

THE ROLE OF LAW IN SECURING GOOD AGRICULTURAL MARKETING IN INDIA

B.P. Mahesha*

*The purpose of the agriculture's requirements and
The scale of his produce is key activities in the business of farming....
Due to his inability to secure a fair deal at these two stages
The average agriculturalist is denied the full fruits of his industries*

- 1st Five year plan

Introduction

Agricultural marketing plays an important role not only in stimulating production and consumption, but in accelerating the pace of economic development. Agriculture marketing system plays a dual role in economic development in countries whose resources are primarily agricultural. Increasing demands for money with which to purchase other goods leads to increasing sensitivity to relative prices on the part of the producers, and specialization in the cultivation of those crops on which the returns are the greatest, subject to socio-cultural, ecological and economic constraints. It is the marketing system that transmits the crucial price signals.¹

Agricultural marketing includes the movement of agricultural produce from farms where it is produced to the consumers or manufacturers. It also includes the marketing of production inputs and services to the farmers.² Since the beginning stage of cultivation of land till the selling of agricultural produce, law plays an important role. Marketing of agricultural produce is one of the major areas wherein farmers are easily robbed or cheated by the middlemen's. Originally Agricultural Marketing Acts were enacted to protect farmers from the middlemen and other intermediaries and to introduce organized market system. But in reality, these statutes have become less effective and fail to protect the interest of farmers and to curb the anti-marketing activities. The present study focuses on the role of law in securing good agricultural

*B.A., LL.M., M. Phil., Faculty JSS Law College, Autonomous, Mysore and Research Scholar, Post Graduate Department of Studies in Law and Research, Manasagangothri, University of Mysore, Mysore.

¹http://www.indiaagronet.com/agri_laws.html. Visited on 14th January 2011 at 11 p.m.

² This includes the fertilizers, pesticides and other agricultural chemicals; livestock feed; and farm machinery, tools and equipment.

marketing in India. For the purpose of the discussion few issues are framed. They are;

1. Whether protection of farmers and regulating of market is the duty of the state?
2. Whether Agricultural marketing is having any impact on the national economy?
3. Whether Policy of Indian government is having the objective of full protection to the farmers and regulates the Indian Agricultural Marketing?
4. Whether the present legal system really protects the interest of the farmers?
5. Whether the laws on Agricultural Marketing is effectively enforced or not?

Importance of the regulation of Agriculture Marketing

The rule of law denotes that the activity of the states is to regulate in systematic way to achieve the common good of society. Principles of democracy impose the duty on the state to regulate the systems of the society which regulates agriculture also. The basic principles of Indian Constitution enshrined in the preamble guarantees social justice, equality to all members of the society in general and the principles enshrined under the fundamental rights and directive principles of states policy guarantees special rights to the farmers in particular.³ The importance of the regulation of the agriculture markets can be seen the following points.

1. Regulated market is the symbol of democracy and existence of the rule of law.
2. Regulation of agriculture markets has guaranteed the right of free and choice of trade and business under the Article 19.
3. Regulated market provides systematic income to the individual as well as to the state economy.
4. Regulated market provides the system of interference-free trade and business in society.
5. Regulated market protects the interest of the farmers, consumers, traders and buyers.

³ Part III and Part IV of the Indian Constitution.

6. Regulated markets control the farmers and consumers from the middlemen from curbing cheating activities and ensures that the consumers good quality and quantity of the goods.
7. Regulated markets protect the interest of farmers and thereby it protects the interest of the society, state and nation as well.
8. Regulated marketing process brings new varieties, qualities and benefit of the goods to consumers and thereby, marketing acts as a line between production and consumption.
9. Scientific and systematic marketing stabilizes the price level.
10. Improved marketing system is the base to the growth of number of agro based industries.

From the above discussion it is obvious that regulated market plays an important role in the economic development and stability of a country. In agriculture there are two major steps. First one is the growing of crops. Second one is marketing of the agricultural produce.

Agriculture marketing comprises of all the operations involved in the movement of produce from the farm up to the ultimate consumer. Several functions are involved in this process.⁴ These processes of agricultural marketing are carried out by the few groups of persons⁵ and agencies.⁶

Agricultural marketing and National Economy

Agriculture plays an important role in national economy. Agriculture produces food grains for the Indian people and at the same time it produces the prime raw materials to the industries. Increasing demand for raw materials makes the Indian industries to depend on agriculture. Most of the industries one or other way depend on agriculture.⁷ Agriculture directly gives the jobs to the farmers and indirectly it provides jobs for the agriculture based industries and factories. In this way agriculture

⁴Those process are, a. Buying and assembling, b. Transporting and Loading/ Unloading, c. Grading, d. Storing/warehousing, e. Processing, f. Financing and g. Retailing.

⁵ Groups of the persons involved in the agriculture business are traders, transporters, hamals, graders, weigh men, financers/Bankers, warehouses.

⁶The agencies involved in the marking at various stages are, village/itinerant merchant, wholesaler in assembling market, commission agent or Dalal, pre harvest contractor(in fruit crops), wholesaler in consuming markets, processor and retailer.

⁷ For example the Sugar, liquor, electricity, and other industries are depended on the Sugar cane.

creates jobs, and increases the income of the individuals and state as well. Since the times immemorial, agriculture gives its own contribution to the Gross Domestic Products. Impact of agriculture can be seen in the following points.

1. More than 50% of the people in India depend upon agriculture.
2. Most of the total cultivated area (about 76%) is under food grains and pulses. Approximately 33% of the output of food grains, pulses and nearly all of the productions of cash crops like cotton, sugarcane, oilseeds etc. are marketed as they remain surplus after meeting the consumption needs of the farmers. Development of technology, quick means of communication and transportation have introduced specialization in agriculture.
3. Agriculture is the main supplier of raw materials to more than 50% of the industries directly and indirectly.
4. Agriculture is the only field in the world which produces food grains.
5. Since the cultivation of the land till the final use of the agriculture produces more than 60% of the persons employed in India in agriculture field.

Laws on Agricultural Marketing

Government of India with the objective to regulate the market and to protect the interest of the farmers has enacted few legislations.

1. The Standards of Weights and Measures Act, 1976
1. Seed-Act, 1966
2. National Bank for Agriculture and Rural Development Act, 1981
3. The Agricultural Produce(Grading and Marketing) Act, 1937
4. State Agricultural Produce Marketing Regulations Acts.⁸

Apart from the above Agricultural Produce Markets Acts, activities of market functionaries are regulated by several other legal instruments promulgated by the Central and the State Governments. Important legislations are as follows,

⁸ The states enacted their own legislations. Delhi, Nagaland - 2, Arunachal Pradesh, Jharkhand, Mizoram, Uttaranchal 3, Assam -4, Chhattisgarh – 5, Pondicherry 6, Karnataka and Orissa -7, Madhya Pradesh and Sikkim - 8, and Orissa 8, Jammu and Kashmir – 9, Andhra Pradesh, Tripura, Uttar Pradesh - 10, Kerala – 11, Punjab -14, Goa - 15, Haryana – 17, Himachal Pradesh – 18, West Bengal – 25, and Tamil Nadu enacted 30 laws on Agricultural Marketing. For more details see, <http://www.lawsofindia.org/search.php>.

- a. Labour Laws.
- b. Pulses, Edible Oilseeds and Edible Oils (storage control) Order, 1977
- c. Solvent Extracted Oil, Defiled Meal and Edible Oil (control) Order, 1967
- d. The Municipalities Acts.
- e. The Town & Country Planning Act.
- f. The Trade and Merchandise Marks Act.
- g. The Indian Sale of Goods Act, 1930.
- h. Drugs and Cosmetics Act, 1940.
- i. Vegetable Oil Products (Control) Order, 1947.
- j. The Emblems and Names (Prevention of Improper use) Act 1950.
- k. The Essential Commodities Act, 1955
- l. The Sugar Control Order 1956.
- m. The Export (Quality Control & Inspection) Act 1963.
- n. Monopolies and Restrictive Trade Act, 1969.
- o. Meat Food Products Order, 1973
- p. The Packaged Commodities Order 1975.
- q. Vegetable Oil Products (Standards of Quality) Order, 1975.
- r. Standards of Weights and Measures Act, 1976
- s. Bureau of Indian Standards Act 1986.
- t. Consumer Protection Act, 1986
- u. Cotton (Control) Order, 1986
- v. Milk and Milk Products Order, 1992
- w. Jute and Jute Textiles (Control) Order, 2000.
- x. Agricultural Produce (Grading and Marking) Act, 1937, 1986.
- y. Fruit Products Order (FPO), 1965, 1997.
- z. Prevention of Food Adulteration (PFA) Act, 1954, 1964, 1976, 1986

In 2003 the Ministry of Agriculture, Government of India set up a committee to formulate a model law on agriculture marketing in consultation with the states.⁹ The Committee gave the report in 2003 and the National Conference of State

⁹ The chairman of the committee was K. M Sahani, Additional Secretary, Department of Agriculture and Cooperation.

Agriculture Ministers ¹⁰ gave out the unanimous opinion to enact a law on agricultural marketing.

The draft model legislation titled the State Agricultural Produce Marketing (Development and Regulation) Act, 2003, provides for establishment of Private Markets/ yards, Direct Purchase Centers, Consumer/Farmers Markets for direct sale and promotion of Public Private Partnership in the management and development of agricultural markets in the country. It also provides for separate constitution of Special Markets for commodities like Onions, Fruits, Vegetables, and Flowers etc. A separate chapter has been included in the legislation to regulate and promote contract-farming arrangements in the country. It provides for prohibition of commission agency in any transaction of agricultural commodities with the producers. It redefines the role of present Agricultural Produce Market Committee to promote alternative marketing system, contract farming, and direct marketing and farmers/consumers markets. It also redefines the role of State Agricultural Marketing Boards to promote standardization, grading, quality certification, market led extension and training of farmers and market functionaries in marketing related areas. Provision has also been made in the Act for constitution of State Agricultural Produce Marketing Standards Bureau for promotion of Grading, Standardization and Quality Certification of Agricultural Produce. This would facilitate pledge financing, E-trading, direct purchasing, export, forward/future trading and introduction of negotiable warehousing receipt system in respect of agricultural commodities.

It is hoped that the model legislation will enable nationwide integration of agricultural markets, facilitate emergence of competitive agricultural markets in private and cooperative sectors, create environment conducive to massive investments in marketing related infrastructure and lead to modernization and strengthening of existing markets.

In spite of these legislations the preset agricultural marketing system is suffering from few problems. These problems make the farmer to face difficult situation and these situations culminate in the loss of interest in agriculture. These problems are as follows,

¹⁰ Held on 7th January, 2004 at national Science Centre, ICAR Complex, New Delhi under the Chairmanship of Union Agriculture Minister, Raj Nath Singh

1. Less number of markets,¹¹ markets have not been set up in the places where large agricultural products are grown and unscientific establishment of markets.
2. Lack of information providing system about the rate of the agriculture products in the agricultural markets.
3. Uninterrupted black market, black trading and anti trading activities¹².
4. Lack of infrastructure in markets to grade and packing of agricultural products as required under the Agricultural Produce (Grading and Marking) Act, 1937.
5. Unethical practice by the licensed brokers in the markets. i.e., hiding the original market price of the goods, issuing of the fake bill, cheating in measuring the goods.
6. Lack of storage system in the area of agricultural production and in market places.
7. Unexpected intervention by the bureaucrats in agricultural markets.
8. Lack of awareness among the farmers about the price, and grading of the agricultural products.
9. Lack of adequate transport facilities.
10. Poor implementation of agricultural marketing laws.

Conclusion and Suggestions

Based on the above discussion the following suggestions are made for better regulation of agricultural marketing activities.

¹¹ By the end of the year 1950, there were 286 regulated markets in the country. The number increases to 7654 in the year 2011. There are nearly 7,000 regulated markets in the entire country — just one market for every 460 sq. kms.

¹² The Agricultural Produce marketing Regulation Acts provides to establish the Market committees in every market. These committee members are nominated by the state government, and they are managing the markets. No person or agency can carry on any wholesale marketing activity in the market area, except through a license issued by the market committee. This has made the traders a dominant force. As a result monopolistic practices and producers have taken root and have prevented development of free and competitive trade in agriculture. Food Corporation of India(FCI established in the year 1965), Central Warehousing Corporation(CWC established in the year 1957, State Warehousing Corporation(SWC), Cotton Corporation of India Limited (CCI)Jute Co-operation of India Ltd.(JCI), National cooperative Development corporation Ltd.(NCDC set up in the year 1963), National Agricultural Cooperative Marketing Federation Ltd.(NAFED set up in the year 1958), Tribal Co-operative Marketing Development Federation of India Ltd.(TRIFED set up in the year 1987 and other organizations, the farmers are facing the problems of inflation in the price, lack of storage and infrastructure facility, and information on the agricultural marketing.

1. More number of market are to be established all over India with scientific study and the agricultural product based markets have to be established in places where more number of agriculture products are grown. If these types of markets are established then the farmers can easily sell their produce and consumers may get the goods at a cheaper price.
2. There should be public awareness programmes about the packing and marketing of agricultural products. The prices of agriculture products are to be displayed in the every market, news papers, TV, Radio and other public Media.
3. There should be a special task force to control black marketing and anti trading systems.
4. Immediate steps to be taken for upgrading the infrastructure system and storage system of the present agricultural markets.
5. There should be a compulsory publication of agricultural products prices in the Media i.e., Television, Radio, News papers, FM etc.
6. There should be a free or concessional public transport system for transportation of agricultural produce.
7. Stringent action to be taken for proper implementation of agricultural marketing laws.

Key Words

Agricultural Marketing, Agricultural Products, Gross Domestic Products, Agricultural Marketing Acts.

References

1. Indian Economy – Ruder Dutt, 12th Publication 2003, Vikas Publication, New Delhi.
2. Indian Economy – Mishra and Puri, 28th Revised Edition, Manala Publishing House, Delhi.
3. Documents of Ministry of Agriculture available at www.indiangovernmetn/agricultureministre/home/html.
4. Report of Agricultural Marketing Committee, 2003.
5. Proceeding of the national conference of State Agriculture Ministers held on 7th 2004. Available in <http://lawsfindia.org/confernceofagriculture/2004.pdf>.

6. <http://www.lawsfindia.org/search.php>.
7. http://www.indiaagronet.com/agri_laws.html.