National Council of State Agricultural Marketing Boards

STUDY ON
IMPACT ASSESSMENT OF AGRICULTURAL MARKETING REFORMS IN VARIOUS STATES

SUMMARY REPORT

PREPARED BY

NATIONAL COUNCIL OF STATE AGRICULTURAL MARKETING BOARDS

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1. INTRODUCTION

The 11th Five-Year Plan (2007-08 to 2011-12) envisages a 4% growth for the agricultural sector as compared to 2.5% average growth during 10th Five-Year Plan (2002-07). Agriculture sector could be one of the major contributors towards the achievement of 9% growth rate for the economy as a whole during 11th Plan Period, as the growth of agriculture has direct impact on growth of others sectors. The increasing trend of agricultural production has brought new challenges in terms strengthening the agri-marketing structure of the country.

Agriculture being a State subject; it is the responsibility of respective State Governments to take necessary steps for reforming marketing structure. Now that many states have introduced some reforms in agricultural marketing, the need of the hour is to consolidate the gain of reforms through appropriate policies and plans. The model Act has been implemented since 2004 and the era of its first phase reforms is going to be finished soon. One of the major drawbacks is that no significant efforts have been made towards studying the repercussions of these reforms and amendments regarding whether they are contributing to and fulfilling their purpose or they are increasing the complexity of the processes For the purpose of assessing the impact of these reforms across the country, this study has been undertaken. It tries to understand the perception of the stakeholders with respect to various reforms and identify the major gaps between provisions vis-a-vis their implementation at ground level. The study paves way for 2nd phase of reforms it tries to identify conducive policy environment and improvements required in marketing system.

involved by making them more cumbersome. A detailed analysis of the changes proposed and their execution therefore needs to be done to bring effectiveness in the Agricultural Marketing system & justify the efforts and resources (including time) devoted towards introduction of important reforms and amendments in the Proposed Model Acts.

2. Methodology

The study has been undertaken to analyze the following aspects of reforms in Model Act in respective identified/selected states.

- Provision to promote and encourage PPP in management of markets & e-trading
- Provisions regarding indemnity against the alienation of producer's land on failure of contract farming
- Provision specifying a model agreement format for contract farming
- Provision for single point levy of market fee in the State
- Registration of market functionaries (not licensing)
- Provision for single point registration for trade and transaction in more than one market area
- Provision for prohibiting commission agents in APMCs
- Provision for setting up of producer/consumer markets (being facilitated through exemption clause) and dispute settlement mechanism for private markets/ direct marketing
- Provision for setting up of a separate market extension/ training cell and the agricultural produce marketing standards bureau
- Acts amended but respective Rules not notified
- Provision for notification of market area for Private markets.
- Provision for strengthening backward-forward linkages by declaring value added centers (collection centers) as sub-yards of Private markets.
- Provision for level Playing field between private markets and APMCs and maintaining market fee parity.
- Provision of developmental issues (Preamble focused)

The specific criteria for reform were studied in each of the identified state. As no study was found to be undertaken on the subject, the pioneer study will try to explore the current status of these said reforms, new dimensions and scope for bringing in other relevant reforms. Hence, it is an exploratory kind of research based on judgmental sampling adopted by the surveyor and based on the knowledge/understanding of the respondents. As there was no literature available, there has been certain limitations w.r.t scaling of parameters, standardized analysis, expanded coverage, time series, examination and comparison, etc.

2.1 States & APMCs identified for Primary Survey:

RAJASTHAN			
1.	Jaipur	Grain	Class-A
2.	Jaipur	F&V	Class-A
3.	Alwar	Grain and F&V	Class-A
4.	Sawai Madhavpur	Grain	Class-A
5.	Kota	Grain	Class-A
6.	Ramganjmandi	Coriander (Sp. Commodity mandi)	Class-A
7.	Bundi	Grain	Class-A
8.	Udaipur	Grain and F&V	Class-A
GUJARAT			
9.	Unja	Cumin, Fennel (Sp. Commodity mandi)	Class A
10.	Rajkot	F & V	Class A
11.	Gondal	Grain and F&V	Class A
12.	Junaghar	Grain	Class A
13.	Jetpur	Grain	Class A
14.	Vadrodara	F & V	Class A
15.	Surat	F & V	Class A
16.	Ahmedabad	F & V	Class A
KARNATAKA			
17.	Bangalore	Grain	Class A
18.	Bangalore	Sp.Commodity Market (F & V)	Class A
19.	Mysore	Grain	Class A
20.	Tiptur	Grain(Copra)	Class A
21.	Hassan	Grain	Class A
22.	Belgaun	Grain and F&V	Class A
23.	Hubli	Grain	Class A

24.	Gadag	Grain	Class A

ANDHRA PRADESH			
25	Malakpet (Hyderabad)	F&V	Class A
26	Guddimalkapur (Hyderabad)	F&V	Class A
27	Bowenpally Hyderabad)	F&V	Class A
28	Guntur	Sp. Commodity Market	Class A
29	Vijaywada	Grain	Class A
30	Gudivada	Grain	Class A
31	Tenali	F&V	Class A
32	Diggirala	Sp. Commodity Market	Class A
MAHARASHTRA			
33.	Pune	Grain & F&V	Class A
34.	Khed	F&V	Class A
35.	Junner	F&V	Class A
36.	Mumbai (vashi)	F&V	Class A
37.	Nashik	F&V	Class A
38.	Lasalgaon	Sp. Commodity Market	Class A
39.	Ahemadnagar	Grain	Class A
40.	Rahuri	F&V	Class A
TAMIL NADU			
41.	Udumalpet	(Coconut) Grain	Class A
42.	Pollachi	(Coconut) Grain	Class A
43.	Erode	Turmeric	Class A
44.	Salem	Grain	Class A
45.	Madurai	Grain	Class A
46.	R.S.Purum	F&V	
47.	Singulur	F&V	
48.	Salem uzhauar sandhais	F&V	
PUNJAB			
49.	Chandigarh Sector-26	Grain and F&V	Class A
50.	Kharar	Grain	Class A
51.	Mansa	Grain and F&V	Class A
52.	Bathinda	Grain and F&V	Class A
53.	Muktsar	Grain and F&V	Class A
54.	Ludhiana	F&V	Class A
55.	Jalandhar	F&V	Class A
56.	Amritsar	F&V	Class A

HIMACHAL PRADESH			
57.	Shimla	F & V	Class A
58.	Solan	F & V	Class A
59.	Mandi	F & V	Class A
60.	Kullu & Lahoul Spiti	F & V	Class A
61.	Kangra	F & V	Class A

2.2 Selection of Respondents: In each of the above markets, 5 farmers, 5 traders, 1 APMC official and 1 State Marketing Board Official (Director Level) were surveyed. In case of Andhra Pradesh 45 farmers were surveyed as a Farmer/Consumer Market was also taken in the sample. The number of Private Players varied in each market depending upon their availability in each market. The category of Private Players mainly constituted of Private Market Players, Contract Farming Sponsors, Grading Sorting Provider, Cold Storage Facility Provider, Exporters and Processors. The following tables shows the sample size for the study

S.No.	State	Private Investors	Farmer	Traders	APMC official	Marketing Board Official
1	Maharashtra	14	40	40	8	1
2	Andhra Pradesh	10	45	40	8	1
3	Tamil Nadu	10	40	40	8	1
4	Karnataka	50	40	40	8	1
5	Himachal Pradesh	8	25	25	5	1
6	Punjab	50	40	40	8	1
7	Rajasthan	21	40	40	8	1
8	Gujarat	22	40	40	8	1
	Total	**185**	**310**	**305**	**61**	**8**

3. **Objectives:**

Objectives set for the study are as under:

1. To make a comparative study of amendments in selected State APMC Acts in accordance with the identified provision of reforms.

2. To understand and evaluate the perception of users/stakeholders w.r.t the reforms, -their implementation and impact.
3. To identify the gaps in the respective state APMC Acts vis-a-vis the practices on ground w.r.t identified areas of reforms.
4. To evaluate the physical and financial impact of the reforms introduced on the entire Agricultural Marketing System of the respective states.

4. Results and Interpretations

4.1. Comparative statement of status of reforms in various states according to Model Act, 2003.

The following table summarizes the year of amendment and provision under section for selected reforms in various states

Reforms	Maha-rashtra	Himachal Pradesh	Rajasthan	Andhra Pradesh	Punjab	Karnataka	Tamil Nadu	Gujarat
Provision for establishment of Private Wholesale Markets	2005 5D	2005 22	2005 5-A	2005 rule 53A	No Reform	2007 72-A	*	2007 insertion of sections 31C in Guj .xx of 1964
Provision for Direct marketing	2005 5D	2005 22	2005 58-(5)	2005 Rule 53A	2005 Rule 30, sub rule 13	2007 72-A	*	2007 insertion of sections 31C in Guj .xx of 1964
Provision for Contract farming	2006 5E	2005 24	2005 22-N(Chap-IV-B)	2005 11-A	2005 Rule 30, sub rule 13	2007 131-C	*	2007insertion of new section 28A in Guj xx of 1964
Provision for Farmer Consumer market	2005 5D	2005 23	2005 5-B	2005 46	2005 Rule 30, sub	2007 72-B	*	2007 insertion of sections

					rule 13			31E in Guj .xx of 1964
Provision for Public Private Partnership	2003 5A	2005	No Reform	2005 7(7)	No Reform	2007	*	No Reform
Provision for single point levy & market fee	No Reform	2005 45(1)	2005	2005 Rule 74(1)	2005 23	2004 65-2(7)	1987 24	2007 insertion of sections 31D in Guj .xx of 1964
Provision of Single License for trading in Entire State	2005 5D	No Reform	2005	No Reform	2005 Rule 30, sub rule 13	2007	No Reform	2007 insertion of sections 31G in Guj .xx of 1964
Provision for establishment of Separate Agriculture Marketing Standard Bureau	No Reform							
Provision for establishment of Market Extension /Training cell	No Reform							
Provision for prohibition of commission agents	No Reform							

** In Tamil Nadu all reforms have been implemented through Government Orders*

It was found that in no state any amendment w.r.t provision for prohibition of commission agents, establishment of Separate Agriculture Marketing Standard Bureau and Marketing Extension/Training Cell was made. In Rajasthan no Rules have been framed for the amendments made in the Act. In Tamil Nadu there are no Commission Agents acting in Regulated Markets. A parallel market Named

Commission Mandi/Private Market which is not a regulated market is being managed by Commission Agents acting in the said market. As per Tamil Nadu Agricultural Produce Marketing (Regulation) Act, 1987 "The Act does not prohibit private markets, direct marketing and contract farming".

4.2. Perception of users/stakeholders w.r.t the reforms

A. Results of Farmers' Survey

Awareness level of Reforms: A total of 530 farmers were surveyed across the States. It is surprising to note that most of the respondents were not aware of these reforms. The awareness level of farmers' w.r.t various reforms have been compiled in the following table:

Percentage of Farmers who are Aware of the Respective Reforms									
Item of Reforms	**MH**	**GJ**	**TN**	**PB**	**KAR**	**RJ**	**HP**	**AP**	**Avg.**
Private Wholesale Markets	13	38	25	10	20	25	15	0	18
Direct Marketing	50	38	100	30	100	38	15	100	59
Farmer/ Consumer Market	75	25	100	90	100	13	25	100	66
Prohibition of Commission Agents	38	25	38	5	15	25	38	11	24
Contract Farming	50	25	75	75	70	38	50	22	51
Public-Private Partnership	0	0	0	0	5	0	0	0	1
Separate Market extension/ Training cell	0	0	0	0	0	0	0	0	0
Establishment of State Agriculture Marketing Produce Standard Bureau	0	0	0	0	0	0	0	0	0
Avg.	28	19	42	26	39	17	18	29	

The awareness for promotion of PPP, establishment of separate Market Extension/Training Cell and State Agriculture Marketing Bureau is nil in all States. In Tamil Nadu, Karnataka and Andhra Pradesh there is 100% awareness about Direct Marketing and Farmer/Consumer Market. Very less number of farmers know about Private Wholesale Markets. Even in a State like Maharashtra where the country's first Private Market (Premium Market) has started operations, the awareness level was found to be only 13%.

Preferred mode of selling: The most preferred place for selling produce by farmers is still the APMC Market in all the states. The reason stated by most of the farmers was that most of the times no other option is available to them and also because they have been selling in these markets since years ago. In few states like Punjab, Himachal Pradesh, Andhra Pradesh etc farmers are also selling produce in Farmer/Consumer Markets. Though, the progressive farmers are now also selling their produce through direct marketing and contract farming in the states like Tamil Nadu, Gujarat, Maharashtra and Punjab. The table given below represents the percentage of respondents who use different marketing channels like Direct Marketing, Contract Farming, Private Markets, APMC Markets and Farmer/Consumer Markets.

Mode of Selling Produce	**%age of Respondents using Various Modes of Selling**								
	MH	AP	TN	PB	HP	KAR	RAJ	GUJ	**Avg**
Through Direct Marketing	25	22	50	25	13	13	10	38	25
Farmer/Consumer Market	38	88	63	100	100	63	13	25	61
In Private Wholesale Market	13	0	0	0	0	5	0	0	2
Through Contract Farming	13	0	25	13	10	5	38	25	16
In APMC Market	100	100	100	95	100	95	100	90	98
Avg	38	42	48	47	45	36	32	36	40

Role of Commission Agent: The farmers cannot deny the multi facet role played by commission agents. The survey reveals that in case of Punjab they are all dependent on commission agents for the supply of inputs especially seeds. Most of the CAs provide them credit facilities free of interest. In many cases the farmers are dependent on CAs for market information as well.

Alternative Roles of Commission Agents	%age of Respondents on various roles of Commission Agent								
	MH	AP	TN	PB	HP	KAR	RAJ	GUJ	Avg.
I. Credit Facilities without interest	75	0	0	50	75	75	65	78	52
II. Credit Facilities with interest	20	78	0	60	25	60	0	22	33
III. Supply of inputs especially seeds.	50	20	0	100	78	40	0	5	37
IV. Market information	75	78	25	80	89	75	70	85	72
V. Immediate cash payment	100	89	100	85	67	100	95	100	92
Avg.	64	53	25	75	67	70	46	58	57

In spite of so many alternatives roles of the commission agents, about 85% of the farmers are of the view that they should be prohibited. The reason given was that they charge more commission than what the APMC has prescribed, inadequate market information provided by them and interlocking due to the credit taken. The farmers said that there were many cases of dispute between them over prices and quality matters of the commodity. No action is taken against the higher commission charged by CA because in all States except Tamil Nadu the Chairman of the Market Committee is usually a Trader /CA. Only in Tamil Nadu the seat has a representation of a farmer.

Contract Farming: All farmers involved in contract farming are not aware of any dispute settlement mechanism as laid in the law. They don't know where and whom to complain. They are unaware of the fact that if they resolve the matter through the laid provisions, it can be resolved within 15 days. Farmers who once taste this bitter experience of dispute do not go for contract farming in future. In Maharahstra, for dispute settlement mechanism and negotiation of contract farming, PepsiCo introduced a concept of Hundakari. Hundakari is a person with good political and strong hold in that particular area who is responsible for pressurizing the farmers in case of any defaults by the farmer. Also, in case of Contract Farming, nowhere the model agreement format is followed. All sponsors customize this agreement as per their own.

B. Results of Traders' Survey

Awareness level of Reforms: The total sample size for traders/Commission Agents was 305. Everywhere the traders were aware of Single Point Levy of Market Fee. In Maharashtra, Gujarat, Rajasthan and Andhra Pradesh good number of traders were aware that the model act lays provision for prohibition of commission agents. In other states none of the respondents knew about this reform. The respondents in all states were completely unaware about the provision for establishment of State Agricultural Marketing Standards Bureau and Single Point Registration/Licensing of Functionaries. Even the awareness level for Private Wholesale Markets was low in all states except for in Gujarat where 80% of the traders were aware of the reform.

Reforms (in %age)	% of Traders who are Aware of the Respective Reforms								
	MH	AP	TN	PB	HP	KAR	RJ	GUJ	Avg
Private Wholesale Markets	38	38	50	25	55	50	50	80	48
Single Point Levy/Payment of Market Fee	100	100	100	100	95	100	100	100	99
Single Point Registration/Licensing of Functionaries	0	0	0	0	0	0	0	0	0
Prohibition of Commission Agents	100	80	0	0	0	0	50	70	38
Establishment of State Agricultural Marketing Standards Bureau	0	0	0	0	0	0	0	0	0
Avg.	48	44	30	25	30	30	40	50	37

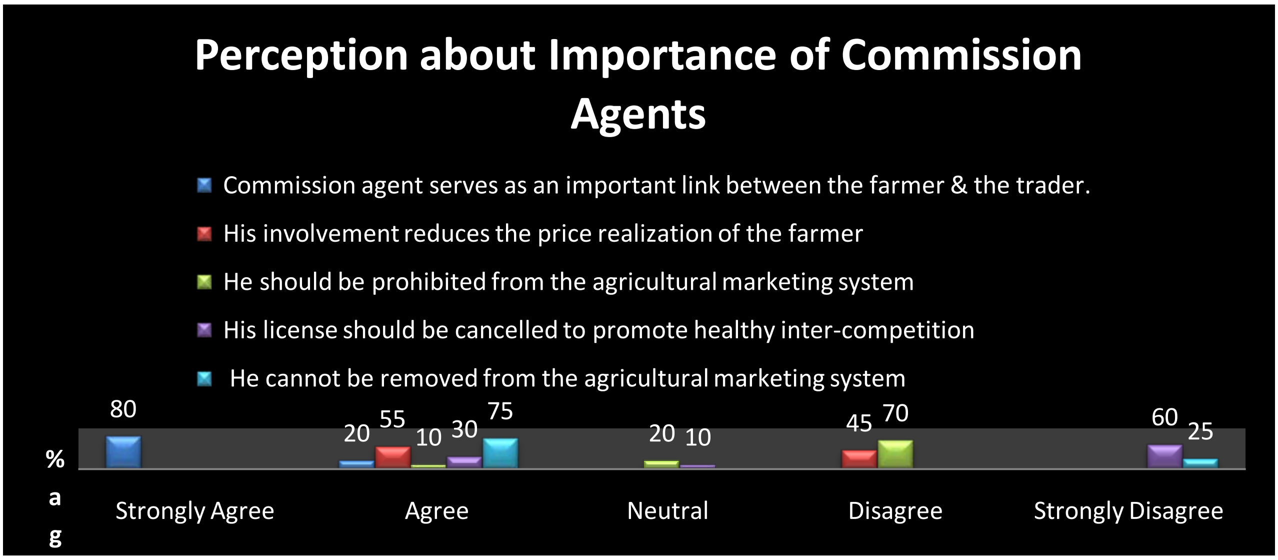
Willingness to Operate in Private Market:

Out of the total traders surveyed in all the states 75% showed their willingness to participate in Private Market. Most of the traders feel that Private Yards should be established for better quality standards and standardization of operations.

Perception of Traders	Yes (%)	No (%)
Willingness to operate in Private Wholesale Market	75	25
Establishment of Private Wholesale Market Yards for better quality standards and standardization	60	40

Prohibition of Commission Agents:

The above table summarizes the views of traders' w.r.t the role of Commission Agents in Agricultural Marketing. He is considered to be the most important link between the farmer and the trader who cannot be removed from the agri-marketing system and hence their license should not be cancelled. However 55% of them agree that their involvement will reduce price realization of the farmer.



Most of the traders are of the view that they apart from acting as the most important link between farmers and traders, they also provide them with credit facilities (with or without interest), supply inputs (especially seeds), etc.

Roles commission agent play for the farmer	%age of Respondents On various Roles of Commission Agent								
	MH	RAJ	AP	PB	HP	KAR	GUJ	TN	Avg
Credit Facilities without interest	80	80	0	75	20	30	90	70	56
Credit Facilities with interest	20	20	80	70	80	10	10	20	39
Supply of inputs especially seeds.	10	20	10	30	20	30	10	10	18
Market information	100	100	80	80	90	100	100	100	94
Timely cash payment	90	100	80	70	80	90	100	100	89
Avg	60	64	50	65	58	52	62	60	59

All traders were found to be of the view that most of the agriculture business runs on credit basis which is provided by commission agents to both farmers and traders. If the commission agents are prohibited, there is a question as to who will provide credit and who will risk lending of money without any co- lateral guarantee. Commission agents are the part of the system and hence all respondents strongly advocate that they cannot be removed. However, in a case if they are removed in one way or the other, they will then act as trader. This they say will be more harmful for the system as the traders will form a ring and purchase the commodities at very lower price. At present because of the commission which they get from farmer, he tries to sell the commodity at higher price to attract more number of farmers.

Establishment of Separate Agriculture Produce Marketing Standard Bureau: In all states except Rajasthan more than 85% of traders said that there should be a separate agriculture produce marketing standard bureau which will definitely be helpful in trading as due to non grading and lack of uniformness even in a single lot, there are problem in deciding the rates. Also, the farmers also are at loss due to improper grading and standardization. All responded that it will definitely increase the exports too. On an average 39% traders said that there will not be any problem for low grade produce as that type of commodity also has market. In all states 64 % of traders perceive that due do establishment of SAPMSB the farmers will get better prices. Nearly all traders were of the opinion that it will improve quality of produce. On an average 37% of traders were of the view that it will reduce the loss of perishables.

Perception of Traders regarding establishment of SAPMSB	% of Respondents								
	MH	**AP**	**TN**	**RJ**	**GUJ**	**PB**	**HP**	**KAR**	**Avg.**
Improve the quality of the produce	20	25	50	5	13	15	20	15	**20**
Better price realization to the seller	80	88	75	10	25	80	75	80	**64**
Encourage exports	100	88	75	15	38	100	75	85	**72**
Curb Malpractices	50	10	38	20	50	55	5	10	**30**
Reduce the losses of perishables	25	25	50	25	63	35	40	30	**37**
Create problem for the farmer having low grade produce	25	25	38	30	75	45	40	35	**39**
Monitoring of the standards of the Produce at state level by a single authority	100	88	100	35	88	95	75	100	**85**
Uniform grading & standardization in all mandies	100	100	100	40	100	85	90	95	**89**

Establsihment of Private Markets: 5 traders operating in Premium Market Nashik (Private) were surveyed. They quoted various reasons for their satisfaction in participating in a Private Market, which are:

- Hassle free and transparent transaction
- Space availability for auctioning is sufficient as compared to the AMPC markets.
- More hygiene
- Security system is good. No theft of commodities.
- Cooperative officials of the market
- No extra taxes collected than the normal 1% market fee.
- New alternative option other than existing.

- Better market management
- As farmers also willingly come to the market, traders are bound to shift trade in Private Market
- All traders said that private market will remove the monopoly of existing APMCs and will create a healthy competitive environment

C. Results of APMC Officials' Survey

Services Provided in APMCs: A total of 61 APMC officials were surveyed, one in each of the market visited, i.e. 8 officials in each state except in case of Himanchal Pradesh where they are 5 in number. In all the markets rates of commodities on notice board are displayed. Services like grading; sorting is present in one or two markets of Rajasthan, Gujarat, Tamil Nadu, Punjab, Haryana and Himanchal Pradesh. In 5 out of 8 markets of Tamil Nadu and Punjab there are facilities present for quality certification. There are no facilities for standardization in any of the visited markets.

Services provided to farmers	No. of APMCs Providing the Respective Service/Facility (figures in nos.)								
	MH	AP	TN	RJ	GJ	PB	HP	KAR	Total
a) Grading	nil	nil	4	1	1	1	3	2	12
b) Sorting	nil	nil	nil	1	1	1	3	2	8
c) Quality Certification	nil	nil	5	nil	nil	5	nil	nil	10
d) Standardization	nil	nil	nil	nil	nil	nil	nil	nil	nil
e) Information brochure	nil	8	3	nil	nil	2	nil	nil	13
f) market rates of commodity on notice board of market	8	8	8	8	8	8	5	8	61
Total	8	16	20	10	10	17	11	12	

Direct marketing: In all states the APMC officials were of the view that direct marketing is more beneficial to traders than farmers. In Maharashtra (6), Andhra

Pradesh(7) ,Punjab(7) and Karnataka(6) of official revealed that farmers are not much benefited by direct marketing . Reasons stated was unawareness of farmers towards market rates, default by the direct marketing license holder in weight, pressurizing farmers to sell on farm itself by stating different benefits like no transport cost, no labour cost, no time wastage, no commission deducted, etc. In some states like Andhra Pradesh(1), Tamil Nadu(2), Punjab(1) and Himachal (2) APMC officials said that direct marketing license holder will not be benefited as he has to search for good quality produce, in which much time is wasted. Sometimes farmers demand much more than expected. There occurred usual cases where the farmers' promises to give to a particular buyer, but when some other buyer approaches him will better price; the commodity is sold to the later. So, in their perception to operate at grass root level is difficult as farmers assume that the private player is in need of a particular commodity and hence they inflate rates without considering the market situations.

DIRECT MARKETING	Views of APMC officals on Direct Marketing (Figures in Nos.)								
	MH	AP	TN	RJ	GJ	PB	HP	KAR	**Total**
Better prices for farmer	2	2	2	2	2	2	2	2	16
Buyers get produce at cheaper rate	8	8	8	8	8	8	8	8	64
Total	10	10	10	10	10	10	10	10	

Contract Farming: On an average APMC official 80% revealed that due to contract farming new technology about inter cultivation operation, new improved seeds , good fertilizers, quality chemicals along with guadince from the experts is transefered . But only 5 in Maharashtra, 6 in Andhra Pradesh, 7 in Tamil Nadu ,6 in Rajsthan , 7 in Punjab, 4 in Himachal Pradesh and 5 in Karnataka opined that through contract farming, farmers will get higher price and return due to improved agriculture inputs provided by sponser. Rest of the officials feel that contract farming sposer gives only partial benifit to farmer as they are not taking resposibility if crop fails, sometimes they do not even purchase the produce due to reasons like non adherance of the commodity too set standards or quality. In such cases farmers may be in loss. All of them agreed on the point that if contract farming is done according to strict rules and regulation and with little modification in existing rule about rates fixation it will be very benificial to farmers as well as the sponser (as farmer will be assured of price and sponser about qualilty and quantity of produce).

Provision of Contract Farming	**No. of APMCs officials on aspects of Contract Farming**								
	MH	AP	TN	RJ	GJ	PB	HP	KAR	**Total**
Better prices to farmers	5	6	7	6	7	7	4	5	47
Technology transfer to farmer	8	8	8	7	7	8	5	8	59
Total	13	14	15	13	14	15	9	13	

Provision of Promotion of PPP: In most of states except Gujarat, all APMC officials are in favour of Public Private Partnership for infrastructure development and e-trading. Most of them feel that this reform will improve the existing infrastructure of APMCs. New technology like e-trading will give opportunity to compete in world trading which will increase bargaining power of farmer. In Maharashtra, Gujarat and Himachal Pradesh the APMC officials opined that private investor will always seek for his profit margin and hence will not be come forward through PPP mode or even if they start business in PPP they will always be thoughtful about their own profit margins and will not think about the community at large.

Provision of Promotion of PPP	**No. of APMC Officials on Aspects of PPP**								
	MH	AP	TN	RJ	GJ	PB	HP	KAR	**Total**
Realization of best possible price	6	8	8	8	4	7	4	6	51

Increasing bargaining power	6	8	8	8	4	6	4	5	49
Facilitate better & easy trade	8	8	8	8	4	7	5	8	56
Total	20	24	24	24	12	20	13	19	

Establishment of State Agricultural Marketing Standard Board: All APMC officials agreed that state agricultural marketing standard board should be established as it is a necessity for modern marketing systems. Establishment of standardization board will give better prices to farmers and will also strenghten their bargainin power. This will increase the exports of the commodities also.The Traders can will get a surety about the produce.

Establishment of State APMSB	**No. of APMC Officials On Aspects of SAPMSB**								
	MH	AP	TN	RJ	GJ	PB	HP	KAR	**Total**
Better price realization	4	6	7	7	7	6	5	4	46
Will encourage export	6	8	8	8	7	8	5	6	56
Will curb the malpractices	2	4	5	6	7	4	3	2	33
Will reduce losses of produce	4	2	5	5	4	2	3	4	29
Problematic for farmers producing low grade	4	2	2	1	1	2	1	4	17
Total	20	22	27	27	26	22	17	20	

Provision of Market Extension/Training cell: APMC officials of all states are in favour of providing training to the farmers, traders & APMC officials as well as it will give insights of new improved technology and agriculture inputs to both. Through extension services farmer will come to know about the market rates so that he can make choice about where to sell the produce.

Provision of Market Extension/Training cell	**No. of APMC officials on Provision of Training Cell**								
	MH	AP	TN	RJ	GJ	PB	HP	KAR	**Total**

Information transfer about improved agri. Inputs to farmers	8	8	8	8	8	8	5	8	61
Information about prices of commodities in different APMC	8	8	8	8	8	8	5	8	61
Transfer of improved Technical skill about growing of crops to farmer	8	8	8	8	8	8	5	8	61
Total	24	24	24	24	24	24	15	24	

Provision of private wholesale markets: In all the states APMC officials are in favour of private markets. They agreed that there is monopoly of APMCs, due to which there is a political influence which curb development. Private Markets the farmers will give another option to farmers for selling their produce. The private markets will create competition with existing APMCs which will ultimately benefit the stakeholders. In Tamil Nadu and Punjab, 4 APMCs officials were not in favor of private market as they feel that private player itself will start acting as a commission agent and will think of his own profit. They opine that the facilities they provide will be costly to farmers.

Provision of private wholesale markets	**No. of APMC Officials on Aspects of Private Markets**								
	MH	AP	TN	RJ	GJ	PB	HP	KAR	**Total**
New alternative market place	8	8	4	8	8	4	5	8	53
Better facility	8	8	5	8	8	5	5	8	55
Better prices for produce	6	4	3	7	4	3	2	6	35
Total	22	20	12	23	20	12	12	22	

Prohibition of commission agent: All officials in Andhra Pradesh, Tamil Nadu, Himachal Pradesh and Karnataka strongly feel that commission agents should be removed. They think that there will not be any problem for getting buyers if commission agents are prohibited in market. 4 to 7 APMC official in various states were of the view that now farmer were no more dependent on commission agent for credit.

Prohibition of commission agent	**No. of APMC Officials on Aspects of Prohibition of Commission Agents**								
	MH	AP	TN	RJ	GJ	PB	HP	KAR	**Total**
Better prices as no commission for agri. Produce	5	8	8	4	4	5	5	8	47
No immediate & easy credit to farmer	4	2	3	6	6	4	1	3	29
Unable to get good buyers	2	1	1	7	7	2	1	1	22
Total	11	11	12	17	17	11	7	12	

Role of Commission agents: APMC official feel that no commission agent provides credit facilities without interest. According to them the commission agents charge interest on credit given to the farmers.

Role of Commission agent	**No. of APMC Officials on Role of Commission Agents**								
	MH	AP	TN	RJ	GJ	PB	HP	KAR	**Total**
Immediate credit Facilities without interest	0	0	0	0	0	0	0	0	0
Credit Facilities with interest	8	2	8	8	7	8	8	6	55
Supply of inputs especially seeds	2	7	3	0	1	1	4	3	21
Market information	6	1	4	7	7	5	6	6	42
Total	16	10	15	15	15	14	18	15	

Provision of Single Unified License: All APMC officials were of the view that a Single Unified License will help traders in operating in entire state but APMCs will lose control over them.

Provision of single point levy of market fee: All the APMC officials said that single point levy of market fee will benefit all stakeholders in the value chain especially the processors who purchase commodities from different markets.

Provision of single point levy of market fee	No. of APMC Officials on Single Point Levy of Market Fee							
	MH	AP	TN	RJ	GJ	PB	HP	KAR
Reduction in prices of final product	8	8	8	8	8	8	5	8

Private Market: In all states except Tamil Nadu and Punjab, on an average 6 out of 8 APMC officials were in favour of private market. Many officials said that the location for private market should be restricted which should be outside the city so that the problem of traffic jams, unhygienic environment etc can be avoided in the main city. The APMC officials in Maharashtra, Tamil Nadu and Karnataka were in favour of Hub and spoke model of private wholesale market. Only in Maharashtra at Nashik the APMC officials said that there is shift of 7 % trade from there market to premium market, so it's a disadvantage for them.

Private Market	No. of APMCs								
	MH	AP	TN	RJ	GJ	PB	HP	KAR	**Total**
private market better concept	6	7	2	7	8	4	4	6	44
the shift in trade from your market	1	0	0	0	0	0	0	0	1
the hub & spoke model of private market	8	4	7	4	5	2	3	8	41
Restriction for market location	5	3	8	4	4	7	3	5	39
Total	20	14	17	15	17	13	10	19	

E-Marketing: Most of the officials were of the view that e-marketing is a better concept. If this system is introduced then there should be proper supportive infrastructure like efficient cool chain throughout country. Cold chain provision should be at cheap rate so that it is affordable. 3 out of 8 APMC officials said that e-trading is not a feasible option in case of perishables. The reason quoted is that there is no proper facility for transportation and other facilities required for trading like packaging, storage etc. Most of the officials said that networking of market is possible both by APMC officials and private players if e-marketing it implemented.

e-marketing	**Number of APMC Officials on E-marketing Concept**								
	MH	AP	TN	RJ	GJ	PB	HP	KAR	**Total**
e-marketing a better concept	5	6	4	4	5	5	5	5	39
APMC providing this service	0	0	0	0	0	0	0	0	0
network of markets within state by APMC	6	6	7	4	6	8	3	6	46
Network of markets within state by private market	8	4	4	0	0	0	5	8	29
Total	19	16	15	8	11	13	13	19	

Professional Management in Markets:

In all states, except in Maharashtra and Andhra Pradesh, were of the veiw that APMC official should be technically professional person. He should be through with the theoritical and practical concepts of agriculture system and agriculture marketing. In Maharashtra and Andhra Pradesh officials it is only the experience that counts and only sucha person can take better decision than technical proffessional who is inexperienced.

APMC secretary should be a technically professional person	**No. of APMC Officials on Professional Management of Markets**							
	MH	AP	TN	RJ	GJ	PB	HP	KAR
	6	7	8	8	8	8	5	8

D) Results of Private Investors' Survey

Direct marketing: A total 185 private investors were surveyed, which included Private Market Players, Contract Farming Sponsors, Grading Sorting Provider, Cold Storage Facility Provider, Exporters and Processors.

Private Investors Perception about Direct marketing: Around 65% of the private investors are of the view that it gives better prices to the farmers and 80% of the private investors' perception is that the consumers also get the produce at cheaper rates. The responses from individual states have been compiled in the table given below:

Direct Marketing	% of respondents on Aspects of Direct Marketing								
	Impact	MH	HP	AP	PB	TN	KAR	RAJ	GUJ	**Avg**
	Better prices for farmer	50	59	60	80	60	57	75	80	65
	Buyers get produce at cheaper rate	71	67	100	75	100	72	80	75	80
	Avg	61	63	80	78	80	65	78	78	

Contract Farming: On an average 75% of the private investors feel that farmers are being benefited by contract farming by getting better prices while 90% are of the view is that the farmers are benefitted through technology transfer.

	Impact	**% of Respondents on Aspects of Contract Farming**								
		MH	**HP**	**AP**	**PB**	**TN**	**KAR**	**RAJ**	**GUJ**	**Avg**
Provision of Contract Farming	Better prices to farmers	71	86	80	78	50	78	70	80	75
	Technology transfer to farmer	100	90	100	100	100	92	70	70	90
	Avg	86	88	90	89	75	85	70	75	

Promotion of PPP: Respondents feel that promotion of PPP in management of markets & e-trading will increases bargaining power of the producer as well as buyer both, facilitate better and easy trade as well as realization of best possible price for all stakeholders.

	Impact	% of Respondents on Aspects of PPP								
		MH	HP	AP	PB	TN	KAR	RAJ	GUJ	Avg.
Promotion of PPP	Realization of best possible price	50	70	50	65	40	64	50	50	**55**
	Increasing bargaining power	71	0	60	68	60	42	50	50	**50**
	Facilitate better & easy trade	100	92	80	85	70	86	50	50	**77**
	Avg.	74	54	63	73	57	64	50	50	

Establishment of SAPMSB: 85 % of the total private investors agree that establishment of such a bureau will encourage exports. Majority of them ie.51% feel that farmers with low grade produce will not face a problem in selling their produce if such an initiative is taken. Respondents perceive that that standardization will encourage farmers to produce good quality produce and farmers will be able to fetch better prices for it.

	Impact	% of Respondents on Aspects of SAPMSB								
		MH	HP	AP	PB	TN	KAR	RAJ	GUJ	Avg.
Establish-ment of State APMSB	Improve quality of produce	43	50	70	49	40	57	100	70	60
	Better price realization	50	60	80	55	30	49	100	80	63
	Will encourage export	100	85	90	85	50	93	100	80	85
	Will curb malpractices	50	35	60	30	40	57	74	70	52
	Will reduce losses of produce	50	44	40	60	50	71	70	50	54
	Problematic for farmers producing low grade	21	90	40	85	40	65	20	30	49
	Avg.	52	61	63	61	42	65	77	63	

Market Extension/ Training Cell: All Private investors in Maharashtra, Andhra Pradesh, Tamil Nadu, Karnataka, Rajasthan, and Gujarat were of the view that the implementation of provision of establishment of market led extension/training cell will definitely bring in efficient and reliable information transfer about improved agri. inputs to farmer, Information about prices of different commodity in different APMCs and improved technical skill for growing crops.

	Impact	% of Respondents on Aspects of Training Cell								
		MH	HP	AP	PB	TN	KAR	RAJ	GUJ	Avg.
Provision of Market Extension/ Training Cell	Information transfer about improved agri. Inputs to farmer	100	97	100	95	100	100	100	100	**99**
	Information about prices of different commodity in different APMCs	100	90	100	75	100	100	100	100	**96**
	Improved Technical skill transfer for growing of crops	100	100	100	90	100	86	100	90	**96**
	Avg	100	96	100	87	100	95	100	97	

Prohibition of commission agent: 68% of the Private Investors feel that by removing commission agents, farmers will definitely get better prices. Only 37% and 39%of them were of the view that their removal will not result in unavailability of immediate/easy credit and good buyers to farmers respectively. They were of the view that in initial days it will be difficult to conduct business without commission agents as most of business is on credit basis. To shift the business from credit to cash payment will take time, but it is positive step.

	IMPACT	% of Respondents on Impact of Prohibition of Commission Agents								
		MH	HP	AP	PB	TN	KAR	RAJ	GUJ	Avg.
Prohibition of commission agent	Better prices as no commission for agri. Produce	57	37	80	55	80	90	65	80	**68**
	No immediate & easy credit to farmer	29	38	40	36	10	22	70	50	**37**
	Unable to get good buyers	21	59	20	47	10	42	50	60	**39**
	Avg	36	45	47	46	33	51	62	63	

Establishment of private wholesale markets: All the private investors in each state were of the view that new private wholesale markets will provide alternative market options for farmers and better facility to the stakeholders than existing APMCs. Some of them were not sure about whether farmers will get better price or not as private investors may look up for own profit. Overall all the response was positive for the said reform.

	Impact	**% of Respondents on Impact of Private Markets**								
		MH	HP	AP	PB	TN	Kar	RAJ	GUJ	**Avg.**
Provision of private wholesale markets	New alternative market place	100	85	100	95	100	93	60	100	**92**
	Better facility	100	100	100	90	100	95	80	100	**96**
	Better prices for produce	86	95	50	96	60	86	60	100	**79**
	Avg	**95**	**93**	**83**	**94**	**87**	**91**	**67**	**100**	

Single point registration of functionaries and Single Point levy of market fee: All private investors revealed perceive that provision for single point registration of functionaries will provide for ease in business transaction. All also agree that provision for single point levy of market fee will result in reduction of prices.

Reforms	**Impact**	**% of Respondents On Aspects of Single Point Levy of Market Fee and Single Point Registration of Functionaries**								
		MH	HP	AP	PB	TN	KAR	RAJ	GUJ	**Avg.**
Provision of single point levy of market fee	Reduction in prices of produce	100	100	100	100	100	95	100	100	**99**
Single point registration of functionaries	Ease in business transaction	100	100	100	100	100	96	100	100	**100**
Avg.		**100**	**100**	**100**	**100**	**100**	**96**	**100**	**100**	

4.3. Gaps in the respective state APMC Acts vis-a-vis the practices on ground

Contract Farming: According to provision of contract farming between sponsor party and farmers, the agreement should be made as per the model agreement format, but in reality, this is not followed. This was observed in all states. Also, those parties who have made this agreement on model agreement format do not renew these agreements after their duration period is over. The local dispute authority for contract farming is at District level (in case of Maharashtra), but according model agreements the authority should be at local level, close to farmer, but it is not so. The Market Committee in whose jurisdiction the contract farming is followed should be given authority for dispute settlement as provided in some states like Tamil Nadu, so that the dispute is resolved faster. The Contract Farming sponsors are not registering themselves with the concerned authorities, in all the states, contrasting to the provision laid in the model act. Since they do not register themselves, there is no control and record of Contract farming everywhere.

Licensing: In most of the States it was found that a single person is acting as trader, commission agent, exporter, processor which gives him excessive powers in APMCs. These lobbies should be checked by the government officials without any discrimination. Cold storage facility providers need to have the license from the respective state agriculture board prior to the start of operations in Rajasthan but in reality it was found that many cold storage facility providers do not have such a license. The monitoring authority i.e. APMC also cannot do anything against such cold storage facility providers because they do not listen to the APMC officials. If any APMC files a case against such cold storage facility providers its takes a long time to get the issue cleared.

Direct Marketing: In case of direct marketing/purchasing many companies do not renew their licenses; also, they do not prepare their annual reports for submission to the respective APMCs. This makes it difficult for the APMC to monitor direct purchasing operations in the notified area. In many cases, the direct marketing license holder actually procures the produce through a broker or middlemen, due to which the commodity prices escalates in case of direct purchasing also. In actual direct marketing license holder should purchase directly from farmers but it is not followed in states like Tamil Nadu and Maharashtra.

Private Wholesale Market: In case of Private Market there is restriction for establishment of market location in Maharashtra (10 km away if market is in area of district/Municipal area & 5km away if private market comes under the radius of sub-yard/taluka level market committee). This should be removed for true competition. It will create major hindrance for entry of a new player.

Farmer/Consumer Market: A Farmer/Consumer market can benefit either farmer or consumer, not to both at the same time. As in many states the timing of this market is 12 hrs, so there is no rush at any particular interval of time. Hence, in this case the consumers are benefitted and not the farmers. An effective arrangement may be made so that both are benefited. E.g. In Andhra Pradesh farmer consumer markets are called as Rhyhtu Bazar. The fact reveals that it is not so beneficial to farmer. Reasons are as stated below:

- The space provided is on first cum first basis, if one wants the best space for selling produce, he will have to reach very early to acquire it. This is wastage of time.
- Such markets are opened for whole day. Hence consumer is habituated to go to this market as per his convenience. Farmer has to pay a huge cost for this by as they have to spend large amount of time in the market.
- Many farmers are unable to sell the produce within short time, so they sell their produce to vendors who disguise themselves as farmer on somebody else's identity card issued by market to operate in market. According to

APMC officials these vendors operate in all Rhyatu Bazaar. Due to their presence farmer realizes less price while the consumer has to pay more.

4.4 Physical and Financial Impact of Reforms

Private Wholesale Markets.

In Maharashtra, Premium Farm Fresh Produce Ltd. has received license for establishment of Wholesale Markets on 5th April, 2007, by Government of Maharashtra. Since then the company has successfully started its operations through a pilot test route, wherein it dealt with commodities like grapes, pomegranate, tomato and vegetables. The company has invested approximately 35 crores in the venture. In Karnataka too, the company has acquired 4 licenses for Private markets in Shimoga, Hassan, Kolar and Belgaum. PFFPL has proposed to invest 400 crores in the state by way of establishing these four markets. Already the company has invested around 30 crores in Karnataka. PFFPL has 6 licenses in Gujarat too for Baroda, Gandhinagar, Gandhidham, Baroda, Ahmedabad and Surat. Some other Private players have come forward in the state to establish Private Markets, the list of which is provided hereunder. Since the State is yet to frame Rules for said reform, no company has taken any advances on development front.

Name of Company	Purpose of license	Date of Issue	License fee (in Rs.)	Bank Guarantee (in Rs.)	Area of operation
The Gujarat Agro industries Corporation Ltd. Ahmadabad	wholesale Market under PPP mode	27.08.2007	2,00,000	10,00,000	Ahmadabad, Surat, Baroda and Jamnagar
Shree Amratathalingaswar Cold storages Pvt. Ltd.(SACSPL)CWCL, Hyderabad	Private wholesale Market for Fruits & Vegetables	29.010.2007	2,00,000	10,00,000	Ahmadabad, Surat,Okha, Sabarkanta and Jamnagar
Surat Agriculture Marketing Hub Pvt. Ltd., Surat.	Private Markets for Fruits & Vegetables	17.01.2008	2,00,000	10,00,000	Surat

The Borsad Agro. Mrktg. Co.Ltd.,Borsad	Pvt. Market	25.9.2009	2,00,000	10,00,000	Gujarat

Three other small Private Market Investors have come forward and issued license for the same in Maharashtra, but none of them have shown any significant progress in terms of infrastructure and operations. These are:

1. Ahemednagar Agro Market Ltd. Ahemednagar
2. Goverdhan farm Produce Market Pvt. Ltd., Chopada, Dist- Jalgaon.
3. Shetkari krishi Utpanna Bazar Rowshan Khed Road, Dist . Amravati

It was found that in some states wholesaling formats like Cash & Carry, Spot Exchanges, Retailers and even Direct Marketing models have been recorded under licenses issued for Private Wholesale Markets. There is no clarity on discrimination between the various models of agri marketing. But all these licenses have been issued by way of reforms in the respective State Acts.

Direct Marketing: The organizations in different states procuring through Direct Marketing are given below along with their current status:

States	**Status**
Maharashtra	Number of license holder for direct marketing reached upto 81. Business of these players has increased by 20 to 30%.
Himachal Pradesh	The established players in the state are Adani, Reliance Fresh, Mother dairy, fresh & healthy etc. They are conducting business under single license for entire state under Direct Marketing License.
Punjab	players like, ITC, PepsiCo, Reliance Fresh, etc.
Karnataka	Metro Cash & Carry, Reliance Fresh Ltd, Big Bazaar, ITC, Wilchy Agro products Ltd. etc. are operating under Direct Marketing License.
Rajasthan	ITC, PepsiCo, AWB Ltd., and Cargill Ltd. No physical investment as these direct purchaser hires FCI, CWC and state warehouse corporations go downs for storing the purchased produce.
Andhra Pradesh	M/s Metro Cash and Carry India Private Limited. has proposed to invested Rs 100 crores in the state and has also started operations. Two others namely M/s Sri Satynarayana cold Storage (Pvt) limited and M/s Sri Bhuvaneswari Multiplex Pvt.

	Ltd are in the process of issuing license

In Maharashtra due to issuance of direct marketing license to 81 direct marketing license holder, director of marketing has made a total revenue of about Rs1036 lakh during the years 2005-08 (after the incorporation of the reform). Some of the Direct Marketing license holders include Jaychandra Agro Industries Pvt. Ltd., Dhule, Narendra Solvex Pvt. Ltd., Dabha, Dist- Amarvati, Gopal Krishna Agro.,Products Pvt. Ltd. Shendirni, Dist- Jalgaon, Kisan Veer Satara Sahakari Sakhar karkhana Bhuinj, Dist- Satara and Kesharanand Cottex Pvt., Ltd., Sindkheda , Dist-Dhule.

As per the records of Gujarat Marketing Board following Direct Marketing Licenses have been issued to Private Investors.

Sr. No	Name of Company	Date of Issue	License fee (in Rs.)	Bank Guarantee (in Rs.)	Area of operation
1	The Reliance Retail Ltd. Mumbai	27.08.2007	2,00,000	30,00,000	Gujarat
5	Ranger Farm Ltd., Ellis bridge ,Ahmadabad	10.01.2008	2,00,000	30,00,000	Gujarat
7	Janani Industries Pvt. Ltd.	31.01.2008	2,00,000	30,00,000	Gujarat
8	Jayant Agro Organics Pvt. Ltd., Mumbai	31.01.2008	2,00,000	30,00,000	Gujarat
9	Reliance Food Process	7.3.2008	2,00,000	30,00,000	Gujarat
10	Gokul Rifoils & Solvent Ltd.	7.3.2008	2,00,000	30,00,00	Gujarat
11	Cotton Corporation of India	11.02.2008	2,00,000	30,00,00	Gujarat
12	Ambika food Produce Pvt. Ltd. Bavla.	15.12.2008	2,00,000	30,00,00	Gujarat
13	The Gujarat Coop. Cotton Federation Ltd., Ahmadabad	25.09.2009	2,00,000	30,00,000	Gujarat

Farmers/Consumer Market: There is a significant increase in farmer/ consumer markets after the reform was implemented in different states. However in

Himanchal Pradesh and Gujarat, no such market exists, in spite of such a provision being laid down in the Act. The following table summarizes the status of these markets:

State	**Status**
Maharashtra	5 in working condition (38 approved)
Himachal Pradesh	No farmer market exist in state
Andhra Pradesh	105 in working condition
Rajasthan	one is being established at Piparcity (Jodhpur)
Gujarat	No farmers market exist in state
Punjab	30 in working condition
Karnataka	55 in working condition
Tamil Nadu	153 in working condition

Impact of Public Private Partnership (PPP)

State	**Status**
Gujarat, Punjab, Himachal Pradesh and Rajasthan	No such initiative has been taken for improvement of agricultural marketing infrastructure.
Karnataka	Tenders have been published for 1 PPP project
Maharashtra and Andhra Pradesh	Terminal Markets are proposed to be established in PPP mode

Contract Farming:

It was surprising to know that in all states contract farming parties are not registering them with the concerned Govt. authorities or APMC and hence no records were available with them. However, the farmers responded that they were being benefitted by this provision except in Punjab where Contract Farming is now on decline. The reason stated was; the past cases wherein huge losses were incurred by the sponsors. In Maharashtra & Punjab PepsiCo Ltd. and ITC are the major contract farming players while in Andhra Pradesh it is Global Greens. In Gujarat contract farming is being done by two companies - Agro Cell Ltd. and Godrej Agro Vet Ltd. It was reported by farmers and contract farming sponsors that due to contract farming, the production of commodities have increased. The yield has been increasing due to improved quality of agriculture inputs supplied by contract farming sponsors.

E-Markets:

Three licenses for E-Markets have been issued in Gujarat and 2 in Maharashtra. In no other states such licenses have reportedly been issued. In Maharashtra both the exchanges have commenced business.

Name of Company	Purpose of license	Date of Issue	License fee (in Rs.)	Bank Guarantee (in Rs.)	Area of operation
The National Spot Exchange(NSEL) Mumbai	E-market (Spot Market)	10.10.2007	5,00,000	15,00,000	Gujarat
The NCDEX Spot Exchange Ltd., Mumbai	E-Market	24.09.2009	5,00,000	15,00,000	Gujarat
The National Agri Produce Marketing Co-op India Ltd., Ahmadabad	E-Market	5.10.2009	5,00,000	15,00,000	Gujarat
National Spot Exchange Limited, Pune	E-Market	03/01/2008	Rs 139932 lakhs expenditure already incurred. Started business.		Maharashtra
National Spot Exchange Limited, Pune	E-Market	11/07/2008	Started business		Maharashtra