

CHAPTER - V

WAREHOUSING FACILITIES BY AGRICULTURAL PRODUCE MARKET COMMITTEES

5.1 FUNCTIONS OF THE AGRICULTURAL PRODUCE MARKET COMMITTEES

A market is said to be regulated when the state government establishes a market under some enactment and frames rules and regulations to conduct business therein. K.N.Pathak has defined, "A regulated market is one, proceedings and practices of which are formally regulated by some suitable legislation.¹ In such markets, government interference is necessary. Its main object is to regulate sale and purchase of agricultural produce, create conditions for fair competition and thus ensure a square deal to the producer - sellers.

The history of market regulation in India started when the British Government felt the necessity of supplying pure cotton at reasonable price to the textile mills at Manchester. In 1836, the Karanja Cotton Market was established as a regulated market under the Hyderabad Residency's order. The first legislation in the country was, however "The Berar Cotton and Grain Market Act", of 1897. In 1927, then the Government of Bombay Province also enacted the "Bombay Cotton Market Act". The Royal Commission on Agriculture in its

report, submitted in 1928, commentes at length on the defects and chaotic conditions in the agricultural assembling markets, and recommended the establishment of regulated markets to remove these defects. This was subsequently endorsed by the Central Banking Enquiry Committee, in 1931. These recommendations inspired several provincial governments. In 1938, the Central Agricultural Marketing Department (now the Directorate of Marketing and Inspection) prepared a model bill on the lines of which several states drafted their own bills. Unfortunately, soon after, the Second World War broke out which checked the progress of market regulation activities. It was, however, after independence when the Planning Commission gave due emphasis on this aspect in their first and the subsequent Five Year Plans.

To remove the defects of the agricultural marketing, to ensure remunerative prices for agricultural goods, to remove all defects of all the previous Agricultural Produce Market Acts, the Government of Maharashtra amended the Market Act and new Maharashtra Agricultural Produce Market Act 1963, came in force from 1967. The principal objectives of this Act are to obtain adequate market places for agricultural produce, to increase the grade of agricultural produce, to give the information of trend in market rates to the agriculturists, to convince the agriculturists the importance of sale of the produce by open auction, etc. The state has brought all

important agricultural commodities under regulation through Maharashtra Agricultural Produce Sale and Purchase (Regulation) Act, 1967 extended to the whole of Maharashtra. A market committee is incharge of management and operation of a regulated market. The interests of farmers are dully represented on the market committee.

The establishment and working of regulated markets are governed by the Market Act. The state government is authorised by the Act to establish Agricultural Produce Market Committee (APMC) for every notified area. The APMC is responsible for ensuring fair marketing practices. The functions of the APMC can be broadly stated as follows.

- (1) To maintain one or more market yards and upkeep of buildings, roads, wells, water, security, electricity, etc. Generally, the main assembling market in the market area is declared as 'Principal Market Yard' while other subsidiary markets or small mandis are declared as 'Sub-Market Yards'. The Market Committee is responsible for providing all essential facilities in these both types of market yards which are under its regulation.
- (2) To prescribe the hours of trading.
- (3) To issue, renew or withdraw licences of traders and registration of market functionaries.
- (4) To fix market charges and deductions.

- (5) To realise market fee from buyers of agricultural produce, licence fee from traders and registration fee from market functionaries.
- (6) To settle disputes pertaining to sale and purchase in notified agricultural commodities.
- (7) To collect and communicate market news in such a way that it is available to cultivators and buyers alike.
- (8) To have easy access to the record of any business concern or trader within the market area in respect of all agricultural produce for which the market has been regulated.
- (9) To take all possible steps to prevent adulteration of agricultural produce in the market yards.
- (10) To provide storage and warehousing facilities.

These are the important functions of the APMCs which are very usefull, if performed effectively, in removing defects of the agricultural marketing system. For the performance of day-to-day functions, every market maintains its own establishment. This generally includes a market secretary, market inspectors, clerks, peons and weighmen. The secretary is the chief executive and exercise control over affairs of the market. It is assumed that welldeveloped market yards with all facilities and amenities improve the bargaining power of the producers.

5.2 WAREHOUSING FACILITY WITH THE AGRICULTURAL PRODUCE MARKET COMMITTEES

Eventhough APMCs do not belong to the co-operative stream, they are controlled by Co-operative Department in Maharashtra. According to the officials of the Directorate of Marketing, prior to 1980-81, the APMCs were having very negligible number of godowns and storage capacity. As there was no separate board for these institutions, the information regarding storage capacity was not regularly furnished by them. Recently, an independent organisation by name the 'Maharashtra State Agricultural Marketing Board' has been established for the benefit of the APMCs. However, so far the Board also has not been able to collect necessary details regarding the godown facility available with the APMCs.

5.2.1 DISTRICT PROFILE

According to the officials of the Directorate of Marketing, the APMCs in real sense started constructing godowns under the NGRG scheme which was started in 1980-81. Under this scheme, up to 1984-85 the number of godowns sanctioned to the APMCs was 145 with a total storage capacity of 46,300 tonnes, of which 117 godowns with a capacity of 39,050 tonnes has been completed. Besides the godowns constructed under NGRG, the APMCs have their own godowns also. In 1985, the Government of Maharashtra, entrusted the work of preparation of "Master Plan for locations of godowns during

Seventh Five Year Plan in Maharashtra State," to the Maharashtra State Warehousing Corporation. For the purpose the MSWC studied the existing storage capacity of all the agencies including the APMCs. After the publication of the Master Plan, no official and reliable information regarding the storage capacity of the APMCs is available either with the Directorate of Marketing or with the Marketing Board or with the Federation of the APMCs.

According to the Master Plan, at the end of the Sixth Five Year Plan (31-3-1985), in Maharashtra, the total storage capacity available was 27,99,615 MT. This total comprised the storage capacity maintained by the co-operative sector, public sector (MSWC, CWC, Food Corporation of India, Tribal Development Corporation, Civil Supplies Department etc.,) and the APMCs. The APMCs were having 1,21,346 MT storage capacity which was about 4.33 percent of the aggregate storage capacity available. Excluding State Co-operative Marketing Federation, all other co-operative societies were having 7,32,211 MT storage capacity which formed 26 percent share. It shows that the co-operative institutions were having 6 times more storage capacity than that possessed by the APMCs.

The districtwise existing storage capacity available with APMCs at the end of the Sixth Five Year Plan is shown in Table 5.1.

Table 5.1

Districtwise existing storage capacity available with the APMCs
(31-3-1985)

(Capacity in MT)

Sr. No.	District	Storage capacity of APMCs	Total capacity of all agencies	% share of the APMCs
1	2	3	4	5
(1)	<u>Bombay Division</u>			
(a)	Bombay	-	-	-
(b)	Thane	3,780	68,574	5.5
(c)	Raigad	-	1,08,760	-
(d)	Ratnagiri	-	17,185	-
(e)	Sindhudurg	-	16,960	-
	Total	3,780	2,11,479	1.8
(2)	<u>Pune Division</u>			
(a)	Pune	5,600	1,54,565	3.6
(b)	Satara	840	1,13,075	0.7
(c)	Sangli	2,200	1,49,541	1.5
(d)	Kolhapur	2,191	96,881	2.3
(e)	Solapur	14,400	1,12,644	12.8
	Total	32,791	6,26,706	5.2
(3)	<u>Nasik Division</u>			
(a)	Nasik	4,200	1,71,144	2.5
(b)	Ahmednagar	7,650	3,36,805	2.3
(c)	Jalgaon	7,200	1,91,590	3.8
(d)	Dhule	7,710	1,21,220	6.4
	Total	26,760	8,20,759	3.3

1	2	3	4	5
(4)	<u>Aurangabad Division</u>			
(a)	Aurangabad	6,675	62,573	10.7
(b)	Jalna	3,900	52,070	7.5
(c)	Parbhani	10,150	88,560	11.5
(d)	Nanded	2,350	92,530	2.5
(e)	Beed	1,700	38,260	4.4
(f)	Osmanabad	3,400	26,550	12.8
(g)	Latur	2,200	66,390	3.3
	Total	30,375	4,26,933	7.1
(5)	<u>Amravati Division</u>			
(a)	Amravati	5,630	87,430	6.4
(b)	Akola	9,850	1,40,225	7.0
(c)	Buldhana	3,360	67,726	5.0
(d)	Yeatmal	3,700	76,830	4.8
	Total	22,540	3,72,211	6.1
(6)	<u>Nagpur Division</u>			
(a)	Nagpur	3,900	1,50,227	2.6
(b)	Wardha	-	55,775	-
(c)	Bhandara	-	62,645	-
(d)	Chandrapur	900	48,170	1.9
(e)	Godchiroli	300	24,710	1.2
	Total	5,100	3,41,527	1.5
	Grand Total	1,21,346	27,99,615	4.3

Source : Master Plan for locations of godowns during 7th plan
in Maharashtra State, prepared by MSHC.

From Table 5.1 following conclusions can be drawn.

- (1) Out of six administrative divisions of the state, Nasik Division was having maximum aggregate storage capacity (8,20,759 M.T) followed by Pune, Aurangabad, Amravati, Nagpur and Bombay Divisions in their descending order.
- (2) Regarding provision of storage capacity through the APMCs, Bombay Division exhibits the least satisfactory picture. Of the five districts coming thereunder Thane district alone possessed APMC godowns, which had 5.5 percent capacity within the aggregate district capacity. Other districts had, it appears, not taken advantage of NGRG scheme. Other districts in the divisions are yet to begin with one of their statutory functions, viz., provision of warehousing facility.
- (3) Next is the case of Nagpur Division. In two of its districts, viz., Wardha and Bhandara districts the APMCs were not having any godowns. Other two districts - Gadchiroli and Chandrapur had meagre storage capacity. Only Nagpur district had rather better facility amounting to 2.6 percent capacity in the APMCs in the district total.
- (4) Taking into account the absolute quantity of storage capacity supplied by the APMCs, Pune Division (32,791 MT) was at the top with Aurangabad Division (30,375 MT) closely following. Nasik Division (26,760 MT) was

the third and Amravati Division (22,540 MT) was the fourth.

- (5) When it comes to ranking the divisions on the basis of the APMC capacity as a percentage of aggregate divisional storage capacity, then the hierarchy changes to Aurangabad (7.1 percent), Amravati (6.1 percent), Pune (5.2 percent), Nasik (3.3 percent), Bombay (1.8 percent) and Nagpur Division (1.5 percent).
- (6) Choosing the individual districts in the context of absolute capacity possessed by the APMCs, Solapur district (14,400 MT) was in the vanguard, followed by Parabhani (10,150 MT), Akola (9,850 MT), Dhule (7,710 MT), Ahmednagar (7,650 MT), Jalgaon (7,200 MT) and Aurangabad (6,675 MT).
- (7) Existing capacitywise frequency distribution of the 24 out of 30 districts of the state in which the APMCs have provided storage accommodation is as shown in Table 5.2.
- (8) The ranking of the districts on the basis of the APMC's storage capacity as percentage of the district total capacity comes as follows : Osmanabad and Solapur (12.8 percent) Parabhani (11.5 percent), Aurangabad (10.7 percent), Jalna (7.5 percent), Akola (7.0 percent), Dhule and Amravati (6.4 percent) and Thane (5.5 percent). Remaining 15 districts had their share 5 percent or less. Satara district had the least

percentage (0.7 percent) of the district capacity located in its APMCs.

Table 5.2

Frequency distribution of the districts having storage facility in the APMCs

Storage capacity (MT) of all the APMCs	No. of districts
Less than 1,000	3
1,001 - 2,000	1
2,001 - 3,000	4
3,001 - 4,000	6
4,001 - 5,000	1
5,001 - 6,000	2
6,001 - 7,000	1
7,001 - 8,000	3
More than 8,000	3
Total	24

Source : Compiled from Table 5.1

On the whole, the state proportion of the APMC's share in total warehousing stood at 4.3 percent, which is a pointer to enough scope available to these institutions for making a future head way. At the same time, due attention should be paid to the passive attitude of a large number of the APMCs in the state towards exploiting the assistance available through the NGRG Schemes having the incentive of 50 percent subsidy in the total cost of construction of rural godowns. This issue should invite serious attention of all concerned.

5.2.2 STORAGE FACILITY WITHIN APMC CAMPUS : AGENCYWISE

In Maharashtra, there were 244 principal market yards in 1987-88. Extent of storage facilities available within the yards according to the agencies owning them is shown in Table-5.3.

Table 5.3 shows that in the market premises only 91 APMCs were having storage facility of their own and only 9 APMCs were having storage facility provided by Warehousing Corporations which is supposed to be a major public undertaking in providing storage facility. Maharashtra in spite of being in the forefront of the co-operative movement and having made substantial progress in many avenues of the movement, could have co-operative storage facility in only 3 APMCs which is a very discouraging matter. One reason can be located for this apathy of the co-operative institutions. A large number of co-operative marketing societies themselves do not undertake agricultural marketing functions, and if at all they do it, is a negligible proportion. They, therefore, do not need any godown in the market yard. Their own godowns are enough to store agricultural inputs and essential consumer goods in which the societies have greater interest. The most concerning thing is that even private traders have also failed in providing scientific storage facility as only 8 (3.28 percent) APMCs were having storage facility by private traders. In sum, APMCs are the main agency in providing

scientific storage facility in the premises of principal market yards. Eventhen, as yet 153 APMC (as per 1987-88 position) have to provide storage facility to the farmers, which is one of their important functions. For other agencies too there is ample scope for developing storage facilities in the APMCs. If such is the case of principal market yards, then what would be the position of storage facility available in sub-market yards? Worse, is the only answer.

Table 5.3

Storage facility available within principal
market yards of the APMCs (1987-88)

Sr. No.	Agencies providing storage facility	No. of yards having warehouse facility	% share in total market yards (244)
1	Traders	8	3.28
2	Co-operative Sector	3	1.23
3	APMCs	91	37.30
4	Warehousing Corporations	9	3.69

Source : Arthasaavadi, Jan - March, 1990, P.172.

5.3 UTILISATION OF STORAGE CAPACITY

Information available regarding utilisation of the available capacity with the APMCs is not encouraging. During personal discussion with the officials of the Directorate of Marketing following points came up.

- (1) Majority of the APMCs do not furnish accurate information regarding the storage facility available and

percentage utilisation. They are not even regular in supplying whatever scanty information they try to send.

- (2) The APMCs are more punctual regarding furnishing other information relating to the infrastructural facilities like roads, electricity, communication etc., but do not so serious about storage facility. The reasons are not known.
- (3) When they provide the information, it is noticed that there is great deal of discrepancy in the figures.
- (4) It can be sensed from the available details that majority of the APMCs have given their godowns on hire either to private traders or co-operative marketing institutions.
- (5) The APMCs, which manage the godowns themselves, have average utilisation between 20 to 35 percent.

Keeping in view all constraints regarding the availability of data, the researcher could collect few details in this behalf from the monthly reports sent by the APMCs. Compiled data is presented in Table 5.4. There is, however, discrepancy noticed in the data at different places. For example, in Table 5.4, the total number of godowns operated in March 1989 and March 1990 was the same at 160, but the total storage capacity in March 1990 was shown as 60,000 MT as against 70,000 MT in March 1989. How could the storage capacity decline by such a big amount eventhough the number of

godowns had not changed? No explanation was available for such discrepancies. This type of data deficiencies was a big constraint over the presentation of analysis.

Table 5.4

Utilisation of storage capacity of the APMCs
(capacity in MT)

Month and Year	No. of godowns operated	Total storage of capacity	Utilisation capacity	% Utili-sation
1. June 1985	97	39,500	10,135	25.66
2. March 1986	86	34,900	8,232	23.59
3. December 1987	107	39,600	10,806	27.29
4. December 1988	150	60,200	20,900	34.72
5. March 1989	160	70,000	22,000	31.43
6. March 1990	160	60,000	40,000	66.67

Source : Office records of the Directorate of Marketing,
Maharashtra State, Pune.

Bearing in mind the data constraints, the available data as in Table 5.4, quite vividly indicates that the capacity utilisation has ranged from 23 to 35 percent excepting the year 1989-90 when it had hiked to perhaps all time record of 66.67 percent. If the situation of 1985 to 89 as observed is the experience in the previous years too, then certainly the developments are discouraging. The only solace is that the absolute quantity of utilisation of storage capacity had been on increase concomitant with increase in the number of warehouses and thereby available storage capacity within the

premises of the APMCs. Moreover, percentage of utilisation too in upward direction, though the movement was not upto the expectations. Notwithstanding this, the basic question remains. Eventhough the godowns are available within the premises of the market yards, why are the farmers not coming forward for using them? The Master Plan prepared by the MSWC in 1985 attributed the phenomenon to the (a) small size of godowns and (b) construction of godowns at one and same place by more than one agency. These reasons are not fully convinving. As for the first reason, eventhough it is accepted that the size of godowns is small, there should not be any problem for small and marginal farmers to utilise these godowns as they carry small consignments of marketable surplus. As such, storage accommodation required by each of them would be very limited. Moreover, as the experience so far goes, there is never a heavy rush of the farm producers for storage of their unsold consignments so that the godown agency had frequent occasions to refuse accommodation. As regards the second reason, duplication of the facility through more than one agency may not be there at all the places : this might be the case where particularly trading in agricultural produce might be abundant. In the absence of data of locationwise break-up of godowns by different agencies, it is very difficult to pass judgement over the point under referene. Availability of authentic details

in this context would help in reconciling the second problem with the first one. It might be a possibility that in spite of one agency operating at a place, the other agency/agencies had started operations there because of good business prospects. Every case of duplication, therefore, cannot be disposed of on the grounds of unwanted intrusion.

To sum up, the APMCs in Maharashtra are lagging behind in providing storage facility in large number of principal market yards. Secondly, whatever number of godowns are available they are conspicuously under-utilised. Thirdly, whatever low utilisation is going on, it is not clear who actually utilise these godowns and for what purpose due to utter lack of authentic data.

5.4 A SAMPLE STUDY OF SHAHU MARKET YARD, KOLHAPUR

Given the dearth of data on availability on utilisation of godown facility in the market yards of the APMCs, it was decided to undertake a test study of Shree Shahu Market Yard of Kolhapur. This sample selection was purposive because the Shahu Market Yard has long history of about 45 years and it can be classified as a developed market yard. Trade channels too are fairly widely dispersed and well established.

The Shahu Market Yard is the principal market yard under the control of the Agricultural Produce Market Committee, Kolhapur, established in 1945. The initial location of the APMC was the Shahupuri Peth area wherein there was dearth of

market infrastructure. There were no godowns for regular use of any needy person. During the post harvest days jaggery, groundnuts, etc., were stored in open by the roadsides near the shops of the traders, thus exposing the consignments to the damages by natural and human forces. Farmers were the principal losers under adverse natural conditions. As the city was developing fast and Shahupuri Peth, which initially lay on the outskirts of the city, gradually became an integrated part of the busy area. As a result, the traders and farmers faced the problem of adequate space for trucks and bullock carts for loading and unloading. These developments created a pressing need for a new location for the market especially in the interest of effective market regulation. The present Shahu Market Yard which was established in 1958 is an outcome of this situation.

After the formation of the present state of Maharashtra, the functioning of the APMC, Kolhapur came to be governed by the provisions of the Maharashtra Agricultural Produce Marketing (Regulation) Act of 1963 with effect from 1967 and thereafter by the amendments from time to time. It seems that the APMC of Kolhapur is very alert in providing all basic amenities in the market yard, spread over an area of 120.35 acres. A number of plots have been kept reserved for amenities like post office, bank offices, etc. Adequate light, water and sanitary facilities are provided. Inside

Table 5.5

Chronological details of important developments in
Shahu Market Yard, Kolhapur

Sr. No.	Particulars	Year	Expenditure (Rs.)
1	Acquisition of land (121 acres)	1950-51	2,52,538
2	Office building	1955	74,941
3	Well	1958 & 60	51,245
4	Drinking water	1958 & 60	1,42,780
5	Post office building	1958	30,944
6	Water troughs for cattle	1958	16,619
7	Toilets	1958 & 60	53,055
8	Shops and other buildings	1958-70	1,71,165
9	Canteen (unit 1)	1958	40,170
10	Roads	1958-76	17,34,666
11	Cattle shed	1960	945
12	Labour rest house	1960	13,046
13	Police check post	1960	12,003
14	Watchman check posts (6)	1960	33,103
15	Side gates (5)	1960	55,762
16	Garden and tree plantation	1960 & 68	55,652
17	Stores building	1965	13,890
18	Canteen (unit 2)	1966	30,460
19	Shetakari Niwas	1970	1,70,093
20	Water tank	1970	51,245
21	Gutters and drainage	1970	2,65,413
22	Yard compound wall	1970	6,06,657
23	Electricity	1978	88,633
24	Tobacco and onion godowns (20)	1978	27,82,033
25	Main gate	1983	14,827
Total			67,61,885

Source : APNC, Kolhapur.

roads are wide and well-marked. The entire campus is protected by compound wall with openings of appropriate points. Enough space for parking of carts, trucks and other vehicles is provided. The APMC has provided a big building suitably designed for cultural activities. Above all, the APMC has constructed 20 godowns with aggregate storage capacity of 4,000 metric tonnes. All this reveals that the Kolhapur APMC has a systematically developed market yard. Broad details of development are given in Table 5.5.

More details about the godown facility provided by the APMC. It has so far spent Rs.27,82,033 on the construction of 10 tobacco godowns with a total capacity of 2500 MT and 10 onion godowns with a total capacity of 1500 MT, thus arranging for an aggregate storage capacity of 4,000 MT.

Regarding the actual utilisation of these godowns, the picture is very much disturbing. The officials of the APMC told that as there was dearth of users from producer class all the times : in order to get returns on the huge investment done on their construction, the APMC was almost compelled by circumstances to rent these godowns to different offices and private traders. The godowns have been on rent to marketing federation and to special auditor, Co-operative Societies for housing their offices and remaining godowns to private traders. Not a single godown is kept in reserve for farmers for persistent want of demand on their part.

This is the position in one of the well-developed APMCs in Maharashtra, which had total income ^{Rs.}Rs. 45,02,527, total expenditure of Rs. 44,99,464, and 1,73,97,584 as a reserve fund in 1988-89. By and large, the picture in other APMCs with storage facilities would not be more encouraging : exceptions apart. Things are more likely to be worse. If this is the state of the developed principal yards, what would be the experience of the less developed principal yards and most of the sub-yards? Big vaccum is the only answer.

To conclude, in Maharashtra, many APMCs have not provided sufficient storage facility for farmers in the market yards. Whatever facility is available, it is not used by the farmers fully. Two possible explanation can be given. Firstly, farmers have full faith on the traders, so they prefer to deposit their goods in their godowns till the consignments are sold out through them. Secondly, urgent need of money compels them to dispose of their goods as early as possible without testing the benefits of waiting.

5.5 A NOTE ON DATA DEFICIENCY

A few observations on data availability. It has already been pointed out that the Directorat of Marketing is supposed to have all the necessary details regarding the godowns facilities with the APMCs. But this governmental agency too appears to be helpless in calling the information because of sheer neglect on the part of the APMCs in entering required

details in the annual returns. But there is another side to the issue. To what extent the authorities also seriously insist on the APMCs for furnishing full information annually called for? Absence of adequate information with the office is a reflection indeed on the passive approach of the directorate towards the non-compliance by the APMC's. With such a weak data base, how could the directorate frame a five year plan for warehouse development? And how could the plan prepared be considered realistic?

The Maharashtra State Agricultural Marketing Board has been established just a couple of years back. It is still in its infancy and struggling to do something with limited manpower at its disposal. This agency needs to be strengthened and developed fast. Among other things, all the possible assistance should be given to it to develop a data bank on agricultural marketing, which would include information on warehousing also.

There is a parallel institution existing : it is the Maharashtra State Market Committees' Co-operative Federation, established in 1969. This federation did a commendable job of publishing a directory of the APMCs in Maharashtra as in 1977.² But, unfortunately, the limited details of the APMCs have missed very vital information including that on warehousing. It is, therefore, high time for the Federation

too, to go in for a thoroughly revised and enlarged edition of the directory. Such a publication is badly needed.

In brief, there is a big vacuum on data front regarding agricultural warehousing. Systematic efforts by the concerned institutions is the dire need of the time for a realistic formulation of warehousing policy for the benefit of the agriculturists.

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