

# CHAPTER - I

## **CHAPTER – I**

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## **CHAPTER – I**

### **INTRODUCTION**

#### **1.1 AGRICULTURAL MARKETING**

Agricultural marketing includes activities relating to agricultural commodities from production to sales to final consumers. It includes buying and selling, pricing, storing, processing, trading practices related activities such as grading and standardisation of products, bearing and shifting risks, advertising, product innovation and governmental activities like price administration.

Widespread of marketing system has gross task of first assembling products and then redistributing them. The conditions of production have several effects for marketing. The volume coming to market varies seasonally and to avoid spoilage losses perishables must be utilised quickly. The long production period of agricultural produce is a further instabilising factor in marketing since it delays the response of supply to price.

In the business of farming, the supply of agricultural inputs like seeds, fertilisers, pesticides, agricultural implements, etc. and the sale of agricultural produce at fair prices are the two key activities and their importance is likely to be even more crucial in the process of economic development of the country. Generally farmers in the developing countries are unable to secure a fair price and the average agriculturist

is denied adequate fruits of his industry. The farmers need to the services of well organised marketing system supported by marketing co-operatives, integrated means of transport and scientific storage facilities.

Since a long time marketing condition in India were primitive and farmers were exploited by traders, mercantile agent and all other media in the process of marketing of agricultural produce. The Royal Commission of Agriculture (1928) suppressed the view that, "The prosperity of agriculturists and the success of any policy of general agricultural improvements depend to a very large degree on the facilities which are provided for marketing to the best advantage." Marketing is the crux of the whole food and agricultural problem. Improvement in marketing efficiency is an internal part of policies to his money lender. In such a case he has no chance to obtain a good price. When he can transport his produce to the 'Mandi' then only he improves his prospects of securing better price. But this needs a road and a cart which are often lacking.

There is no doubt that the farmer is worse off, when he was to sell to his creditor in his own villages. But even when he carts his produce to mandi, he has to face several difficulties. Bad road, make cartage, very risky, slow and costly affair. Then the mandi itself may be unorganised, ill-regulated and without any standard rules for purchase and sale. There are small mandies with one or two small

'arhatiyas' who work as agent at a bigger, 'Pucca arhatiya' in some large mandies. Usually these small arhatiya have no capital of their own and no financed by the 'Pucca arhatiya'. They simply work as commission agents and serve as a link between the cultivator and wholesaler, who then sales to the retailer. This shows the long chain of middlemen between the farmer and ultimate customer.

In addition to the middlemen like the Beopari, the Kachha and Pucca arhatiyas who are responsible for brining village produce to mandi, there are a number of other functionaries in the mandi itself who help in its disposal. They include the 'Dalal' or the broker who conducts the bargain between the seller and the buyer. The 'Palledar' loads and unloads the produce and fills the bags. The 'to.a' weighs it and the 'Munim' keeps accounts and prepares receipts. Sometimes the storekeeper who looks after warehouses of the arhatiya has also to be paid a small fee by the farmer in and programmes directed towards raising agricultural production. Without a systematic linkage between agricultural production and agricultural marketing the burning problems of feeding the ever-growing population, accelerated industrialisation and economic development of India cannot be solved as envisaged in the planning process of the country.

On account of the institutional, technological and developmental changes introduced in Indian agriculture in the course of Five Year Plans, now the farmers have given attention to production for the

market as and when possible. Therefore, it is necessary that they should be able to obtain good prices for their goods. Unfortunately in spite of some favourable developments in marketing of agricultural produce, the cultivator is still deprived of a sizable portion of the prices that the final consumer of his products pays. The structure of agricultural marketing of which has been perpetuating in India is the root cause of this. A brief account of the market scenario is therefore, inevitable.

Eventhough the small farmer has not much to sale he is compelled to sell something out of his tardy output to liquidate his obligations. As the quantity of produce which is to be sold is not large, generally it is sold in the village either to the village 'Bania' or the 'Beopari' who sometimes purchases for himself. But it is oftenly the agent of some 'Arhatiya' in the neighbouring town markets who buys the produce. If the farmer is under debt, he is not a free agent and is compelled to dispose off his produce addition to dalal and other middlemen also.

There are thus two main kinds of markets.

- a) The primary village mandies where the local bania or kachha arhatiya purchase small quantities of the village produce on behalf of the bigger arhatiya in a big market.

- b) The secondary markets where the produce is carried in comparatively large quantities and sold to the wholesale merchants who are men with money and who distributes the produce in the adjoining areas or send it on to bigger markets known as terminal markets.

Efficient marketing of farm produce is vital to the economic development of a country, which is predominantly agricultural. The primary and secondary market in which the cultivator sells his produce constitute the first and the most important link in the long chain of marketing. So any programme for the reform of agricultural marketing must strike at this basic link.

It is the primary market that the cultivator produce first comes in contact with the trader. The agricultural produce passes from the hands of the producer to those of the trader and the producer's labour gets a monetary reward. As the interest of producer and trader remain at variance. The primary market reveals a conflict between the two. In this conflict chances of fair deal to the cultivator are generally bleak. Due to his illiteracy, ignorance, financial weakness and sole effort the cultivator possesses a weak bargaining power vis-a-vis the powerful trader who is well informed, organised, financially strong and tractful. Consequently, the cultivator remains at the mercy of the trader and the market conditions deviate largely from the requirements of a fair and free competition.

The unfair deal in the assembling market manifests in various undesirable practices. Unwarranted deductions in cash and in kind short weights delay in payment disputes over the quantity and quality of the contents become the source for usurping the cultivator. The entire market machinery remain partisan with the trader, his will and ward prevail. While the cultivator is left with no voice in determining the terms of trade and marketing practices. In fact, the market practices are evolved irrespective of the interest of cultivator producer through his happens to be an equally important in the bargain.

After independence the government has taken several steps to put the marketing system on a sound basis. Some progress has also been made in this field. Even then producer seller confronts various problems in marketing their produce. They are described below briefly.

#### **1) Inadequate Facilities of Credit**

Facilities of credit to farmer to tide over the period between the times the crop is harvested and the time it is sold are very inadequate. As a result, the holding capacity of farmers, particularly small farmers is weakened. Immediately after harvesting the farmers are forced to sell at least a part of their produce under their economic pressure. As the supplier came almost at one and the same time, the markets are oversupplied thus pushing down the prices. The effective price, therefore, would be short of a fair price for these goods. While taking



causal loans from money lenders and traders farmers have to commit to sell their produce to them at a price quoted by the lenders.

## **2) Inadequate Warehouses**

The facilities for proper storage of agricultural produce are very inadequate and the few that are available are not scientific. Generally the produce is kept in carts, pits, kachha storehouses, etc. where it is not safe. So a significant part of the produce is lost because of dampness, rats, ants, etc. it is estimated that nearly 10 to 20 percent of agricultural produce is destroyed in this way. Quality of the produce also deteriorates due to improper storage. Further more, the farmers capacity to hold stock is reduced. As such, the producers are deprived of the chance to make the best of the market opportunities.

## **3) Inadequate Means of Transport**

There are so many parts of the country untouched by rail or pucca roads at certain places even kachha roads do not exist. Water transport too is underdeveloped and is normally restricted to the coastal regions. Therefore, farmers experience a lot of difficulties in carrying produce from fields to their homes and from villages to markets. Thus, quick transport of a large quantum of produce of perishable goods to the market places is hampered, cost of carriage of goods increase, a part of the produce is spoiled on the way, produce fail to get a good market for their produce and often a sizable part of the agricultural produce does not at all reach the market.

#### **4) Malpractices in buying and selling**

Secret method of buying and selling, use of defective weights, existence of large number of intermediaries conducting transactions and large deductions made from sellers dues etc. pose problems for the producer sellers. The government has made the use of standard weights compulsory. There are still some places where different types of weights which generally weigh less than standard weights. In case of small mandies often two types of weights are to be found; one, to make purchases which are heavier in weight, the other, to conduct sales which are lighter in weight. The number of intermediaries between the producer and consumer is unnecessarily large. In addition to such functionaries as village traders, arhatiya broker, wholesalers and retailers. Money lenders and big landlords also take part in buying and selling. As a result, the cost of marketing goes up and sales of the produce fails to be conducted properly. A big share of the price of goods is generally pocketed in these intermediaries. Many unjust deductions are made such as these for temples, dharmashala, storage charges without the producer having been stored etc. Besides even the authorised charges such as commission, breakage, etc. are also often heavy and disproportionate to the service rendered. Other religious and social activities and functions etc. all these practices make market defective.

The under over or Haltha system of sale is widely prevalent in many of the unregulated markets. This system open to various malpractices, because only the negotiators know the price being negotiated. It generally operates to the detriment of the producer and to benefit of the trader and commission agent.

#### **5) Lack of Grading and Standardisation**

Another defect of present marketing system is that agricultural producer of different varieties is not graded properly. There are inadequate arrangement for it. Whatever little has been done in this regard is not practicable fully. As a result, the produce that comes to market consists of variety of qualities and grades. It becomes difficult to assign price to these goods as per their qualities and farmers find it difficult to secure higher prices for their products of superior quality. The producer engaged in the production of quality goods thus get discouraged. Consumer too get no satisfaction from such transactions.

#### **6) Lack of Market Information**

Farmers are neither fully posted nor supplied with correct information about market prices, change in prices, centres of demand, international trends, government policies, etc. As a result, farmers who visit markets occasionally base their decisions on the information supplied by moneylenders, traders and intermediaries. This information is generally wrong, is in favour of purchases and against the farmer seller. In recent years, dissemination of market information is done

through the media of daily newspaper, radio, special bullet ns, etc. But all this does not reach to the small producer seller particularly.

#### **6) Inadequacy of Institutional Marketing**

Another weakness of agricultural marketing in India is that in general farmers sell their produce separately on individual basis. As against powerful intermediaries, these farmers possess nc or very weak bargaining capacity and they suffer losses. The basic reason is that arrangements and for institutional marketing in the country are grossly inadequate. The number of effectively working co-operative marketing societies is small. Government arrangements are also inadequate. Only a few regulated markets are found functioning properly.

#### **8) Superfluous Middlemen**

There is a long list of middlemen between the producers and consumers resulting in high cost to the consumers and low returns to the producers.

### **1.2 GOVERNMENT INTERVENTION IN AGRICULTURAL MARKETING**

If the free play of market mechanism fails to attain a fair degree of stability in agricultural prices, the same has to be established through laws and motivated operations by public authority. This can be done directly or indirectly.

### **1.2.1 Direct Intervention**

Direct interference in agricultural marketing includes state trading, direct buying, stocking, selling and import of agricultural produce etc.

#### **A) Programme of Procurement and Distribution**

Many government attacks on agricultural prices would be many sided and spread over short and long periods. Among others, internal procurement and rationed distribution among consumer has been an important short run measure but tending to become long period activity. the commodities are purchased mostly at a price substantially below the free market price and sold through the marketing agency after allowing predetermined margins over the purchase price. Sale price would be lower than the free market price. This activity is founded on compulsory levy on a part or a whole of the surplus with the cultivator.

The government programmes of procurement and distribution has favourable as well as adverse effect on free market prices.

Favourably, lower income brackets are assured of a maximum quantity at lower prices. Ina addition to those fluctuations in foodgrains prices can be minimised.

Adverse effects are as under:

- a) incentive to more production is lost;

- b) changes in cropping pattern would be effected';
- c) marketed surplus of this specific products would be low;
- d) procurement and rationing generate additional administrative costs and
- e) a parallel market through unlawful dealing is born;

This maintaining an unlawful two market two price system.

Government activity would be indispensable for the programme of compulsory procurement and distribution but for effective implementation of the programme, following measures are warranted:

- 1) Purchase price should be fixed so as to maintain farmer's interest in cultivation.
- 2) A legal compulsion should be imposed on the farmers, to devote a specific portion of their land for cultivation of specific crops. Consequently under shift in cropping pattern and thereby reduction in production of certain commodities would be avoided. At the same time, sufficient quantity of foodgrains would be produced.
- 3) Procurement and distribution activities should be channeled through the same agency which can be cooperative organisation of cultivators and consumer in a locality.
- 4) Demand forecasting is to be done initially and then supplied to be adjusted so that variations in supply from

season to season be noted and the quota of distribution fixed accordingly. and

- 5) After contributing his share by ways of levy, the cultivator should be free to sell his remaining surplus in open market at free market prices.

#### **B) Imports**

Imports do play an important role in the stabilisation of prices. It is so when the domestic shortages occur and which can be met only by imports. In India, for quite many years imports have been used to make up the deficiency of domestic production. Even when production was not so bad, imports were resorted to in order to feed the public distribution system.

#### **C) Buffer Stocking**

Buffer stock operations refer to buying and selling out of stocks with purpose of moderating price fluctuations. A buffer stock policy can be one that, instead of keeping prices within a certain range keeps them fixed at a certain level so that whenever they move down or up slightly or largely, these are brought back to the fixed level. There are certain problem in buffer stock operations.

- 1) Smooth functioning of buffer stock rests largely on availability of adequate finance from the government.

- 2) The personnel administrating buffer stock operations should capable of good judgement so that they can buy and sell adequate quantity on time.
- 3) Satisfactory arrangements for storage and transport of the commodity have to be made.
- 4) Price at which the commodity in question has to be brought and sold has to be reasonable.

### **1.2.2 Indirect Government Intervention**

The indirect government intervention includes and rates mainly to the establishment of regulated markets by passing Agricultural Producer Market Acts and giving birth to Market Committees. The government has been quite keen on improving agricultural marketing for which several measures have been taken.

#### **A) Setting up Marketing Organisation**

The government maintains marketing organisation both at the center and in the states. The work of such organisations falls in three divisions.

- i) Investigation: It consists of preparing marketing surveys of important commodities, discussion of problems of regulated markets, transportation, storage, etc. of agricultural products.



- ii) **Development work:** It pertains to the measures taken to give effect to the suggestions formulated after investigation.
- iii) **Grading :** It is purely technical work related to establishment of different graders and standards of agricultural commodities on the basis of their chemical and physical properties.

The government marketing organisation has been doing the following work.

1. Marketing surveys of a large number of commodities have been prepared and published.
2. Much technical work on evolving grades and standards of agricultural goods has been done. Such graded goods bear the "AGMARK" which help the consumer to know that scientific grading has been made. It is compulsory in case of report goods.
3. The contract terms for several commodities (wheat, groundnut, etc.) have been standardise.
4. Market intelligence: It has been improved by arranging daily broadcast by All India Radio of the closing rates of agricultural goods and weekly broadcasts regarding

prices. Stocks and movements of certain stable commodities.

## **B) Setting up of Regulated Markets**

Much more important contribution of government to the improvement of agricultural marketing is the establishment of regulated markets in several parts of the country. Regulated market is managed in a market committee consisting of the representatives of grower, traders, local bodies and government. The market committee standardises the various market practices and charges, keeps standard weights and ensures correct weighing. The committee issues licences to the various market functionaries and punishes those among them who are guilty of fraudulent practices. It consists of warehouses, rest house and the other market ancillaries.

### **Market Committee**

It is through the passing of the Agricultural Produce Market Act that the Government delivers the agency for the establishment of orderly marketing in agricultural producer. The market committee so established are corporate bodies and on which are represented all the interests viz. traders, producers, co-operatives and local bodies. The working of the market committee has a democratic base and every section represented on the body has equal chance to get the chairmanship. The Market Committee is responsible for the enforcement of the provisions of the Market Act and rules framed there

under. It derives its income mainly from the licenses fee levied on the market functionaries and market cess levied on all the goods brought in the market. The net earning are utilised for developmental expenditure. A judicious management of its finances is therefore called for. In sum, the success for otherwise of market regulation rests largely on the performance of the Market Committee.

Broadly, the functions of a Market Committee are as under:

1. It looks after routine management and administration of the market yards.
2. It fixed the market charges, particularly the commission, broakage and handling charge.
3. It prevents all unauthorised deduction and allowances from the price paid to the farmer.
4. It ensures the use of correct weights and measures.
5. It provides the machinery for arbitration or settlement of all trade disputes regarding prices, quality, deductions and allowances, quantity, etc.
6. It charges standard fees or levies or cess to be paid by dealers, growers and operator in the market.
7. All market functionaries are duly licensed for each commodity a separate license is issued by the committee.

8. It looks after the development, maintenance and other problem relating to the market yard, amenities and facilities.
9. It adopts open auction sale method. It has also the power to punish dishonest and fraudulent practices discovered and proved in due course.
10. It is incharge of prevention of adulteration of agricultural produce.
11. It is in charge of enforcement of the provisions of the agricultural Producer Market Act. It prescribed the rules and regulations for the contract of buying and selling in the specified market area.
12. It disseminates relevant market information.
13. It also looks after pooling, grading and standardisation of agricultural goods.

Thus, with the help of regulated market the government can avoid the defect of agriculture marketing by establishing orderly conditions within the market yard.

### **Benefits of a Regulated Market**

Regulated Market can be described as a boon to the cultivator as it releases manifold advantages. Briefly, they are –

1. A system of competitive buying is introduced.

2. Malpractices are eradicated.
3. Market charges are rationalised.
4. Use of standard weight and measures is ensured.
5. Suitable machinery for settlement of disputes is evolved.
6. Cash payments are assured.
7. Open auction and open agreement sales do away the underhand dealings.
8. Reliable and up-to-date market information helps the producers to plan his sales.
9. Fair trade practices are ensured.
10. Well developed market yard with necessary amenities improve the waiting capacity of the producer.
11. The cultivator producer has a say in the management of the market. and
12. Grading and standardisation facilities assures due reward to the produce.

**C) Encouragement to Co-operative marketing**

At the village end, the government has helped in establishment of primary co-operative marketing societies. For financing them and helping them in many other ways the central marketing societies and state marketing societies have been entrusted with the task of financing co-operative marketing and processing societies.

**D) Warehousing**

Another very important measure adopted by the government has been the setting up of the National Co-operative Development and

Warehousing Board. Its functions are very comprehensive to plan and promote programmes for the production, processing, storage, warehousing, import and export of agricultural produce through co-operative societies. Most of the states have also set up warehousing corporations.

#### **E) Encouragement of Co-operative Processing**

A positive encouragement to cooperative marketing has been given by government's decision to reserve licences for processing plants for cooperatives instead of giving such licences to industrialists. Numerous sugar factories set up on cooperative basis in the post independence years are an example of this new policy.

#### **F) Increase in Production and Marketable Surplus**

Non price factor like credit, inputs and transport facilities are provided by government to raise the production of particular crops and increase the marketable surplus.

### **1.3 GROWTH OF REGULATED MARKETS IN INDIA**

The first attempts at regulation of markets in India dates back to 1897, when the famous Berar Cotton and Grain markets Law was passed to purge marketing of many of its abuses. Since then various Acts, Rules and Laws have been passed, and many committees and commission have been appointed, facilitating and promoting the growth of Regulate Markets all over the country.

The growth and development of regulation of markets can be conveniently discussed under two distinct periods that is pre-independence period and post independence period.

### **1.3.1 Pre-Independence Period**

During pre-independence period the first Act was passed in the name of Berar cotton and Grain Market Law in 1897. The Act will long be remembered as the first law which later provided the basis for the regulation of market all over the country. It was constituted by the orders of the Governor General in Council on 6<sup>th</sup> May, 1897. Its main salient features were –

- i) all the markets as existed on the date of enforcement of the law under its fold;
- ii) the Resident could declare any additional markets or bazar for the sale of agricultural produce;
- iii) the Commissioner was to appoint from among the list of eligible persons, a committee ordinarily of five members, two representing the municipal authority concerned and the remaining three from amongst the cotton traders for enforcing the law;
- iv) trade allowance or customs in usage were abolished;
- v) unauthorized markets and bazaars were banned within 5 miles of the notified market or bazar;

- vi) market functionaries were required to take licences;
- vii) rules were framed for the levy and collection of fees, the licensing of broker and weighman and also for the checking of weight and measures;
- viii) the Act was applicable not only to the grain markets but also to cotton markets; and
- ix) Penalties for breach of certain provision of the law were laid down.

Thus this scheme was regarded as a model for adoption in the country, it suffered from certain limitations. For instance the entire administration was carried out in the government officials or municipal committees or their employees which did not represent the interest which was sought to be safeguarded was denied the membership the committee constituted for their purpose. Quite evidently the members of committee were unwilling to take proper action to ensure fair deals of in trade, "Owing to the fact that the majority of their members were general commission agents or large buyers who did not wish to attend the class which they belonged or on which they were closely dependent for successful seasons trade."

Next, it was noticed that committees were not willing to take proper steps to secure fair trading in the markets as a majority of members belonged to the trading community.



The Act provided that after expenses had been paid out of revenue derived of market fees, the surplus, if any should be given to the respective municipalities in which the market was located. The Royal Commission on Agriculture (1928) sharply criticised this policy. It observed that the regulated markets might not be considered as a source of municipal revenue and argued that all the revenues raised should be sent in developing facilities and services that would benefit producers.

Through the Act provided for the regulation of market for all agricultural produce markets for cotton were only established.

No independent machinery for the settlement of disputes between the seller and the buyer existed. Despite these limitations, the Act was a commendable move forward in the regulation of markets, particularly for cotton.

#### **The Indian Cotton Committee, 1917**

The Indian Cotton Committee was set up in 1917 by the Governor General in Council. It observed that farmers were exploited by giving them very low price for their cotton by the trader-cum-money lenders, and also in other agricultural produce the farmer did not get adequate price for his produce because of a large chain of intermediaries in its marketing process. It, therefore, recommended that markets for cotton on Berar System should be established in other provinces having compact cotton tract. This could be done by the

introduction of suitable provisions in the Municipal Acts or under a special legislation as in Berar.

### **The Bombay Cotton Markets Act, 1927**

Further attempt at the regulation of Marketing was made in Bombay by passing the Bombay Cotton Market Act in 1927. The Act inter alia provided for –

- i) The establishment of market for both ginned and unginned cotton;
- ii) The notification of a cotton market by the local government either after consulting the local authorities or upon a representation made by the District Local Board;
- iii) The constitution of a Market Committee as a body corporate, for managing every market to be established with a majority of representative of cotton growers in it;
- iv) The obligatory appointment of a dispute sub-committee;
- v) The ban on any trade allowance not recognised under the rules or bye-laws framed the Act;
- vi) The levy of market fees;
- vii) The use only of the authorised weights and measures and discouragement of damping of cotton and admixtures of send; and

- viii) That no other cotton market could be established with the prescribed distance of regulated markets.

But the progress under the Act was very discouraging because the process of obtaining necessary resolution from the District Local Boards, Municipalities and other bodies was quite lengthy.

### **The Royal Commission on Agriculture**

The Royal Commission was set up in 1926 to make an overall survey of Indian Agriculture. As regard the marketing of agricultural produce it recommended the establishment of regulated markets on the Berar pattern as modified by the Bombay Cotton Market Act, 1927 which would confer boon upon the cultivating class in India.

It recommended the following important measures –

- i) The regulated markets should be established in all Provinces of India in order to facilitate the marketing of all types of agricultural produce.
- ii) Although the initial Act was known as the Grain markets Law, the markets established under it dealt exclusively with cotton.
- iii) Market Committee should be established under a single provincial legislation.

- iv) The local bodies such as municipalities and district boards should be kept out of the management of these markets. It was suggested by the Commission on account of several difficulties as follows:
- a) The actual location of the market might not be the best and most economic;
  - b) In a Municipal Act it would be difficult to provide all the powers required for the proper control of regulated market;
  - c) There was every possibility of the market being regarded as only a source of revenue.
  - d) Strong representation of the vested interested being usual in such bodies, the interests of grower were not likely to be safeguarded adequately and so on.

In fact, such difficulties were felt by the Market Committees in the Central Province. It was in this context that the Commission recommended that in no case the management of these markets should be with the local bodies.

The Bombay Provincial Banking Enquiry Committee 1929-30, also pointed out the glaring defect in the working of the traditional markets and had recommended:

- i) The immediate application of the Bombay Cotton Act to important centre in the Presidency;
- ii) The establishment of regulated markets for agricultural commodities other than cotton also;
- iii) The standardisation of weight and measures;
- iv) The introduction of the system of licensed warehouses in a few important centres initially; and
- v) The provisions of financial assistance at low rates of interest to the co-operative sale societies for construction of godowns.

The India Central Banking Enquiry Committee, 1929-31 endorses the recommendations of the Royal Commission on Agriculture and various Provincial Banking Enquiry Committees for improving and organising agricultural marketing in India.

These initial efforts gave great impetus to market legislation in India. Andhra Pradesh was the first state in India to pass the Agricultural Produce Market Act in the year 1930, followed by the Central Provinces Agricultural Produce Act in 1935 for kinds of producer except cotton. The Bombay Cotton Markets Act of 1927 was replaced by the Bombay Agricultural Produce Markets Act, 1939.

The progress of regulation was very slow there were in all 122 regulated markets upto 1940, and of the war. In Post War period rapid

expansion of regulated markets took place in Maharashtra and Andhra Pradesh State and then spread over the country.

### **1.3.2 Post Independence Period**

After independence the Planning Commission in its first and subsequent Five Year Plans emphasised the vital role played by the regulated markets in promoting on orderly marketing of farm produce in the context and urged various State that had not enacted the necessary legislation to do so and to regulates the market thereunder.

The Five Year Plans visualised the regulation of new markets through out country. In November 1955, an All India Conference on Marketing and Co-operation was held at Hyderabad. It mace many recommendations for accelerating and progress of regulation during the second Five Year Plan and for effective improvement in the working of the markets already established.

The conference on Marketing and Co-operation held at Jaipur in February 1956, while endorsing the major recommendation of Hyderabad Conference, particularly stressed the need for accreting the place of regulation of the uncovered marketing centres during the second plan period.

At the beginning of the Third Five Year Plan, legislation for establishment of markets was in force in nine states. Later on four other states also had enacted the Agricultural Producer Markets Acts. During the fourth and fifth Plan periods, the remaining states

viz., Assam, Kerala, Jammu and Kashmir also enacted legislation. After reorganisation and end by the end of 1980, Agricultural Produce Marketing Acts were in force in 18 states and four Union Territories. Table 1 shows the progress of Regulated Markets in India. It can be observed from the table that there were 283 regulated markets in 1950-51, which raised to 700 in 1960-61 and 3819 in 1980-81 and further increased to 7000 in 1997-98.

**Table 1**  
**Progress of Regulated Markets in India**

Sr. No.	Years	No. of Regulated Markets
1	1950-51	283
2	1955-56	450
3	1960-61	700
4	1965-66	1012
5	1971-72	2803
6	1975-76	2938
7	1980-81	3819
8	1990-91	6217
9	1997-98	7000

Source: Economic Survey, Government of India

#### **1.4 OBJECTIVE OF THE STUDY**

As is said earlier, establishment of regulated markets is generally and widely accepted as a panacea for eliminating the ills in traditional marketing system. Markets regulation creates healthy condition in the markets, provides various amenities to the functionaries and ultimately helps in realising a better reward to the cultivator-seller. The Agricultural Produce Markets Acts are passed

by the Government to give a legal sanction to Market Committees as also to regulate their working. The Maharashtra State has so far implemented two Acts for the purpose: one the Bombay Agricultural Produce Markets Acts, 1939 passed before independence by the erstwhile Bombay Province, and other the Maharashtra Agricultural Produce Markets Act, 1963 passed by the present Maharashtra State and amended thereafter.

The regulated markets are functioning in various parts of the State. Hence, it would be appropriate to study their activities and know to what extent the regulated markets have worked in fulfilling their objectives. If the achievements are short of expectations, an understanding of the reason would provide guideline for future course of action. In this context, Gadhinglaj Taluka of the Kolhapur District has been chosen for the purpose of the micro study.

The economy of Gadhinglaj Taluka exhibits the features of a developing economy. It is predominantly agricultural economy. Since independence, a number of measures have been taken to improve the economy of the Taluka Establishment of regulated market in agricultural commodities is one amongst many measures taken over the period after 1947. The Government of Maharashtra has established regulated markets in every taluka. The functioning of the Market Committees in all the talukas has influenced the course of marketing of agricultural commodities, thereby making the cultivator-



producer better off. This is a general impression; we have to test the validity of this impression in the light of their achievements and shortcomings.

Following are the broad objectives of the present study.

1. To assess the role of agricultural marketing in the context of rural development in the Gadhinglaj taluka of district Kolhapur
2. To examine the management and working of the agricultural marketing, known as Krishi Utapanna Bazar Samittee, Gadhinglaj.
3. To measure the facilities provided by agriculture produce marketing to build up the rural economy.
4. To analyse its financial position.
5. To study the problems faces by Agricultural Regulated Marketing in Gadhinglaj Taluka.
6. To offer suggestion and recommendations with view of improving the defects in the agriculture produce markets.

## **1.5 RESEARCH METHODOLOGY**

Gadhinglaj Market Yard, Gadhinglaj has been selected for the intensive study. For this purpose secondary statistical data on the relevant variables such as arrival of the agricultural products, prices

of the products have been collected from the annual reports, published by Gadhinglaj Market Yard Committee for the years 1980-81 to 1999-2000. Moreover, some appropriate statistical techniques such as percentage, compound growth rates, three year average, standard deviation and coefficients of variation have been used. Beside these, some graphical devices are used.

## **1.6 CHAPTER SCHEME**

The following is the Chapter Scheme of the present study.

- Chapter - I : Introduction
- Chapter – II : A Perspective of Market Regulation in Maharashtra
- Chapter – III : The Gadhinglaj Market Yard
- Chapter – IV : Progress of Gadhinglaj Market Yard
- Chapter – V : Financial Position of Gadhinglaj Market Yard
- Chapter – VI : Conclusions