

Role of Agricultural Marketing Societies in Marketing of Agricultural Produce: A Study of Ujjain District

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Abstract- About 72.37 percent population in Madhya Pradesh is rural, depending mainly on agricultural and other primary activities. Nearly 49.03 percent of the geographical area is under cultivation. The broad objectives of the study were to study the functioning of agricultural marketing societies in Ujjain district and to know the efficiency of these mandis in serving the needs of farmers of all categories. For the study Ujjain district has been randomly selected. Agricultural practices are being done on the third-fourth part of total geographical area. The district consists of seven agriculture mandis and 14 sub-mandies.

Keyword- Agricultural Marketing Societies, Mandis in ujjain, rabi and kharif crops

I. Introduction

Madhya Pradesh is second largest state with 308252 sq km of geographical area which constitutes 9.38 percent of the total land area of the country and has a estimated population of about 07.27 crore (Census 2011). Moreover about 72.37 percent population is rural, depending mainly on agricultural and other primary activities. Approximately 49.03 percent of the geographical area is under cultivation. Of the total gross cropped area Crop group Cereals covers 38 percent, Crop group Pulses 22 percent and Crop group Oilseed 31 percent and the remaining is covered by Crop group Commercial (cotton & sugarcane etc.), vegetables, fruit, fodder and medicinal crops. Out of the total gross cropped area 55 percent is sown in Kharif season, 45 percent in Rabi season and multiple cropped area is about 30 percent. The State also leads in spices production with the largest production of Garlic, accounting for 37 percent of the total national production and is second largest producer of Coriander in the country. Among vegetables Malwa potato has gained famous for potato chips processing. Madhya Pradesh share in the total national production of Peas is 11.18 percent¹.

In Madhya Pradesh regulatory framework for agricultural marketing is unique and consists of two distinct set of measures. One these is development and regulation of primary markets, popularly called "Regulated Markets" and the second set is the regulation of market through a series of legal instruments. Regulation of primary markets was taken up as an institutional innovation and construction of well laid-out market yard was considered as an essential

requirement of effective implementation of the regulation programme. As the programme was a developmental-cum-legal measure, it took considerable time to extend it to a wider scale. Berar Cotton and Grain Market Law, 1897 will be long remembered as the first law which provided the basis for the regulation of markets all over the country. Till 1950 there was not any regulated market in the state. The then Government of Madhya Bharat passed the Madhya Bharat Agricultural Produce Market's Act in 1952, this was modeled mostly on the lines of Bombay Act. With the reorganization of the state in 1956, more than one act was operative simultaneously in different regions of the state. The programme got momentum after passing of the Madhya Pradesh Agricultural Markets Act, 1960 which came in force from 15th October, 1960. Further in accordance with the recommendations of the National Agriculture Commission, the M.P. State Agricultural Marketing Board i.e. MPSAMB (also known as Mandi Board) came into existence from 1973 under the provisions of M.P. Krishi Upaj Mandi Adhiniyam 1972. It is a three tier organization of which the first tier consists of regulated markets. These are in the nature of physical and institutional infrastructure at the first contact point for farmers to encash their farm marketable surpluses. Presently in the state there are a total of 546 regulated markets of which 257 are main wholesale markets having elaborate infrastructure also known as Krishi Upaj Mandi and the balance 289 having lower level of infrastructure known as Sub Mandi. In addition to these there are haat bazars in the rural areas where farmers and other people congregate periodically to sell their farm marketable surpluses and buy their essential requirements. These haats have not been provided the needed physical infrastructure so far. For administrative purpose Sub Mandies are controlled by the respective Krishi Upaj Mandi of the area. The second

¹ Source: <http://mpmandiboard.gov.in/>

tier of the MPSAMB structural channel is the Regional office, which have their demarcated area of operation and the Mandies situated in the said area of operation are affiliated to the Division office for administrative control. There are 7 Division Offices in the State individually having a minimum 18 to a maximum of 49 Mandi Committees under its jurisdiction. At the State level the said two tiers are amalgamated with MPSAMB i.e. Mandi Board which has its office at the state capital i.e. Bhopal. The State has the distinction of eliminating middlemen from the process of agricultural marketing, adopting the Citizen charter to ensure right of information to the public and installing the democratically elected governing bodies in the Mandi committees. The aim of agricultural marketing societies is to ensure fair price and to protect the interest of farmers who are left behind in the competitive marketing scenario and the mission of achieving this is by enforcing the existing act and rules most effectively and also by devising, implementing new technologies aimed at reducing pre and post harvest losses through appropriate methods and encourage value addition. Green Revolution initiatives achieved self-sufficiency by increasing food grains production. Simultaneously, several initiatives have been taken to promote agricultural marketing in the state.

II. Objectives

The main objectives of the study are to study the functioning of agricultural marketing societies in Ujjain district. Secondly, to know the efficiency of these mandis in serving the needs of farmers of all categories. Lastly to find out the reasons of non-working mandis in the region.

III. Data and Methods

For the study Ujjain district has been randomly selected. Ujjain is agriculture dominant district of Malwa region. 70 percent of its population is dependent on agriculture and allied activities. In other words agricultural practices are being done on the third-fourth part of total geographical area. However the total geographical area of the district is 609874 hectare out of which the total net sown area is 496529 (81.42

%). This again ensures that agriculture is the main livelihood option of people in the selected district. The district consists of seven agriculture mandis and 14 sub-mandies. In these mandis the average annual produce for marketing is 759.24 thousand metric tonne. Due to this reason Ujjain district has been selected for study. The source of data collection of the study is both primary and secondary. For the collection of primary data interviews were conducted with farmers and the shopkeepers. While for secondary data the researcher was dependent on district statistical book, the data released by the state government viz records of M.P. Agriculture marketing Board and bulletins, etc.

IV. Outcome and Discussion

Agricultural Marketing infrastructure plays a key role in fostering and sustaining rural economic development. Marketing is as critical to better performance in agriculture as farming itself. Day by the day the use of mandis is increasing by the farmers as they made aware about its importance. Initially farmers use of sell their produce itself in village to local shopkeeper, moneylenders due to non-availability of transport facility to the mandis. Agriculturists did not get actual price of their produce. The agriculture marketing facility was very incompetent. There was existence of middle men, false measurement equipments, lack of information due to which farmers were found to be less interested in agricultural marketing societies to sell their produce. In general marketing includes all work and services through which the goods are sent from producers to consumers. It includes all the processes like collection, grading, packaging, transportation, etc activities. The main motive of agricultural marketing societies in Ujjain district is to free farmers from the clutches of mediators. It is place where farmers can freely sell their produce at appropriate prices. This is the main responsibility of marketing societies. Due to weak status of farmers efforts were made to develop a controlled marketing facility which should be regulated by the government. Therefore regulated marketing societies were developed in India. Before discussing about the role of agriculture mandis in marketing of produce it is necessary to view the type of agricultural land holdings in the study area.

Table 1: Category of Farmers as Per Land Holdings

S.No	Category of Farmers	2005-06		2010-11	
		No.	%	No.	%
1	Marginal	55772	30.44	87771	37.37
2	Small	44664	24.38	60430	26.08
3	Semi-medium	40754	22.24	47377	20.44
4	Medium	33264	18.15	31772	18.71
5	Large	8775	4.79	4404	1.90
	Total	183229	100	231754	100

Source: Office of Land Records, Ujjain

It is clear from table 1 that there is steady decline in agricultural holdings. In year 2005-06 the number of marginal farmers was 55772 which went up to 87771 in year 2010-11. Similarly the number of small and semi-medium farmers increased during the period. While during this period the number of big farmers declined from 8775 to 4404.

Approximately 50 percent of the farmers who were previously in this category have shifted to other categories. The number of medium farmers also declined during the period. Due to the decline in agricultural land holdings the primary sector is adversely affected which in turn also have effect on marketing of produce.

Table 2: Production of Main Agricultural Crops in Ujjain District

Year	Soyabean	Wheat	Gram	Maize	Jwar	Oilseed	Urad	Groundnut	Total Production
2005-06	448.60	122.43	62.75	13.40	7.26	7.76	1.71	0.48	660.16
2006-07	467.78	548.85	138.75	10.30	5.84	4.46	1.60	0.49	1179.07
2007-08	513.31	341.11	91.33	10.40	5.46	2.21	1.58	0.43	967.04
2008-09	628.29	184.32	127.22	8.32	3.38	2.13	0.69	0.38	955.62
2009-10	673.04	318.57	192.19	6.85	3.01	2.06	0.68	0.33	1197.89
2010-11	692.42	338.68	168.27	4.57	2.16	2.19	0.70	0.27	1210.46
Total	3418.44	1853.96	780.51	53.84	27.11	20.81	6.96	2.38	6170.24
Average	569.74	309.83	130.08	8.97	4.52	3.47	1.16	0.39	1028.37

The main kharif crop sown in the district is soyabean while wheat and gram are main rabi crops. Soyabean cultivation is done as cash crop. On an average 569.74 thousand metric tone production of soyabean has been reported in a span of five years which is highest among all and is increasing over the years followed by the production of wheat which was found to be 309.83 thousand metric ton in the same period. The production of gram also occupies a important place with 180.08 thousand metric ton. The fourth major crop of the

district is maize with average production of 8.97 thousand metric ton. Another important crop is Jawar with an average production 4.52 thousand metric tons. Initially the production of Bajra was also there but gradually farmers have stopped its production. Among pulses the production of Moong, Tuar and Urad is done. There have been changes in the cropping pattern in the district which has affected the production of crops. However, due to lack of irrigation facilities the cultivation of rabi crops is 21.7 percent less than kharif crops.

Table 3 Agricultural Marketing Societies in Ujjain

S.No.	Mandi Board	Est. Year	Tot. Area (in Acre)	Sub-mandi	No. of villages under the preview of mandi	Main Production	Annual Produce in Mandi for Marketing (in Tonne)
1	Ujjain	01-07-30	74.13	3	286	Soyabean, Wheat, Gram, Pulses	428.54
2	Badnagar	06-06-52	12.89	4	191	Soyabean, Wheat, Gram, Garlic	182.71
3	Mahidpur	20-06-56	12.28	5	225	Soyabean, Wheat, Gram, Maize, Oilseed	100.98
4	Tarana	11-06-53	19.00	1	209	Wheat, Gram, Soyabean, Maize, Urad	94.57
5	Khachrod	23-06-23	4.27	1	112	Soyabean, Wheat, Gram, Urad, Maize	46.36
6	Nagda	04-06-23	3.50	-	51	Soyabean, Wheat, Gram,	38.12
7	Unhel	01-04-75	8.89	-	58	Soyabean, Wheat, Gram, Urad, Tuar	31.76

Source: Primary data

It is clear from the analysis of table 2 that there has been increase in the number of mandis as per the rise in production. In the beginning in year 1923 Nagda Marketing Society was established and at last Unhel Mandi Board was formed in year 1975. The largest area is of Ujjain mandi

which stretched in 74.19 acre of land, while Nagda mandi is smallest of all in size with 3.50 acre. Moreover farmers of 283 villages visit Ujjain mandi to sell their agriculture produce. Whereas the number of villages served through Nagda mandi is 51. Maximum sub-mandi is located in

mahidpur, while Nagda and Unhel do not have any sub-mandi. In the marketing societies of the district the main crops brought for sale are Soyabean, Wheat, Gram, maize, Urad, Tuar, etc. The maximum annual produce (428.54 thousand metric ton) brought for sale is in Ujjain while minimum is in Unhel (31.76 thousand metric ton). Badnagar marketing society and Mahidpur marketing society occupies second and third position.

It is to be noted that establishment of marketing societies in villages is done by the state government as per the requirement of farmers and panchayat representatives. For the purpose state government publishes its notification in gazette.

Marketing Process in Agricultural Produce Marketing Societies of the District

All notified agricultural produce brought into the market proper for sale, subject to the provisions of sub-section (2), be sold in the market yard/yards specified for such produce or at such other place as provided in the bye-laws. Such notified agricultural produce as purchased by the licensed traders from outside the market area in the course of commercial transaction is bought and sold anywhere in market area in accordance with the provisions of the bye-laws. The price of the notified agricultural produce brought into the market yard for sale is settled by tender bid or open auction system and no deduction is being made from the agreed price on any account.

Conditions of buying and selling

(1) Any person who buys notified agricultural produce in the market area executes an agreement in triplicate in such form as prescribed, in favour of the seller. One copy of the agreement is kept by the buyer, one copy is supplied to the seller and the remaining copy is kept in the record of the market committee. (2) (a) The price of the agricultural produce bought in the market yard is to be paid on the same day to the seller at the market yard; (b) In the case purchaser does not make payment under clause (a), he shall be liable to make additional payment at the rate of one percent, per day of the total price of the agricultural produce payable to the seller within five days; (c) In case the purchaser does not make payment with additional payment to the seller under clause (a) and (b) above within five days from the day of such purchase, his license shall be deemed to be cancelled on the sixth day and he or his relative shall not be granted any license under this Act for a period of one year from the date of such cancellation. (3) No wholesale transaction of notified agricultural produce shall be entered into directly by licensed traders with producers of such produce [except in the market yards or such other places as provided in the bye-laws. (4) The Commission agent recovers his commission only from his principal [Trader] at such rates as may be specified in the

bye-laws including all such expenses as may be incurred by him in storage of the produce and other services rendered by him. (5) Every commission agent shall be liable-- (a) to keep the goods of his principal in safe custody without any charge other than the commission payable to him; and (b) to pay the principal, as soon as the goods are sold, the price thereof, irrespective of whether he has or has not received the price from the buyer of such goods.

Price determination in the Agricultural Marketing Societies of District

In economics there is general price theory which states that price is determined by the forces of demand and supply. Similarly in determination of prices of agricultural commodities the theory of demand and supply operates upto a large extent. Usually marginal and small farmers sell their produce immediately after harvesting the crop, while medium and large farmers has the capacity to stock their produce and sell at high returns. In the district 84.39 percent farmers are marginal, small and semi-medium. Therefore in this type of situation the supply side does not affects the significantly because this group does have the capacity to influence the supply of agricultural produce.

Factors affecting Price:

The following factors are accountable for price determination of agricultural produce:

- a. **Attraction of Farmers towards Large marketing Societies:** Ujjain Agricultural marketing society is one of the biggest marketing societies of the district due to which farmers are fascinated by it. Due to the availability of basic facilities farmers prefer bringing their produce to this market which in turn increases the supply of agricultural produce this in turn reduces the price of commodities here and increase in prices in small mandis.
- b. **Storage of crops by the farmers:** The rich farmers of the region have the capacity to store their crops. However, 10 percent farmers have the capacity to store their food crops. The storage of Soyabean crop is very easy because pests do not attack due to which farmers easily store it in warehouses till the price rises.
- c. **Transportation Cost:** Farmers bring their crops from villages to agricultural marketing societies the cost of transportation also affects the price of produce indirectly. The transportation cost is less in the nearest market. Due to this reason the marginal and small farmers' sell their produce in nearest mandi.
- d. **Time spent in selling of Produce:** Incase of high yield farmers have to to spend 2-3 days in measuring and other formalities. In this situation the expenditure of other members of the family coming with farmer is also

a burden on farmer. Moreover the cases of theft and less measurement are also common in mandies.

- e. **Quality of Produce:** The effect of produce is mainly on the price determination of the produce. The price of good quality produce is high since beginning. Though the survey revealed that there is no scientific method to measure the quality of produce. Generally the business man determines its quality through the colour, size, etc of the produce.
- f. **Demand:** The demand of agricultural produce is made by local traders. The local traders after grading send the produce out of state. Wherein soyabean is being sell to oil refineries. It is to be noted that the storage capacity of traders and demand of produce both affect the demand of produce of farmers. Though there has been improvement in the economic condition of farmers they are now capable to store the produce till price increases still they are not in a position to increase supply as per demand. That is why the effect of supply is more on price determination.

Problems being faced by the farmers in Agricultural Produce marketing Mandis

- a. **Problem of Middlemen:** The selling of produce through marketing societies has prevented the farmers from exploitation upto a large extend. Even though there are many problems faced by farmers while selling their produce in agricultural produce marketing societies. Even after receiving the produce, some traders delay payment to farmers. If payment is made at the time of sale, then the trader arbitrarily deduct some amount, on the excuse that he has not received payments from the other parties. To avoid tax, some traders do not give sale slips to farmers. As a result, it is difficult for the farmer to prove his income to get loans from banks. On average, the farmer is able to receive hardly 50 percent of the final retail price. Middlemen receive double commission both from sellers and buyers hence they enjoy the most fruits leaving farmers to struggle. Farmers who are the main producers are helpless and have to depend on middlemen to get their produce sell in the market. During peak seasons, when they buy from farmers at low prices, they do not drastically reduce the prices to final consumers. Conversely, during lean seasons, when consumer prices are high, the farmers do not get higher returns on their produce.
- b. **High Transportation Cost:** Secondly the major problem is that small and marginal farmers cannot afford to take their agricultural produce to mandies which are located at a very far distance. The produce is not so much that it could bear the transportation cost. In such situation these farmers sell their produce in local market at low prices.
- c. **Pressure of Moneylenders:** Farmers who took debt/loans from moneylenders at very high rate of interest for cultivation purposes had to sell their produce to the moneylender if he could not repay back the amount. The formalities of institutional loans and lack of awareness compel farmers to take loans from local moneylenders which are easily available to them on demand. But in turn these moneylenders charge very high rate of interest from them.
- d. **Lack of Infrastructure and Basic Facilities in Village:** Sometimes even a big farmer residing in remote village could not sell their produce to agricultural mandi due to lack of transport, storage and road facilities in the village. These famers sell their produce to local trader at very low price.
- e. **Uncertainty of Production:** It is well known fact that Indian agriculture is dependent largely on monsoon. If monsoon fails the productivity reduces. Sometimes due to floods and other natural disasters also the productivity is affected. This in turn compels farmer to sell their left over produce to the local trader in the village itself due to scanty production.
- f. **Poor Economic Status:** The marginal farmers particularly of tribal community do not sell their produce in market after harvesting. They sell it when there is a need of money or they even exchange their produce to some other cereal with the other farmer or local trader.
- g. **Lack of Awareness:** In most of the cases farmers are not aware about market availability and prices in market. Therefore they are forced to sell their produce in local market due to lack of knowledge on market.

Nevertheless until and unless these circumstances are changed all efforts are useless and farmers cannot be brought to the markets.

V. Concluding Remarks

Madhya Pradesh is mainly dependent on the agricultural sector. The Economy of the state depends primarily on the agricultural sector as more than 70 percent of the people of the state depend on this sector for their livelihood. Therefore this sector needs utmost attention of the policy makers. The opening of Agricultural Marketing Societies is a great achievement in this respect. To prevent the exploitation of farmers, to provide them proper price for their produce and to facilitate better marketing facility; M.P. State Agricultural Produce Marketing Act, 1972 was implemented. Ujjain district also has seven sub-markets for the farmers. However, the dependency of farmers on middlemen has reduced due to existence of agricultural societies and due to that they are getting fair price for their produce.

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