due to the International

Table - 6.6

Minimum Prices Fixed by JCI for Different Varieties and Grades of Raw  
Jute and Mesta in Different Districts in West Bengal for the Season 1985-86

Name of State	Variety	G R A D E							
		W-1 TD-1	W-2 TD-2	W-3 TD-3	W-4 TD-4	W-5 TD-5	W-6 TD-6	W-7 TD-7	W-8 TD-8
1. Cooch Behar, Jalpaiguri and Darjeeling Dist.	White Tossa	303.00 315.00	283.00 295.00	263.00 275.00	243.00 255.50	223.00 235.50	213.00 215.50	203.00 215.50	193.00 205.50
2. West Dinajpur & Malda Districts	White Tossa	308.00 325.00	208.50 301.00	268.50 281.00	248.50 261.00	228.50 241.00	218.50 231.00	208.50 221.00	198.50 211.00
3. Murshidabad, Bankora & Birbhum Districts	White Tossa	311.50 324.00	291.50 304.00	271.50 284.00	251.50 264.00	231.50 244.00	- -	211.50 224.00	201.50 214.00
4. Nadia, Midnapur, Burdwan, 24- Parganas, Hooghly and Howrah Districts.	White Tossa	315.50 328.00	295.50 308.00	275.50 288.00	255.50 268.00	235.50 248.00	225.50 238.00	215.50 228.00	205.50 218.00

Note: W & TD = White & Tossa/Datsee

Source: "JCI Circular for rate for West Bengal Jute for the 1985-1986 season".  
Further reference not available.  
Collected from Kalna Regulated Market Office.

Market situation, jute price was raised for the season 1984-1985. The Table-6.7 represents the price received by the seller of jute in some RM (yard or notified area) during 1984-85 season and survey period from mid February to mid April 1986:

Table - 6.7

Price Received for Jute by the Seller During Survey  
Period and the Previous Season (1984-85) of Survey  
Period\*

Commodity: JUTE		Price: Rs./Quintal	
Name of Regulated Market	Peak Season	Slack season	Survey period (Mid of Feb. to Mid of April 1986)
Dinhata RM	825.00 (TD-5)	325.00 (TD-5)	237.50 (TD-5)
Islampur RM	950.00 (TD-5) 937.00 (W-5)	340.00 (TD-5) N.A.	200.00 (TD-5) 180.00 (W-5)
Samsi RM	900.00 (TD-5)	N.A.	170.00 (TD-5)
Karimpur RM	870.00 (TD-5)	360.00 (TD-5)	177.00 (TD-5)
Kalna RM	850.00 (TD-5)	335.00 (TD-5)	184.00 (TD-5)
Pandua RM	820.00 (TD-5) 805.00 (W-5)	N.A. N.A.	230.00 (TD-5) 225.00 (W-5)
Sheoraphully RM	840.00 (TD-5)	325.00 (TD-5)	232.00 (TD-5)

N.A. = Not available.

Source: Data collected from field survey.

\*Data collected from the RMs where jute were available for sale and purchase.

The above table indicates the comparative position of prices received by the seller during the season 1984-85 and the survey period for 1986. In the earlier times, prices were much higher in the peak season. It was found during discussions with the higher officials of the Marketing Department that, prices for jute had gone up due to the International Market situation. In the same season, prices also came down considerably. But during the season 1985-86, as the prices were fluctuating, the government fixed a price as mentioned in Table-6.6. In the markets, viz., Islampur, Samsi, Karimpur and Kalna, prices came down considerably than the JCI rate because during that time JCI's operations for purchasing jute had ceased to function.<sup>1</sup> As a result, the grower-sellers of jute had to satisfy themselves with distress sale and low prices for their produce.

The Table-6.7 also shows the price instability of the produce (jute) in different seasons and within one season during or immediately after harvesting, i.e. in slack season and 5 or 6 months latter, i.e. in the peak season.

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<sup>1</sup> The fact for low price than Government fixed price was revealed from the discussions with grower-sellers, traders and also with officers of RMs and Directorate of Marketing. Due to high price for the season 1984-85, the farmers cultivated jute as much as they could in their land. So, bumper production of jute came in the following season and purchasing of jute by different government Agencies/Organisation and as well as Private Traders was saturated. Consequently, the over-production of jute caused distressed sales.

<sup>2</sup> Shenoi, P.V., Agricultural Development in India, Vikas Publishing House, Delhi, 1975, p.107.

This price instability exists for all agricultural produce. Price variations are also predominant from market to market. Why is price instability a predominant factor in the marketing of agricultural produce? There may be three reasons for this. First, agricultural production is seasonal; most producers are forced to sell immediately after, or even before the harvest to meet essential living expenses or to repay debts. Secondly, it is not possible to adjust production perfectly to demand in view of the uncertainties of weather and yields; and the actual production turns out mostly to be either larger or shorter than the demand. Thirdly, the price elasticity of demand for many of the staple produce is such that any excess in production brings down the prices disproportionately, leading to a realisation smaller than the farmer would have got if there had been a smaller total production. A uniformly good crop all over the area outstripping the demand can normally be a disaster for the farmer.

Price instability may also be accentuated by the natural reaction of poorer farmers to price changes. If the prices are low, they have to sell more of their output in order to satisfy their need for cash and this pushes the prices further downward. On the other hand, when prices are up, they can afford to sell less and consume more themselves, which increases the shortage in urban markets and force up the prices still higher.<sup>1</sup>

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<sup>1</sup> Ibid., p.108.

Weights and Measures:

Weighment of agricultural produce is an important aspect. It influences the actual earnings of producer-sellers. The malpractices connected with weighment include the use of unauthorised and faulty weights and scales. Conventional and marginal overweighment, excess weight allowances as per the dictates of the buyers, arbitrary deductions for counter-balance in weighment, free taking away of surplus left in a lot after weighment, absence of impartial and independent agency for weighment, absence of uniform weighing charges and lack of any fixed procedure of supervision over actual weighment.<sup>1</sup>

During the British Administration, there had been an absurd multiplicity of weights and measures in India. The Royal Commission on Agriculture<sup>2</sup> found that in sixteen markets of the East Khandesh district of the Bombay State, the maund (1 maund = 37.3242 kg.) had thirteen different values ranging from 21½ seers at Bodwad to 80 seers at Pachora.

So, the astonishing diversity in the weights and measures used in India is wellknown. Outside the larger centres of trade and throughout the rural areas, the weights used were mostly non-standard. With the object of securing uniformity an Act, specifying standard weights was passed in 1939.<sup>3</sup>

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<sup>1</sup> Prasad, A. Shivarama, op. cit., pp.159-160.

<sup>2</sup> Royal Commission on Agriculture in India, 1928, op. cit., p.369.

<sup>3</sup> Abbott, J.C., et. al., Rice Marketing, F.A.O. Marketing Guide No.6, F.A.O/U.N., Rome, 1972, pp.80-81.

But, the Act was not executed effectively and this multiplicity in weights was in vogue after independence and till before the introduction of standard weights and measures (metric system).

In India the standards of weights and measures Act was passed in 1958, and has been enforced in all the States with a view to check fraudulent use of weight and measures. Now, the metric system of weight is being used as standard weight everywhere for weighing of agricultural produce.

Weighment Practices in the Selected RMs of West Bengal:

The weighing practices in the selected regulated markets are discussed in the following paragraphs.

In all the surveyed regulated markets, the market users are using metric system of weights and measures. The produce is weighed by the weighmen employed by the traders or commission men. There is a provision in the Act which states that all weighmen acting in the market yard must have to obtain a licence from the respective market committee.<sup>1</sup> But except for a few markets, this provision of the Act was not yet been enforced.

No weights, measures and weighing instruments or measuring instruments other than the standard ones shall be used in any transaction in the market area<sup>2</sup> by the market

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<sup>1</sup> Section 13(1) of the Act.

<sup>2</sup> Section 13(7) of the Rules.

users. It is the duty of the Market Committee to keep a set of standard weights and standard measures in each principal market yard and sub-market yard against which weighment and measurement may be checked. It is also the duty of the MC to arrange to inspect and verify scales, weights and measures in use in respective market area.

In the RMs of Dhupguri, Dinhata, Islampur, Kalna, Samsi and Shiliguri, there is a regular staff to verify weights and measures on the particular market day. Due to lack of adequate staff, other visited markets cannot provide this service facility. If any dispute arises regarding the weighment of produce, the Secretary of the Market settles the dispute on the spot amicably.

One practice regarding the weighment of produce revealed in the Dhupguri Regulated Market during the survey is that the grower-sellers of vegetables bring produce to the market after weighment in their home or farm and the buyers of that produce acknowledged whatever weight the farmer said. Normally the weighment of the produce done by the sellers exceed the actual weight. If any buyer or trader has any doubt regarding the weighment of produces, he can weigh it again. Weighing equipments are provided by the RMC in a certain place of the market yard. A weighmen employed by the RMC checks the disputed weight. Grower-seller or buyer does not have to pay any fee for weighment of the disputed produce to the weighman.

Trading Practices and Management in the Notified Markets of Bangladesh (Existing at present and provisions laid down in the Act of 1964):

In the notified markets of Bangladesh, trading practices like market fee/toll, commission, charge, brokerage, weighing charge, charity, trade allowances, sweeping charges, etc., are still existing. These charges differ from market to market. Trading practices like price setting and weights and measures also differ and is supposed to be supervised and controlled through the implementation of rules and regulations. Due to the lack of control, grower-sellers in the markets lose a considerable extent of final price paid to them. Now, we shall examine existing different trading practices and their management, and the provisions laid down in the Bangladesh Agricultural Produce Markets Regulation Act 1964, for better management of these practices.

Fees/Tolls:

Toll is a fee which is being collected by the auctioneer or lease holder of the market for selling and purchasing agricultural produce or any other commodity in the notified market. Fees are supposed to be collected at fixed rates stipulated by the District Revenue Office, under which the market is situated, from the sellers and buyers of a commodity

offered for sale for the space used in the market yard. The rates vary from commodity to commodity depending on the space occupied or volume of commodity on market days. Rate varies from market to market depending on the decision of rate fixation by separate District Administrative Authority.

Though fee/toll rates have been fixed in some cases and in some markets, the rates are not followed by the fee collector (Lessee or auctioneer) for increasing his income from the market. The lessee makes an internal arrangement of stalls within the market yard and this arrangement facilitates the collection of market fees from the sellers and traders by the auctioneer himself and his assistants. Once the market settles down, the lessee sends his assistants to the sellers and buyers for collecting fees. A noticeable feature is that <sup>the</sup> in/case of a big market the lessee sub-leases market areas<sup>1</sup> on the basis of commodity sold in order to increase the efficiency of fee collection. He does it, because, it is not possible for him or his assistants to collect fees of the whole market before the end of market hours. It is also reported by the fee givers that the sub-lease holder collects fee arbitrarily and sometimes do not issue any receipt against fee collection. But, the collector is supposed to issue receipts

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<sup>1</sup> It has been revealed during the visit of the selected markets that big markets indulge in sub-leasing practice according to the nature of the produce sold in the market area, i.e. cereals, oil pulses, vegetable and other perishable agricultural produce, live-stock, animal husbandry products, etc. Each area is called 'Potty' which means an area of certain particular produce within the market place.

to prevent paying double, since the assistants make frequent checks during the market hours.

In a few markets, fees are being collected on fixed rates and in some markets collection of fees are more than the fixed rate. In a few markets (observation has been made in 8 notified surveyed markets)<sup>1</sup>, fees are being collected by the collector on the assumption on eye estimation and in kinds for certain commodities, i.e. for paddy, pulses, oilseeds, etc.

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<sup>1</sup> The eight markets are Baruni, Bibirhat, Dawhatganj, Gopalpur, Nowhatta, Pirganj, Savar and Taraganjhat. The fee rates on assumption and in kind vary from 1/2 seer to 3/4 seer of product (in terms of money during the survey period, it came to more than TK.2.00 to TK.3.00) per maund. It is more than double the fixed rate. The most deplorable condition has been observed in Gopalpur market of Tangail District regarding fees collection in kind: for mustard seed and paddy. Here, mustard seeds were taken away as market fee 1/2 seer to 1 seer of produce per bag (one bag containing one maund to two maunds of mustard seeds). In a monetary valuation during the survey time, the fee costs ranged from TK.4.50 to TK.9.00, whereas the fee rate has been fixed for mustard seeds as the rate of TK.1.00 per maund from the grower-sellers.

In Rungarh market of Chittagonj Hill Tracts District, grower-sellers of agricultural produce (paddy, vegetable, etc.) do not have to pay fee to the market authority. Non-grower-seller of such produce, who are selling on retail basis directly to the consumer occupy a space in the market yard to pay fee to the market authority. Here, market toll/fees are on an annual basis and amount of fee for different sellers and buyers/traders for different commodities have been fixed by the Bazaar Fund Committee of the District. No report has been made against excess toll/fee collection from the sellers and traders at the time of visit of that market.

In a notified market, for the same produce (paddy) two systems of fee collection exist. The market is 'Bhandaria' in Barishal District. It is a big bi-weekly rural notified market situated on the bank of a river called Bhubonesshor. Most of the grower-sellers/sellers and buyers/traders come to this market by country made boats. Paddy grower-sellers and traders also come by boat for selling and purchasing paddy. Transactions take place on the boat itself (seller's boat to trader's boat). This system of sale is locally called 'Vasan Sale or Vasan Mahal' (floating sale or sale on water). Sellers come with their paddy in a small boat and wait for sale. Buyers sitting on their boats send a broker to the seller for settlement of prices on behalf of them. When the prices are settled, the sellers take their boats and approach the buyers' boats. A few sellers sell their paddy on the bank of the river. Weighment also is done on the boat itself. Selling paddy on the bank of the river is called 'Kul Mohal' (sale on the bank of river). Here, in this market, grower-sellers do not have to pay market toll/fee to the lease holder. Lease holder or Izaradar collects toll from the buyers of 'Kul Mohal' at the rate of TK.1.00 per maund of paddy and from the buyers of 'Vasan Mohal' at the rate of TK.3.00 per maund.<sup>1</sup>

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<sup>1</sup> Traders of 'Vasan Mohal' have expressed one interesting view during the time of interview that they do not bother about excess fee collection. Because, if they purchase paddy in 'Kul Mohal', they have to bear handling cost, labour cost and cost of carrying of purchased paddy to the boat and altogether the cost will incur a considerable amount. So they think that, considering these different costs and normal market fee (total TK.3.00), if they purchase paddy on the boat itself, immediately after fulfilment of purchase requirement, they can move towards their destination and it saves a considerable time to them.

The Table-6.8 and Table-6.9 show the amount of toll collection from the grower-sellers/sellers and the traders by the Izaradar or lease holder of the selected notified markets during the time of survey.

Table - 6.8

Market Fee Realised by Izaradar from the Grower-Sellers/  
Non-grower-sellers in the Surveyed  
Markets

Sl. No.	Markets	Commodities	Toll Volume/Unit/ Assumption	Amount
1	2 \$	3	4	5
<u>Dhaka Division</u>				
1.	Barmi	Paddy	( Assumption ( Volume	-- 1.00 TK./md.
2.	Savar	( Paddy ( Jute	( Assume ( Volume	-- 1.00 TK./md.
3.	Mirkadim	Paddy	Volume	0.50 TK./md.
4.	Kishoreganj	Jute	Volume	1.00 TK./md.
5.	Tangail	Vegetable	Unit	2.00 to 4.00 TK./person
6.	Gopalpur	(Paddy (Mustard ( seeds	Assumption	--
7.	Karatia	(Paddy (Jute	Volume Volume	0.50TK./md. 0.50TK./md.
8.	Sherpur	Paddy	Volume	1.00TK./md.
9.	Takerhat	Paddy	Volume	2.00TK./md.
10.	Palong	Paddy	Volume	1.00 TK./md.
11.	Aungaria	Paddy	Volume	2.00 TK./md.

contd.....

1	2	3	4	5
<u>Chittagonj Division</u>				
12.	Dawlatgonj	(Jute (Paddy	Volume Assumption	1.00TK./md. -
13.	Gouripur	Paddy	Volume	0.50TK./md.
14.	Chowmohani	Paddy	Volume	1.00TK./md.
15.	Laxmipur	Paddy	Volume	2.00TK./md.
16.	Sonaimuri	Paddy	Volume	1.50TK./md.
17.	Hathazari	(Vegetable (Rice	(Unit (on (the basis (of acquired (space) (Same as ( above	3.00 to 5.00TK./ person 1.00TK./ person
18.	Bibirhat	Vegetable	Assumption	3.00 to 10.00TK./ seller
19.	Ramgarh	(Paddy (Vegetables	On the ba- sis of acquired space yearly.	--
20.	Chattak	Paddy	Unit	0.50TK./ 'Kura'
<u>Rajshahi Division</u>				
21.	Dasuria	Paddy	Volume	0.50TK./md.
22.	Taraganj Hat	(Jute (Paddy	Volume Assumption	0.50TK/md. -
23.	Punchbibi	Paddy	Volume	1.00TK./md.
24.	Rajshahi	(Grower-sellers do not have to pay toll)		
25.	Nowhatta	Paddy	Volume	1.00TK./md.

contd.....

1	2	3	4	5
26.	Rohanpur	Paddy	Volume	1.00TK./md.
27.	Ramchandrapur	Jute	Volume	0.50TK./md.
28.	Dinajpur	Rice	Volume	1.50TK./md.
29.	Pirganj	Paddy	Assumption	-
30.	Chatmohar	Nil	-	-
<u>Khulna Division</u>				
31.	Bagerhat	Rice	Volume	1.00TK./md.
32.	Satkhira	Paddy	Volume	2.00TK./md.
33.	Chuadanga	Onion	Unit (One bag contains 2 maunds of onion)	5.00TK./bag
34.	Noapara	Paddy	Volume	1.00TK./md.
35.	Kotchandpur	Paddy	Volume	1.00TK./md.
36.	Kaliganj	Paddy	Volume	2.00TK./md.
37.	Langol Banda	Paddy	Volume	1.50TK./md.
38.	Jhalohati	Paddy	Unit (One 'Kathi'=25 seer of paddy)	1.00TK./ 'kathi'
39.	Perojpur	Rice	Unit	1.00TK./ 'Kathi'
40.	Bhandaria	Paddy	Do not pay	

Source: Collected from the markets during survey.

N.B:- '-' indicate the amount on assumption which has been discussed in page 268 of this chapter.  
 'Kura' is a small container made of bamboo which contains approximately 6 seer of paddy. It is a household measure. 'Nil' indicates wholesale transaction of any agricultural produce not available in the market.  
 'Kathi' is a container made of bamboo which contains approximately 25 seers of paddy.  
 'TK' means Taka (Name of the Bangladesh currency note).  
 'md'. means maund (Unit of weight. One maund = 37.3242 kg.)

Table - 6.9

Market Fee Realised by Iزارadar from the Traders in the  
Surveyed Markets

Sl. No.	Markets	Commodities	Toll	Amount
			Volume/Unit/ Assumption	
1	2	3	4	5
<u>Dhaka Division</u>				
1.	Barmi	Paddy	Volume	1.00TK./md.
2.	Savar	Paddy	(Assumption Unit	- 3.00TK./ 'Chatti'
3.	Mirhadim	Paddy	Volume	0.50TK./md.
4.	Kishoreganj	Jute	Volume	0.50TK./md.
5.	Tangail	Potato	Volume	0.50TK./md.
6.	Gopalpur	Paddy	Volume	1.00TK./md.
7.	Karatia	(Paddy (Jute	Volume Volume	2.00TK./md. 0.50TK./md.
8.	Sherpur	Paddy	Volume	1.00TK./md.
9.	Takerhat	Paddy	Volume	1.00TK./md.
10.	Palong	Paddy	Volume	0.50TK./md.
11.	Aungaria	Paddy	Volume	1.00TK./md.
<u>Chittagonj Division</u>				
12.	Dawlatganj	(Paddy (Jute	Volume Volume	0.50TK./md. 1.00TK./md.
13.	Gouripur	Paddy	Volume	1.50TK./md.
14.	Chowmohani	Vegetables	Unit	1.00TK./ seller.
15.	Laximipur	Paddy	Volume	1.50TK./md.
16.	Sonaimuri	Paddy	Volume	1.50TK./md.
17.	Hathazari	Vegetables	Unit	2.00TK./ basket.
18.	Bibirhat	Potato Other vege- tables	Volume Unit	1.50TK./md. 2.00 to 2.50 TK./basket

contd.....

1	2	3	4	5
19.	Ramgarh	Paddy	Volume	0.50TK./md.
20.	Chattak	(Paddy (Buyers do not pay toll) (Vegetables Volume		0.50TK./md.
<u>Rajshahi Division</u>				
21.	Dasuria	Paddy	Volume	1.50TK./md.
22.	Taraganj Hat	Paddy	Assumption/ Unit	*
23.	Punchbibi	Jute	( Unit ( ( Unit	3.00TK./ Rickshaw 5.00TK./ bullockcart
24.	Rajshahi	Rice	+	
25.	Nowhatta	(Paddy (Wheat	(Volume (Volume	0.50TK./md. 1.00TK./md.
26.	Rohanpur	Paddy	Volume	1.50TK./md.
27.	Ramchandrapur	Jute	Volume	1.00TK./md.
28.	Dinajpur	Rice	Unit	1.25TK./bag
29.	Pirganj	Paddy	Volume Unit	2.00TK./md. 5.00TK./Chatti
30.	Chatmohar	Nil	-	-
<u>Khulna Division</u>				
31.	Bagerhat	Paddy/Rice	*	
32.	Satkhira	Paddy	Unit (One bag = 1½ mds.)	1.00TK./bag
33.	Chuadanga	Onion	Volume	2.00TK./md.
34.	Noapara	Paddy Jute	Volume Volume	0.50TK./md. 1.00TK./md.
35.	Kotchandpur	Paddy	Volume	2.00TK./md.
36.	Kaliganj	Paddy	Volume	0.50TK./md.
37.	Langol Bandha	Paddy	Volume	1.50TK./md.
38.	Jhalokati	Paddy	Unit	1.00TK./'Kathi'
39.	Perojpur	Rice	Volume	1.00TK./md.
40.	Bhandaria	Paddy	Volume	(3.00TK./md. (1.00TK./md.

Source: Collected from the markets during survey.

N.B:- 'Basket' - One basket contains 1md. to 1½mds. of produce.  
'-', indicates on assumption. 'Chatti', spread out gunny-bag together on the floor or open space of market yard. Traders stock paddy on the spread out chatti or gunny bag. By spreading out gunny bags traders occupy some space to facilitate their trading operation. 'Kathi' = same as previous table's footnote. '+' Rice traders pay holding tax to the Municipality on yearly basis.

These two tables indicate the differences in fee collection in different markets. In some markets fee rates are double than the fixed rates. Differences in the collection of fee exist as far as other agricultural commodities are concerned. The basis of fee collection is also different. In some markets it is volume of the commodity, in some markets it is both eye estimation/assumption and volume, and in some markets it is both volume and unit. These bases of fee collection affect the illiterate and poor grower-sellers in the market. Due to their lack of knowledge, they are heavily cheated by the fee collector.<sup>1</sup>

The system of leasing the market is defective. The government has made a rule which states that the market will be leased to the private party in open auction and the bid amount of the respective year must not be less than the last three years' average.<sup>2</sup> It has been seen (Table-6.10) that every year the bid money was higher than the previous year. In some markets, the bid is doubled when compared to the year preceding did. But, substantially the volume of transactions did not increase proportionately with the increase of lease

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<sup>1</sup> In Chuadanga market of Kushtia District, the researcher has observed practically that a vegetable (pumpkin and radish) grower-seller came to the market with 1/2 maund each of those produce for sale in a bamboo basket. The fee collector charged him TK.3.00 (three) and did not issue any receipt against this collection. Whereas market fee for one maund of vegetable product was fixed TK.1.00 only. The seller reported that in every market day they had to face excess of fee charges. It was also reported that the Lease Holder sub-leases the market area (yard) on a commodity basis on the market day. The sub-lease holders try to recover their lease money and make some profit by excess fee charge. This is also happening in other markets.

<sup>2</sup> Ministry of Local Government, Rural Development & Co-operatives, Govt. of the People's Republic of Bangladesh - Memo No. Sec.9/H-2/82/87(538), dated 13-3-1984 (in Bengali).

Table - 6.10

Bid Value for Three Years of the Selected Notified Markets  
(In Taka)

Sl. No.	Markets	Bid Value		
		1390 B.S. (1983-84)	1391 B.S. (1984-85)	1392 B.S. (1985-86)
1	2	3	4	5
<u>Dhaka Division</u>				
1.	Barmi ..	N.A.	3,45,000	4,30,000
2.	Savar ..	N.A.	N.A.	2,75,000
3.	Mirkadim ..	N.A.	4,000	4,000
4.	Kishoreganj ..	2,16,000	2,26,000	2,00,001
5.	Tangail ..	1,21,264	1,22,001	1,23,000
6.	Gopalpur ..	2,80,000 (c)	3,41,000 (c)	3,32,000
7.	Karatia ..	N.A.	N.A.	N.A.
8.	Sherpur ..	1,67,000	1,70,000	1,87,000
9.	Takerhat ..	1,66,344 (c)	1,90,000 (c)	1,99,000 (c)
10.	Palang ..	3,001	3,100	3,200
11.	Aungaria ..	N.A.	40,250	25,100
<u>Chittagong Division</u>				
12.	Dawlatganj ..	N.A.	2,86,000	2,24,000
13.	Gouripur ..	N.A.	N.A.	N.A.
14.	Chowinohani ..	2,82,500	4,03,900	4,04,460
15.	Laxmipur ..	1,90,300	2,28,800	2,26,900
16.	Sonaimuri ..	N.A.	N.A.	N.A.
17.	Hat hazari ..	3,13,000	4,30,000	3,53,000
18.	Bibirhat ..	14,20,000 (c)	15,05,000 (c)	16,50,000 (c)
19.	Ramgarh*			
20.	Chattak ..	90,000	90,600	1,75,000
<u>Rajshahi Division</u>				
21.	Dasuria ..	54,000	1,84,000	1,85,000
22.	Taraganj Hat ..	3,54,000 (c)	5,10,000 (c)	5,15,000 (c)
23.	Punchbibi ..	7,10,000 (c)	7,51,000 (c)	11,11,000 (c)

contd.....

1	2	3	4	5
24.	Rajshahi ..	4,01,123	4,72,102	N.A.
25.	Nowhatta ..	70,000	78,000	1,06,000
26.	Rohanpur ..	N.A.	N.A.	N.A.
27.	Ramachandrapur ..	2,36,000	4,75,000 (c)	12,71,000
28.	Dinajpur ..	3,67,000 (c)	4,15,000 (c)	6,48,000 (c)
29.	Pirganj ..	26,725	27,300	27,500
30.	Chatmohar ..	3,010	4,200	25,100
<u>Khulna Division</u>				
31.	Bagerhat ..	5,08,990 (c)	7,52,550 (c)	7,92,735 (c)
32.	Satkhira ..	1,58,450	2,28,500	N.A.
33.	Chuadanga ..	1,86,000	2,50,000	3,11,000
34.	Noapara ..	3,24,000 (c)	3,74,000 (c)	4,27,000 (c)
35.	Kotchandpur ..	N.A.	N.A.	N.A.
36.	Kaliganj ..	N.A.	3,90,000	M.Z.S.
37.	Langol Banda ..	N.A.	N.A.	N.A.
38.	Jhalokathi ..	N.A.	N.A.	N.A.
39.	Perojpur ..	2,37,500	2,71,800	3,11,000
40.	Bhandaria ..	75,000	1,50,000	1,85,000

Source: Collected from the Local Upazilla Parishad Office and Municipal Office of the respective notified markets.

N.A. = Not available.

'c' = indicates cattle. Bid value includes cattle market.

\* = Not auctioned. Managed by Market Committee Fund of the District.

M.Z.S.= Indicate Mukti Zoddha Sangsad (Freedom Fighters Association). Income of this market had been given to this Association for meeting their financial need.

N.B. : The total bid value of each market includes all agricultural produce, industrial consumer goods, etc., sold and purchased in the market yard on the market day.

money of the market. So, to recover the bid money and to make profit, the lease holders charge more from the fee givers. The Government's intention here is to raise the revenue from the market by leasing and to make financially solvent to the Local Government Institution viz. Upazilla Parishad and Municipal Parishad.<sup>1</sup> After leasing the markets, these local Government Institutions do not take much interest to look after the interest of the grower-sellers/sellers and buyers/traders who pay fee for using the market yards.

The rates of fees together with a set of rules are issued to Izaradars by the Additional Deputy Commissioner, Land Revenue, but there is no organisation in the market to supervise the infringement of these rules or accuracy of the fee rates charged by the Izaradars and his agents. As a result, the Izaradars get an opportunity to charge excessive fee to increase income from the markets.

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<sup>1</sup> Ministry of Land Administration and Land Reforms, Government of the People's Republic of Bangladesh - Memo No. Sec. VII/983 (22)-VII-101/77 dated 8-11-1978.

See also, Ministry of Local Government, Rural Development and Co-operatives, Government of the People's Republic of Bangladesh - Memo No. Sec. 4/1 V-4/78 (Part-4)577, dated 10-9-1979 (in Bengali).

See also, Ministry of Local Government, Rural Development and Co-operatives, Government of the People's Republic of Bangladesh - Memo No. Sec. 9/H-2/82/87(538), dated, 13-3-1984 (in Bengali).

Commission Charge:

Commission is a charge realised by the commission agents working in the notified markets for the services rendered in arranging the sale or purchase of a commodity. The sellers bring their produce to the market and deposit it with the commission men for sale. In the process, the commission agents provide temporary storage facilities for the produce consigned/ brought to them for disposal. No separate charge is usually made by the commission men for temporary storage of the produce in their precincts, the period of which varies from several hours to few days. Commission agents sometimes arrange for the stay of the up-country sellers/traders in their precincts free of cost.

Commission agents exist in all notified markets. They have permanent business establishments in the market yard. Sometimes, they purchase produce themselves and resell it to the big traders coming from terminal or consuming markets. Sometimes, they advance money to the sellers before their produce are sold or the sale proceeds realised from the buyers.

Commission agents charge commission for arranging sale and purchase of produce brought to them. The rates of commission vary from market to market and commodity to commodity depending on the extent of services rendered. In case of paddy and rice, the commission charged varies from TK.3.00 to TK.4.00 per maund and for jute the charge varies from TK.4.00 to TK.5.00

per maund. In most of the markets, commission agents realise charges both from the sellers and the buyers.<sup>1</sup>

But, Chuadanga market is an exception. Here, the commission men realise the charge from the buyers/traders only for onion. Traders come from distant parts of the country and ask local commission men to buy onion on behalf of them. The traders deposit the money with them and the commission men buy onion from the grower-sellers. After the buying is over, they charge commission @ TK.3.00 per maund from the traders and hand over all purchased onion to them.

#### Brokerage Charge:

Brokerage is a fee charged by the broker. It is locally known as 'Dalals'. He brings the buyers and sellers of a commodity together and arranges the exchange. He works both for the sellers and the buyers and receives brokerage from the party for whom he acts. Brokers function mostly in the big assembly and terminal markets where large number of sellers and buyers operate.

Brokers exist only in a few notified markets and for the commodity of Jute, mustard seed, onion, dry chilli, turmeric and gur (sugar mollasses or brown sugar). For jute, their charge varies from TK.0.50 to TK.1.00 and for other commodities, the charge varies from TK.2.00 to TK.2.50 per maund.

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<sup>1</sup> Because of the lack of separate data on realisation of commission charge from the sellers and traders by the commission men, it could not be mentioned here separately.

The service of a broker is common in the cattle market. Brokers take brokerage for whom they work. There is no fixed rate for it. The charge is fixed by bargaining between the broker and the party for whom he works. Normally, the rate varies from TK.40.00 to TK.60.00 per pair of cattle.

Brokerage charge is not fixed for other agricultural commodities.

#### Weighing Charge:

This charge is realised by the weighmen for weighing the produce at the time of sale and purchase. Such charge exists in the notified markets, in<sup>the</sup> case of big traders. It is non-existent in the case of small traders and sellers whose transactions are done in small quantities. Here sellers and traders weigh their produce themselves by mutual help. Weighmen work for the big traders where, wholesale and bulk transactions take place. In a few markets and for certain commodities, the weighing charges<sup>are</sup> not realised from the sellers. Charge is given to them from the part of the traders. But in most of the markets and for certain commodities, more than fifty per cent charge is realised from the sellers and the traders pay the remaining part.<sup>1</sup> Weighmen are generally the employees of the traders, commission agents, wholesalers who charge the buyers and sellers for their service. In the case

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<sup>1</sup> It was observed and reported by the sellers that traders deducted weighing charge at the time of payment of price to the sellers.

of traders a part of weighing charge is met by themselves. The weighmen also perform some other functions, such as handling, packing, storing, etc., on behalf of traders and others.

Weighing charge is not fixed and it varies from market to market and commodity to commodity. The Table-6.11 shows the average weighing charge for certain commodities which is realised from the sellers and the buyers.

Table - 6.11  
Weighing Charge for Certain Commodities in the Selected  
Notified Markets  
(Average Weighing charge realised in Taka)

Commodity	Paid by seller per maund	Paid by buyer per maund	Total
Paddy	0.50	0.75	1.25
Rice	0.50	0.25	0.75
Pulses	0.50	0.50	1.00
Jute	0.75	0.50	1.25
Gur (Brown sugar)	0.25	0.75	1.00
Mustard seed	0.50	0.50	1.00
Onion #	2.50	Nil	2,50

Source: Collected from the surveyed markets and compiled.

'Nil' indicates not realised.

# Here weighing charge is more than other commodities.

From the above table, it is seen that the variations in the weighing charge in different markets for sellers

and buyers of a commodity vary within reasonable limits. The only exception is in <sup>the</sup> case of onion. For onion this charge is realised from the grower-sellers only and it is more than other commodities. This weighing charge for onion existed in the Chuadanga market at the time of survey.

#### Trade Allowances and Deductions:

Trade allowances and deductions are also prevalent in most of the notified markets in Bangladesh. Unauthorised deductions are often made on plea of excessive moisture content, foreign materials, inferior quality, driage, weight difference in packing materials and for many other unnecessary reasons, which is locally known as 'Dhalta', from the produce of the sellers. Instances are there where some quantity of the seller's produce is collected by the traders in the name of samples for which no payment is made to the sellers. These unauthorised charges and deductions reduce sale proceeds.

The rate of trade allowances and deductions are not fixed. It is tradition-bound and varies from market to market and commodity to commodity. The rate also varies in village sale than sale in the notified market. The rate of 'dhalta' for jute in the market varies from TK.3.50 to TK.5.00 worth of produce per maund and for paddy from TK.3.00 to TK.4.50 worth of produce per maund. Trade allowances and deductions are more in case of raw vegetable produce.

A fact that was revealed during discussions with the grower-sellers and with the petty traders who purchase produce at the village level, moving from house to house of the growers -- sellers and collect produce for resale to the big traders in the market is, that by taking 'dhalta' and manipulating weights and measures, they cover losses due to different reasons and in some extent make profit also.<sup>1</sup>

### Charity:

It is a kind of charge realised from the sellers attending in the market for sale of their produce in the name of religious institutions. This has become a tradition. In course of time, this charge has been eliminated from the market. But, still in a very few markets, it exists. It is realised by the traders sometimes in cash (during the time of payment deductions are made from the sales proceeds) and sometimes in kind. The extent of charge depends upon the will and pleasure of the sellers. The rate of charge varies from TK.1.00 to TK.2.00 per seller.

But, in one market (Gopalpur in Tangail District) it has been observed that the charity is realised by the nominated person of the religious authority of a Mosque residing in the market yard. The collector was collecting charity

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<sup>1</sup> Due to lack of assessment of covered loss and extent of profit from 'dhalta', the amount could not be given here. Because, profit from 'dhalta' is included with normal business profit.

from the paddy and mustard seed sellers in kind. He was taking 'one khabol'<sup>1</sup> of paddy and mustard seed from each bag<sup>2</sup> of the sellers. The quantity varies between 1/3 and 1/2 seer of paddy. The value of which varies from TK.1.50 to TK.2.00 and for mustard seed, the quantity varies between 1/4 and 1/2 seer, the value of which varies TK.2.50 to TK.500 per bag of produce.<sup>2</sup> It is a considerable quantity and it reduces the sales proceeds of the small grower-sellers or sellers.

#### Sweeping Charge:

Sweeping charge is collected by the sweepers themselves in kind and sometimes in cash mostly from the sellers in the notified markets. There is no fixed rate of this charge which is collected from the stall-holders who operate on hat days. Sweeping charge in kind <sup>is</sup> collected by the sweepers from the sellers on assumption. For paddy, rice, pulses, mustard or rape seed, etc. they collect approximately half khabol of produce from each seller or each bag/lot. It has also been observed in the visited markets that sweepers collect vegetable produce in kind.

The Izaradar or Lease holder of each market is responsible for maintaining cleanliness of the market yard either by himself or by employing sweepers at his own cost. For this, the sweepers could not collect any charge from the

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<sup>1</sup> 'Khabol' is a local term. It means 'palm of hands put together'.

<sup>2</sup> One bag contains one maund to two maunds of produce.

sellers.<sup>1</sup> But the Izaradars do not follow this rule circulated by the Government. The Izaradars view that the sweeping charge collected by sweepers either in cash or in kind are traditionally accepted norm. So they do not bother about it.

But, in markets situated under the jurisdiction of Municipal area, there are generally sweepers who are employed by the Market Authority (Municipal Parishad) on a salary basis or daily wage basis. Normally, sweepers do not collect any charge in kinds or in cash from the sellers for rendering their services.

From the above discussions regarding market charges, it can be said that in the notified markets of Bangladesh, market charges are numerous. Amount of charges are unauthorised, unreasonable. The various charges reduce to a great extent the sales proceeds of the grower-sellers or sellers.

There are provisions in the Bangladesh Agricultural Produce Market Regulation Act 1964, that no market charges in excess of the amount fixed shall be paid or received by any person in respect of any transaction in a notified market.<sup>2</sup>

There is also provision that no trade allowance other than an allowance prescribed by rules, shall be made or received

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<sup>1</sup> Office of the Divisional Commissioner, Rajshahi, Government of the People's Republic of Bangladesh - Memo No.L.G.R.D./Raj/Committee/9-84/1133(16) dated 29-8-1984.

<sup>2</sup> Section 12 and Sub-section (2) of the Act.

by any person for any transaction of purchase or sale in a notified market.<sup>1</sup>

But these provisions of the Act have not yet been implemented in Bangladesh.

Price Setting Practices:

In the modern society, the problem of farm produce marketing is more difficult. The producers are separated from consumers by brokers, wholesalers, auction markets and retailers. In this situation, the primary medium of communication between producer and consumer is the system of market prices. Prices of the agricultural produce in the market place is reflected through the middlemen to the local producers. The market prices indicate consumer preference for agricultural produce.<sup>2</sup> The market prices also generate the interest of the producer-sellers to sell their produce in the markets.

Mostly, in the notified markets of Bangladesh, sale and purchase of commodities are done through direct negotiations between the sellers and buyers.

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<sup>1</sup> Section 13 of the Act. The Director of the Government of Bangladesh may, after consultation with the Market Advisory Committee concerned and with the approval of the Government, fix, by Notification in the Official Gazette, the maximum market charges payable by the buyers and sellers to various market functionaries in connection with the purchase or sale of different kinds of agricultural produce in a notified market. [Sec. 12 (1)].

<sup>2</sup> Farooqui, Hameed, M., et. al., Agricultural Marketing in Pakistan, Amin Book Co., Karachi, 1958, p.35.

The price-setting practices also vary from commodity to commodity and from market to market. The most common practice is direct negotiation and bargaining between the sellers and buyers, or between the commission agents and buyers, or between sellers and brokers.

Sales, through open auction have been observed in respect of commodities like fish, fruits and betel-leaf in a few markets. Such open auctions usually ensure fair price to the sellers. In some cases collusions may occur among bidders, specially when their numbers are few. In such cases, the sellers do not get the fair price for their produce.<sup>1</sup>

If the buyers in a market agree not to compete among themselves, the prices at which goods are exchanged in that market will be lower than the competitive prices. The price reductions result in distress sales of produce of the producer or grower and he will not get remunerative price for his produce.

Prices of agricultural commodities vary due to seasonal fluctuations on demand and supply. The prices come down in the early harvesting season and go up in the off season or peak season. The Table-6.12 shows the difference of price of paddy in the peak season and slack season for the year 1985 and the prices of the survey period.

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<sup>1</sup> Rahman, A.K.M. Bazlur, "Report on the Rural Market Survey in Bangladesh", a paper presented in the National Seminar in Dhaka on Rural Market Centre Development Programme in Bangladesh from 19th to 21st November, 1979.

Table - 6.12

Price of Paddy in the Peak Season and Slack Season for  
the Year 1985 and the Prices at the Survey Period  
 (January - May 1986)

Sl. No.	Name of the Market	Type of Paddy	Paddy price in TK./maund*		
			Last year (1985)		During Survey period
			Slack season	Peak season	
1	2	3	4	5	6
1.	Barmi	Coarse	194.00	141.00	159.00
2.	Savar	Pyzam (F)	215.00	N.A.	225.00
3.	Mirkadim	Pyzam	181.00	155.00	165.00
4.	Gopalpur	B.R.11 Alloy	230.00 210.00	195.00 185.00	200.00 195.00
5.	Takerhat	B.R.11 Laxmi Digha	226.00 223.00	193.00 182.00	206.00 203.00
6.	Palang	B.R.11	229.00	183.00	206.00
7.	Aungaria	B.R.11 Laxmi Digha	226.00 225.00	190.00 181.00	209.00 205.00
8.	Dawlatganj	Fine (Amen)	228.00	195.00	197.00
9.	Gowripur	Coarse	199.00	171.00	173.00
10.	Chowmohani	Coarse	200.00	185.00	183.00
11.	Laxmipur	Pyzam Coarse	188.00 175.00	168.00 155.00	183.00 172.00
12.	Sonaimuri	Fine	222.00	173.00	182.00
13.	Ramgarh	Common coarse	200.00	165.00	180.00
14.	Chattak	Fine (Average)	217.00	187.00	207.00
15.	Dasuria	B.R.11	211.00	182.00	184.00
16.	Taraganj Hat	B.R.11	200.00	160.00	165.00

contd.....

1	2	3	4	5	6
17.	Nowhatta	Fine	223.00	192.00	206.00
18.	Rohanpur	Amion (Malsera)	219.00	157.00	168.00
		B.R.11	220.00	155.00	165.00
19.	Pirganj	B.R.11	203.00	167.00	166.00
		Pyzam	190.00	155.00	161.00
20.	Sutkhira	Coarse	178.00	154.00	170.00
21.	Noapara	B.R.11	225.00	210.00	174.00
22.	Kaliganj	B.R.11	225.00	207.00	168.00
23.	Langol Banda	Balam	208.00	N.A.	182.00
24.	Jhalokathi	Coarse	178.00	160.00	152.00
25.	Bhandaria	Coarse	173.00	162.00	160.00

\* Prices have been rounded to the nearest Taka.

Source: Collected from the markets during survey and compiled.

Note: 'F' indicates fine variety.

B.R.11 = is one type of paddy.

Price of paddy has been given in the table for the market where paddy was available for sale and purchase.

From the above table it is seen that price varies from market to market and also within one season. In the peak season, i.e., when market arrival of paddy is more, prices fall up and in the slack season, i.e., when market arrival is less prices go up. In the peak season, the low price causes distress sale to the small farmer who has no holding power for selling it in the slack season at a higher price.

In Bangladesh, the government has declared a support price for food-grains and jute. This support price as well as

guaranteed floor price is announced before the harvest season. This system was followed in 1975-76 to 1978-79.

In 1978-79, the system was supposed to be geared to an incentive price system related to cover cost of production and was supposed to be announced before the sowing season. Domestic procurement is still there. The Food Department of the Government of Bangladesh is procuring foodgrains with an announced floor-price, but with its limited procurement operations, it cannot compete with private enterprise and make grain price policy effective.

Growers have free option to sell their produce in the free market at a price higher than the procurement price fixed by the Government. So, when the grain procurement prices go below the open market prices, the growers do not sell their produce to the government procurement centre. On the contrary, when procurement prices go <sup>higher</sup> / than the market prices, the growers show their interest to sell produce in the procurement centre.

But, in the government procurement centre, due to certain anomalies, small grower-sellers show less

interest to sell their produce.<sup>1</sup> Jute grower-sellers also face<sup>the</sup> same problem in the Jute Purchasing Centre.

Weights and Measures used in the Notified Markets of Bangladesh:

One of the major barriers to efficient market operations in Bangladesh is the heterogeneous system of weights and measures used. It is generally contended that there are no standard weights and measures in transacting agricultural produce in Bangladesh and that the prevalence of non-standard weights and measures cause imperfection in the market. The current system of measurement originated centuries ago. Such diversity of weights and measures has deplorable effects in several ways:

Firstly, it affords greater opportunities for cheating the ignorant cultivator and unscrupulous dealers readily avail themselves of such opportunities.

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<sup>1</sup> It has been reported by the grower-sellers in most of the markets that, when they bring their produce to the government procurement centre, they have to fall into the clutches of brokers operating in the centre. Most of the time, they cannot sell produce directly. Sometimes grower-sellers become victims of harassment by brokers who insist that the produce is not of standard quality. Payment of sale proceeds through banks cause a lot of botheration. However, if any seller seeks prompt payment of prices, he has to face some cash discount as bribe from total sale proceeds. Because of the above reasons, the small grower-sellers do not show much interest in this. Only the big grower-sellers get this opportunity of selling their produce when market price is less than procurement price in some way or other.

Secondly, it gives rise to needless complications in practice as between one market and another which is by no means conducive to the interests of trade and commerce.

Thirdly, for the collection of data on price movements the relative level of prices in different regions, the volume of agricultural production, etc., lack of standard weights and measures is bound to be a great handicap and that seriously affect the accuracy of statistical calculation.<sup>1</sup>

The hierarchy of weight units commonly used are the tola, chatak, seer and maund. The most frequently used weight is eighty tola per seer. However, the weights vary depending on whether purchase or sale is involved. Sometimes, use of bricks, stones or sticks as weights are common features in the village and in the markets. The producer sellers are often exploited by the middlemen through these weights and through "the use of defective weighing tools and the operation of measuring quantity by volume".<sup>2</sup>

In 1913, the Government of India appointed a Committee to investigate the subject of weights and measures. No action

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<sup>1</sup> Mamoria, C.B. and Joshi, R.L., Principles and Practice of Marketing in India, Kitab Mahal, Allahabad, 1968, p.434.

<sup>2</sup> Farruk, M. Osman, "The Structure and Performance of the Rice Marketing System in East Pakistan", Occasional Paper No.31, Department of Agricultural Economics, Cornell University, June 1970, adopted in Jabbar, M.A., et. al., "A Survey of Weights and Hand Measurement Units used in Bangladesh", The Bangladesh Journal of Agricultural Economics, Bangladesh, 3, June 1980, p.101.

was, however, taken on its recommendation that the 'maund' should be declared as the standard weight of India. The Bombay Government was the first to take steps for improvement in this direction. The Bombay Weights and Measures Act was passed in 1932 and in 1936 it was made applicable to the whole province.<sup>1</sup> Another Act was passed by the then Government of India in 1939 in this regard.

The same standard of weights had been followed by the then East Pakistan Government (presently Bangladesh) after 1947. Tola-chatak-seer-maund is the hierarchy of standard weighing units commonly used in Bangladesh, which is given in Table-6.13.

Table - 6.13

Standard of Weighing Units Recognised in British India  
(Which was followed Till the Introduction of Metric)  
System of Weight)

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4	Siki	= 1 Tola	= 11.664gms.
5	Tolas	= 1 Chatak	= 58.32gms.
16	Chataks	= 1 Seer	= 0.93310kg.
40	Seers	= 1 Maund	= 37.3242kgs. (Metric Equivalent)

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Source: Collected and compiled.

<sup>1</sup> Maziruddin, Kazi, "Marketing Legislations in Pakistan : Regulation of Markets", Seminar paper presented on Seminar on Agricultural Marketing, 5th April, 1966, published by Agricultural Information Service, Government of East Pakistan, Dhaka, 1968, p.154.

But, the units of standard weights are not followed by the users and the units are varied depending on the local custom in different areas. There is wide variation, from crop to crop and area to area in weights used for the sale and purchase of agricultural produce in rural markets. A 'seer' may consist of 60 to 140 tolas against the standard 'seer' of 80 tolas. Multiplicity of weights and measures are not only confusing but also provide scope for deception, particularly of the functionally illiterate farmers. The unscrupulous dealers are not slow to take advantage of the situation. A large number of dealers still use uncertified weights and measures and weighing and measuring scales. Such malpractice is in existence not only in the rural markets but also in cities and towns; some purchasers and sellers still employ stones to serve as weights. Furthermore, variations in weighing units were found in the surveyed markets for purchase and sale of agricultural produce, which is given in Table-6.14.

In some surveyed market places sellers and buyers of paddy, rice, vegetables and other agricultural produce use various kinds of 'baskets' and 'pots' made of bamboo or cane for weighing their produce. These household weighing units still exist simultaneously with the recognised weighing units in the same market place. The weight in such a measure can also vary with the extent it is shaken while filling or heaping

Table - 6.14

Difference in Weights and Number of Tolas in a Seer  
for Purchase and Sale of Agricultural Produce in the  
Selected Markets

Sl. No.	Name of the Markets	Unit Weight Tolas in a Seer	Product for which unit of weight is used
1	2	3	4
1.	Barmi	.. 1 Seer = 80 tolas	Paddy, Rice, Wheat Vegetables etc.
2.	Savar	.. 1 Seer = 80 tolas	Paddy, Rice, Jute, etc.
3.	Mirkadim	.. 1 Seer = 80 tolas	Paddy, Rice, etc.
4.	Kishoreganj	.. 1 Seer = 80 tolas	Jute, Paddy, Vege- tables, etc.
5.	Tangail	.. 1 Seer = 80 tolas	Rice, Vegetables, etc.
6.	Gopalpur	.. 1 Seer = 80 tolas 1 Seer = 84 tolas	Vegetables Paddy, Jute, Oil- seeds, etc.
7.	Karatia	.. 1 Seer = 80 tolas	Paddy, Jute, etc.
8.	Sherpur	.. 1 Seer = 84 tolas	Jute, Paddy, etc.
9.	Takerhat	.. 1 Seer = 80 tolas 84 tolas	Paddy, Jute. Pulses, Oilseeds.
10.	Palang (Sariatpur)	1 Seer = 80 tolas	Paddy, Vegetables, Pulses
11.	Aungaria	.. 1 Seer = 80 tolas 84 tolas	Paddy, Rice Pulses.
12.	Dawlatganj*	.. 1 Seer = 82 tolas	Paddy, Rice, Jute
13.	Gouripur	.. 1 Seer = 80 tolas 82 tolas	Paddy, Rice Pulses, Wheat
14.	Chowmohani	.. 1 Seer = 80 tolas	Paddy, Rice
15.	Laxmipur	.. 1 Seer = 80 tolas	Rice, Paddy
16.	Sonaimuri	.. 1 Seer = 80 tolas	Paddy, Jute

contd.....

1	2		3	4
17.	Hathazari	..	1 Seer = 80 tolas	Paddy.
18.	Bibirhat	..	1 Seer = 80 tolas	Rice, Vegetables
19.	Ramgarh	..		--
20.	Chattak	..	1 Seer = 80 tolas	Paddy.
21.	Dasuria	..	1 seer = 80 tolas	Paddy, Jute, Turmeric.
22.	Taraganj Hat	..	1 Seer = 60 tolas	Paddy, Oilseed
23.	Punchbibí	..	1 Seer = 80 tolas	Paddy, Rice
24.	Rajshahi	..	1 Seer = 80 tolas	Rice, Cereals, Vegetables.
25.	Mohatta	..	1 Seer =	Paddy, Wheat, Pulses.
26.	Rohanpur	..	1 Seer = 80 Tolas	Paddy, Rice.
27.	Ramchandrapur	..	1 Seer = 80 tolas	Jute, Paddy, Vege- tables.
28.	Dinajpur	..	1 seer = 80 tolas	Paddy, Pulses, Oilseeds.
29.	Pirganj	..	1 Seer = 80 tolas	Paddy, Oilseeds.
30.	Chatmohar	..	1 Seer = 80 tolas	Rice, Vegetables
31.	Bagerhat	..	1 Seer = 80 tolas	Rice, Paddy, Pulses
32.	Satkhira	..	1 Seer = 80 tolas	Jute, Paddy
33.	Chuadanga	..	1 Seer = 80 tolas	Rice, Vegetables, Spices.
34.	Noapara	..	1 Seer = 82 tolas	Paddy, Jute
35.	Kotchandpur	..	1 Seer = 80 tolas	Paddy, Jute.
36.	Kaliganj	..	1 Seer = 80 tolas	Paddy, Oilseeds

contd.....

1	2	3	4
37. Langol Banda	..	1 Seer = 80 tolas	Paddy, Pulses, Oilseeds
38. Jhalokathi	..	1 Seer = 82 tobas	Paddy, Jute
39. Perojpur	..	1 Seer = 82 tolas	Paddy, Pulses, Arecanut
40. Bhandaria*	..	1 Seer = 82 tolas	Paddy, Rice Arecanut

Source: Collected.

\* Traders are using 82 tolas for one Seer at the time of purchase from the producers and using 80 tolas for one Seer at the time of reselling the produce to the buyer.

or levelling at the top. During the time of interview, the respondents reported that the use of these types of weighing units are their custom and tradition. They used to do the same in their houses also. Some of the weighing units and their approximate weights in terms of 'Seers' are given in the Table-6.15.

It is seen that in Jhalokathi market and Bhandaria markets the same kind of apparatus 'kathi' is used for weighing paddy but their volume differed substantially (see Table-6.15).

Table - 6.15

Household Weighing Units and their Approximate  
Weight (in terms of Seer)

<u>Name of the Markets</u>	<u>Weighing unit*</u>	<u>Approximate weight/unit**</u>	<u>Name of produce</u>
Hathazari	'Ari'	One Ari = 16 Seer	Vegetable
Ramgarh	'Tin'+	One Tin = 12 Seer	Paddy
Chattak	'Kura'	One Kura = 5 <sup>1</sup> / <sub>4</sub> to 6 <sup>1</sup> / <sub>4</sub> seer	Paddy
Jhalokathi	'Kathi'	One Kathi = 25 to 26 Seer	Paddy
Bhandaria	'Kathi'	One Kathi = 22 seer	Paddy, Rice
Satkhira	'Pally'	One Pally = 6 Seer	Paddy, Rice

Source: Collected.

\* All these units are containers made of either bamboo or cane.

\*\* Weight may vary due to shaking or pressing at the time of filling the container.

+ 'Tin' is a kerosene container.

Farruk stated that buyers and sellers are aware of the conversion rates between standard and non-standard weights and price-quantity adjustments are accordingly made. The validity of this statement is questionable. But, Ahmed, et. al., provided evidence which contradicts the above statement. They found that the Government appointed rice dealers purchased paddy/rice from the farmers weighing more than

80 tolas for a seer but add it to the government procurement centres weighing 80 tolas for a seer. Moreover, farmers were very often paid less than the officially fixed procurement price. Thus, the purchaser of procurement centres made extra margin from either or both of weight and price differentials.<sup>1</sup>

In Bangladesh, there was no Weights and Measures Act during the Pakistan regime and hence there was no arrangement for regular inspection and verification of weights and measures and elimination of non-standard and defective weights and measures used in trade and commerce. After liberation of Bangladesh in 1971, the then Government did not take any active interest in this matter. The Bangladesh Agricultural Produce Markets Regulation Act, 1964 prohibits the use of non-standard weights and measures in the notified markets and provides for inspection and verification of weights and measures used in the markets.<sup>2</sup> But, due to non-effective implementation of the Act, the Department of Agricultural Marketing or the Local Government Authority was not in a position to eliminate the baneful effects of the multiplicity of weights and measures.

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<sup>1</sup> Zabbar, M.A., et. al., op. cit., p.104, quoted from Farruk, M. Osman, op. cit., and Ahmed, J.U., et. al., "Paddy/Rice Procurement System in Bangladesh", A Draft Report for the Ministry of Agriculture and Forest, Government of Bangladesh, Dhaka, February, 1980.

<sup>2</sup> Vide Section 15(1) (2) (3) of the Bangladesh Agricultural Produce Markets Regulation Act, 1964.

The Government of Bangladesh decided to introduce Metric System of weights and measures in all markets and everywhere, from July, 1982<sup>1</sup> but this has not been used by private traders for purchase and sale of agricultural produce. The total adoption is not likely to occur rapidly. The same old traditional weights and measures are being used in many markets.

The users are forced to change to the metric system of weights and measures by drastic steps taken by the Government and its repeated announcements. The responsibility to introduce it, has been assigned to the Local Government Authorities in every part of the country.

The lack of uniformity in weights and measures forces sellers and buyers in regional and national markets to constantly adjust to regional and commodity measurement differences. As a consequence of this, Bangladesh changed to the metric system.

The market users or the sellers and buyers are habituated to use the old system of measuring equipments. They cannot understand the use of the new metric system, as they lack the knowledge. It has been observed that some traders use both of the systems of weights and they also keep

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<sup>1</sup> Ministry of Law and Land Reforms, Law and Parliamentary Affairs Division, Government of Bangladesh, "The Standard of Weights and Measures, Ordinance, 1982". Notification Ordinance No.387(XII) of 1982, published in the Bangladesh Gazette, Extraordinary, the 26th June, 1982.

old and new (metric system) weights. The traders narrated that when uneducated grower-sellers who cannot understand the metric system of weight, prefer the weighment in the traditional way.

During the time of visiting the markets, the sellers and the traders complained that though the government was trying to introduce the new system (metric system) of weights and measures, the equipments were not made available. Supply of the equipments were very inadequate. So, the usual problem in rural areas and in the market places was dearth of reliable weighing equipments and weights. 'It is not enough to pass a law but also to insist on its use by establishing an inspectorate for enforcement. The equipment must also be made available locally at prices market users can afford to pay for it'.<sup>1</sup>

The establishment and general use of standard weights and measurers is an essential convenience in the marketing of agricultural products and should be a primary objective.

'Failure to deal in standard quantities leads to a whole range of marketing problems and malpractices, generally at the expense of both producer and consumer, and can thus be a serious disincentive to production'.<sup>2</sup>

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<sup>1</sup> Abbott, J.C., et. al., Rice Marketing (F.A.O. Marketing Guide No.6), F.A.O./U.N., Rome, 1972, pp.80-81.

<sup>2</sup> Ibid., p.79.

## CHAPTER - VII

### SUPPORTING SERVICES AND SUPERVISION

For efficient and effective supervision and management of the markets certain supporting services are quite necessary. These supporting services enable the market management authority to provide efficient and smooth operations for the benefit of the market users. The following supporting services are considered essential for proper management of the markets, which also help in efficient marketing of the farm producers:

- Post harvest marketing credits,
- Storage facilities,
- Market intelligence services, and
- Grading facilities,

#### Supporting Services and Management in the Regulated Markets of West Bengal:

The Market Regulation Act of 1972 in West Bengal provided necessary guidelines to regulate the marketing activities. In some of the surveyed markets, the above mentioned supporting services are provided in a very limited extent and managed by the market committees. But in a few markets some

of the provisions have not yet been initiated. This chapter reveals the situation of the operational activities of these services.

#### Marketing Credit-cum-Storage:-

The most important requirement of grower-sellers in the market place to facilitate continuation of their production activities with enthusiasm is, finance. The timely finance is a basic function for the development of agriculture. It is indispensable to the farmer whose saving is meagre, nil or negative. He has to depend upon outside finance. So, financial support is necessary for any economic activity connected with agriculture.

A large percentage of agriculturists still obtain financial accommodation from sources including professional money-lenders, traders or commission agents. They are compelled to dispose off the produce immediately after the harvest to the money-lenders at a price lower than the market price. This problem to a great extent can be solved by the Agricultural Market Committees in the State if the functions of the Market Committees are enlarged to include the cash of providing short-term advances to the producers against the pledge of their produce on easy terms and without much of documentation formalities. If scientifically developed warehousing facilities are made available to them, they will be no longer under compulsion to dispose off their produce at unfavourable terms

since they can obtain necessary credit on the security of the stock, i.e., against warehouse receipts. This facility will have an impact on the supply-demand situation in a particular market and level out the violent variations between season and off-season prices. The system has another advantage i.e., the ownership of the goods can be transferred without actual movement of the produce.

Realising the need for storage and warehousing facilities and in response to the recommendations of the Royal Commission on Agriculture, Central Banking Enquiry Committee and Rural Credit Survey Committee recommended that the storage capacity and warehousing facilities should be made available at all nuclear points of trade of agricultural produce.<sup>1</sup>

In West Bengal, the scheme was proposed to be implemented by different Regulated Market Committees constituted under the West Bengal Agricultural Produce Marketing Regulation Act 1972, as has been decided by the State-level Co-ordination Committee in their meeting held on 26-12-1979. The scheme for construction of godowns in different markets has been implemented since 1981.

If adequate and timely finance as a short-term advance is made available to the producers in the market yards,

<sup>1</sup> 'Nuclear point of trade' means the agglomerative and deglomerative tendencies of agricultural produce in a particular locality. It may be the growth centres in Urban or semi-urban areas or the secondary assembling markets or the newly developed regulated market centres, which are near to the farms and the availability of transport and communication facilities are more.

the following benefits will accrue to the farmers and to the Market Committees:

- i) Advances against pledge of produce will provide immediate financial support to the grower to meet his pressing cash demands. Moreover, the retaining capacity of the farmer will be increased and that will help him to avoid distress sales.
- ii) This facility will slowly, but surely release the farmer from the clutches of the money-lenders who charge exorbitant interest rates and compel the farmer to sell the produce below the market price. Ultimately the money-lenders could be eliminated.
- iii) Direct sales between the purchaser and seller without the medium of commission agent will be improved and consequent exploitation by the redundant middlemen will be reduced.
- iv) The arrivals in the market yard will increase in volume thereby increasing the revenue of the Market Committees by way of market fee and also will reduce the cost of marketing to the producer by way of saving of commission charges.
- v) Periodical threats of strike from the traders and other market functionaries will be reduced.

vi) Above all, the object of the Market Act will be fully achieved by promoting centralisation of the trade in the market yards with the regulatory provision of the Act being effectively implemented to the benefit of the farmers.

The study revealed that in all the surveyed regulated markets except Sheoraphully and Islampur, godowns have been constructed with varying capacities to facilitate the small growers by providing loans against storing their produce. Table-7.1 shows the markets having a number of godowns with their capacity of produce:

Table - 7.1

Regulated Markets having Godowns with Their Capacity

Sl. No.	Name of Market	Number of godowns	Total capacity (in '000 Qtls.)
1.	Balarampur RM	1	10.0
2.	Balacoba RM	1	5.0
3.	Dhupguri RM	2	1.5
4.	Dinhata RM	3	15.0
5.	Islampur RM	-	-
6.	Kalna RM	2	20.0
7.	Karimpur RM	2	30.0
8.	Pandua RM	2	10.0
9.	Samsi RM	4	31.0
10.	Sheoraphully	-	-
11.	Siliguri RM	1	10.0

Source: Collected from the RMC Offices.

Note: '-' indicates Nil.

From the above table it is seen that most of the markets have godowns to initiate their programme of loan facilities to the small farmers. But, discussions with the market management authorities in the market yard revealed that none of the markets has been started this programme. It is also seen that the godowns are leased out to the Food Corporation of India (F.C.I); Jute Corporation of India (J.C.I) and these institutions are storing their purchased produce after procurement. The MCs have got a fixed income by way of lease out of their godowns, depriving the rights of the small grower-sellers and suppressing the purpose of the creation of these godowns.

On discussion, it is also revealed that the grower-sellers are very much in need for these facilities in the regulated market yard and they are interested in keeping their produce for fetching a better price and to avoid distress sale immediately after the harvesting season.

It is very much essential to initiate the programme of marketing credit under the supervision and guidance of regulated market management committee to protect the small grower-sellers from distress sales immediately after the harvesting season. If it is done, the sellers would be able to get better prices for their produce and their grievances would be minimised.

Market Intelligence Service:

Farmers and others who are engaged in agricultural business, big or small, all alike, are constantly confronted with a host of marketing problems. What shall be produced? To what extent? At what prices shall those be offered for sale or purchase? When shall these be sold and where? Market Intelligence Service aims at answering all these queries. Efficient Market Intelligence Service is essential in the interest of all persons dealing with agriculture. For want of knowledge about the terminal markets, the producers often sell their goods at a very low and unremunerative prices; similarly, for lack of knowledge about the conditions -- particularly the prices obtaining in the market and in the producing areas, the consumers and small merchants often pay excessively high prices.

On the other hand, the middlemen with established position, having their own organisations for collecting market intelligence, utilise their knowledge solely for the purpose of earning larger profits by banking on the ignorance of the farmers and the consumers alike. Oftener than not they distort market news in order to exploit the farmer-sellers.

Market intelligence service characterised as the most important element in sound marketing, consists of collection of market information on production, prices, arrivals, despatches, stock, import, export and other significant conditions affecting supply and demand of agricultural products and their quick dissemination to the interested parties.

The purpose of market information is to assist growers, traders, co-operatives and policy-sponsored stabilization agencies in balancing supply and demand on particular markets and so limit excessive price rises and surpluses. There are a number of reasons why any country where agriculture produce is an important marketed commodity needs an effective service to provide market intelligence and information. First, it helps growers to get a fair price for the types and qualities they market; secondly, it is an essential guide for governments and publicly sponsored agencies in ensuring that consumers' needs are met throughout the year with appropriate prices and that these are reflected back through preceding stages of marketing. Without knowledge of prices in local markets and other pertinent information producers and consumers alike are in a poor bargaining position.<sup>1</sup>

All Enquiry Commissions on Agriculture and Rural Credit have stressed the importance of providing Marketing Intelligence Service by State Agencies in improving the bargaining basis of the farmer and thereby increasing his share in the consumer's price. Accordingly all State Agencies relating to agricultural produce are trying to disseminate market information on different commodity prices through daily bulletins, weekly bulletins, monthly bulletins, radio, etc. But how far are these informations useful and effective?

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<sup>1</sup> Abbot, J.B., Marketing Problems and Improvement Programmes, F.A.O. of the U.N., Rome, Italy, 1966, p.169.

Marketing Information Systems are well developed in the U.S.A., where the entire function is the responsibility of the Department of Agriculture. The machinery is more elaborate in agriculture than in manufacturing industry. This is because the Americans realised much earlier than us that agricultural products are of vital importance to the growth of industry. Even in the U.K. where agriculture is a minor industry, great importance is attached to supplying market news to agriculturists. Japan offers a good example in this connection, where separate department (Marketing Section of the Agriculture and Forestry maintains an Economic Bureau) is established exclusively to provide marketing information to agriculturists.<sup>1</sup>

In India, steps in this direction were taken in 1954, when a Committee of Enquiry on the Collection of Agricultural Prices in India was appointed. The Committee recommended a joint effort by State Governments, Directorate of Economics and Statistics and the Union Ministry of Food and Agriculture in this regard. The Committee suggested to implement the Market News Service, Market Intelligence -- Regular Broadcast from various A.I.R. Stations, etc.<sup>2</sup>

In 1961, an All India Seminar on Market Intelligence was held which emphasized market news service. It was also

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<sup>1</sup> Nair N. Rajan, Marketing, Sultan Chand and Sons, New Delhi, 1984, p.138.

<sup>2</sup> Ibid.

suggested that there must be an agency for disseminating information for the benefit of farmers.<sup>1</sup>

Now, in India, there are various sources from which farmers could get information on market prices.

In West Bengal, for collection of market prices and dissemination of market information, daily bulletins through local newspapers, weekly bulletins and monthly bulletins are published. Prices of different important commodities are disseminated through All India Radio daily, in local language.

Regulated Markets established under the Agricultural produce Marketing Regulation Act can play most vital role for disseminating marketing information, because, these markets have direct link with producer-sellers. Dissemination of market information amongst the farmers into the interior parts of the country would be an effective programme for remedying the situation and to decide where, when and how and at what price to sell the marketable surplus.

The National Commission on Agriculture in India states that:

"the authorities at the market committee should disseminate information regarding prices and arrivals at terminal markets at periodical intervals for the benefit of all participants and functionaries. This will enable the farmers

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<sup>1</sup> Ibid., p.139.

to take correct marketing decisions. This will also help in evaluating the extent to which price movements in the terminal markets really get reflected in the prices received by the farmer".<sup>1</sup>

Provisions have been laid down in the West Bengal Agricultural Produce Marketing Regulation Act 1972, to disseminate market information in the market yard itself. The Act provides that "the Market Committee shall display on the notice board of its office all papers relating to general market information and the arrivals, prices, and stock of notified agricultural commodities".<sup>2</sup>

At present, in a few regulated markets viz. Dinhata, Samsi, Shiliguri, Pandua, the market committees display on the notice board, local and terminal market prices and also the previous market day prices in respect of the available main commodities like paddy, jute, pulses, oilseeds, tobacco and some vegetables like potato, etc. In each of those markets, a staff member is appointed to collect price information and disseminate it.

But, in other surveyed markets, such services have not yet been created for facilitating the farmer-sellers.

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<sup>1</sup> Government of India, Report of the National Commission on Agriculture, Part-XII, New Delhi, 1970, pp.136-137.

<sup>2</sup> The West Bengal Agricultural Produce Marketing Regulation Act, 1972, Rule No.21, p.32.

On discussion with the market management authorities it has come to know that due to the inadequacy of staff, such services could<sup>not</sup>/be provided so far in the market yard.

The farmer-sellers, because of their illiteracy and ignorance of the market mechanism, are unable to follow and make full use of the price information as they cannot work out the price differentials at various stages. In such circumstances, the MC can take necessary steps to announce prices of different commodities through loud speakers. So the illiterate sellers will be able to understand easily the prices of different commodities of different grades. The farmer-seller needs information through a medium which could be easily understood by him.

#### Grading of Agricultural Produce:

Grading is a method of differentiating the farm products to meet the various consumer demands. According to R.L. Kohls, it means, "Sorting of produce into different lots each with respect to quality, size, shape, flavour, degree of ripeness, moisture or other measurable features affecting the commercial value of the product".<sup>1</sup> The absence of any quality standards in the trade, contributed to a lack of confidence between buyers and sellers and also caused considerable wastage as the produce have to be transported back to their

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<sup>1</sup> Kohls, R.L., Marketing of Agricultural Products, Macmillan Company, New York, 1958, p.143.

homes or other market yards, thereby increasing the marketing costs. If the quality of produce is to improve, standard grades of quality should be evolved with appropriate grade designation. Therefore, all produce brought for sale should be graded on the basis of standard grades. It is a fact that the market transactions are greatly facilitated and the marketing system becomes more efficient when commercial grading is prevalent. The National Commission on Agriculture has recognised three main purposes of grading, firstly, it protects the consumers and the producers through the establishment of standards of quality. Secondly, it serves as a means of describing the quality of commodities to be purchased or sold by buyers and sellers all over the country. Thirdly, it provides a basis for the payment of premium on the quality of commodities. Trading on the basis of accepted quality standards makes pricing more precise and equitable thereby making the price-reporting mechanism more meaningful.<sup>1</sup>

The Government of India after the establishment of marketing organisation in 1935 enacted legislation for prescribing grade standards for agricultural produce. The Agricultural Produce (Grading and Marketing) Act was placed in the Statute Book in April, 1937<sup>2</sup> and was passed in the

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<sup>1</sup> Government of India, Report of the National Commission on Agriculture, 1976, Part-II, Ministry of Agriculture, New Delhi, 1976, p.133.

<sup>2</sup> Shali, F.A., "Grades - Standards and Quality Control", Seminar on Agricultural Marketing, published by Agriculture Information Service, Government of East Pakistan (now Bangladesh), Dhaka, 1966, p.79.

same year (amended in 1943) defining standards of quality and fixing grade designations to indicate quality with regard to scheduled agricultural produce. The Act gave statutory power to the Central Government to prescribe grade standards for various agricultural commodities. The preference of consumers for quality products, and the premium that they willingly pay for articles of assured purity and quality, act as an incentive to producers and processors to undertake grading. The premium received not only pay back the expenses incurred on grading, but also provides a small margin of profit. In West Bengal very few agricultural commodities are graded that too to a limited extent. Facilities are provided to assist the jute growers for grading their produce by putting them in touch with the Jute Corporation of India's purchase centres, wherever available, with the help of jute grading units located in the jute-growing districts of West Bengal.

Five units<sup>1</sup> are functioning under a scheme lead by a Jute Grading Assessor for each unit. The scheme was initiated with a view to extending know-how of grading of jute and its advantages to the growers so that they could increase

<sup>1</sup> Such as (1) Jalpaiguri-Cooch Behar Unit (Headquarter at Jalpaiguri), (2) Malda - West Sinajpore Unit (Headquarter at Malda), (3) Nadia - Murshidabad Unit (Headquarter at Kalyani), (4) 24-Parganas Unit (Headquarter at Calcutta-14) and (5) Hooghly-Burdwan Unit (Headquarter at Howrah) vide Government of West Bengal, Annual Administrative Report for the year 1980-81, Agricultural Marketing Directorate, Calcutta, 1981, mimeo, p.8.

their money receipt by selling their graded produce. All these units endeavour to let the growers as well as co-operatives know the method of grading of jute through practical demonstration and other means.

These units sometimes launch some programme of peripatetic small units to demonstrate grading systems to the growers in the village areas. But, these facilities are very meagre as compared to the requirement of the grower-sellers. The study revealed that due to lack of knowledge on grading and available grading facilities in the market (or purchasing centre), the Jute Grower-sellers are selling jute without any grading. As a result, they are getting somewhat less price than the actual price in the market or prices fixed by the J.C.I.<sup>1</sup>

The organisation of grading centres at different places convenient to the growers would have helped to develop in the farmers quality consciousness. Many centres have been established under different departments, but there is no co-ordination among them. If these are brought under an apex body, more effective co-ordination could be achieved.

In a few markets there are facilities for inspecting qualities of agricultural commodities like jute,

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It has been discussed in detail in Chapter-VI under sub-head of 'Price setting procedure'.

tobacco, fruits and some vegetables, potatoes, etc. The agricultural marketing directorate has appointed a person having knowledge of grading the produce to demonstrate and advise the grower-sellers coming with their produce in the market and to check their grading. In those markets, there is only one staff for this purpose. Naturally he is overloaded and cannot cope up with the work to check all the produce of the growers arrives in the market. Some of the farmers grade their produce from their experience on eye estimation without any scientific knowledge and a few of them grade produce having experience from the grade demonstration. The Table-7.2 will show the percentage of grower-sellers in total grading their produce in the surveyed markets.

Table - 7.2

Grading of Produce by Growers in the Surveyed Markets  
in West Bengal

Particulars	Surveyed Markets (Total percentage)	Commodities Graded
Percentage of growers grading their produce before selling.	35	
Percentage of growers selling their produce without grading.	65	Jute, Tobacco, Fruits, Potato and some sort of vegetables.
Total	----- 100	

Source: Data collected from survey.

From the above table it is seen that only 35% of the grower-sellers coming in the market sell their graded produce due to the effect of grading demonstration done by the market committee staff or perepatetic grading demonstration units in the growing areas. But the great majority, i.e. 65% of the grower-sellers still sell their ungraded produce.

So, inadequacy of grading facilities inside the regulated market yards is another handicap in the management of the markets. Under existing conditions, the quality of the produce cannot be completely ensured by the farmer/grower. It depends on various factors. The quality of the agricultural produce often varies not only from place to place but also from season to season. The quality of agricultural produce also depends upon the nature. Thus, arises the necessity to grade the produce having uniform characteristic features. It is very essential to provide grading facilities in the market yard. Enough provisions should be made by the Market Committee for this facility and supervision work with necessary assistance by the staff.

In fact, grading can be best done before the agricultural produce is brought to the market. For this, growers must be educated on the methods of grading the produce. If this is done before hand by the growers themselves, this will pave the way to simplify the management and supervision work by the staff of the market committee in the market yard and

it will also enable the growers to get a higher price which will provide an incentive to grow more produce.

It is also a fact that once the growers realise the advantages of grading, they will have a tendency to support it and they will also stand to continue the practice. It is the job of the market committees to make available grading facilities for the produce where they have not yet started. Where these facilities are already there, the committees should take steps to improve them and persuade the grower-sellers to take advantage of the grading facilities offered. Consequently, market arrival of produce may also increase.

#### Supporting Services and Management in the Notified Markets of Bangladesh:

##### Market Intelligence Service:

Market information to assist farmers and trade in balancing demand and supply in surplus and deficit area markets, is highly important to control price fluctuations.

According to Wilson, "The value of marketing research and marketing intelligence in securing effective control over the marketing function must not be under-estimated. Marketing information generally is a major element in the feedback loop of any control system".<sup>1</sup>

In Bangladesh, market information available to the sellers and buyers in different markets covered in the survey

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<sup>1</sup> Wilson, R.M.S., Management Controls in Marketing, The Institute of Marketing, Heinemann, London, 1973, p.110.

are not only inadequate but also unsatisfactory. At present almost the only source of information available to the farmers in respect of prices is a local dealer in the commodities concerned. It is not the interest of these traders to reveal to the farmers any market information which enhances the prices of the produce. So, the market informations at the primary or secondary stage for the farmer-sellers are very scanty and undependable. It was reported by the grower-sellers during the time of conducting the study that sometimes the traders are not willing to tell the actual price of the produce available in the market. They tell somewhat less price than the market price, because, it is their (traders) intention to cheat the ignorant farmers by purchasing their (farmers) produce at a less price than the actual market price.

Another common source of information on prices of agricultural products to the growers, sellers and buyers in general is the local radio stations of the country who broadcast the prices of selected items daily. But, the prices disseminated through the radio stations are only the terminal market prices and the local market prices are not made available to the farmers. Price reports are also published in some daily newspapers. But, the majority of the farmers, because of their illiteracy, remain in the dark of price information. Not only that, the daily newspapers do not reach the local areas in time.<sup>1</sup> So the price information disseminated through

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<sup>1</sup> Price informations disseminated through the radio and the newspapers are supplied by the Department of Marketing, Ministry of Agriculture, Government of Bangladesh.

radio stations and the newspapers are too inadequate to the needs of the farmer-sellers and the buyers in the local market areas. In the absence of adequate and unbiased market information the farmer-sellers are often deprived of the fair price for their produce and the traders exploit this situation.

The Department of Agricultural Marketing, provides services through the collection and dissemination of prices of agricultural products from important secondary/assembly markets in the country. But, this office releases the price information only in the form of 'Weekly Price Bulletins', and 'monthly bulletins as "Markets and Prices". It is undoubtedly a useful service but its utility is diminished by the fact that there is a time lag of more than 15 days between the date of collection and date on which the information is disseminated to the growers in the interior. Another factor which affects the utility of these price information is that during the time lag prices increase or decrease on account of seasonal fluctuations of demand and supply of the commodities.

"Success of the market intelligence service depends upon the speed with such news is communicated to the interested parties. If there is considerable time lag between the period of collection and dissemination, the market intelligence service will not serve its purpose. In this respect most of the government publications suffer grossly, with the result that they lose the quality of market intelligence and become more statistics".<sup>1</sup> Price information

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<sup>1</sup> Maziruddin, Kazi, Market Intelligence Service in East Pakistan, The Directorate of Agricultural Marketing, Government of East Pakistan, Dhaka, 1957, pp.5-6.

nearly a month or several months old is obviously not usable by the trade which is supposed to be the primary user, while other end-users could have used the publication as reference material only.<sup>1</sup>

For more effective market intelligence service arrangement should be made for quick dissemination of the news collected. Radio and daily press are the most important vehicles for quick dissemination of information in this country. Prices of major commodities should be collected from the important assembling centres by wire and disseminated daily through Radio, Press and where necessary, by telegram. "To enable Radio broadcast to be effective, dissemination should be more frequent. Community Radio sets should be installed and properly manned in all villages or groups of small villages. This activity should form an integral part of the village publicity service with government assistance".<sup>2</sup>

There is no impartial regular market intelligence service in the notified markets covered in the present survey. The present market management authority or the local body who is in charge of the markets is not aware to make any

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<sup>1</sup> Government of Pakistan, The First Five Year Plan, quoted in Farooqui, H.M., et. al., Agricultural Marketing in Pakistan, Awin Book Co., Karachi, 1958, p.177.

<sup>2</sup> Maziruddin, Kazi, op. cit., p.6 quoted from "Pakistan Agricultural Enquiry Committee Report".

arrangement to disseminate market information regarding price of agricultural produces for the benefit of the producer-sellers or on other market users.

Notified markets established under the Agricultural Produce Market Regulation Act may be the important and suitable place to disseminate market information. Because, the market place is not the centre of selling and buying, it is also a centre of meeting for different sections of the people. Sometimes, the farmers come to these centres to collect market information for their saleable agricultural produce. Necessary provisions should be made in the Act to make the market management committees responsible for the dissemination of regular market information in the market yard. Effective market information service would make even small farmers market-oriented.

Additional resources, expert advisory services, manpower development, equipment and facilities are needed for expounding the coverage and improving the quality of the market information service. There is need for improvement of the market information service of the Department of Agricultural Marketing to make it more meaningful and useful to its clients, particularly the farmers.

Storage-cum-marketing Credit Facilities (Bangladesh):

Storage facilities, both short-term and long-term, are very important supporting services in the marketing of

farm produce. This facility also creates time and place utility. Inadequate and inefficient storage facilities can result in serious wastage of foodgrains in and off season. This will also preclude orderly marketing and movement of agricultural crops.

In Bangladesh, a large number of small farmers come to the market with small lots of paddy, jute, pulses, vegetables, oil seeds, etc. to sell them all at a time. Due to over supply in the post-harvesting season, the price drops and the farmers get much lower price for the crops compared to that prevail after few months. So, storage-cum-credit-cum-marketing services have assumed critical importance in Bangladesh where large proportion of farmers and particularly small farmers make distress sales in the post-harvest period due to the lack of credit and storage facilities and to pay off the old debts or to satisfy other necessary requirements of the family. This gap can be filled by arranging credit-cum-marketing facilities against storing their produce, where small farmers get an access to credit institutions through a storage system.

Markets are the nerve centres of the rural economy of Bangladesh through which bulk of the farm produce moves from the producer to the consumer. Produce that moves through these markets needs to be stored for short-term or long term periods. The present survey revealed that there is no storage facility for storing farmers' produce for a

short period in any one of the markets surveyed. The storage facilities which are available in the market, mostly owned by private and partly owned by the government procurement agencies are meant for their own jute and paddy. Such storage space is not, however, available on hire for storage by the farmer-sellers.

Godowns were set up under different schemes of the Co-operative Department since sixties to provide storage-cum-credit facilities to the growers, but the actual purpose of the scheme is not termed so far. The Warehousing Corporation, which also set up some godowns in seventies was liquidated. Most of the godowns have been allotted to different Government Agencies, such as, Food Department, Jute Marketing Corporation, Agriculture Development Corporation, etc.,<sup>1</sup> and some have remained unused. The allotted godowns to the Food Department are being used for procurement and distribution of foodgrains under public sector.

The storage facilities which have already been set up and allotted to different agencies, should have to be used for actual purpose. Different commercial banks operating in and around the market place can play an active role in extending credit to the farmer-sellers against their pledge of produce under the management and supervision of the

<sup>1</sup> Information collected through the discussions with the senior officials of the Department of Marketing, Government of Bangladesh.

market management committee. Adequate storage-cum-credit-cum-marketing facilities for the farmers have to be created with the financial assistance from the government. Mere availability of storage facilities would not give any fruitful results; what is really important is to inform and convince the small farmers about the services to be rendered under the scheme and creation of confidence on the management of the storage godowns.

#### Grading Facilities (Bangladesh):

Grading is a pre-requisite for efficient marketing of farm produce. No scientific grading or classification of farm products are prevalent at any level in Bangladesh. In the primary and secondary markets farmers usually bring their produce in unassorted condition. A few of the farmers attending in the market grade their produce depending on eye estimation over the size and variety of the produce. Owing to lack of knowledge of grading, the farmers do not get the advantage of higher grade for their produce. The Table-7.3 shows the percentage of farmer-sellers grading their produce before selling in the markets.

Table - 7.3Grading of Produce by Growers in Surveyed Markets  
in Bangladesh

Particulars	In all surveyed markets (Total percentage)	Commodities graded
Percentage of growers grading their produce before selling.	10	Paddy, Jute, Pulses, and some sort of vege- tables.
Percentage of growers selling their produce without grading.	90	
Total	100	

Source: Data collected from survey.

From the above table it is seen that only 10% of the farmer-sellers grading their produce before selling to the traders in the markets. It is a very meagre percentage. On the contrary, a major portion of the farmer-sellers (90%) are selling ungraded produce. It is because of their lack of know-how of grading method or the dearth of grading facility available in the markets.

Traders prefer the wider latitude for bargaining over prices which is possible with non-graded sales and expect to obtain fatter margins. The traders and itinerant merchants in the secondary and terminal markets undertake some sort of rough grading depending on the size and variety

of the produce.<sup>1</sup> They do it in their favour and for getting better margins through reselling. The traders offer lesser price on the ground of lack of uniformity of quality of the produce. There is no easy method to measure the quality of the agricultural produce. The quality assessment is always subjective and based on experience.

The introduction of proper grading system could simplify the task of buying and selling, decrease marketing cost, reduce the cost of financing and facilitate better market information. So, grading of agricultural produce should be practiced at the market level and should be extended to the farm level too. If it is done properly, it will improve the marketing efficiency and will also tend to fetch higher prices to the farmer.

To be more meaningful, grading should be developed simultaneously throughout the country so that the grades of different regions could have better uniformity and recognition and find ready market.<sup>2</sup>

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<sup>1</sup> It was reported by the farmer-sellers during the period of survey that the traders grade the produce after purchasing from them. The traders in the markets also say so.

<sup>2</sup> Amarchand, D. and Varadharajan, B., An Introduction to Marketing, Vikas Publishing House, New Delhi, 1980, p.294.

C H A P T E R - VIIICONCLUSIONS AND RECOMMENDATIONS

In India and Bangladesh, agriculture plays a very important role, as in most countries of the world. This sector provides nearly half of the national income and job. The main source of income of the farmers are the prices of agricultural commodities which they get for their produce.

As in the case of any commodity, product or service agricultural produce require proper marketing. In the absence of sound marketing facilities, the producers have to depend on local traders and middlemen for the disposal of their farm produce which is sold at a very low price than the actual market price. For proper marketing of agricultural produce, a sound and strong competitive market system is necessary for the country's social and economic welfare. The sound market system benefits a broad spectrum of the society. The competitive market and marketing system is usually the most effective vehicle for allocating resources to produce most of the goods and services the country needs. Production, processing and all levels of selling should become highly co-ordinated units of a single marketing system. Such a process will ultimately result in increasing the amount of marketable surplus in the economy. Agricultural marketing is 'a process which starts

with a decision to produce a saleable farm commodity and it involves all aspects of market structure or system, both functional and institutional, based on technical and academic considerations and includes pre and post-harvest operations, assembly, grading, storage, transportation and distribution.'

It is true that agricultural produce have some peculiar characteristics and because of that the farmer is compelled to sell his produce immediately after harvest. He cannot hold the produce for better prices for a sufficiently long period till prices go up. Again, when the produce are taken by the farmer to the market, he has to face many unprecedented malpractices done by the middlemen or buyer of the produce. The producer also faces the same problem when he sells produce to the intermediaries in his home premises. Naturally, the innocent farmers are invariably exploited by middlemen through their malpractices. As stated by the Royal Commission on Agriculture, "some of the practices obtaining in the market amount to nothing less than common theft".

From the above discussions it is clear that the defects of agricultural marketing is due to operational or functional inefficiency. In India and Bangladesh, agricultural marketing system is fully affected by these inefficiencies. Operational and functional efficiency of marketing institutions have to be raised with specific objectives, so that marketing system could be improved and farmers could get maximum benefit from it.

To ameliorate the conditions of the farmers of their hardships revamping the markets and marketing facilities of agricultural produce is necessary. The reform of marketing is often urged on the grounds that there are too many competing middlemen and that their competition is not to the best advantage of the producers. This complaint is made not only against the competition of traders but also against that of the first processors of agricultural produce.

The Government can initiate effective measures for reforming the marketing situation of a country. Without the Government action marketing reform may not be possible. The marketing system as existing in a country having socio-economic orientations and which are not beneficial to the producing or consuming class, could be reformed only with Government participation.

An efficient marketing system is a great asset for making the best use of what is produced. Marketing system is efficient when the distribution is economic as well as equitable and the price structure rational. The necessity for Government assistance in initiating and facilitating the improvement of marketing organisation and methods is now felt by most of the countries. Many countries are aware of the marketing problems and are prepared to legislate and allocate technical and financial resources in the furtherance of marketing efficiency.

Various government agencies working for marketing of agricultural produce were designed with social objectives rather than on commercial lines. Perhaps, this is a conceptual defect of designing the government agencies and might have been one of the reasons for the failure of these institutions. These institutions have failed to bring vertical integration in agricultural marketing. Vertical integration in agricultural marketing brings market power to the cultivators. So, it is necessary to organise and run various marketing institutions properly.

As has been discussed in the earlier chapters the co-operatives and regulated markets could be co-ordinated based on a well thoughtout plan. This may be able to bring vertical co-ordination or agricultural marketing in the village market level and help shoulder the responsibility of regulation of marketing practices. All the markets existing should be brought under the control of regulated markets or the concerned co-operatives. Such a re-structuring 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 still today, the various marketing agencies are lacking co-ordination among themselves.

Every government believes in planned economic development and wishes to achieve economic change with social justice. But in the less developed countries the situation of the farmers is deplorable and they are exploited by the trader groups in every respect. In these countries, governmental intervention is not so effective and the activities of the middlemen are not restricted due to lack of infrastructure facilities. Markets reforms do not take place as a natural phenomenon. In such a situation, government is forced to interfere in the working of the market mechanism. So the government intervenes, in the marketing operation and policies. The intervention is also required to prevent the exploitative practices of the traders. The government policies for market intervention in this respect have a vital role as the government operates for the welfare of the society.

A very important measure which the government has taken to improve agricultural marketing is the setting up of regulated markets in the country. With the establishment of these regulated markets, various malpractices are curtailed and the market charges are rationalised to a certain extent. The Government has successfully replaced the different systems of weights and measures prevalent in the country with the introduction of the metric system. This is a great improvement indeed as compared to the previous system under which the farmers were deceived by the traders.

The need for market regulation is very necessary to protect the interest of the grower-sellers as they are the source of continued and increased production. The competitive system cannot adequately protect the interest of the growers and consumers, as they are not in a position to bargain on equal footing with the resourceful and wily traders, because of their limited resources and inadequate knowledge.

Marketing experts and agricultural economists have emphasized the need for the regulation of markets through governmental intervention to safeguard the interests of the producer-seller by eliminating the constraints thereby ensuring its proper and efficient functioning.<sup>1</sup>

"Availability of efficient rural periodic markets certainly facilitate the small farmers' marketing effort and such markets will attract more sellers and more assembly traders and will facilitate the marketing process. Where such rural markets are not available the small farmer lacks the needed market information and the function of price setting is definitely in favour of the village assembly traders who often can dictate the price and the quantity of the procurement. Comprehensive efforts are required on the part of governments to develop such rural markets".

Government intervention in the marketing of agricultural produce is not confined to India alone. Such intervention takes

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<sup>1</sup> This has been discussed in detail in Chapter-I.

place even in a country like the U.S.A. where with the help of 'market order' or 'market agreement' the government intervenes to rectify the imbalances in the marketing system and also to protect the interest of the growers. The prices are fixed and the areas of procurement allotted to big processing establishments are clearly defined. This directly controls commodity prices which in turn safeguard the interest of growers and consumers and promote social welfare and national interest.

The institution of regulated markets was conceived as a powerful agent to safeguard primarily the interests of the cultivators by freeing them from the grip of private trade. In India, 'Karanja' was the first regulated market to be established in 1886 under the Hyderabad Residency's Order. Subsequently, a special law known as "The Cotton and Grain Markets Law" was thus enacted in Berar, known as 'The Hyderabad assigned district' in 1897. The Act provided for regulation of transactions of cotton in the notified markets under proper rules and bye-laws administered by a market committee with the object of eliminating the unfair market practices. The institution of regulated market, i.e., markets regulated under a statute, thus came into existence.

Having due regard to the socio-economic conditions prevailing in the country, this type of reform at the primary level of marketing was first recognised for general adoption

in the country by the Central Cotton Committee appointed by the Government of India in 1918. During the British days the need for governmental intervention in agricultural marketing was strongly felt. The idea for this was conceived by the Royal Commission on Agriculture in 1931 and the regulation of market practices officially began after the publication of the Report.

In West Bengal, regulation of markets and market practices have been started much later than other States in India. In 1972, an Act was passed in this regard. Under this Act, only 38 markets were notified for regulation out of more than two thousand markets in the State. This growth achieved so far appeared to be far from satisfactory. And out of 38 regulated markets only less than half of them have some regulatory functions.

The Act does not clearly specify whether the private trade participation is to be abolished or reduced in a regulated market. That is why, the private markets are still existing within the vicinity of the regulated markets. This hinders the growth of regulated markets in West Bengal. For effective regulation of markets all markets should be brought under the regulation. It is also not clear in the Act that whether such regulation is to be implemented directly by the government or as to be vested in the hands of autonomous bodies (MCs).

It is seen that the management is vested on the respective Market Committee (MC). The MC is legally bound to implement the provisions of the Act. But the MC has no legal authority to make a bye-law according to the situation and implement it without the prior permission of the government or the Marketing Board. These defects are naturally reflected in the organisation and management of the regulated markets. The MCs should be given exclusive power to face the situation by making bye-laws for better management of the market. In practice, MCs simply carry out the orders of the government. Different provisions incorporated in the Act cannot be implemented as government clearance in these respects is not made available. In some cases, if any decision is taken by the market committee, that decision requires the approval of the government or the Agricultural Marketing Board. For this, regulated markets cannot perform well when need arises and it is one of the reasons perhaps attributable to this structural incompetency. It stands in the way of immediate solution of the problem.

In West Bengal, regulation of market practices has been started in the market yard only. Their impact has created only a spot effect, i.e. inside the regulated markets yard. The Act on the other hand, envisaged a spread effect which has not been achieved so far. Sales and purchases outside the regulated market yards are still existing on a

large scale. On account of this the regulation of the markets is less effective and the management of regulated markets become less efficient.

A market committee, comprises 15 members in total covering different interest groups will more representation to the farmer's group as per the amended Act XXI of 1981. But it has been found (Table-5.1) that in some markets number of members in the MCs were more. There is need for rationalising the strength of market committees based on some set principles. It has also been found that some market committees have been constituted before 1980 and are still continuing to function. But as per the Act, constituted MCs occupy their office only for a period of three years from the date of notification. But MCs have not been reconstituted. Again, the government keeps the right to nominate members to the market committee. Invariably, the members who belong to the ruling party get selected to the market committees. This goes against the general interest of the people. These also have prevented the effective management of the regulated markets.

To avoid this system of nomination, the members of the market committees should be democratically elected, based either on direct or indirect election. Nominations as far as possible should be minimised. The members of the market committee should possess the qualifications prescribed in the

Act, and they should represent the interest of the growers, sellers, traders and co-operatives in the respective areas.

In the regulated markets, Secretaries are nominated by the State Government to look after the overall functions and day-to-day management of the markets. In all the market except Dinahata, Siliguri and Samsi, the Sub-Divisional Agricultural Marketing Officers are nominated as ex-officio market Secretaries to look after the management of the markets. It is seen that the Secretaries are over-burdened with a lot of administrative work. They have to look after the normal functions in the Sub-Divisional Agricultural Marketing Office as well as the regulated market office. So, they cannot give much attention to the efficient and effective operation of the marketing activities. It would be better to nominate a full-time Market Secretary for each regulated market to look after the marketing activities for good management. The full-time Market Secretaries could be able to pay more attention to the marketing activities for better management.

It has been pointed out that the market users or any person carrying out business or trade of agricultural commodities in the notified areas are supposed to take licence from the regulated market authorities, i.e., from the MCs after six months of the declaration of the notified area. But it is found that the market users were reluctant to take licence from the MCs. The Market Management authorities are unable to

bring them under licence mainly due to Court cases filed by the traders against the Act Implementation Authority and the West Bengal Agricultural Produce Marketing Regulation Act, 1972. Only Dinhata RM issued quite a good number of licences during 1980-81 (Table-5.4). The Kalna RM also issued 128 licences during the same session. But it is seen from the same table that the number of licences issued decreased in the subsequent years. The position of issuing licences in other markets is still bad. There has been combined opposition for the implementation of the Act from the trading community and they have refused to take licence from the MC Authority. It is very much essential to get favourable judgment from the High Court for the implementation of the provisions of the Act for the overall benefit of the farming community and the trading class and to create an efficient and effective agricultural marketing system. The favourable judgment given by the Court may also facilitate the proper implementation of different provisions of the Act and will pave the way of proper management of the market.

It has been stated in the Act that any spot decision taken by a sub-committee, a small body constituted for the performance of specific work or for sharing the general duties of a market committee, may be accepted, rejected or revised in the general meeting of the Market Committee. This provision of the Act also stands in the way of immediate solution to the problems relating the day-to-day function and management of the regulated markets. When a sub-committee is formed to look

after a specific function, this committee also should be given necessary powers to carry out its decision to meet any situation without undue delay.

From the earlier discussions it is clear that the organisational design itself for managing the markets is poor and this defective organisational design also has created problems for proper management of the markets. It is noted that adequate attention has not been given to relate structure with functions and management in the organisation. The structure of the traditional markets with some changes here and there has been adopted. As a consequence, the appointment of market Secretaries and constitution of MCs to look after the management functions for each market are not having a uniform structure. As a result, the day-to-day functions of the markets having full-time Secretaries, all getting better care, than the ones with part-time Secretaries. Further changes are being made from time-to-time. The inability to develop the organisation based on a total plan has made the structure complex and weak. The organisation structure for proper management of the market should be sound and perfect.

As a result, the functioning of the RMs in West Bengal has not been uniform. Due to non-uniformity in management functions, the development of markets are also not done in a balanced manner. Different practices of sales and purchases are still existing in the market yards. The prevalent

practices are discussed in detail in Chapter-V and the subsequent chapters. In terms of geographical areas and of commodities, there are gaps yet to be covered. So, it is very much essential to bring uniformity in the functions of management of all regulated markets.

It has also been observed that the growth of the regulated markets through proper management has been hampered due to lack of authority for the implementation of the different provisions of the laws and rules of the Act. It is seen that power is very much concentrated in the hands of the government and that for every action taken by the Market Committee, government directive or approval is necessary. For regulating the marketing activities in West Bengal, the whole power is seen today to be concentrated with the Directorate of Agricultural Marketing and the State Agricultural Marketing Board. The Market Committees and the Regulated Markets have become mere appendages of the Directorate or Board and are running under the direct control of the officials. Power may be decentralised to the MCs/RMs to the required extent so that market management and the developmental work could be carried out efficiently and effectively.

The organisational structure of the RMs should be simplified and supervisory powers be fully decentralised. The yard executives require more freedom in decision-making and their freedom of action should be protected by the regulations,

Acts and Rules. Thus, the executives of the markets should be made responsible in achieving the objectives.

For settlement of disputes or any misunderstandings between sellers and buyers, the MC may appoint a sub-committee taking one or two members from the Market Committee and one or two Executive Officers working in the market. So, that, this sub-committee can take immediate action against any dispute raised by the affected party, specially on the part of small grower-sellers. They can settle the matter amicably after hearing the argument from both parties. This sub-committee may be formed under the provisions of the Act and rules. The market Secretary as the Chief Executive of the respective market cannot look after all the matters relating to the smooth operations of the market. If any problems arises regarding settlement of dispute by the concerned sub-committee, then only the Market Secretary can interfere in the matter for settlement.

It has been revealed from the earlier discussions that agricultural produce grown in the notified areas of regulated markets and which have the tendency of flow of supply to the market have been notified for sale and purchase in the market yard. But in practice very few of the notified commodities are transacted in the market yard. Sales and purchases are still done outside the market yard but inside the notified area. Buyers are not maintaining any account on their purchases and sellers also are being cheated by different malpractices

done by the traders. Steps should be taken for compulsory licensing to buyers, traders and other market users and to force them to come under the ambit of market regulation Act and to make their transactions only in the market yards. When the seller of the produce will not find any buyer outside the market yard, they will automatically come to sell their produce to the buyers in the markets. Efforts also should be made to motivate the sellers to sell their produce only inside the notified market yard.

In Bangladesh, all markets of agricultural produce belonging to the Landlords and other tenure-holders came under the ownership and Management of the government under the State Acquisition and Tenancy Act, 1950. Establishment, management and development of all markets owned by the government were managed by the Government Estates Manual which contained details of their direct management. From 1950 to 1982 different governments had tried to manage these markets according to their will and pleasure and it had been revealed from the discussions<sup>1</sup> in the earlier chapters that every government had considered these markets as a source of revenue.

It was also revealed from the discussions that the system of management of notified markets changed several times due to change of government and government's decisions. But, no system gave fruitful results regarding proper administration

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<sup>1</sup> Details are discussed in Chapter-V.

and management of the markets. Grower-sellers' needs, malpractices done by the traders or buyers on the saleable products, etc., were not looked into and/or checked by the authorities. Moreover, in all the systems, there were no constructive methods for efficient supervision and management of the markets. Formulation of development plans were also very meagre. As a result, proper management and development work of the markets were very unsatisfactory.

It was also seen that the markets were being leased out to the third party for collecting market fees from the market users. The leasees were asked to keep the upkeep and maintenance of the markets. But, they were not interested to take proper care and the day-to-day management and smooth operation of the markets. Leasees were interested to increase their income from the markets by way of charging taxes/fees to the market users.

In the first half of 1984, through the change of administrative structure with a system based on devolution of executive adjudicial authority, the government handed over the notified markets (including all markets) to the local administrative bodies such as Upazilla, Pourashava and Corporation which are situated within the geographical boundary of the particular local bodies for management and administration. The study revealed that the government had given power to the local authority to manage, and develop these markets under their jurisdiction. But, it was seen that the markets were

leased out again to the third parties which could not bring a substantial benefit to the market users, specially the grower-sellers and the markets were not managed properly. From the past experience it was seen that the market fee collectors were interested only in fee collection and not in other aspects of markets management. The same situation exists at present. Also, the local body as a management authority of the market concerned, do not look after the smooth functioning of the market. The local body structure for the management of the markets given in Chapter-V, shows that the body constructed is meant only for local administration. This body cannot look after the functions of the markets. So, it can be said that for better function and management of the notified market a separate statutory body should be constituted with members from different interest groups, with more representation to farmers' group.

The study also revealed that only 30 per cent of the revenue derived from the market was spent for the development of the market. This is a very meagre percentage. Substantial development and extension of market cannot be expected from this fund. Because, for development and smooth operation and management, more fund is required. Effort should be made to create more fund from income derived from the market for development and management activities.

The study also revealed that the procedural measures of management of the markets were not beneficial to the market

management activities as well as it was not beneficial to the market users too. Efforts should be made to make constructive procedural measures for the management of the markets.

To intervene and manage some of important market places by certain rules and regulations, the then government passed an Act in 1964 called "The East Pakistan Agricultural Produce Markets Regulation Act, 1964". After liberation of Bangladesh in 1971 it was renamed "The Bangladesh Agricultural Produce Markets Regulation Act, 1964". However, the government did not take any interest to enforce this Act in full. The reason behind it was lack of proper direction. After liberation, the government changed frequently and different governments in power in different times tried to manage those markets according to their will. Efforts are to be taken to implement the Agricultural Produce Market Regulation Act for the better management and development of markets and for the betterment of grower-sellers, traders and other market users.

Provisions have been laid down in this Act for its enforcement through a District level Marketing Office of the Department of Agricultural Marketing. But these offices are not adequately manned. A number of markets have been declared as notified markets in each district. It is difficult for this local district level office and officers to enforce and supervise the market regulation activities without the assistance of suitable staff. Moreover, the provision for the body

constituted at the district level (page 229) as advisory body under the regulation Act of 1964 cannot be functionally effective as this advisory body has no enforcement authority.

To have better results at each Upazilla (or Sub-district) level a market should be declared as notified/regula-  
ted market and all the other markets under its jurisdiction or geographical area should be declared as sub-notified/sub-regula-  
ted market. There should be Market Committee (MC) for the main market consisting of members from various interests and an office with perpetual succession and a common seal for supervisory work. The head of the local authority shall be the Chairman of the Committee and a full-time Market Secretary assisted by sufficient market staff shall be appointed as an Executive Officer of the Notified Market and the Market Committee. In the sub-regulated market, a sub-committee may be formed consisting of not less than five members to look after the various aspects of the day-to-day management of the market. To regulate the management of the sub-market, an office with required number of staff may be set up.

The MC in main market shall be the king-pin in introducing regulatory measures in the markets and this committee established under the Marketing Regulation Act shall be entrusted with the responsibility of enforcing within the notified area, the different provisions of the Act and the Rules and the bye-laws framed thereunder. The Market Committee shall

perform all these as directed by the Government, i.e. by the Department of Agricultural Marketing as an apex body from time to time. This Market Committees also may work as an advisory committee to the apex body. Half of the members of the Market Committee should be covered by the representatives of the grower-sellers or small farming class, which may reflect and/or protect the interest of the said class.

As a statutory requirement all traders/buyers of agricultural produce and other market users who are directly connected with the agriculture produce business and transactions shall be brought under the ambit of regulation and function under licence.

Enough provisions should be made for on the spot settlement of disputes in the Bangladesh Agricultural Produce Markets Regulation Act. The Market Committee or any other sub-committee constituted by the market committee shall be given the authority for amicable settlement or, if necessary for arbitration of settlement. It is a well-known fact that the small grower-sellers need on the spot settlement of disputes as they don't possess any holding capacity.

In course of transacting a sale or purchase, a number of operations are involved which cannot be attended to by the sellers or the buyers themselves and necessarily have to be done by the respective functionaries in the market. In order to pay them the remuneration, market charges are collected from the grower and/or buyers. These charges have

been exorbitant. But, after the introduction of the regulatory measures on market practices and establishing regulated markets, some of these charges have been eliminated and some are still existing at reasonable rates.

As per the regulatory provisions, the market committees have standardised the market charges and as a consequence, the high incidence of market charges previously borne by the producer-seller have been scaled down to a considerable extent.

In the surveyed regulated markets of West Bengal, some of marketing charges and allowances such as, market fee, weighmen charge, commission charge, trade allowances, etc., existed. The market fee payable by the traders/buyers are fixed by the market committee as per the Act, but are not uniformly fixed in all regulated markets. In Belacoba, Dinhata and Samsi regulated markets, the traders are not paying market fee at a prescribed rate to the market authority. Efforts should be made to bring all the market users under the ambit of market regulation and the payment of market fee and other charges should be enforced as per the rules with reasonable rates to the market users.

It is seen that commission charges also are not uniform in all the markets and the rates are somewhat exorbitant in the markets like Sheoraphully, Shiliguri. It requires strict supervision of the activities of the

commission agents to keep the commission charges within the permissible limits.

Regarding trade allowances, the study has revealed that, in no markets except Shiliguri, the trade allowances are fixed. In this market, trade allowances for agricultural produce like raw vegetables and perishable products are fixed by the traders association and ratified by the market committee. Similarly, trade allowances for agricultural produce in other markets should be fixed and it should be supervised by the market management authority at the time of transaction.

From the above discussions regarding market charges, trade allowances and malpractices done by the traders, it is felt that the existing legislative provisions regarding the supervision require strict enforcement.

The price mechanism assures that the collective body of consumers get precisely that bundle of commodities that it most wants. It assures that the highest valued bundle of commodities will be the bundle that business firms find it worthwhile to produce.<sup>1</sup>

As far as the farmer is concerned, unless he gets reasonably stable prices for his agricultural products at a

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<sup>1</sup> Haveman, Robert, H., et. al., The Market System, John Wiley and Sons, New York, 1978, p.177.

remunerative level and also secures adequate marketing facilities, he would be severely discouraged to make use of the modern technology to produce more. The aim of efficient agricultural marketing is to ensure fair returns to the farmer and all other persons involved in carrying agricultural produce to the consumer and thus lay the foundation for an expanding farm business. The price should be fair both for the farmer and the consumer.<sup>1</sup>

Regarding price setting procedures for agricultural commodities in the regulated markets of West Bengal, it is seen that in all selected markets except two, grower-sellers and traders prefer open agreement system (about 90 per cent and 80 per cent) and a very few of them prefer open auction system (about 10 per cent and 20 per cent - vide Table-6.5). Open auction system is seen in practice in Karimpur and Shiliguri markets for particular types of commodities. It is said that the price of agricultural commodities increase or decrease depending upon the system of price setting practices. It is also recognised that the open auction system can increase the price of the produce offered for sale. But, in the regulated markets, a very few of the sellers and buyers prefer this system. Grower-sellers should be motivated for selling their produce on open auction system, so that they<sup>could</sup> get a remunerative price for their produce.. It is also seen by

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<sup>1</sup> Shenoi, P.V., Agricultural Development in India, Vikas Publishing House, New Delhi, 1975, pp.106-107.

close observation at the time of price setting, that none of the systems are being supervised by the Market Management Authority due to lack of sufficient staff. Enough facilities should be made by the market committee for close supervision of the system of sales practice, so that the price will be reasonable for the sellers. If so, more sellers will be motivated to bring their produce to the regulated market for sale. It is a recognised fact that price is a great motivating factor for bringing produce to the market yard.

The Royal Commission on Agriculture in India considers that, "auction sales by the Agricultural Departments provide a useful means of securing to the cultivator an adequate premium for the superior quality of a new variety grown under their supervision".<sup>1</sup>

The study revealed that the prices for agricultural commodities fluctuate within the season. It is seen that price raises in the slack season when there is scarcity of produce and comes down in the peak season when there is abundant supply of produce, i.e., immediately after the harvesting season (vide Table-6.7).

It is also seen that though some government agencies are supposed to procure agricultural produce like paddy,

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<sup>1</sup> Government of India, The Royal Commission on Agriculture in India, Government General Press, Bombay, 1928, p.403.

jute, etc., during the peak season, they are not purchasing at fixed prices.<sup>1</sup> So, there is need for fixing and assuring minimum remunerative price for agricultural produce as the free market mechanism cannot assure a minimum price equivalent to the cost of production plus a reasonable margin of profit. The regulated market management authority should make arrangements with the Government Procurement Agencies to purchase agricultural commodities at the fixed prices from the sellers in the regulated market yards. The MCs should provide the necessary facilities to the sellers for grading the produce. If so, the minimum price stability could be maintained to a certain extent when arrivals are more and the sellers could avoid distress sale of their produce. Another alternative to avoid distress sales by the farmers is, fixing prices in advance of the season by the market committee. Whenever the actual market price is less than the minimum fixed price, the committee should make arrangements to pay the difference to the grower-sellers by way of subsidy. A separate fund, exclusively for this purpose may be set up with the grants provided by the government, or the market committee can create a separate fund from its income. Payment of subsidy will act as a strong incentive to all the producer-sellers to bring their produce to the regulated market for sale.<sup>2</sup>

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<sup>1</sup> Reasons are discussed in Chapter-VI and comparative prices of Jute (JCI fixed prices and prices available in the season at different times in different markets) are shown in Table-6.6 and 6.7 respectively.

<sup>2</sup> For clarification of the above two paragraphs it can be said that when the government declares prices for procurement of produce like jute, paddy, etc., the government procurement agencies are supposed to purchase produce at the same declared  
contd.....

The village traders, as a matter of custom and usage, used to adopt different weights for the purchase and sale of the same produce. Sarkar remarks, 'the Baniyas always keep one side of the scale weight heavier than the other and use this difference to their advantage while buying and selling'. The multiplicity of weights and measures make supervision difficult and afford greater opportunities for cheating the ignorant producers.

In India, Standard Weights and Measures Act on metric system was passed in 1958 and enforced in all the States with a view to check fraudulent use of weights and measures. After the introduction and establishment of regulated markets, provisions had been laid down for the use of standard weights and measures.

The study has revealed that in all regulated markets of West Bengal, the Standard Weights and Measurement equipments are being used. But, in some markets, the weighmen are not under licence and weighment activities are not supervised

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(continued from previous page)

prices. At the time of price fall due to mass supply of produce, purchasing produce at the market price and giving subsidy means purchasing produce at the fixed prices. Subsidy should be limited upto the difference between the prevailing market price and the government fixed prices. This may act as a powerful incentive to the farmer-sellers to bring and sell their produce through the regulated market-yard to the procurement agencies. Co-operation and co-ordination between the government procurement agencies and the Regulated Market Committee is a must in respect.

by the staff of the market committees. Provisions regarding weights and measures in the market should be followed strictly and all weighmen should <sup>be</sup> brought under licence. Strict supervision should be made available for the use of correct weights and measures by the management authority, so that grower-sellers cannot be cheated. It should also be the duty of the Market Committee to arrange to inspect and verify scales, weights and measures in use in respective market areas.

In the notified markets of Bangladesh, different practices of market charges and trade allowances are still in existence and the rates are arbitrary and exorbitant. The rates also vary from market to market and commodity to commodity. Charges are collected both from the grower-sellers and traders in almost all the markets.

It is seen that market fee are collected by the lease holder of the respective market at discriminatory rates. Sometimes these fees are more than the rates given by the authority (See Table-6.8 and Table-6.9). The reasons for the arbitrary and differential rates of market fees are two-fold. First, the system of leasing out of notified markets to the third party is defective. The leasees to whom have been given the authority of market fee collection are only interested to increase their income by way of charging more. They do not care for the interests of the

sellers or other market users. Second, the rules given by the government for leasing out the markets are defective. In the Government order it is stated that the bid amount of the respective year for leasing the market must not be less than/last three years of average (vide Government order number in foot-note No.2 of page 275 of Chapter-VI). It is also seen (Table-6.10) that in most of the markets bid value increased than the last year. As a result, burden of paying excess market fee <sup>goes</sup> / to sellers, and traders. The system of leasing out markets should be abolished and all responsibility regarding market fee collection be given to the market management committee and the committee be authorised to collect fee with a uniform rate under provisions laid down in the market regulation Act. Grower-sellers may be exempted from payment of the market fee. Fee collection in kind also should be prohibited by law, because grower-sellers are deceived through collection in kind. Proper checks should be made to see that receipts are issued to the payees for payment of market fees.

The study has revealed that commission charges realised by commissionmen for their services also are not uniform. It varies from commodity to commodity and market to market. Similarly, brokerage and weighing charges are not uniform. In some markets, 'brokerage is paid by sellers and in other markets it is paid by buyers. Weighing charges also are deducted by the traders or the commissionmen both

from the sellers and buyers at the time of the settlement of payment of the produce. Grower-sellers complained that rates of weighing charges are arbitrary. These charges should have to be fixed at a reasonable rate by the appropriate authority and should be defined by the law that who should pay it. Enough provisions should be made regarding supervision of realisation of actual charges, so that the sellers will not be deceived or will not have to pay more.

Trading allowances and deductions are made by the traders in the name of 'dhalta' at the time of purchase and weighing of produce. It is also seen in the surveyed markets that these allowances are made in kind and there is no fixed rate for this. Sellers complained that astute traders take more allowances or deduct produce in their favour. Excess trade allowances and deductions should be prohibited by law and only a reasonable quantity for perishable and semi-perishable products should be allowed. It should be approved by the market committee and the committee should make arrangement for supervising the operations.

Unauthorised charges like charity, sweeping, etc., should be prohibited by law. The Market Committee should take care of the up-keep of market place and sweepers should be paid from market committee funds.

From the above discussions it can be concluded that regarding market charges, trade allowances and deductions,

the laws and rules of the Bangladesh Agricultural Produce Market Regulation Act, 1964 should be implemented and the different provisions of the Act should be strictly followed. The loopholes in the Act should be plugged by making necessary amendments in the Act for the better operation and management of the market.

Price Setting:

It is a recognised fact that better market prices induce the producer-sellers to sell their produce in the markets and also the primary medium of communication between producer and consumer is the system of market price. In the notified markets of Bangladesh, the most common practices of setting prices for agricultural commodities are direct negotiations and bargaining between sellers and buyers. The study has revealed that the system of price setting is not effective for fetching a remunerative price for the grower-sellers. The small and in most cases illiterate grower-sellers are unable to bargain against the astute traders or buyers. It is also observed that the open auction system for setting prices in respect of commodities like fish, fruits, betal-leaf, etc., usually ensure a fair price to the sellers. So, open auction system should be introduced for all agricultural commodities as a price setting method. Enough provisions should be made under the Bangladesh Agricultural Produce Markets Regulation Act, 1964 for the introduction of

this method and proper supervision by the market committee through well-trained staff. Sellers and buyers should also be motivated and made fully aware of this method of price fixing.

The study also revealed that prices of agricultural produce vary due to seasonal fluctuations and demand and supply. There are some agencies who are supposed to purchase produce like paddy, jute, etc., from the grower-sellers at a government fixed floor price. The sellers complained that they are deprived of this price when there is abundant supply of produce immediately after the harvest season. Normally prices come down during this time and the rich grower-sellers take the advantage by selling their produce to the agencies. Efforts should be made to bring co-ordination between the market committee and the purchasing agencies so that grower-sellers can dispose off their produce through market committee to the agencies and can get a fair price.

Support price for agricultural produce declared by the government before the sowing season or harvesting season has important implications. It can prevent distress selling at the time when prices come down due to seasonal fluctuations.

In a country like Britain responses to introduce guaranteed prices were also existed. Through the 1932 Wheat

Act and the 1937 Agricultural Act, Britain began to lay the foundations of an agricultural policy which although based on free entry of food and feeding stuffs was accompanied by guaranteed prices to farmers implemented by transfer payments to make up the deficiency between the guaranteed and the market price with modifications. This still remains a principle of British Agricultural Policy. Elsewhere in Europe Governments were also attempting to protect their farmers from ruin through guaranteed minimum prices. In France, for instance, a succession of laws was enacted early in the thirties designed to stabilise market prices, culminating in the law of 1933 which laid down a minimum price below which wheat could not be sold.<sup>1</sup>

From the above discussion it is clear that support price or guaranteed price for agricultural produce plays a significant role in the agricultural economy. It brings relative stability of commodity prices. Unstable agricultural prices create problems in policy implications. Instability of commodity prices would fail to serve as an adequate guide to the production plans of the farmers. This would also create imbalances between demand and supply and also affect efficiency in the allocation of resources.

So, a support price announced well in advance of the sowing season would encourage investment in farm production.

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<sup>1</sup> Butterwick, Michael, et. al., Agricultural Marketing and the E.E.C., Hutchinson of London, London, 1971, p.61.

The prices should not be so low as to constitute a disincentive to farmer-producers to augment production through the use of improved technology and the adoption of modern tools and methods. The minimum price for agricultural produce should cover the cost of production and leave a margin of surplus to the farmer. As a result, the support price which leads to price stability would assist the farmers in planning their production in line with expected demand as expressed through the production goals of the economy.

An economist studied the economic role of the price in achieving a desired allocation of resources. He examined the following broad features of price models drawn from the U.S. agricultural conditions with, of course, some policy implications for developing countries:

1. That the prices should be known by the farmers well in advance of the sowing season so that they could adjust their resource use.
2. The prices should cover a sufficient period of time to permit completion of production plans with reasonable certainty, and
3. That information on such prices should be sufficiently clear and precise so that each farmer could easily interpret their implications for his purpose.<sup>1</sup>

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<sup>1</sup> Johnson, D.G., Forward Prices for Agriculture, University of Chicago Press, Chicago, 1947, in Aulakh, H.S., Changing Foodgrain Market Structure in India, B.R. Publishing Co., Delhi, 1983, pp.12-13.

From the above discussion it can be concluded that support price and/or guaranteed prices declared by the government is an effective measure to maintain price stability for agricultural produce. For the well-being of the small farmers groups, the government purchasing agencies should be linked with market management committee, so that the sellers coming in the market with their produce can get the guaranteed price during the harvesting season, when prices come down.

In Bangladesh, one of the main defects of efficient market operation is the heterogeneous system of weights and measures used.<sup>1</sup> The different systems and the unauthorised weights and measures make supervision difficult. It affords greater opportunities for cheating the ignorant grower-sellers/sellers and creates an element of uncertainty in the agriculture business.

It is found that the hierarchy of weights units commonly used are -- tola, chatak, seer and maund, which are centuries old and the weight units vary from place to place; market to market and also from commodity to commodity. It is also found that local household measures are being used in some market places. These weights and measure units are not standard ones. So, the grower-sellers have the chance of being cheated by the astute traders by adopting fraudulent units of weighing equipment.

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<sup>1</sup> See Table Nos.6.14 and 6.15 in Chapter-VI.

It is really admirable that the government of Bangladesh has abolished the old system of weights and measures and has introduced new metric system in all markets and everywhere from July 1982. But the total adoption of the new system is very slow, because habituated users are not ready to turn to the new system, the uneducated grower-seller/sellers and buyers cannot understand it easily, and the availability of new weighing equipments is very less.

Enough provisions should be made in the Agricultural Produce Markets Regulation Act. regarding the metric system of weights and measures and its supervision by the market committee staff. An intensive and integrated method of propaganda should be made from the part of the Government through different media to educate the mass. Using metric system should be made compulsory by enforcing the law and the local government can take active part in this regard. Moreover, enough supply of weighing equipments of new metric system should be ensured so that the users can get them easily within a reasonable cost. It should also be supplied at subsidised price to the poor people.

Government intervention through regulation of markets and market practices has shown great implications

in the improvement of the agricultural marketing conditions.<sup>1</sup> But some people do not recognise this fact, whereas others justify government intervention through regulated markets from a social point of view. 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 economic system. Such interventions are dated back to as early as the 15th century in Western countries. In those countries, governmental intervention through regulation of markets brought substantial benefit to the producing class and to the consuming class.

Though there have been much criticisms against the working and the benefit of regulated markets, these markets have contributed certain definite benefits to the sellers or farmers and buyers/traders. The correct weighment, full payment, nominal charges, and deductions and allowances, better quality and price, assembly of produce in economic quantities, different supporting facilities regarding selling and buying from the markets, etc., are real and positive benefits accruing from the system.

In the regulated markets of West Bengal, the number of staff is very less in terms of requirement and their

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<sup>1</sup> The researcher has visited some of the well-managed and successful Regulated Markets in different States, viz., 'Pune' in Maharashtra State, 'Jayamkondam' in Tamil Nadu State and 'Perambra' in Kerala State. During his visit, he has taken some photographs on various marketing activities which are exhibited under Appendix-VIII.I.

quality is also very poor. This is a major factor that adversely affects the operation and management of the regulated markets. Most of them do not have technical qualifications and skill to operate the functions of the market effectively and efficiently. For smooth function and day-to-day proper management of the market, sufficient, qualified and experienced personnel are required.

To support the operational activities of the market financial adequacy is very essential. For this, market committee should create a 'market development fund'. Steps are yet to be taken to create such a fund in the regulated markets of West Bengal.

In spite of the existence of regulated markets, village sales are still common. The benefits of sales in regulated markets are to be popularised by launching various programmes. If this is done, market arrival of saleable produce will be more. The regulated markets may also be provided with more facilities to offer more marketing services to the farmers and enable them to get better prices for their produce. Among these allied services, provision for making available all agricultural inputs at the regulated market yard, so that sellers can get necessary inputs for their use after disposing off produce is a must. It is also felt by the farmers, that credit facilities should be provided in the market yard. There is a suggestion to regulate the money lending activities and to provide loans to the farmers for a

short period against the pledge of agricultural produce. A separate fund for this purpose, may be set up, with the contributions made by grower-sellers, traders and other market users.

It is also suggested that the market committee should act as an intermediary between the producer and the buyer. In such a case, the committee can purchase produce directly from the producers and can free them from the clutches of the money-lenders. Farmers can also get free from the incidental charges collected by the traders. In the event of direct purchase of agricultural produce from the farmers, the committee may dispose off the produce to the government purchasing agencies or other agencies either for internal consumption or for export.

The committee could be useful to the farmers by providing and disseminating information relating to production and marketing of different agricultural produce. Information regarding the production prospects and marketing opportunities will not only enable the farmers to sell their produce when the prices are favourable but also guide them in planning their production in the forthcoming season. This area needs greater attention by the market committee. Efforts should be made to collect, analyse and interpret market information. It should also be made available to all participants at the appropriate time.

Regulated markets were established to create improved marketing environment for agricultural produce than the private markets where the traders resorted to malpractices. Regulated Markets have failed so far to reduce the importance of private trade and private market. In fact regulated markets are seen unable to function on their own effectively and without the participation of private traders. The private markets in the notified market areas which are managed by the private concerns should be brought under the management and control of regulated markets. It can also be hoped that when the direct sale in the regulated markets by the sellers is given more encouragement, the private trade in the private market would gradually phase out.

The private markets are also flourishing within the vicinity of the regulated market. It is because, the Regulated Markets failed to provide the various marketing services and facilities that private trade is rendering since long. Though at a penal rate the facility like before harvesting loan is available to the farmers, when they badly need it. In the RMs, facilities like market information, processing, etc., are very limited. Linking the credit with marketing function is still not within the conceptual ambit of RMs. Because of these reasons, agricultural produce tends to flow through the private markets rather than the regulated markets. In brief, the regulated

markets could not quite succeed in containing the influence of the private traders and in eliminating the malpractices in the agricultural marketing system.

The primary objectives of the regulated markets in West Bengal are achieved through the implementation of regulation on an area with commodity flow basis, eliminating some of unauthorised market practices and enforcing uniformity of market charges to the buyers. This achievement is not in full, but only partial. But the provisions of the market regulation Act, are yet to be implemented in full. Moreover, there exists many loopholes in the present Act and Rules. Efforts should be made to implement the regulation Act fully and the loopholes in the legislation plugged for the proper functioning and management of the markets.

In Bangladesh, all markets relating to agricultural produce are owned by the government. This is an advantage in favour of the introduction of regulation in the markets and market practices for the benefit of different classes of market users, specially the farmer-sellers. It is suggested that the Agricultural Produce Market Regulation Act, 1964 should be implemented in full and markets should be developed as regulated/notified markets. The different provisions of the Act and Rules should be amended in the lines suggested in earlier chapters for better and efficient management of the markets.

If the government intervenes to control market malpractices and foster competition among market functionaries, it must do so effectively. Otherwise, the enforcing agency i.e. the Agricultural Marketing Department loses its credibility. Further, the enforcing agency would find it difficult to enforce the provisions of the Act without adequate support from the Civil Administration.

In overall conclusion it can be said that the regulated markets in India have been established as per the recommendation of the Royal Commission on Agriculture in 1928 for the benefit of the small farmer groups as well as the traders groups. From the experience it is seen that these regulated markets have succeeded in fulfilling their objectives only to a certain extent. But this is only the beginning. It is observed that all concerned parties are fully aware of the limitations and shortcomings of these markets. The day is not far off when concrete efforts will be taken to overcome these drawbacks. In Bangladesh, an Act which has been developed in the same line as West Bengal lacks proper implementation.

For overall evaluation of the operation efficiency of the Regulated Markets in West Bengal and the Notified Markets in Bangladesh, a conceptual model<sup>1</sup> has been developed which are shown in Table-8.1 and Table-8.2 respectively:

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<sup>1</sup> Please see Methodology of the Study.

The following operational efficiency index is adopted to measure the overall operational efficiency of the Surveyed Regulated Markets in West Bengal.

Table - 8.1

Operational Efficiency Index of Regulated Markets  
in West Bengal

Management Activities		Weight Value	Achievement made
i. Licencing of Market Functionaries	..	10	4
ii. Rationalisation of Market charges	..	15	10
iii. Supervision of Sales and Payment of Sale-proceeds	..	30	10
iv. Dissemination of Market News and Publicity.	..	10	4
v. Provision of Facilities and Amenities in the Yard	..	20	8
vi. Settlement of Disputes	..	5	4
vii. Economics of Operations (Financial Efficiency)	..	10	5
		100	45

Source: Conceptual evaluation based on markets survey.

So, from the above table it can be said that the operational efficiency i.e. the organisation and management activities in the regulated market of West Bengal is not high i.e. 45%. It is also revealed from the study that the concerned parties are fully conscious of the shortcomings and steps are taken to overcome the shortcomings.

The following operational efficiency index is adopted to measure the overall operational efficiency of the surveyed Notified Markets in Bangladesh.

Table - 8.2  
Operational Efficiency Index of Notified  
Markets in Bangladesh

Functions	Weight value	Achievement made
1. Licencing of Market Functionaries ..	10	Nil
2. Rationalisation of Market charges ..	15	Nil
3. Supervision of Sales and Payment of Sale Proceeds ..	30	Nil
4. Dissemination of Market News and Publicity ..	10	Nil
5. Provision of Facilities and Amenities in the Yard ..	20	5
6. Settlement of Dispute+ ..	5	3
7. Economics of Operation (Financial Efficiency) ..	10	2
Total Index Value ..	100	10

Source: Conceptual evaluation based on market survey.

+ There is no management machinery for the settlement of disputes between the affected parties relating the sale and purchase of the produce. But any dispute arising between the two, are attended to by the Lease holder of the market and settled amicably.

From the above table it can be seen that the operational efficiency in the marketing activities of Notified Markets in Bangladesh is very poor, i.e. 10 per cent of total efficiency index.

India has established a Centre for Market Design arrangements and for overall research on Market Improvements with the support of the United Nations Development Programmes.<sup>1</sup> Bangladesh should also consider the development of such a Centre with technical assistance from Food and Agriculture Organisation/United Nations Development Programme.

SPECIFIC SUGGESTIONS FOR THE ESTABLISHMENT

AND

DEVELOPMENT OF REGULATED MARKETS

1. The existing market areas should be realigned or new markets should be set up to bring the entire State/Country under the ambit of Market Regulation Programme to prevent shifting of trade from the regulated to non-regulated areas.
2. For establishing new regulated markets a feasibility study should be undertaken.      The pre-planning surveys

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<sup>1</sup> Layout for Regulated Markets Yards for Agricultural Commodities is shown in Appendix-VIII.II and a Typical Layout for a Wholesale Market - Capacity about 86,000 Tonnes a Year is shown in Appendix-VIII.III.

should be conceived well ahead, for the actual planning and designing exercise.

3. Projections for the next 10 years or more should be made on the basis of feasibility studies for the planned development of the markets.
4. Depth studies for each and every commodity of a given region should be done with the specific objectives of tracking down the variations at the micro-marketing level that influence the marketing efficiency of the chosen commodities.
5. A legal cell should be created at the apex body of the Marketing Department to face the measures taken by vested interests to prevent delay of the establishment and functioning of the regulated markets effectively through proper initiation and monitoring of court cases and legal matters.
6. Directorate/Department of Agricultural Marketing should be adequately strengthened with qualified and trained staff who could undertake different studies or preparation of projects etc., on behalf of the Market Committees for the development of the markets.
7. Marketing practices should be standardised with the introduction of standard weights and measures. Standardised

business method should be introduced by all Regulated Market Committees by framing suitable bye-laws based on local trade practices.

8. All local rural markets (weekly, bi-weekly, tri-weekly, etc.) should be brought under the control of Market Committees to introduce orderly marketing system in the field of agricultural produce as per the provisions of the Agricultural Produce Market and Marketing Regulation Act for their development.
9. 'Rural Market Link Roads' should be developed for enabling the farmers to bring their produce to the regulated market yards.
10. Extension programme through publicity, propaganda, workshop, seminar, etc., should be conducted on a continuous basis to gear up the regulation programme in an effective manner. There should be discussions at certain intervals of time among the officials and market-users at each market for the smooth functioning and development of the markets.
11. The Secretary of a Market Committee should have powers to incur expenditure up to certain limit to implement the market development programmes of the Regulated Market Committee expeditiously.

12. The plan for the development of rural markets/hats (which is to be taken as sub-market yards) should be prepared in such a manner that the infrastructure and ancillary services made available there can also be utilised by small and marginal farmers. As a result, the grower-sellers will be attracted for participating in the transaction of agricultural produce.
13. Full co-ordination between the Market Committees and the local government Authority should be ensured for better implementation of different provisions of the Act and for better functioning of the Market Committees in different areas.
14. When the Market Committees become financially solvent, they should be provided with sufficient powers to disburse the funds then and there to overcome the blocks in the functioning and proper management of the markets.
15. Pre-planning surveys should study the management aspects and make projections of required marketing information systems, vertical and horizontal co-ordination systems and recruitment and training of market personnel in the planned markets.
16. To review and suggest measures for proper functioning of the Regulated Market by the Market Committee for the best interest of the farmers and traders, a Development and Research Wing should be created on a regional basis, consisting of several regulated markets.

APPENDIX - I.IA List of Different Charges and DeductionsPrior to Regulation:

1. Arhatdari .. Commission charges taken by the Commission men from the sellers when produce are sold through them in their business premises.
2. Baisari .. Charges for supervising weighment taken by the supervisor from the grower-sellers/sellers.
3. Bardana .. Rent for gunny bags supplied to the grower-sellers/sellers by the traders.
4. Batta .. Discount for immediate payment. Batta is deducted from the actual price of the produce. There is no fixed rate for it.
5. Barorator .. Holding the bags for weighment or measurement.
6. Britti/Multhi .. Charity in kinds for temples or any other religious place.
7. Balaji .. Charity in kinds or in cash.
8. Cart park rent.. For keeping cart in the area of business premises of the traders.
9. Chalni/chanai.. Seiving charges. If the agricultural produce like cereals, pulses, oilseeds, etc. contain any foreign matter.
10. Dalali .. Brokerage. Taken by the broker for working on behalf of the sellers and/or buyers.

11. Dhanak .. Charges for pushing forward the grain to the scale pan.
12. Dhalta/  
Jhukta .. Leaving the balance in favour of the buyers. It is in kinds of the same produce.
13. Doodh Khara .. Payment for milk for children of buyers.
14. Dhadawasi .. Weighing charges. Taken by weighman for weighment of produce of the sellers.
15. Godown rent .. For keeping produce in the godown of the traders.
16. Ground rent .. For keeping produce or using the ground of the traders by the sellers.
17. Hamali/  
Palledari .. Handling charges.
18. Kanta Bhada .. Rent for weights and measures.
19. Karda .. Quality allowances taken by traders mostly in cash and/or sometimes in kinds.
20. Mashri/  
Jhewal .. Sweeper or water carrier charges. If a sweeper carries water and serves it to the grower-sellers or sellers, then he charges for it.
21. Munimi .. Charges taken by traders as Clerk's allowance.
22. Namuna .. Free sample. At the time of approaching to the traders for purchasing his (seller's) produce.
23. Pattashala .. School fund. It is deducted from the sale proceeds of the sellers and collected by the traders.

24. Patti .. Cost of sale slips or receipts.
25. Postage and Telegram .. Charges for posting letters or sending messages by telegram.
26. Rest house charges
27. Shagirli .. Payment to apprentices engaged by commission agents.
28. Vatta .. Refraction allowance.

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Source: India Government - Report of the Royal Commission on Agriculture, 1933, Government General Press, Bombay, 1933.

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APPENDIX - II.IList of 202 Notified Markets as Under the Bangladesh  
Agricultural Produce Markets Regulations Act1964

<u>Name of Notified Market</u>	<u>Tangail District</u>
<u>Dhaka District</u>	26. Tangail
1. Dhaka	27. Madhupur
2. Mirkadim	28. Gopalpur
3. Barmi	29. Karatia
4. Betka	30. Mirzapur
5. Narayanganj	31. Dhan Bari
6. Narsingdi	<u>Jamalpur District</u>
7. Zingira	32. Jamalpur
8. Munshigonj	33. Sherpur
9. Gheor	34. Nandina
10. Manikgonj	35. Melandash
11. Savar	36. Tarugonj
12. Jhitka	<u>Faridpur District</u>
13. Tara Bilto	37. Faridpur
<u>Mymensingh District</u>	38. Takerhat
14. Mymensingh	39. Goalundo
15. Bhairab Bazaar	40. Rajbari
16. Kishoregonj	41. Gopalganj
17. Netrakona	42. Kumarkhali
18. Gouripur	43. Khankhanapur
19. Rayer Bazar	44. Palong
20. Tarakanda	45. Augaria
21. Mohangonj	46. Bhangra
22. Haluaghat	47. Madaripur
23. Tarail	48. Bhujeswar Bazar
24. Kotiadi	49. Hajigonj
25. Hussainpur	50. Kanaipur

Comilla District

51. Comilla
52. Daulatgonj
53. Chandpur
54. Brahmanbaria
55. Hajigonj
56. Gouripur
57. Ranchandrapur
58. Ashugonj
59. Companigonj
60. Matlab
61. Kangsha Nagar
62. Kuti Bazar
63. Barura Bazar
64. Elietgonj
65. Mojafargonj
66. Harinber Bazaar
67. Nobi Nagar
68. Kachuna

Noakhali District

69. Noakhali
70. Chowmohani
71. Premium (Feni)
72. Raipur
73. Laxmipur
74. Sunaimuri
75. Chandraganj East
76. Chandraganj West
77. Sonapur
78. Porsuram Bazar
79. Bashurhat Bazar

Chittagonj District

80. Chittagonj
81. Cox's Bazar
82. Hathazari
83. Bibirhat
84. Patiya

Chittagonj Hill Tracts District

85. Rangamati
86. Bandarban
87. Ramgarh
88. Khagrachari
89. Kaptai

Sylhet District

90. Sylhet
91. Moulovi Bazar
92. Sunamganj
93. Fenchuganj
94. Habiganj
95. Chhatrak
96. Azmiriganj
97. Srimangol
98. Banugacha
99. Sachna Bazar
100. Madhabpur
101. Shamsheer Nagar

Pabna District

102. Pabna
103. Serajganj
104. Ishurdi
105. Dasuria
106. Chatmohar
107. Ullapara

Rangpur District

- 108. Rangpur
- 109. Gaibandha
- 110. Nilphamari
- 111. Kurigram
- 112. Saidpur
- 113. Haragacha
- 114. Domar
- 115. Chilahati
- 116. Lalmonirhat
- 117. Ulipur
- 118. Nageswari
- 119. Bhurungamari
- 120. Shotibari
- 121. Taraganj Hat
- 122. Badarganj

Bogra District

- 123. Bogra
- 124. Joipurhat
- 125. Santahar
- 126. Jamalganj
- 127. Sherpur
- 128. Panchbibi

Rajshahi District

- 129. Rajshahi
- 130. Noagoan
- 131. Natore
- 132. Nawabgonj
- 133. Nowhata
- 134. Chashkoir
- 135. Rohanpur
- 136. Baneshwar
- 137. Patnitola
- 138. Mohadevpur
- 139. Mohesh Bathan
- 140. Ramchandrapur

Dinajpur District

- 141. Dinajpur
- 142. Thakurgaon
- 143. Setabgonj
- 144. Pirganj Hat
- 145. Panchagarh
- 146. Purbatipur-New-Purbatipur-Old
- 147. Bangla Hili Hat
- 148. Chorkai Barmanhat
- 149. Maharul Hat
- 150. Nekmorad
- 151. Fulbari Bazar

Khulna District

- 152. Khulna
- 153. Fultala
- 154. Fakirhat
- 155. Kopilmoni
- 156. Bagerhat
- 157. Satkhira
- 158. Moralganj
- 159. Patkhelghata
- 160. Kaligonj Nazimganj

Kushtia District

- 161. Kushtia
- 162. Alamdanga
- 163. Chuadanga
- 164. Meherpur
- 165. Bherammara
- 166. Munshiganj
- 167. Gangni Bazar

Jessore District

- 168. Jessore
- 169. Jhenidah
- 170. Magura
- 171. Narail
- 172. Jhikargacha
- 173. Noapara
- 174. Keshabpur
- 175. Monirampur
- 176. Court Chandpur
- 177. Kaliganj
- 178. Lalgol Bandh
- 179. Lohagara-Laxmipasha
- 180. Bordia Bazar
- 181. Mohajan Bazar

Barisal District

- 182. Barisal
- 183. Bhola
- 184. Jhalokati
- 185. Perojpur
- 186. Swarup Kati

- 187. Banaripara
- 188. Torkei Bandar
- 189. Gournadi
- 190. Babuganj
- 191. Bhandaria
- 192. Nalchiti
- 193. Charfession
- 194. Patarhat
- 195. Kawkhali
- 196. Parerhat
- 197. Nothbaria

Patuakhali District

- 198. Patuakhali
- 199. Barguna
- 200. Kalaiya
- 201. Khepupara
- 202. Amtali.

APPENDIX - II.IILIST OF SELECTED NOTIFIED MARKETS FOR INVESTIGATION INBANGLADESH

<u>Sl. No.</u>	<u>Name of the Markets</u>	<u>Sl. No.</u>	<u>Name of the Markets</u>
1.	Mirkadim	21.	Dasuria
2.	Barmi	22.	Chatmohar
3.	Savar	23.	Taraganj Hat
4.	Kishoreganj	24.	Punchhibi
5.	Tangail	25.	Rajshahi
6.	Gopalpur	26.	Nowhata
7.	Karatia	27.	Rohanpur
8.	Sherpur	28.	Ramchandrapur
9.	Takerhat	29.	Dinajpur
10.	Palong	30.	Pirganj Hat
11.	Augaria	31.	Bagerhat
12.	Dawlatganj	32.	Satkhira
13.	Gouripur	33.	Chuadanga
14.	Chowmohani	34.	Noapara
15.	Lakshmipur	35.	Court Chandpur
16.	Sunaimuri	36.	Kaliganj
17.	Hathazari	37.	Langol Bandha
18.	Bibirhat	38.	Jhalokati
19.	Ramgarh	39.	Perojpur
20.	Chattak	40.	Bhandaria

APPENDIX - II.IIILIST OF 38 REGULATED MARKETS IN WEST BENGAL

<u>Name of District</u>		<u>Name of Markets</u>
Bakura	..	1. Bakura 2. Jhantipahari 3. Bisnapur 4. Jaipur 5. Simlapal
Bardawan	..	6. Kalna 7. Katwa 8. Guskara 9. Memari
Birbhum	..	10. Bolpur
Cooch Bihar	..	11. Cooch Bihar Sadar 12. Dinhata 13. Mathavanga 14. Tufanganj
Darjeeling	..	15. Kalimpong 16. Siliguri
Howra	..	17. Ulubaria
Hugly	...	18. Pandua 19. Sheoraphully 20. Champadanga
Jalpaiguri	..	21. Belacoba 22. Dhupguri
Maldah	..	23. Samsi
Midnapur	..	24. Goaltore 25. Jhakra 26. Chandraghona 27. Tamluk

<u>Name of District</u>		<u>Name of Markets</u>
Murshidabad	..	28. Kashim Bazar
		29. Lalgola
		30. Ziaganj
		31. Dhulian
		32. Aandi
Nadia	..	33. Bathudoria
		34. Karimpur
		35. Chakdoaha
Purulia	..	36. Balarampur
West Dinajpur	..	37. Kaliaganj
		38. Islampur

APPENDIX - II.IVLIST OF 11 SELECTED REGULATED MARKETS INWEST BENGAL

<u>Sl. No.</u>	<u>Name of Markets</u>
1.	Balarampur
2.	Belacoba
3.	Dhupguri
4.	Dinhata
5.	Islampur
6.	Karimpur
7.	Kalna
8.	Pandua
9.	Samsi
10.	Sheoraphully
11.	Siliguri

APPENDIX - V.I

Maximum Annual Fees for Grant of a Licence Payable by  
Different Categories of Market Functionaries in the  
Regulated Markets of West Bengal

Category	Maximum annual fees payable for licence
	Rs.
i) Trader ..	150.00
ii) Commission Agent ..	200.00
iii) Broker ..	100.00
iv) Seller or purchaser of agricultural produce ..	150.00
v) Warehousemen ..	100.00
vi) Surveyor ..	100.00
vii) Weighman ..	5.00
viii) Measurer ..	5.00
ix) Person engaged in processing and preservation of agricul- tural produce. ..	200.00
x) Person setting up, establish- ing or continuing a place for storage, sale or purchase of any agricultural produce. ..	200.00

Source: Government of West Bengal, The West Bengal Agricultural Produce Marketing Regulation Act 1972, compiled and published by West Bengal State Marketing Board, Calcutta, 1984, p.40.

APPENDIX - V.II

Buying Price in the Farm Level or in the Home of the Producers and Price Received in the Assembly Market/ (Regulated Market) by Farias (Itinerant Traders)  
During the Survey Period (February to April 1986)

Produce	Name of Market	Buying price (Price paid to the growers) Rs./Qtl.	Price received from the traders Rs./Qtl.
Jute, T.D.5	Samsi	161.00	170.00
Jute, T.D.5	Karimpur	170.00	180.00
T.D.5	"	175.00	175.00
Paddy	Kalna	227.00	233.00
Jute, T.D.5	Pandua	220.00	228.00
Jute, T.D.5 (Superfine)	Sheoraphully	246.00	254.00
Jute, T.D.5 (Superfine)	Sheoraphully	245.00	252.00
Potato (Best variety)	Shiliguri	185.00	210.00
Potato (good variety)	Shiliguri	180.00	212.00
Onion	Shiliguri	85.00	105.00
Jute, T.D.5	Islampur	195.00	200.00

Source: Collected.

APPENDIX - V. IIISchedule of Notified Agricultural Produce for the  
Whole State

1. Cereals: Paddy, Rice, Wheat, Maize, Barley, Raoj or Marua, Jowar, Bajra, Cheena, Koda.
2. Pulses: Gram, Arhar, Masur, Urad or Kalai, Khesari, Mung, Dry peas (Matar or Kerao), Cowpea seed (dry).
3. Oilseeds: Mustard, Rape, Toria, Linseed, Groundnut, Sesamum seed, Genjili, Neemseeds.
4. Oils: All vegetable oils.
5. Fruits: Mango, Banana, Lichi, Orange, Lemon, Melons, Jackfruits, Blackberry, Guava, Apple, Pineapple.
6. Vegetables: Potato, Onion, Patwal, Brinjals, Gourd, Vhindi, Pumpkin, Tomato, Cauliflower, Cabbaga, Green peas, Beans, Carrot, Radish, Sweet potato, Green Chillies.
7. Fibres: Cotton (Ginned and unginne), Jute, Sunnhemp, Mesta, Silk, Cocoon.
8. Animal Husbandry Products: Poultry, Egg, Cattle, Sheep, Goat, Wool, Butter, Ghee, Milk, Hides and Skins, Bones, Fleece, Goat meat and Mutton, Fish.
9. Condiments, Spices and others: Turmeric, Chillies, Garlic, Corriander, Ginger, Cardamom and Pepper, Betel leaves, Betelnuts, Cashewnuts, Methi, Zeera.
10. Narcotics: Tobacco.
11. Miscellaneous: Sugarcane, Gur, Sugar, Lac, Oil-cakes, Kendu leaves, Sal leaves.

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Source: Section 2(1)(a) of the West Bengal Agricultural Produce Marketing Regulation Act, 1972.

Appendix - VIII.I

Photographs of Marketing Activities in some Well-Managed and Well-Run Regulated Markets in the States of Kerala and Maharashtra

1.



Photo No.1 .. Agricultural Produce are arriving in the Regulated Market Yard by Lorry or by Other Modes of Transport (Pune - Maharashtra).

2.



Photo No.2 .. Price Dissemination Board at the main location in the Market Yard from where the Farmer-sellers can know the previous day's market price of his saleable produce (Pune - Maharashtra).

3.



Photo No.3 .. Grower-sellers display their produce according to the grade and variety and wait till the appointed time for the traders to come (Pune - Maharashtra).

4.



Photo No.4 .. Traders/buyers check the grade and variety of produce and then competitive auction takes place. Here, in an auction sale participating traders are standing around a particular variety of produce (Pune - Maharashtra).

5.



Photo No.5 .. In a closed tender system of selling, traders check the produce and quote their price in tender slips or bid slips. Here, traders are quoting price in bid-slips after checking the produce (Perambra - Kerala).

6.



Photo No.6 .. Correct weighment of the produce is done with a modern scale by the licenced weighman and the weighment activities are supervised by the appointed market staff (Perambra - Kerala).



Photo No.7 .. After wighment, immediate and on the spot actual payment of the sales proceeds are made. Here in this photograph, payment of the produce are being made to the farmer-sellers (Perambra - Kerala).

8.



Photo No.8 .. After clearing the payment, commodities are loaded in the transport for immediate delivery to the different consuming centres/places or to the processing centres for necessary processing if the produce needs further processing (Pune - Maharashtra).

APPENDIX - VIII.II

Common Requirements of Amenities and Facilities Recommended  
by Indian Standards Institution for Layout for Regulated  
Markets Yards for Agricultural Commodities

1. For Agricultural Commodities Yards:

A. General Requirements

- i) Shops and small godowns
- ii) Platforms for growers to dry, clean, display and auction their produce
- iii) Auction halls
- iv) Parking places for carts and trucks
- v) Storage godowns
- vi) Market office
- vii) Bank and Post Office
- viii) Gate-check post, and
- ix) Fire fighting arrangements

B. General Amenities

- i) Public urinals and latrines
- ii) Water throughs for animals
- iii) Canteens
- iv) Sheds for cart-men or rest house
- v) Cattle shed
- vi) Machine shop or veterinary shoe maker
- vii) Internal road in the market yard
- viii) Lights
- ix) Disposal of waste
- x) First-aid equipment
- xi) Dissemination of market news, including radio-set, loud-speaker, etc.
- xii) Petrol pump
- xiii) Veterinary dispensary and hospital (for A and B categories only)
- xiv) Sundry shops (for A and B categories only).

## 2. For Fruits and Vegetables Yards:

### (A) General Requirements

- i) Commission agents' block
- ii) Auction stalls
- iii) Private stalls
- iv) Arrangement for washing
- v) Market office
- vi) Chowkidar's posts
- vii) Fire fighting arrangements
- viii) Wastage bins
- ix) Godowns, including a cold storage (for A and B categories only)

### (B) General Amenities

- i) Urinals and latrines
- ii) Water taps
- iii) Bathing places
- iv) Water through for animals
- v) Canteen
- vi) Rest house for men
- vii) Cattle shed
- viii) Lights
- ix) First-aid equipment
- x) Dissemination of market news, including radio-sets, loud-speakers, etc.
- xi) Internal roads in the market yard
- xii) Sundry shops; and
- xiii) Bank and Post office

## 3. For Cattle Yards:

### (A) General Requirements

- i) Cattle shed
- ii) Water throughs for animals
- iii) Platform for washing animals

- iv) Godown for storage of fodder, feeds and other miscellaneous articles
- v) Milking shed
- vi) Place for veterinary services
- vii) Market office
- viii) Chowkidar's post
- ix) Fire fighting arrangements
- x) Compost pits; and
- xi) Encloser.

(B) General Amenities

- i) Urinals and latrines
- ii) Water well or taps
- iii) Bathing places
- iv) Canteen
- v) Rest house
- vi) Internal road in the market yard
- vii) Lights
- viii) Refuse bins
- ix) First-aid equipments; and
- x) Sundry shops.

4. For Tobacco Yards:

(A) General Requirements

- i) Commission agents' block
- ii) Auction platforms
- iii) Market office
- iv) Chowkidar's post
- v) Fire fighting arrangements
- vi) Wastage bins
- vii) Warehouses with or without cold storage; and
- viii) Fumigation chamber.

(B) General Amenities

- i) Urinals and latrines
- ii) Water taps
- iii) Bathing places
- iv) Water through for animals
- v) Canteen
- vi) Rest house for men
- vii) Cattle shed
- viii) Lights
- ix) First-aid equipment
- x) Dissemination of market news including radio-set, loud-speakers, etc.
- xi) Internal roads in the market yard
- xii) Sundry shops; and
- xiii) Bank and Post office.

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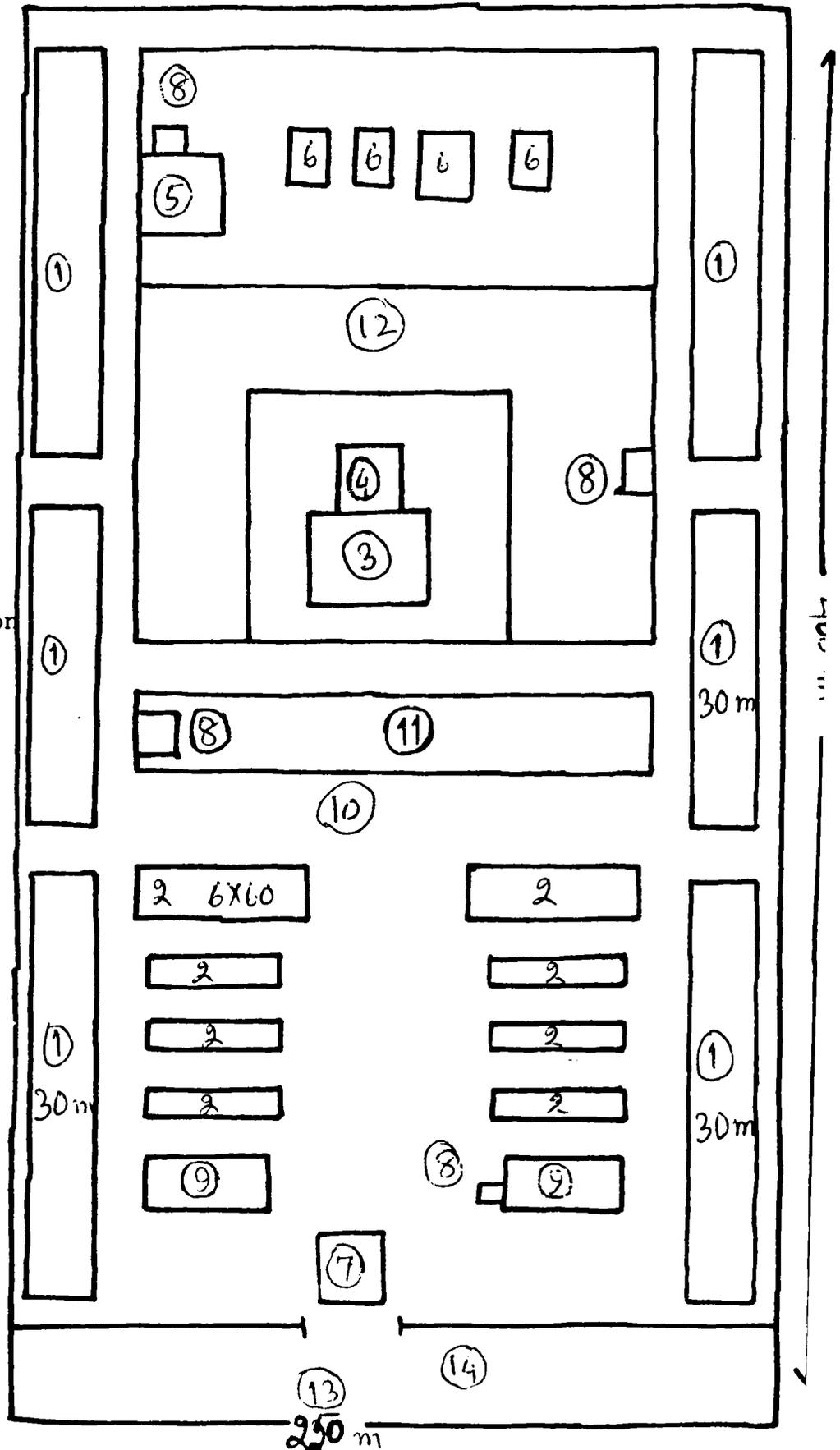
Source: Indian Standards Institution, Layout for Regulated Markets Yards for Agricultural Commodities, New Delhi, 1960, pp.4-7.

Appendix - VIII.111

Typical Layout of a Wholesale Market - Capacity About 86,000 Tonnes a Year

1. Shop-cum-godown  
21500m<sup>2</sup>
2. Auction Platform  
Dimension 6x60m.
3. Main Office 360m<sup>2</sup>
4. Canteen, Bank,  
Post Office 450m<sup>2</sup>
5. Producer Rest  
House 500m<sup>2</sup>
6. Staff Quarters
7. Check Post
8. Public Toilets
9. Area Reserved for  
shops
10. Peak Arrival Use  
Area
11. Present Parking,  
Future Construction
12. Parking - Additi  
Additional
13. Entrance Road
14. Parking Area Out-  
side Check-Post

Source: Indian Stan-  
dard Institution,  
"Technical Specifica-  
tions of a Typical  
Market Yard under the  
Project", Paper pre-  
sented at Workshops  
at Bangalore and  
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INTERVIEW SCHEDULE USED FOR DATA COLLECTION IN  
THE SELECTED MARKETS OF WEST BENGAL AND BANGLADESH

INTERVIEW SCHEDULE - I

Questions for the Market Management Committee.

1. Name of the Market : (Please see Appendices II.I, II.II, II.III & II.IV)
2. Type of Market : Primary  Assembly/  
Secondary  Terminal   
(Please see discussion in Chapter-V)
3. How often it functions? : Daily ; Twice-a-week ;  
Once-a-week ;  
Other . . . . . (Specify).  
(Please see Chapter-V).
4. How many Unions/Panchayats are served by this market? : One ; Two ; Three ;  
Four ; Five ;  
More than five . . . . .(please specify  
(Please see Chapter-V)
5. How many miles/kilometres are covered by this market? : . . . . .miles/kilometres.  
(Please see Chapter-V).
6. (a) Estimated area of the market (in Sq.kms/miles) : . . . . .
- (b) Area occupied & products handled by each of the following types of grower-seller/seller:

Type of grower-seller/seller (size-wise)	Area Occupied Grower-seller/seller	Kinds of produce sold/grower-seller/seller.
Large		
Medium		
Small		

(c) Area occupied and products handled by each of the following types of traders:

Types of traders	Area Occupied	Kinds of product bought
Large		
Medium		
Small		

(Discussed in Chapter-V).

7. Who manages the market and : Direct government   
 collects the toll? Private person/  
 Auctioner   
 (Discussed in chapter-V)

8. (a) How market fee/toll, etc.: Volume ; Unit Or lot ;  
 are fixed? Volume ;  
 Others (please specify). . . .

(b) Procedure of market fee/  
 toll collection :

(c) State the market fee/  
 toll amount for each of the  
 following items:

Items	Amount (in Tk./Rs.)
Paddy	
Jute	
Any other (Please specify). . . .	

(Discussed in detail in Chapter-VI)

9. Who issues licence and : (Discussed in Chapter-VI)  
 collects licence fee and  
 from whom?
10. If leasee is involved,  
 estimate his revenue from  
 the market (which is paid to  
 the Govt. for the last two : (Please see Chapter-VI  
 years). and Table No.-6.10)

11. Availability and adequacy/inadequacy of physical facilities and services in market place: ( Adequate  and inadequate  mark)

Physical facilities	Yes/Adequate or Inadequate	Service facilities	Yes/Adequate or Inadequate
Union/Panchayat Office	<input type="checkbox"/>	Agricultural Extension Service	<input type="checkbox"/>
Cold Storage	<input type="checkbox"/>	Price Information Service	<input type="checkbox"/>
Drinking water	<input type="checkbox"/>	Post Office	<input type="checkbox"/>
Telephone	<input type="checkbox"/>	Police Station	<input type="checkbox"/>
River Jetty	<input type="checkbox"/>	Medical facilities	<input type="checkbox"/>
Drainage	<input type="checkbox"/>	Boarding facility	<input type="checkbox"/>
Agricultural Inputs	<input type="checkbox"/>	Community Centre	<input type="checkbox"/>
Trading Sheds	<input type="checkbox"/>	Educational Institution (Adjacent places)	<input type="checkbox"/>
Latrine	<input type="checkbox"/>	Any other (Pl. specify. . . . .)	
Electricity	<input type="checkbox"/>		
Crushing Mills	<input type="checkbox"/>		
Other milling & processing	<input type="checkbox"/>		
Railway station	<input type="checkbox"/>		
Bus station	<input type="checkbox"/>		
Market Yard (paved)	<input type="checkbox"/>		
Trading sheds (paved)	<input type="checkbox"/>		
Any other . . . . . (Please specify)			

(b) How the inadequacies can be remedied?

(Discussed in Chapter-VII and also in conclusions and recommendations chapter)

## 12. Mode of payment of market fees and other charges:

Fees	Paid by	Paid to	Criteria basis	Rate per unit (Tk./Rs.)
Market fee/toll	..			
Weighing fee	..			
Commission	..			
Brokerage	..			
Sweeper's collection	..			
Handling charges	..			
Grading	..		(Please see Chapter-VI)	
Drying	..			
Cleaning	..			
Storage	..			
Processing	..			
Other charges (please indicate)	..			

## 13. (a) Weights and measures used by market participants:

Household measure  Traditional measure (Seer, maund, etc.)   
 Modern (metric system) ; Other (specify) . . . . .  
 (Please see Chapter-VI for detailed discussion).

(b) Are weights and measures verified by Market Committee Staff?

Yes  No

(c) If yes, how often? .....

(d) If no, why? .....

## 14. (a) Is there any private market in the notified market area of the RM?

Yes  No

(b) If yes, how they function?

(Discussed in Chapter-V).

15. Is auction changes hands each year? Yes  No 

(b) If no, why? (This Question is for Bangladesh)  
 (Discussed in Chapter-V).

## 16. Problems that need to be solved: (Discussed in Conclusions and Recommendations chapter)

INTERVIEW SCHEDULE-IIQuestions to the Grower-sellers/Non-grower-sellers Attending the Market

1. Distance travelled by grower-seller/ seller from production point/buying point to the market : (please see discussions in Chapter-VI).
2. Means of transportation (If more than: one mode, tick all) : Train  Bus   
Boat  Bullock cart   
Rickshaw  Headload   
Any other (Pl. specify).....  
(Please see discussion in Chapter-VI).
3. (a) Length of stay in the market :  
During market hours/whole period :   
Less than market hours :   
Longer than market hours :   
(b) Stay required in a R.M. & in a Private market : (Please see Chapter-V)
4. (a) Frequency of coming to market : Regular  Irregular   
(b) If irregular why? : .....  
(c) Where do you prefer to sell your produce? :  
To sell exclusively in RM :   
To sell exclusively in private market. :   
To sell both in RM & Private market. :   
(d) Why do you prefer to do so? : .....  
(Please see Chapter-V)
5. (a) If he is a non-grower-seller, place of purchase of commodity :  
From growers in the village :   
From other markets (primary or secondary) :   
Both from village and market :

- (b) Percentage of purchase : From farmer   
 From market   
 (Please see Chapter-VI).

6. Price received for the commodity last year:

Commodity	Price per Unit (Tk./Rs.)	
	Peak season	Slack season
I.		
II.	(Please see discussions in Chapter-VI)	
III.		

7. Price received during the survey period

Commodity : Price per Unit (Tk./Rs.)

(Please see discussions in Chapter-VI)

8. What does the grower-seller/non-grower-seller normally do with the unsold merchandise?

- Take back to home :   
 Store it in the storage for next market-day :   
 Sell below market price :   
 Take them to the other markets :   
 Any other (Please specify) : . . . . .

(Discussed in detail in Chapter-VI)

9. Highest and lowest price grower-seller received in season:

Commodity	Highest price per unit (Tk./Rs.)	Month	Lowest price/Unit (Tk./Rs.)
I.			
II.			
III.			

(Please see discussions in Chapter-VI)

10. What are the reasons for price variation?

Quality variation       Quantity variation   
 Agency who buys it       Bargaining   
 Any other (please specify) . . . . .  
 (Please see discussions in Chapter-VI)

11. If the seller sells paddy, Jute, etc., what is the Government minimum price?

<u>Commodity</u>	<u>Price per unit (Tk./Rs.)</u>
Paddy ..	
Jute ..	
. . . . .	
. . . . .	

(Please see discussions in Chapter-VI)

12. (a) Does the seller sell at Government price?

Yes       No

(b) If no, state the reasons:

Lower than market price   
 Undue delay in getting price   
 Procurement centre is in a distant place   
 Lack of transport facility   
 Not so economic than selling in the nearby market place.   
 Any other (please specify) : . . . . .

(Please see discussions in Chapter-VI)

13. Price setting method :

Price set by grower-seller/non grower-seller/trader) :   
 Price set by buyer :   
 On bargaining between buyer and grower-seller/seller :   
 Price set by open bidding process :   
 Any other method (Please indicate) : . . . . .

(Please see discussions in Chapter-VI)

14. Which method of selling do you prefer?

- (a) Open agreement :
- (b) Auction system :
- (c) Closed tender system :
- (d) Any other : . . . . .

(Please see discussions in Chapter-VI)

15. Payment procedure:

- Immediate payment in cash :
- Payment delayed for some time :
- Postponement of payment :
- Payment in kind :
- Any other (Pl. specify) : . . . . .

(Please see discussions in Chapter-VI)

16. (a) Do you come to the market for reasons other than:

Merchandise? Yes  No

(b) If yes, why?

- To buy daily necessities :
- To buy agricultural inputs :
- To hear local news :
- To gather information on farming :
- To collect receivables :
- To visit friends :
- Any other (Please indicate): . . . . .

(Please see discussions in Chapters-V and VI)

17. How does the following physical facilities affect your business?

Facilities	Increased Income	Addi- tional quantity offered	Increased quality	No change
Trading sheds	..			
Storage facilities	..			
Price information on the market	..			
Advice by extension workers	..			
New seating arrangement	..			

Facilities	Increased Income	Additional Quan- tity offered	Increased quality	No Change
Development of transport	..			
Price information on other markets	..			

(Please see discussions in Chapter-VII)

INTERVIEW SCHEDULE - IIIQuestions to be asked to traders/buyers attending the market

1. Person interviewed : Itinerant trader   
 Government agencies   
 Local stockist   
 Local processor/  
 consumer   
 (Please see Chapters V and VI)
2. Frequency of coming to the market: Regular  Irregular   
 (Please see Chapter-VI)
3. Distance of the market from home/  
 business point : . . . . .  
 (Please see in Chapter-VI)
4. Type of commodity purchased : . . . . .  
 (Please see Chapter-VI)
5. Transportation used : Train  Bus   
 Boat  Truck   
 Rickshaw  Bullock cart   
 Headload   
 (If more than one made tick  
 all)  
 (Please see Chapter-VI)
6. Price per Unit of commodity in  
 the current year (During :  
 Survey period)
- | <u>Commodity</u> | <u>Price per Unit (Tk./Rs.)</u> |
|------------------|---------------------------------|
| I.               |                                 |
| II.              |                                 |
| III.             |                                 |
- (Please see Chapter-VI)

7. Highest price paid last year for the same :

<u>Commodity</u>	<u>Price per Unit (Tk./Rs.)</u>
I.	
II.	
III.	

(Please see Chapter-VI)

8. Highest price paid during the current season:

<u>Commodity</u>	<u>Price per Unit (Tk./Rs.)</u>
I.	
II.	
III.	

(Please see Chapter-VI)

9. Lowest price of the commodity in this season:

<u>Commodity</u>	<u>Price per Unit (Tk./Rs.)</u>
I.	
II.	
III.	

(Please see Chapter-VI)

10. What are the reasons for price variations?

Quality variation	:	<input type="checkbox"/>
Quantity variation	:	<input type="checkbox"/>
Agency who buys it	:	<input type="checkbox"/>
Bargaining	:	<input type="checkbox"/>
Any other (specify)	:	.....

(Please see Chapter-VI)

11. Payment procedure :

Immediate payment in cash	:	<input type="checkbox"/>
Payment delayed for some time	:	<input type="checkbox"/>
Postponement of payment	:	<input type="checkbox"/>

Payment in kind :   
 Any other (specify) : .....  
 (Please see Chapter - VI)

12. Do you come to the market for reasons other than merchandise?

Yes  No

(b) If yes, why?

To buy daily necessities :   
 To gather information :   
 To hear local news :   
 To visit friends :   
 To pay debts :   
 Any other (Indicate) : .....  
 (Please see Chapters V, VI and VII)

13. Which method of selling/buying do you prefer?

(a) Open agreement :   
 (b) Auction system :   
 (c) Closed tender system :   
 (d) Any other : .....  
 (Please see Chapter-VI)

14. How does the following facilities affect your business?

Facilities	Decrease cost of purchase	Increased quantity bought	Improve quality bought	No Change
Trading sheds	..			
Storage facilities	..			
Price information on the market	..			
Advice by extension worker	..			
New seating arrangement..				
Development of transport ways	..			
Developed communication..				

(Please see Chapter-VII)