

CHAPTER - II

DEVELOPMENT OF WAREHOUSING FACILITY IN INDIA AND MAHARASHTRA

2.1 NEED OF WAREHOUSING FACILITY IN INDIA

In the past when the pressure of population on land was less and means of communication and transport were rudimentary, the village was a prosperous and self-sufficient unit. Every one in the village was directly involved in every activity, be it economic, cultural or social. Those who produced food sold it within the village or in the village nearby.

The onset of technological revolution, better communication and introduction of money economy increased the size of the market, and marketing became a very complicated process beyond the comprehension of the producer. For long distance movement of the produce to be economically feasible, the bulk had to be large enough and so the need arose for staging areas where the produce could be assembled and then distributed into convenient lots. These staging areas were established at points convenient for this purpose and at these points bigger dealers bought their requirements from the producers.

Primary assembling markets, therefore, emerged as staging areas at convenient points for the assembly,

distribution and exchange of goods moving from the village to the bigger cities where demand was concentrated. For consumer goods too, these primary assembling markets became convenient centres to the villages. Consumer goods were exchanged in these markets and then distributed through village traders in the villages. These traders being the main functionaries, dominated every activity in these markets and ignored the interest of the producers both as sellers and buyers of consumer goods.

The producers, on the other hand, were initially producing mainly for home consumption and had very little marketable surplus to sell. The very small size of this marketable surplus was a factor that discouraged them from undertaking a long journey to the primary market to sell their produce. There were other handicaps too which discouraged the producers. First of all, the market place appeared to them to be a completely different world in which everything tended to be antagonistic to their interests. They did not know about the price that they were to receive for their produce. If they decided not to sell their produce on that particular day, they had no facility to store their produce. This facility was provided only by the commission agents who, though supposed to look after the interest of the producers, did actually collude with the wholesalers and acted against the interest of the producers. Moreover, the cultivators, being

heavily dependent for their cash needs on the commission agents, were usually under obligation to sell their produce through the middlemen. Communications between villages and the primary markets were more or less completely ignored. The state of village roads, particularly in the monsoon season, was so bad that they became practically impassable. This was particularly disadvantageous to the transport of perishables like fruits and vegetables. It is reported that in Jalgaon district of Maharashtra, bananas are transported from orchards to pucca roads by head-loads for want of better roads on which carts or trucks could move conveniently. All these factors combined to discourage the producers from bringing their produce by themselves to the assembling markets.

In the village, on the other hand, the number of traders purchasing from the cultivators was very small. Some of the smaller villages had only one trader who not only bought under conditions of monopoly but also sold consumer goods, agricultural inputs and made credit available under monopoly conditions and could, therefore, pay a low price for the produce he bought, and charge a high price for the things he supplied to the cultivators.

Primary markets, since they were located at convenient points, could function as contact points between the consumers and cultivators. Actually, they became meeting places of buyers and sellers, both of whom were mainly traders.

The producer, therefore, became so far removed from the marketing operations that he did not take any interest in the marketing of his produce, nor understood the implications of the various procedures he was obliged to follow. By occupying a strategic position between the producers and consumers, the traders acquired considerable market power and introduced procedures and practices in the markets which were to their advantage. Due to this unique position, the traders succeeded in taking a major proportion of the price paid by the consumer and passing on a very small proportion of it to the producer. The proportion received by the producer was so small that it left him with little incentive to produce more for the market.

Since agriculture is the cornerstone of Indian economy, relatively greater emphasis has been laid on this sector since 1947. Nevertheless, it is agriculture, which has more problems to be tackled than any other single sector of the country's economy. In fact, the foremost task before the national economists today is to view the problems in this perspective and to adopt effective measures to redress agriculture from its rudimentary stage to modern advanced stage of production.

It is a redeeming feature that after three decades of suffering, it was realised that for a prosperous India, incentive to agricultural output to achieve self-sufficiency in food was inevitable. Thus, the green revolution is in full

swing to provide the producers with high-yielding seeds, fertilisers, easy credit, irrigation facilities and fixation of better prices. It is a matter of satisfaction that our farmers have taken to improved seeds and machanical implements whereby production has gone up sufficiently and the need to import the foodgrains has substantially been reduced saving considerable quantum of foreign exchange which could be utilised for other developmental programmes.

It is equally important that whatever we produce must be saved from damages caused by insects, rodents, moisture, etc., and by defective handling as any increase in production will become meaningless if it is not saved from deterioration and damage. Right now, 5 to 10 percent of foodgrains production in the country is damaged due to defective storage and handling, resulting into a great loss to the nation.

Besides this, the cultivator faces the problem regarding sale of his produce as soon as he harvests it. He has not only to repay the loan taken from the money-lender, at a high rate of interest but money is needed for his other needs too. Due to increased arrivals in the market during harvesting season, the prices generally run low. The cultivator has no means and capacity to withhold his produce during such unfavourable period and is thus compelled to make distress sale. Transport facilities are either lacking or inadequate. Due to such difficulties a considerable quantity of his

produce gets destroyed by rain, fire, moisture, rats and other insects causing huge natural wastage. Solution to these problems of the cultivators lies in scientific storage catered by public and private warehouses. Since such facilities were not adequately available with private agencies, the central and state governments had to come forward with establishment of public warehouses. They are expected to provide a vital link to the primary producers in their endeavour to market their produce at a reasonable price.

2.2 ORIGIN AND DEVELOPMENT OF WAREHOUSING FACILITY IN INDIA

2.2.1 EMERGENCE OF PUBLIC SECTOR WAREHOUSING

Warehousing facilities are necessary to prevent the loss arising out of defective storage and also to equip the farmers with a convenient instrument of credit. The concept of public warehousing is a recent development in India though the Royal Commission On Agriculture in 1928 had stressed the need of warehousing in India. According to the Commission, "The seller would be in a stronger position when disputes between seller and buyer arise, if storage accommodation were provided in the markets. It would not be necessary to provide such accommodation for all the produce coming into the market. The provision of a limited amount, which could be increased as the market grows in prosperity and funds become available, should have the necessary psychological effect in bringing about a greater sense of equality between the buyer and the

seller. The storage accommodation we have in view should not be utilised to facilitate the speculative holding of agricultural produce. The provision of facilities in the market premises for this purpose would involve an undue interference in the legitimate functions of the markets. Facilities for the temporary storage of their produce by cultivators are, in our view, best provided by co-operative societies as they have been in the mandis of the Punjab. In markets in which a sufficiency of storage accommodation is not provided by co-operative societies, we think that Market Committees should supply the deficiency and should provide the necessary management. The future may see in operation in India the type of licensed warehouse conducted for profit within the market premises by private enterprise, independent of both buyer and seller, on the lines of the system which exists in the United States of America. The nature of the agency providing the facility is not of first importance. The urgent need is for sufficiency of accommodation at the disposal of the cultivator at moderate cost."¹

The Agricultural Finance Sub-committee set up in 1945 had gone into the details of rural indebtedness and the high rate of interest. It pointed out the need of creating a negotiable paper on the strength of which advances can be secured for the agricultural sector from the credit institutions easily. The creation of such paper on the basis

of value of goods by a storage agency which could ensure safe storage and return of the produce on demand was considered to be a must. Accordingly, the Reserve Bank of India recommended to the Provincial Governments to enact legislation for establishment of licensed warehouses. The Rural Banking Enquiry Committee [1950] also emphasized the importance of warehousing in a programme for the development of rural banking in the country. Despite these measures, no tangible progress was achieved although some Provincial Governments enacted legislation on the lines recommended by the Reserve Bank of India. Except in a few states, no licensed warehouses were set up under the Acts. These Acts sought to issue licences to storage agencies so that their activities could be regulated and a standard for storage could be maintained. The licensed warehouses could issue the 'Warehouse Receipts'.

The All-India Rural Credit Survey Committee, set up in 1951 by the Reserve Bank of India, made a strong case for warehousing facility in the following words :

"We may first consider storage. Sometimes, but to an insignificant extent, it is co-operatively organised. The most promising developments in this direction have taken place where the state government concerned has given subsidies and loans to societies, occasionally to marketing societies, for constructing and running co-operative godowns. War-time conditions gave a fillip to this activity when as in Madras

and Bombay, the state governments displayed positive interest in helping co-operatives to provide themselves with storage in order that they, in turn, might assist the state in the distribution of foodgrains and sometimes their procurement. But neither in these states nor in the country as a whole has the development of organised storage, co-operative or other, been appreciable. The most important reason for this lack of progress, in spite of a large mass of legislation in regard to warehousing, has been the fact that no specific body or institution has displayed real interest in storage and warehousing. This has been partly due to the fact that the cost of constructing godowns and warehouses is, in present conditions, often high in comparison with the return which may be expected on them, specially during the initial years. It follows that, without an element of subsidy on the one hand and a strong and sufficiently widespread organisation on the other for carrying out a definite programme, there is little hope of making an impression on the programme".²

The solution envisaged in regard to the development of storage and warehousing included in its compass state entrepreneurship, including financial partnership, for the benefit of rural producer. The Committee envisaged the participation of the state governments at the intermediate level, but at the all-India level, it envisaged deriving funds not only from the Central Government but also from the various

insurance and other financial institutions. The concrete recommendations in this regard were :

- (1) The establishment of a National Board, to be called 'The National Co-operative Development and Warehousing Board', which was to plan and finance the scheme and was to be incharge of the functions of storage and warehousing on the one hand and on the other, distribution of basic and standardised requirements of cultivator as a producer and consumer.
- (2) The establishment of an All-India Corporation with share capital from the Central Government and various institutions.
- (3) The establishment of State Warehousing Companies in which the State Government concerned and the All-India Corporation were to participate.
- (4) The establishment of co-operative societies at the base.

The recommendations of the Committee in regard to the establishment of the multi-tier system referred to above were neither isolated nor independent of the other factors. They had to be considered in the context of the totality of the problem and the solution proposed by it. The solution to the problem was an integrated scheme formulated by the Committee. The development of warehousing and storage with state participation and the multi-tier system having organic links with the Central Warehousing Corporation as the kingpin

organisation at the apex as envisaged, was an integral part of the answer to the problem. The recommendations of the Committee in regard to the establishment of a National Co-operative Development and Warehousing Board and the Central Warehousing Corporation were generally accepted by the government. The Committee envisaged the following set up.

(1) National Co-operative Development and Warehousing Board

The National Co-operative Development and Warehousing Board as well as the Central Warehousing Corporation were to be established by statute; the State Warehousing Companies were also to be established by statute. The composition of the National Co-operative Development and Warehousing Board was also suggested. This was to be a high powered Board with a Standing Committee. The Board was to act through the All-India Warehousing Corporation (Central Warehousing Corporation) for the discharge of such of its functions as pertained to warehousing. In regard to distribution, the Board's functions were principally to be those of planning, directing and co-ordination of the activities of the All-India Warehousing Corporation and the State Warehousing Companies.

(2) All-India Warehousing Corporation (Central Warehousing Corporation)

The All-India Warehousing Corporation was to have an authorised share capital of Rs.20 crores to be subscribed by the National Co-operative Development and Warehousing Board as well as other institutions. It was also suggested that the debentures floated by the Corporation should also be guaranteed by the Central Government.

(3) State Warehousing Companies

In regard to the State Warehousing Companies, it was recommended that not less than 50 percent of the share capital should be subscribed by the All-India Warehousing Corporation and the rest by the state government concerned. There was to be no other contribution to the share capital. The establishment of a State Warehousing Company in any particular state was to be effected as soon as the state government agreed to pay its stipulated part of the share capital. Only two shareholders of this company were thus envisaged, namely, the All-India Corporation and the state government. The functions of the State Warehousing Companies were similar to those recommended for the All-India Corporation.

On the basis of these recommendations, the Government of India passed Agricultural Produce (Development and Warehousing) Corporation Act, 1956. The said Act was later on replaced by Warehousing Corporations Act, 1962 and thus established the Central Warehousing Corporation (CWC) and the State Warehousing Corporations (SWCs).

2.2.2 OBJECTIVES AND FUNCTIONS OF THE WAREHOUSING CORPORATIONS

Warehousing envisaged a three tier system. Under this scheme, centres of all-India importance are to be served by CWC, centres of secondary markets and district levels are to be served by SWCs, while the village and community levels are to be looked after by the co-operatives. The broad objectives of warehousing corporations are as under :

- (i) Creation of negotiable paper to provide an instrument for expansion of credit through commercial banks for the benefit of producers, dealers and others.
- (ii) Adding to the nation's real income by reducing waste and losses in storage and by promoting and developing warehousing and scientific storage facilities.
- (iii) Providing assistance in orderly marketing by introduction of standard grade specifications and the warehouse receipt.
- (iv) Training of personnel to manage and run modern warehouses.

- (v) Providing assistance to government and government - sponsored organisations in their scheme of price support and price control.

The functions of the CWC as provided in Warehousing Corporation Act, 1962, are enumerated below.

- (i) To acquire and build godowns and warehouses at such suitable places in India as it thinks fit.
- (ii) To run warehouses for storage of agricultural produce, seeds, manures, fertilisers and notified commodities offered by individuals, co-operatives, governments, semi-governments and institutions.
- (iii) To arrange facilities for the transport of agricultural produce, seeds, manures, fertilisers and notified commodities to and from warehouses.
- (iv) To subscribe to the share capital of the State Warehousing Corporations.
- (v) To act as an agent for the government for the purpose of purchase, sale, storage and distribution of agricultural produce, seeds, manures, fertilisers and notified commodities.
- (vi) To carry out such functions as may be prescribed by the government from time to time.

2.2.3 GROWTH IN NUMBER OF WAREHOUSES OF THE CWC

A decade and a half of the working of the CWC was devoted to identifying the potential centres, construction of

godowns and creating consciousness of the utility of scientific storage for eliminating waste. The techniques of storage were perfected and it was demonstrated that the CWC is equipped to handle foodgrains and other commodities for storage and maintain their quality, quantity and the intrinsic values.

Table 2.1

Growth in the number of Warehouse Centres served by the Central Warehousing Corporation

Year	No of Warehouse Centres	Storage Capacity (Metric Tonnes)
1957	7	7,000
1977	171	25,19,000
1984	381	45,81,200
1985	408	48,70,100
1986	430	54,60,500
1987	445	60,38,938

Source : Annual Reports of the CWC

It can be seen from Table 2.1 that the CWC has done a tremendous progress in setting up a large number of warehouses throughout India. Operations of the CWC hiked from 7 centres in 1957 to 445 in March 1987, showing an increase of more than 63 times within 30 years (Table 2.1). Correspondingly the storage capacity went up from 7,000 tonnes in 1957 to 60,38,938 tonnes by March, 1987 registering an increase of 862 times.

Regional dispersal of the existing storage capacity on 31st March, 1987 is indicated in Table 2.2.

Table 2.2

Regional dispersal of the Warehouses of the
Central Warehousing Corporation (31st March 1987)

Sr. No	Region	No of Warehouse units	Storage Capacity (Metric Tonnes)
1	Ahmedabad	27	2,63,838
2	Bangalore	27	2,23,985
3	Bhopal	30	4,87,136
4	Bombay	63	6,27,063
5	Calcutta	55	6,74,882
6	Chandigarh	55	7,83,347
7	Delhi	21	2,65,161
8	Hyderabad	54	10,36,528
9	Lucknow	56	8,70,064
10	Madras	31	5,25,665
11	Patna	26	2,81,269
Total		445	60,38,938

Source : Central Warehousing Corporation, Business Report for the month of March, 1987.

Though the number of units is maximum (63) in Bombay Region, Hyderabad Region surpasses all in storage capacity (10,36,528 tonnes). Bangalore Region is at the bottom in providing storage capacity.

2.2.4 STATE WAREHOUSING CORPORATIONS

The Warehousing Corporation Act, 1962, provides that "State Government may, by notification in the official Gazette

and with the approval of the Central Warehousing Corporation, establish a Warehousing Corporation for the state under such name as may be specified in the notification".³ The shares of the SWCs are held equally by the CWC and the state government concerned.

The Act also provides that the general superintendence and management of the affairs of a SWC shall vest in a Board of Directors consisting of five directors nominated by the CWC, five directors nominated by the state government and a Managing Director appointed by the State Government in consultation with the directors and previous approval of the CWC. The Chairman of the Board of Directors is appointed by the state government from among the directors of the SWC with the previous approval of the CWC.

As in the case of CWC, the Board of Directors of a SWC is also required to act as per business principles having regard to public interest and to be guided by such instructions on questions of policy as may be given to them by the state government or the CWC. If any doubt arises as to whether a question is or is not a question of policy, or if the state government and the CWC gave conflicting instructions, the matter is required to be referred to the Central Government, whose decision thereon is to be treated as final.

At present 16 SWCs are functioning in the country, some of these have come into being soon after the reorganisation of states in 1956. The dates on which the SWCs have been established are given in Table 2.3.

Table 2.3

Dates of establishment of the SWCs in India

Sr. No	Name of the SWC	Date of establishment
1	Bihar	29- 3-1957
2	Maharashtra	8- 8-1957
3	Karnataka	25-11-1957
4	Rajasthan	2-12-1957
5	Tamil Nadu	4-12-1957
6	Punjab	2- 1-1958
7	Madhya Pradesh	19- 2-1958
8	Uttar Pradesh	19- 3-1958
9	Orissa	21- 3-1958
10	West Bengal	1- 6-1958
11	Andhra Pradesh	5- 8-1958
12	Assam	12- 8-1958
13	Kerala	20- 2-1959
14	Gujarat	5-12-1960
15	Haryana	1-11-1967
16	Meghalaya	30- 3-1973

Source : Chibber, D.N., *Warehousing Corporations in India*, Central Warehousing Corporation, New Delhi, 1982.

Other states, without their own Warehousing Corporation, are served by the CWC.

2.2.5 FUNCTIONS OF STATE WAREHOUSING CORPORATIONS

The role, scope, functions and management of the SWCs

are, by and large, the same as prescribed for the CWC. However, the operations of a SWC are confined to the areas within a state. The functions of the SWCs as defined in the Warehousing Corporation Act, 1962, are as below :

- (1) Acquire and build godowns and warehouses at such places within the states as it may, with the previous approval of the CWC.
- (2) Run warehouses in the state for the storage of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities.
- (3) Arrange facilities for the transport of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities to and from warehouses.
- (4) Act as an agent of the CWC or of the government for the purposes of the purchase, sale, storage and distribution of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities.
- (5) Carry out such other functions as may be prescribed from time to time.

2.2.6 INTER-RELATIONSHIP BETWEEN CENTRAL WAREHOUSING CORPORATION AND STATE WAREHOUSING CORPORATION

The creation of warehousing infrastructure and its management which included the handling of a variety of commodities and different classes of depositors is a gigantic

task to be carried in a vast country like India. In view of the magnitude of the task, a three-tier system of public warehousing was recommended which provided for involvement and association of central and state governments as also Co-operatives and the public in its coordination between various interests. It has contemplated a strong body at the all-India level to oversee the working of warehousing in the country. The scheme which has been put into operation by enactments takes care of these aspects and ensures a homogeneous, coordinated and articulate system of public warehousing in India.

The provisions of the Warehousing Corporation Act, 1962 enumerated below cast a number of obligations and responsibilities on the CWC vis-a-vis the working of the SWC.

- (1) CWC is to be consulted by the SWC before issue of additional share capital and is to contribute its share after the State Government has paid its share of the contribution.
- (2) Nomination by CWC of five directors out of ten on the Board of Directors of each SWC.
- (3) Appointment of Managing Director to be done by the State Government with the previous approval of the CWC.
- (4) Appointment of the Chairman to be done by the State Government with the previous approval of the CWC.
- (5) Issue of instructions on questions of policy to see that

the SWCs act on business principles, having regard to public interest.

- (6) According previous approval to the SWCs for running warehouses and constructing godowns.
- (7) Approval of the programme of activities and Revised Estimates which have to be prepared at least three months before the commencement of each year.

Table 2.4

Warehousing Capacity of the SWCs in India
(1987-88)

Sr. No	Name of the SWC	No of Warehouse Centres	Storage Capacity (Lakh Tonnes)
1	Andhra Pradesh	77	5.73
2	Assam	37	2.04
3	Bihar	40	2.87
4	Gujarat	51	1.92
5	Haryana	100	9.08
6	Karnataka	96	4.02
7	Kerala	72	1.67
8	Madhya Pradesh	225	8.65
9	Maharashtra	119	7.18
10	Meghalaya	2	0.04
11	Orissa	56	2.01
12	Punjab	119	20.52
13	Rajasthan	77	3.81
14	Tamil Nadu	71	5.86
15	Uttar Pradesh	127	12.73
16	West Bengal	39	2.47
Total		1306	90.60

Source : 31st Annual Report of the CMC, 1987-88.

It is to be noted that there is no provision in the Act which empowers the CWC to participate in the day-to-day working of the SWCs which, however, was not considered desirable for a number of reasons. The existing provisions of the law, if properly implemented, are adequate and sufficient to guide and to oversee the working of the SWCs without being entangled in their day-to-day management.

During 1987-88 the number of warehouses managed by the SWCs was 1,306 and the total storage capacity was 90.60 lakh tonnes, the details of which are given in Table 2.4. Two striking things can be particularly noticed here. Though Madhya Pradesh tops in the list of all the SWCs in respect of number of warehouse centres (225), actual storage capacity is very much less (8.65 lakh tonnes), which means that the state has undertaken the construction mostly of small-sized warehouses and thus attempted a spatial dispersion of the facility. Another striking case is that of the Punjab which commands the highest storage capacity (20.52 lakh tonnes) in 119 centres. Obviously, each building must be of larger size relative to that in other states. The matchlessly larger storage capacity in the state is the outcome of the green revolution there. Next to the Punjab is the case of Uttar Pradesh which provides storage capacity of 12.73 lakh tonnes in 127 centres. This too is largely due to the result of green revolution that has covered western region of the state.

Maharashtra's case stands in contrast with the Punjab. Eventhough both the states have the same number of storage centres, Maharashtra's storage capacity is about 40 percent that of the Punjab. Haryana, another green revolution state, follows Uttar Pradesh in both respects. Remaining states are at low ebb. In short, the wheat belt is better served by state warehousing facility in respect of number of buildings as also storage capacity.

2.3 WAREHOUSING FACILITIES IN MAHARASHTRA : ORIGIN AND PROGRESS

Storage of agricultural goods, particularly foodgrains, is not a new concept. Since long people were hoarding foodgrains for self-consumption, seeds, kind payments, later sale and animal consumption. Majority of farmers used to store their produce either in bulk or in gunny bags. The mode of storage in the dwellings was usually tin drums, big earthenwares, pucca/ kutchha kothas, underground mud-welled or concreted cellars. At Panhala in Maharashtra, there is a large grain storage structure built by Chhatrapati Shivaji. Primary markets have also been providing storage facilities on a small-scale through the traders. These traders, who usually functioned as commission agents, were having storage space in the form of a bulk room. Such practices have perpetuated through all the years, till today; even now, they are adopted at farm and primary market levels.

In Maharashtra, scientific storage activity could find roots only since 1957 when the Bombay State Warehousing Corporation came into existence, though the Agricultural Produce Market Committees and marketing co-operatives had already made a modest beginning. For the purpose of regulating the working of public warehouses, the state warehouses Acts and Rules are framed. In Maharashtra, the 'Bombay Warehouses Act, 1959' provides for encouragement, establishment and regulation of independent warehouses. Any person, on making an application in the prescribed form, can be granted permission for establishment of a public warehouse. But the major burden of providing warehousing facility is borne by the Maharashtra State Warehousing Corporation (MSWC) itself. Consequently the number of warehouses hiked from 3 in 1958-59 to 119 in 1988-89 and aggregate storage capacity from 950 metric tonnes to 7.6 lakh metric tonnes. The growth is certainly noteworthy. Importantly, the MSWC has made its debut in all the secondary markets. Besides the MSWC, even the CWC has established its godowns at important places in the state having an aggregate storage capacity of 6,83,648 tonnes by end - March 1988. At the same time, the APMCs in the state provided for the storage to the tune of 1,21,346 tonnes and co-operative societies 7,32,211 tonnes. However, utilisation of these two institutions is only 35 percent and hence not at all satisfactory. The phenomenon is attributed to small size

of godowns, construction of godowns at one and the same place by more than one institution, wrong selection of places, etc. The matter, therefore, needs careful attention for the purpose of fuller utilisation of existing storage capacity.

2.4 WAREHOUSING DURING THE SIXTH AND SEVENTH PLANS

During sixth and seventh five year plans, the Central Government promoted a national programme of storage known as 'National Grid of Rural Godowns' (NGRG) with a view to developing a well-spreadout storage grid from the farm to the national level. Another scheme for the construction of rural godowns with the World Bank assistance known as NCDC-II World Bank Storage Project has been started. The total outlay of NGRG and NCDC-II has been estimated at Rs.41 crores. The NCDC-II programme envisaged that the construction of rural godowns would be in the co-operative sector, specially in the north-eastern states. This would be supplemented by a NGRG scheme, which is centrally sponsored but implemented through co-operatives, Market Committees and SWCs. The objective is to build godowns of larger capacity of 200 to 1,000 tonnes in rural areas to facilitate storage of produce of small and marginal farmers. At the regional and national level additional capacity is being created by SWCs and CWC.

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