

## Regulated Markets in Madras State

by

M. OBAIDULLAH SHAH, B. Sc., (Ag)  
State Marketing Officer, Madras.

It has been recognised that creation of conditions under which the farmer could market or sell his produce with confidence and without any apprehension of being deceived or unfairly treated is one of the most important and potent means of increasing farm production. Marketing is the final phase of production affording the farmer an opportunity to realise the fruits of his labour. Marketing includes all the activities concerned with the flow of goods and services from producers to consumers such as selling and buying, transport, storage, finance, risk, management, standardisation, grading and the like. Marketing should therefore be considered as a part of the productive process and marketing costs form part of the overall cost of production.

Marketing is the system adopted to dispose the surplus produce. The producer, the middleman and the consumer look upon the marketing process from his own point of view. Marketing is not merely a question of mere holding up for high prices. It is a question of so ordering the entire range of distribution that the benefits of every measure accrues to the person who works on the land and who forms the backbone of the country. Incidentally this is bound to confer considerable benefits on the consumers as well. Marketing is a more difficult and complicated job than mere affording of credit facility. The primary producer in this sphere is at present mostly at the mercy of the merchants. Most of our farmers and commission agents own small holdings with meagre resources and slender surpluses for sale. They have very little time to look to marketing and they are not so organised as the purchasers. They labour under many difficulties and are exploited by the purchasers who are resourceful and operate in an organised basis. The manipulation of scales, weights and measures, unauthorised deductions from the price of produce, taking away large volumes of samples from the producer without any payment, absence of market intelligence, lack of transport, lack of financial facilities, the presence of brokers who are not generally fair in their dealings with the growers, price fixation etc; are some of the difficulties which face the simple farmer in the marketing of his produce.

It was under these circumstances that the Royal Commission recommended as early as 1928 the establishment of regulated markets under State legislation. Hyderabad and Bombay were the first to implement the recommendation. Madras passed the legislation as early as 1933. Similar legislation has since been passed in other States as well. The need for extending the benefits of regulated markets to all important centres and crops has also been stressed in the first and second Five Year Plans.

Marketing legislation ensures better facilities for the farmers and traders for buying and selling farm produce and provides for the appointment of a Market Committee. Regulated market merely implies the management of a market through a market Committee on which all interests have adequate representation. The object of regulation of market is the standardization of the market practices and prevention of malpractices which are important from the point of view of development of orderly marketing in the interest of the grower. Regulated market is one of the links in the chain of marketing to provide fair and reasonable price to the grower. Hence this has to be established and operated in such a way that the growers have an effective voice in the management. A regulated market does not interfere with the normal trade but promotes it by providing orderly conditions for marketing. The Market Committee represents both growers and traders. This Committee does not undertake any direct business but only supervises or regulates the transactions of produce for all persons. The main advantages or salient features of regulated markets are given below :—

- (i) Market charges are clearly defined and specified, excessive charges are reduced and unwarranted ones are prohibited ;
- (ii) Market practices are regularised ;
- (iii) Correct weighment is ensured by periodical inspection and verification of scales and weights by licensing weighmen, stamping weights and by supervision ;
- (iv) Suitable arrangements are made for the settlement of disputes regarding quality, weighment, deduction etc., with a view to prevent litigation and to safeguard the interests of the seller and smoothen business ;
- (v) Insistence on prompt payment of the value of the produce by the buyer and thus helps the poor seller ;
- (vi) Reliable and upto date market news are made available to the users of the markets ;
- (vii) Suitable quality standards and standard contract terms for buying and selling can be conveniently enforced in a regulated market ;
- (viii) Reliable statistics of arrivals, stocks, prices, etc., are maintained ;
- (ix) Various facilities and conveniences are provided in regulated markets such as sheds for the use of the sellers and buyers and for the sale of produce ; such as, space for parking carts, water cistern for cattle ; storage accommodation for agricultural produce ;
- (x) Propaganda for agricultural improvement e. g., use of improved seed, adoption of improved methods of cultivation, improved methods of processing and quality improvement by grading of agricultural produce.

The main object of the Act is to provide for the better regulation of buying and selling of commercial crops or any other crop in the Madras State and the establishment of markets for that purpose. The Act as originally enacted in Madras was applicable only to the commercial crops viz. cotton, groundnuts and tobacco. By an amendment made in 1945, Government took powers to declare any other crop as a commercial crop under its provisions. Coconut, Arecanut, Gingelly have been since declared as commercial crops. Within the frame work of the existing Act, it will be possible to declare all other agricultural produce, including even food crops as commercial crops for purposes of the Act. There is a proposal also to change the name of the Act as Agricultural Produce Markets Act. The Act is enforceable in a specified area in respect of one or more specified crop or crops, after due notification in a prescribed manner. After an area is notified a Market Committee is established. The first Committee is appointed by the Government based on nominations made by departmental officials at the district and State levels. This Committee continues in office for one year in the first instance and if necessary for a second year by an order of the Government. Within this period an elected Committee is brought in. Each elected Committee will hold office for three years. The composition of the Committee is laid down in the Act and provides for a maximum of 12 members, the actual number for each Committee being fixed by the Government. The Act empowers the Government to appoint members to the Committee by nomination, subject to the proviso that the number so appointed does not exceed the number elected. Government have also powers to allocate the number of seats to growers and traders in the Committee. At present five grower members and four trader members are elected and two members are nominated by Government to represent special interests or to rectify defects among the elected personnel. The District Agricultural Officer of the district is an ex-officio member.

The representatives of traders are elected by a constituency made up of persons licenced under Section 5 of the Act and persons registered as buyer or sellers or buyers and sellers for a period of not less than one year. The growers' constituency is made up of the entire set of growers of the commercial crops within the notified area and follows the system as that of Panchayats or Municipalities or District Boards etc. It has also been suggested that the election procedure for the grower constituency is far too elaborate and excessively costly and that the system of elections can be done away with in favour of one providing for appointments by Government.

In the administrative sphere each Market Committee is autonomous subject to the guidance of the Director of Agriculture through the State Marketing Officer. The Committee frames its own bylaws. For this purpose a set of model bylaws has been framed for the purpose of

ensuring uniformity. The bylaws of the Committee are required to be approved by the Director of Agriculture. Government have framed the General Rules, the Madras Commercial Crops Markets Rules 1948, the Election Rule 1940 etc. Subject to these Rules, the Market Committees are free to run the administration.

The Market Committees are required to set up regulated markets at specified places by a direction of Government. In actual practice the chief places for regulated markets are notified by Government at the time the Committee is formed. Subsequently the Committee is free to propose additional places for markets for acceptance by Government. The regulated markets are set up in rented or leased premises to start with. As the Committee acquires funds through accumulations in its reserves out of current income obtained by way of levy of fees and licence fees it goes in for owning markets. The funds for this purpose are also obtained by raising loans from Government. Due to want of sufficient finance there is delay in the setting up of regulated markets which is sometimes adversely commented. It has been suggested that regulated markets might function right from the time the Committee is formed and the Government grant long term loans or grants for the purpose.

Right from the time an area is notified under the Act and a Committee is established, all persons engaged in the trade of the notified commercial crop should take out licences as below :

- (a) A licence under Section 5 (1) of the Act in respect of places used for buying and selling ;
- (b) A licence under Section 5 (3) for the places used for storing, weighing, processing etc.

The Collector of the district concerned is the licensing authority.

In addition to these licences the Market Committee is allowed to licence all weighmen and brokers in the market. Persons without the licence are not allowed to function as either weighmen or brokers. Till recently all traders (buyers or sellers or buyers and sellers including commission agents) were required to get themselves registered in the Committee and unregistered persons were not allowed to trade. As this provision has been held void by the High Court a consequential amendment of the concerned rule (rule-37) has been made.

The Market Committees are also allowed to levy a fee or cess on the commercial crops bought and sold within the notified area subject to the proviso that the cess is allowed to be collected only once in the course of a chain of buying and selling and to the further restriction that it is not payable to more than one market Committee. Maximum rate of levy in this manner is prescribed in the rules. Usually quantities in small lots purchased by individual consumers are exempt from this levy.

Regulated markets are now working in seven districts in respect of six commercial crops under the Madras Commercial Crops Markets Act 1933.

Details of coverage in respect of each are given below :

Name of Crop	Area in acres			Production in tons		
	Total in the State	Area covered by regulated Markets & %		Total for the State	Quantity covered by the Regulated Markets & %	
Cotton	881,050	690,791	78.4	298,080	239,990	80.5
Groundnut	1938,172	1184,152	61.1	773,390	454,810	58.8
Gingelly	438,457	41,729	9.5	45,300	4,430	9.8
Coconut	559,367	455,709	81.5	1192554000 (numbers)	93132000 (numbers)	71.1
Tobacco	54,690	33,609	61.5	24,010	15,750	65.6
Areca nut	114,727	111,682	97.3	33,600	32,600	98.0

The districts where Market Committees are established and the provisions of the Madras Commercial Crops Markets Act 1933 are enforced are as below :

1. Coimbatore Market Committee: Cotton, Groundnut & Tobacco
2. South Arcot Market Committee: Cotton, Groundnut & Gingelly
3. North Arcot Market Committee: Groundnut
4. Malabar Market Committee: Coconut, Areca nut
5. South Kanara Market Committee: Coconut and Areca nut
6. Ramanathapuram Market Committee: Groundnuts & Cotton
7. Tirunelveli Market Committee: Cotton

The progress of work in the regulation of markets for commercial crops has been made complicated and taxing due to the very many legal issues brought in by many interests; stifling the enforcement of the Act. But the working of this Act in South Arcot district is a good testimony and the people of South Arcot and its Committee deserve all congratulations. There are nine regulated markets which deal in groundnut mainly. Arrivals of groundnut kernels are voluntary and nearly 90% of the produce of about 8,50,000 bags of kernels come to the yard. These markets are very popular with ryots as they secure the best prevailing rates. These markets in South Arcot are the best among regulated markets in the State and perhaps in India.

In conclusion, agricultural marketing on scientific lines should be considered necessary in the development of rural economy of our country in which agriculture is the main stay. The economic well being of the ryot mainly rests in the disposal of his produce in regulated markets at reasonable rate. The producer should get his legitimate share of the price paid by the consumer for his produce. Regulated market is one way of affording the farmer to realise it. It is hoped that the objects of regulated markets will be fully understood by all people and the extension of this Act will be welcomed to all the important crops in all the districts of this State soon.