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# THE INDIAN JOURNAL OF AGRICULTURAL ECONOMICS

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PROCEEDINGS  
of the  
SEVENTEENTH CONFERENCE  
held at Cuttack, December 1956

## SUBJECTS

1. PATTERN OF EMPLOYMENT OF HIRED LABOUR IN AGRICULTURE IN INDIA.
2. EFFECTIVENESS OF PROVISION IN THE TENANCY LEGISLATION FOR (i) SECURITY OF TENURE AND (ii) IMPROVEMENT IN TENURIAL STATUS OF TENANTS.
3. TRENDS IN THE OPERATION TECHNIQUES AND ORGANISATION OF AGRICULTURAL MARKETING IN INDIA.

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## CONTENTS

	PAGE
WELCOME ADDRESS—DR. P. PARIJA .. .. .	1
INAUGURAL ADDRESS—SHRI RADHANATH RATH .. .. .	3
PRESIDENTIAL ADDRESS—PROF. D. G. KARVE .. .. .	6
PATTERN OF EMPLOYMENT OF HIRED LABOUR IN AGRICULTURE IN INDIA	
(1) S. BHATTACHARYA AND CHITTA MITRA .. .. .	18
(2) A. S. KAHLON AND M. L. BHARDWAJ .. .. .	23
(3) D. D. JENA .. .. .	28
(4) G. D. AGRAWAL .. .. .	34
(5) N. A. MUJUMDAR .. .. .	37
(6) V. SUNDARA RAJAN .. .. .	43
(7) SHRIDHAR MISRA AND PREM BEHARI LAL VAISH .. .. .	48
(8) R. C. PATNAIK .. .. .	58
(9) P. K. MUKHERJEE .. .. .	66
(10) M. S. PRAKASA RAO .. .. .	72
(11) J. K. PANDE .. .. .	77
(12) DANIEL AND ALICE THORNER .. .. .	84
(13) M. SRINIVASAN .. .. .	97
DISCUSSIONS .. .. .	109
EFFECTIVENESS OF PROVISION IN THE TENANCY LEGISLATION FOR (i) SECURITY OF TENURE AND (ii) IMPROVEMENT IN TENURIAL STATUS OF TENANTS	
(1) MAHESH CHAND .. .. .	114
(2) B. MISRA AND B. JENA .. .. .	117
(3) P. N. NARASINGA RAO .. .. .	121
(4) M. K. SHINGAREY .. .. .	126
(5) D. D. JENA .. .. .	135
(6) M. BALASUBRAMANIAN .. .. .	142
(7) C. H. SHAH AND TARA SHUKLA .. .. .	151
(8) B. S. MAVINKURVE .. .. .	156
DISCUSSIONS .. .. .	168
TRENDS IN THE OPERATION TECHNIQUES AND ORGANISATION OF AGRICULTURAL MARKETING IN INDIA	
(1) M. L. DANTWALA .. .. .	182
(2) E. T. MATHEW .. .. .	186
(3) A. VENKATESWARLU .. .. .	196
(4) A. V. RANGACHARI .. .. .	201
(5) M. B. GHATGE AND R. V. S. RAO .. .. .	211
(6) N. P. PATIL .. .. .	222
(7) ABU SALIM .. .. .	229
DISCUSSIONS .. .. .	233

## APPENDICES

	PAGE
(1) SUBJECTS FOR THE NEXT CONFERENCE OF THE SOCIETY .. ..	239
(2) CONSTITUTION OF THE SOCIETY .. .. .	239
(3) REPORT OF THE HONORARY SECRETARY AND TREASURER FOR THE YEAR ENDING 31ST DECEMBER 1956 .. .. .	240
(4) BALANCE SHEET AND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1956. .. .. .	244
(5) LIST OF DELEGATES AND MEMBERS WHO ATTENDED THE CON- FERENCE .. .. .	250
(6) LIST OF MEMBERS OF THE SOCIETY AS ON MARCH 31, 1956. ..	252
(7) LIST OF SUBJECTS DISCUSSED AT THE ANNUAL CONFERENCES OF THE SOCIETY 1940-1956. .. .. .	260
(8) ANNOUNCEMENT OF THE PRIZE AWARDS 1956 AND PRIZE AWARDS FOR 1957. .. .. .	262

## PREFACE

The current issue of the Journal contains the Proceedings of the 17th Annual Conference of the Society held in December 1956 at Cuttack. The Conference was attended by nearly 130 members from Central and State Governments, Universities and Research Institutions.

The subjects chosen for discussion at the Conference were :

- 1) Pattern of Employment of Hired Labour in Agriculture in India.
- 2) Effectiveness of Provision in the Tenancy Legislation for (i) Security of Tenure and (ii) Improvement in Tenurial Status of Tenants.
- 3) Trends in the Operation Techniques and Organisation of Agricultural Marketing in India.

An unusually large number of papers were received and read on Subject I, while on the other two subjects also there were select contributions. The level of discussions was maintained at the usual high level.

Unlike the previous Conference, it was not possible to arrange for a tape-recorder to record the discussion. Instead, arrangements were made to take down notes of the discussion by stenographers. However, notes have not been taken of the speeches of all the participants in the discussion. Hence, the discussion part on the respective subjects contain only reports which could be made available.

We take this opportunity of thanking the Utkal University under whose auspices the Conference met. We specially record our grateful thanks to Dr. S. Misra, the Local Secretary of the Conference, who had made excellent arrangements and to the Members of the Reception Committee for their generous hospitality.

15th May, 1957

Manilal B. Nanavati

*President*

TRENDS IN THE OPERATION TECHNIQUES AND ORGANISATION  
OF AGRICULTURAL MARKETING IN INDIA WITH SPECIAL  
REFERENCE TO MADRAS STATE

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PROBLEM OF MARKETING

The increasing appreciation in recent years of the disabilities from which the ryots suffer owing to the lack of satisfactory arrangements for the marketing of their produce is a hopeful sign in the progress of a planned economic system. The agriculturists in the Madras State, as also elsewhere in India, generally market their produce under very disadvantageous conditions. As the Royal Commission on Agriculture in India observed : "From all provinces, we received complaints of the disabilities under which the cultivator labours in selling his produce in the market as at present organised. It was stated that scales, weights and measures were manipulated against him, a practice which is often rendered easier by the absence of standardised weights and measures and of any system of regular inspection. Deductions which fall entirely on him but against which he has no effective means of protest are made in most markets for religious and charitable purposes and for other objects. Large 'samples' of his produce are taken, for which he is not paid even when no sale is effected. Bargains between the agent who acts for him and the one who negotiated for the purchaser are made secretly under a cloth and the cultivator remains in ignorance of what is happening. The broker whom he is compelled to employ in the large markets is more inclined to favour the purchaser with whom he is brought into daily contact than the seller whom he only sees very occasionally."

To this list of disadvantages, the Indian Central Banking Enquiry Committee added another, viz., "that even after the prices are settled at the time of weighing the price is still further cut down by refusal to take delivery on the ground that the quality is inferior. The other contributing factors to this state of affairs are the heavy indebtedness and the low standard of literacy of the producers, unsatisfactory communications, lack of or defective arrangements for storage, defective preparation of produce for the market, absence of market information, the extreme individualism of the producer and his reluctance to combine, market and sell, and the existence of too many middlemen who claim an excessive share of the profits from sales. These disabilities are in addition to what the farmer suffers from when he borrows from a money-lender or buys on credit for production or maintenance and the creditor limits the farmer's freedom to sell his produce".

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1 Report of the Central Banking Enquiry Committee-Majority Report.

## STRUCTURAL AND FINANCIAL DIFFICULTIES IN MARKETING

*Functions of Marketing*

The aim of orderly marketing is to ensure that the producer gets a reasonable price for his produce by eliminating waste and reducing the cost of distribution. The object is not to dispense with the middleman altogether, for in any system of economic organisation, he is *necessary* and fulfils certain essential functions. Collection and distribution are complicated and delicate processes and they cannot be performed without the skilled services of trained men. The services of middlemen cannot therefore be entirely eliminated. What is possible is to remove unnecessary middlemen by the producers themselves combining and undertaking their functions so as to ensure that the middlemen who are retained do not charge too much for their services. What the producer gets out of the price paid by the consumer is at present too small. His share, no doubt, depends not only on the nature of the commodity but also on the chain of middlemen or the routes followed. By improving market conditions, it should be possible to ensure that the agriculturist got a large share in the price paid by the consumers for their produce.

## ESSENTIAL STAGES IN MARKETING

*Assembling and Distribution*

The necessity of 'assembling' as the first step in the marketing of farm products will not be disputed. In the absence of a system of direct marketing where every farmer would be in direct touch with the consumer who would require just that kind and amount of produce, which the farmer has for sale, the service of assembling must be considered as *fundamental* to the proper distribution of farm products. The most efficient performance of service demands that each assembling middlemen should concentrate under his control as large a volume of product as is consistent with economical operation. As a general rule, the unit cost of operating a market concern decreases according as a volume of product handled increases.<sup>2</sup> Hence it is important that each assembling agency should secure at the minimum expense just that volume of product which will enable marketing costs per unit of produce to be kept at a minimum.

In pursuance of a suggestion made by the Royal Commission on Agriculture, detailed surveys with a view to formulate measures for orderly marketing have been conducted in the last few years, of important commodities like rice, tobacco, groundnut, fruits, etc. These surveys show that the agencies in the chain of marketing from the producer to the manufacturer and consumer depend upon the nature of the crop. In paddy for example, the produce usually passes through the village merchants directly to the mill or the wholesaler in the assembling centre. From the mill, the rice passes to the wholesaler in the consuming market and generally one or more retailers. Between the wholesaler or the miller at the producing end and wholesaler at the consuming end, brokers often intervene and execute orders on the strength of samples.

In groundnut the route taken comprises the grower, the village merchant, the broker, the decorticating merchant, the exporter's agent and finally the ex-

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2 Murphy : Co-operative Marketing of Agricultural Products.

porter. Again in tobacco (excepting cigarette manufacturers who have established their own purchasing depots in the growing areas) many intermediaries intervene between the producer and the assembling markets, e.g., chewing tobacco in Coimbatore market. In fruits again, the chain extends from a grower to a contractor, the commission agent at the consuming end or a retailer and the consumer.

The number, extent and nature of operations of the agencies between the grower and the consumer vary not only with the commodity but within each commodity, according to variety. For instance, the main crop of 'mango' is handled by a different set of agencies from those operating on the off-season crop. Similarly, the *Sirumani* rice of Tanjore District follows an entirely different route from the coarse rice. Conditions also vary according as the produce is intended for export, manufacture or internal consumption.

It is very difficult to generalise about the share of the several agencies in the quantity of produce assembled—we find that in paddy for example, direct sale by the grower of paddy to mills is only 30 per cent ; that in many areas the better class growers act as middlemen for the small growers. In fruits, the bulk of the produce ranging from 80 per cent to 90 per cent in the case of mangoes and oranges is handled by contractors who purchase the crop in advance. Again, in the case of tobacco consumed locally, the growers depend largely on visiting middlemen for the disposal of their crop.<sup>3</sup>

What is of consequence to the producer is his share of the price paid by the consumer. That share depends not only on the nature of the commodity but also on the chain of middlemen or the route followed. It is estimated that in normal times, the grower realised 50 to 60 per cent of the consumers' price for rice exported from the State ; while for rice internally consumed the producer got 60 to 70 per cent of the price paid by the consumers. In fruits the grower got 10 per cent of the city consumer's price for the cheap variety of fruits such as pears or country mangoes and about 30 to 60 per cent of fruits such as oranges.<sup>4</sup>

Again so far as tobacco is concerned the grower in Madras realised from 30 to 50 per cent of the price paid for it and the price diminishes as quality declines. So it is clear that the spread between producer's and consumer's price is unjustifiably wide.<sup>5</sup>

It is only by bringing the producers together for purposes of marketing and sale that an improvement can be brought about and an attempt be made to secure a better return for their produce. So the ideal to be aimed at is, therefore, Co-operative Sale Societies which will educate the cultivator in the production and preparation for the market of his produce, provide a sufficient volume of produce to make efficient grading possible and bring the Indian producer into touch with the export market and with large consumers in the country.<sup>6</sup>

3 Report of the Committee on Co-operation in Madras, 1939-40.

4 The Madras Co-operative Manual, Vol. I, 1952.

5 Report of the Linlithgow Committee, 1923.

6 Report of the Royal Commission on Agriculture in India, 1928.



### *Grading and Standardisation*

Grading and standardisation of farm products are closely associated with assembling. Grading may be defined as the 'sorting' of products into lots of uniform kind, size and quality. Standardisation means giving *permanence* to graders or using the same specifications, every time the process of grading is performed. Grading and standardisation are auxiliary functions in marketing. This, however, does not in any way detract their importance as aids in the efficient performance of all other market services.

Absence of 'grading' by acceptable standards is a great drawback in our present system of marketing in our trade, both within the country as well as with other countries. On account of this weakness proper basis for quoting prices based on known standards is lacking and the consumer or importer does not often get the 'right' quality that he wants. If grading and standardisation of produce are adopted as a general rule, the number of middlemen between the producer and the costs of marketing can both be curtailed.

It is essential that any rice put on the market should be correctly described and marked with its correct name. To ensure the correctness of the description, the marking should be done in the producing area. Within each class of rice there are various grades of quality and it is desirable that they should be standardised and observed throughout the trade generally. Standardised trading not only facilitates the dissemination of prices and market information generally but also assists the machinery of distribution at all stages. The introduction of standard grades in rice marketing eventually leads to greater uniformity of production types and tends to eliminate or at least reduce the heterogeneous number of varieties and trade description which limit the application of marketing techniques.

With the ultimate object of bringing about some measure of uniformity in the innumerable and undefined grades or quality in which rice is normally put on the market, measures have been taken under the Agricultural Produce (Grading and Marketing), Act of 1937 to draw up standard grade specification in respect of a number of well known commercial description. In the First Five-Year Plan of India, grading is recommended for food products. A special feature of the development of rice grading activities in Madras has been the formation by authorised packers of local grading Unions.<sup>7</sup>

There is a bewildering variety of weights and measures in the country ! To introduce a uniform system the Standards Weight Act of 1939 was enacted by the Central Government and commended to the States.<sup>8</sup> The Planning Commission feel that this measure will benefit both the producer and the consumer and should be enforced in every State. At present, the question of standardisation of weights and measures which is an essential prerequisite for an organised system of marketing is now being actively considered by the Government and suitable legislation is now on the legislative anvil. This is fundamental to aid marketing methods in many directions.

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7 Report on the Marketing of Rice in India and Burma, 1941, p. 303.

8 First Five-Year Plan, People's Edition, p. 113.

### *Storage*

Agricultural produce is available only during certain seasons. It is generally produced and harvested only during a few months each year. Storage enables the consumer to spread out the supply to satisfy his wants throughout the year and aids the consumer to purchase his requirements regularly. For the agriculturists, it eliminates losses arising from low prices for his produce when he has surplus volume to sell in the market.

But the position regarding storage or godown facilities is still pitifully inadequate. Due to lack of financial reserves the cultivator has to sell his produce just after harvest. He only keeps back what he needs for consumption or for seed. He, therefore, does not think it worthwhile to spend on expensive or 'pucca' storage structure. The ryots in the villages generally store their produce either in pits or in receptacles. But when they take it to a market town for sale, they can secure storage accommodation only at a high cost. The result is that they are forced to dispose of their produce *at once* for whatever price they can get. It is difficult to extend marketing credit unless adequate godown facilities are available. Further the marketing surveys have shown that the technique of storage has not received so far much attention. There is a dearth of processing equipment such as mechanical graders, redrying plants, pasteurising sets, refineries, etc.

In Madras, five marketing societies were given grants amounting to Rs. 48,100 and loans amounting to Rs. 30,150 for the building of godowns and storage facilities. Besides 21 rural credit societies and an urban bank were sanctioned subsidies amounting to Rs. 1,08,753 and Rs. 36,500. In all, 62 godowns have been constructed by the marketing and rural credit societies in the State.<sup>9</sup> For the time being, until new godowns are constructed, marketing societies may be made to engage godowns on hire for which they get subsidy from the Government. The development of this scheme is of value in many directions.

### *Transportation*

Communications are often extremely poor and defective. They not only add to the cost of transportation but also add to the number of intermediaries. They also restrict markets by hindering cheap and rapid movement of agricultural produce.<sup>10</sup> These difficulties are greater in hill districts where the grain dealer alone has enough animal power to transport produce. Sometimes it absorbs as much as 20 per cent of the price.<sup>11</sup>

The provision of cheap transport for the movement of produce from producing centres to places of export or consuming areas is a prerequisite for agricultural marketing. Railways, roads and waterways constitute the principal means of transport; there is also a whole series of ports which facilitate not only coastal-wise traffic, but also export trade. On the whole, the State of Madras is well supplied with communications of one sort or another. The roads are better than they were and the main roads in particular are being developed. But their

<sup>9</sup> Report of the Committee of Direction of All India Rural Credit Survey, Vol. I, p. 97.

<sup>10</sup> Mukerjee : Economic Problems of Modern India, Vol. I, p. 296.

<sup>11</sup> Nanavati and Anjaria : The Indian Rural Problem, p. 36.

maintenance at the high level of excellence required for long distance motor transport involves a strain on State and local finances.

As regards railways, they are already encouraging the movement of agricultural produce by the grant of concessional freight charges. In respect of certain commodities they have reduced the rates both for internal trade as well as for exports. The question of reducing the rates in other necessary cases is to be taken as occasions arise. But this must be explored scientifically.

As regards co-operatives they play a very small part in transport. State patronage has been extended to a few transport societies at the end of the war for the benefit of ex-service men. Madras has 13 such transport societies.<sup>12</sup> But even this idea of 'co-operation' seems to be undergoing a profound change in outlook at the present time !

### *Finance*

Finance has a bearing on every phase of marketing—financing cultivators for cultivation, financing them to wait for a sale, and financing them for equipment needed by processing industries. The average ryot raises his crop on advances taken from the local money-lender or the small merchant or a fellow ryot or from a co-operative society and such advances are a proper charge on the crop and should be repaid from it. If they are not liquidated in full from the proceeds of the crop, more must be borrowed again for the next crop and the debt will increase. Most ryots have substantial debts of which the credit requires some payment at the time of the harvest. The common practice is for the ryots to take loans on condition of repayment at the time of the harvest ; this compels the ryot to sell at once his product though the market may be glutted and the price offered at the time of the harvest may be low. There is thus no doubt that a ryot who repays a loan in paddy on the threshing floor, measured by the creditor and charged up at the threshing floor-price with charges for measuring, a little for charity and a little for the village deity, gets very little for the trouble he has taken to cultivate his land and he has no inducement to put more into his land or to endeavour to grow a better. Much of the present difficulties of the ryots arises from the fact that the village money-lender who finances him either for cultivation or for domestic needs is also very often the village trader. As a matter of fact, the money-lender and the trader between themselves lend more than 70 per cent of the credit needs of the agriculturists.<sup>13</sup> Hence the Rural Credit Survey Committee recommended as the future policy that "rural credit must be directed principally towards improved productivity ; it must answer the long, medium as well as short term needs ; it must be supervised, it must be available to all who are credit-worthy and at a moderate rate of interest." Hence the Committee based its recommendations on three fundamental principles, namely, State partnership at different levels, full co-ordination between credit and other economic activities especially marketing and processing. As a first step in this direction, the Committee has recommended the re-organisation of the rural credit societies into large-sized primary units on limited or guaranteed liability and the establishment of marketing societies at all important market centres. But to think of creating these institutions even before properly

12 Report of the Rural Credit Survey Committee, Vol. II, p. 96.

13 *Ibid.*

ensuring the functioning of the existing co-operative societies in the villages is to place the cart before the horse. Hence the proper solution would be to strengthen the co-operative movement not at the expense of the present credit institutions, but to improve them. In the meanwhile, measures may be taken to restrict the evil practices of money-lenders, traders, etc., in rural areas.

As a step in this direction, steps should be taken to set up co-operative marketing societies even in advance of the large-sized credit societies. Arrangements should also be made to ensure that every agriculturist-member of a society which borrows money from it will be required to sell its produce through the marketing society to which the credit society is attached. This may be done by obtaining an agreement from the borrower at the time of giving a loan or by suitable legislation. Loans may be given partly in kind and cash and it may be returned by the borrower also in kind or cash. In other words, the co-operatives must take the place of private agencies now at work.

#### *Preparation for Marketing*

Some of the problems involved in marketing are closely connected with the treatment of the produce on the field, particularly in respect of crops like tobacco where harvest is to be done in stages, like fruits where proper maturity before harvest is essential and even paddy where more attention at the stage of cutting and threshing would improve the quality. The main difficulty in the preparation for market is however associated with some deliberate evil practices such as 'damping' and 'adulteration.' Damping is particularly common in such crops as groundnut, cotton, etc. In groundnut, large discounts are made where purchases are effected by middlemen from the grower on account of moisture in the contents. Though damping is resorted to to minimise breakage in shelling, it is also intended to secure increased weight. The practice of adulteration exists in certain crops. In groundnut, for example, clay is added on within certain limits. Cleansing is not done properly in the case of many food crops or adulteration is deliberately done. Adulteration of rice, for instance, is mostly practised in order to pass off inferior varieties as superior ones or to make new rice appear old, in view of the premium which the latter commands. Even imported cheap or broken rice is mixed up with local rice. These practices tend, in the long run, to prejudice the interest of the growers themselves because the buyers either make considerable allowances in price or return the consignments. Further, these practices have also the effect of lowering the price of superior varieties of produce. If proper cleansing of produce is not done at the producing centres, it involves unnecessary transport of dirt and foreign matter from the producing areas to consuming areas. So, the marketing societies should confine their attention to a few major commodities in a given area which are capable of being graded in order that more specialised attention may be given to such produce as is important to the economy of the region, and more effective service can be rendered to its members.

#### CASE FOR REGULATED MARKETS

Some of the above mentioned difficulties could be solved and an attempt has been made to solve them by systematic regulation of markets both commodity-wise and area-wise so as to ensure fairer practices in the marketing of cash crops

and other produce of agriculturists. Regulation of markets though enabling the agriculturists to avoid some of the pitfalls inherent in their directly dealing with the traders and making them vaguely conscious of the play of the economic forces obtaining at the time of the sale of the producer, does not fully or materially assist them in building up their produce. Enforcement of regulated markets by legislation merely tries to ensure that some of the malpractices are eliminated and there is some competition amongst the traders and also amongst agriculturists in respect of buying and selling of the produce. It does not, however, solve the basic problem of eliminating as far as practicable a large number of middlemen and effecting sale of the produce to the best possible advantage of the producers and at the same time making available the produce to the consumers at a reasonable rate. To put it differently, regulated markets do not solve the question of ensuring that the difference between the price paid by the consumers and the money received by the producer is reduced to the minimum necessary to cover the transport, brokerage, insurance, warehousing, interest charges and the like only and should not include a substantial account by way of profits by middlemen.

#### CO-OPERATIVE SOCIETIES

Formation of co-operative marketing societies in association with regulation of markets, can alone assist the producer in getting the maximum possible rate for the time, labour and capital invested by it in raising the crops. Co-operative marketing societies will strengthen the fibre of village life by making cultivators conscious that what used to be their weakness so far could be converted into strength by pooling their produce and selling it through their own organisations. They will be educated in the art of managing their own affairs in the economic sphere and thus adding to their knowledge of the technique of production and the technique of business also. Therefore the co-operative movement even though it has failed, must be strengthened to work smoothly by making the State a partner in it and by giving credit on the credit-worthiness of the producers, *i.e.*, credit on the security of crops etc.

#### MEASURES TAKEN TO IMPROVE AGRICULTURAL MARKETING IN INDIA AND THE PRESENT POSITION

Investigations into and improvement of marketing condition of agricultural, animal husbandry and allied activities commenced in India in 1935 with the setting up of the Directorate of Marketing and Inspection at the Centre and Marketing Departments in the States. Before embarking on developmental works, surveys of various agricultural commodities were undertaken and published. The developmental activities of the Directorate mainly consists of grading and standardisation of agricultural commodities, regulation of markets and market practices and development of fruit preservation industry. To promote orderly marketing on the basis of statutory grades, the Agricultural Produce (Grading and Marketing) Act was passed in 1937. Grading under this Act is permissive, but compulsory quality control on the basis of "Agmark" specifications in respect of some commodities exported from India has recently been introduced. Export of notified commodities such as tobacco, sann hemp, wool, and bristles are prohibited unless they have been graded and marked in accordance with the prescribed Agmark

standards. These have so far been notified for 110 items and preliminaries for notifying 30 more items were completed during 1954-55.<sup>14</sup>

To ensure a fair price for his products and to protect the farmer from malpractices, 414 regulated markets were established in Bombay, Madras, Andhra, Hyderabad, Mysore, M.P., Madhya Bharat, Punjab and Pepsu upto March, 1955. Here the market charges are fixed, correct weighment is ensured and no unauthorised deductions on account of charity, sample, etc., are allowed. These are managed by market committees on which the growers, traders, local bodies and Government nominees are represented.

An advisory service for regulated markets has recently been constituted in the Central Directorate to co-ordinate the experiences of various States, promote the regulation of markets in States where this has not yet been done and to effect improvements in the working of regulated markets on a uniform basis.

Orderly marketing of agricultural produce depends on facilities for storage of goods by the cultivators for which warehouses and godowns are needed. The Reserve Bank in the course of its credit policy, has rightly felt the need for co-ordinating credit with storage and marketing. The All India Rural Credit Survey Committee has recommended a close partnership of the State and the co-operatives in the fields of co-operative credit, marketing and processing institutions, and the Central Government has drawn up a programme for strengthening co-operative marketing through the establishment of a net-work of warehouses and godowns throughout the country. A National Co-operative Development and Warehousing Board with two separate funds, a development fund and warehousing fund has recently been inaugurated by our Prime Minister.

In the direction of market intelligence a beginning has been made in supplying market news. Daily market prices of some commodities are broadcast from A.I.R. stations but the number of receiving sets in the villages is not at all adequate. The marketing staff should collect prices from "Key Markets" and disseminate them to country markets.

#### MEASURES TAKEN IN THE STATE OF MADRAS

The Madras Commercial Crops Act (XX of 1933) has been enacted to control and regulate market conditions such as fixation of market charges, maintenance of market yards and standardisation of market practices and to promote better marketing of produce. Regulated markets are functioning in respect of groundnut, cotton and tobacco in select areas. The constitution of regulated markets for other important agricultural produce and the extension of the Act to more areas will promote agricultural marketing.

The Department of Agriculture is in charge of the working of the Madras Commercial Crops Act of 1933 and the Agricultural Produce Act of 1937. A Provincial Marketing Officer with the necessary staff is working under the Director of Agriculture. The main work of the marketing staff is to conduct surveys

<sup>14</sup> India—a Reference Book, 1956.

of the marketing conditions of important agricultural produce in the country and to suggest ways and means to improve them.

At this stage, we can examine the working of the Co-operative marketing societies in the Madras State. Here marketing societies generally dealt with all varieties of commodities grown in their areas of operation. Grading of agricultural produce has not been tried on any large scale in these societies. As grading requires technical assistance, a scheme has been submitted to Government for the appointment of necessary technical staff.

These societies issued loans and advances to their members on the security of all kinds of produce in the custody of the societies so that agriculturists who were in need of money to pay *kist*, to meet domestic expenses, etc., might be able to hold over their produce for a better market and were not forced to dispose of their stocks at unfavourable prices.

Rural credit societies financed cultivation on the condition that the crops raised with the loan given were marketed through adjacent sale society, the sale society deducted from the sale proceeds the amount due to it and remitted it to the financing bank on behalf of the rural credit society concerned. This scheme was in operation in 19 circles in 1953 as against 20 circles in 1954.<sup>15</sup>

#### PROGRAMME FOR THE FUTURE

A pilot scheme of integrated agricultural credit and marketing costing Rs. 8.34 lakhs has been proposed to be launched in 12 taluks in six districts of this State and some of them have also come into being. The main scheme of integrated credit and marketing included in the Second Five-Year Plan aims at the provision by co-operatives of nearly 21 percent of the credit requirements of the cultivators by the end of the plan period as against 7 per cent at present.

The scheme sanctioned by the Government envisages the establishment of 12 large-sized primary credit societies at the rate of one in each of 12 taluks for supplying short and medium term agricultural credit and development of marketing of agricultural produce through marketing societies.

On the marketing side, the scheme provides for the organisation of 36 marketing societies so as to increase their number to 150, the reorganisation of the existing co-operative wholesale stores into District Supply and Marketing Organisation, and the establishment of a State Co-operative Marketing Society during the 3rd year of the plan. The marketing societies, the large-sized societies and Rural Banks and the primary credit societies will together put up 391 godowns with Government loans and subsidies at a cost of Rs. 72 lakhs. The scheme also provides for the installation of processing plants like handpounding units, groundnut decorticators and cotton ginning factories by the marketing societies at a total cost of Rs. 11.5 lakhs.

Recently, the Government of Madras has appointed an Expert Enquiry Committee to review and simplify the operations of the Madras Commercial

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<sup>15</sup> Review of the Co-operative Movement in India 1952-54.

Crops Market Act, to render the working of the Market Committee appointed thereunder, smooth, effective and less expensive. The Committee will also consider the extension of the Act to all commercial commodities, including food crops, throughout the State.

#### CONCLUSION

To conclude : it is perhaps too soon to assess quantitatively the progress made on the results achieved in the implementation of the Pilot Scheme, though undoubtedly fair progress has been made in the formation of some large-sized societies and the expansion in the activities of the marketing societies. And yet, the goal though clear is difficult to reach except by a long and difficult process of continuous co-operation between the State and the people spread over a long period. The development of the experiment in State trading may eventually be dovetailed with 'the Co-operatives' in the marketing field to ensure increasing progress by a State or national plan for canalising production and marketing to ensure efficiency and justice to all.

### TRENDS IN OPERATION TECHNIQUES AND ORGANISATION OF AGRICULTURAL MARKETING IN INDIA

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#### INTRODUCTION

To a layman, marketing means buying and selling of agricultural produce. These activities apparently look very simple but when one sets out to inquire into the genesis of buying and selling one comes across a multitude of economic phenomena of human wants and their satisfaction. They in turn bring in a plethora of economic activities which lie in the realm of concentration, equalization and distribution. The latter embody the functions of assembling, physical movement of goods, grading, packing, storing, processing, financing and distributing. Market news is also now included in functions. These functions are carried by functionaries at places known as markets by adopting certain practices, operational techniques.

#### CAUSATIVE FACTORS

Coming to the consideration of trend in operation techniques and organisation it may be said that it presupposes change. Marketing is susceptible to change with the slightest impact of circumstances owing to the fact that it is a crucial