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AGRICULTURAL MARKETING IN INDIA

ROLE OF AGRICULTURAL PRODUCE MARKETING COMMITTEE (APMC)

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ABSTRACT

Agricultural Marketing is a vibrant subject for academics and administrators as our culture is agriculture. Though India is gifted with a competitive market, developed banking system and higher educational institutions, the marketers is yet to build on these strengths. Agricultural Marketing as a process starts with a decision to produce a saleable farm commodity and involves all aspects of market structure of a system. There are bottlenecks in agricultural marketing system like improper warehouses, inadequate market information, dominance of middlemen, lack of transport and communication. With faster changes in and through technology, agrarian issues are also becoming pertinent. Indian agriculture, despite reforms is vulnerable, not merely due to natural factors but also due to inadequate institutional strength and resilience. Agricultural marketing in India is undoubtedly growing and changing but neither in all places nor for all farmers. It is projected that the emerging scenario appears to be disastrous to the country. Under these circumstances, a Second Green Revolution is expected to clear the mess and keep the nation on right path. The government is expected to usher in the Second Green Revolution.

In order to improve the marketing system encouraging cooperative marketing, establishment of regulated markets, and grading, storage and warehousing are essential. In this connection the role of Agricultural Produce Marketing Committee (APMC) is pivotal in promoting the agricultural marketing. The study is confined to Tarikere APMC of Chickmagalur district of Karnataka state. The main objectives of study were to identify the arrival of total produce in to the APMC market and variations in the prices of the commodity over the years; to find out the perceptions of the farmers about the performance of the APMC; to identify the problems in marketing of agriculture product at the market level.

Keywords: Agriculture, Agriculture marketing, Agricultural Produce, APMC, Farmers.

AGRICULTURAL MARKETING IN INDIA

ROLE OF AGRICULTURAL PRODUCE MARKETING COMMITTEE (APMC)

Introduction:

In developing countries, economic development necessarily implies improvement in agricultural economy. Agriculture has changed worldwide dramatically and particularly in India in recent times mainly due to technological innovation leading to farm mechanization, extensive and widespread use of chemical fertilizers and specialization. This, being the positive side of the development, has also resulted in reduced demand for labour, significant increase in cost of production, besides, of course, depletion of topsoil, contamination of ground water, decline in family farming, neglect of farm labour along with their living and working conditions, reduced cultivable area due to growth of urbanization and industrialization and rampant legal and illegal mining activities. It has also affected in terms of economic and social disintegration of families in rural areas. The first and foremost problem in India is the raising of agricultural productivity. This depends on various factors, such as physical, material, institutional, technical, and agrarian. The role of marketing in this sphere is more crucial. Marketing may help in reducing the charges for marketing service by eliminating the chain of middlemen and to have the minimum difference between the buying and the selling prices.

Marketing of agricultural produce is considered as an integral part of agriculture, since an agriculturist is encouraged to make more investment and to increase production. Thus, there is an increasing awareness that it is not enough to produce a crop or animal product; it must be marketed as well. After 1960s, and particularly after Green Revolution, the government has taken active interest in the development of infrastructure of marketing and trade. In India, there are network of cooperatives at the local, regional, state and national

levels that assist in agricultural marketing. In India, the State is now playing an important role in agricultural marketing. Agricultural price policy, setting up of Regulated Markets, the purchase of products directly by the government through the Food Corporation of India, etc., come under the subject matter of rural marketing. An efficient system of marketing is essential for the economic development of a country. Marketing becomes an important instrument in improving the income of the individual producers of all categories, apart from meeting the requirements of the customers.

The policies, programmes and actions of the government in its efforts to develop and modernize the marketing system for rural area are mainly in three directions:

- Institutionalizing of agricultural marketing by facilitating the formation of Cooperative marketing societies;
- Regulation of markets for various agricultural products designed to minimize or eliminate unfair trade practices; and
- Direct involvement of the State in the marketing of certain agricultural products.

In order to improve the marketing system along these three lines, certain steps have been taken as encouraging cooperative marketing, establishment of regulated markets, and grading, storage and warehousing. In this connection the role of Agricultural Produce Marketing Committee (APMC) is pivotal in promoting the agricultural marketing.

Agricultural Produce Marketing Committee (APMC)

Agricultural Markets in most parts of the country are established and regulated under the State APMC Acts. The whole geographical area in the State is divided and declared as a market area wherein the markets are managed by the Market Committees constituted by the State Governments. Once a particular area is declared a market area and falls under the

jurisdiction of a Market Committee, no person or agency is allowed freely to carry on wholesale marketing activities. The monopoly of Government regulated wholesale markets has prevented development of a competitive marketing system in the country. The agricultural produce marketing committee is a marketing board established by the state governments of India. In order to facilitate farmers, the state government to sale their produce and get reasonable price and constituted APMC in many towns. Most of APMC have market yard where traders and other marketing agents are provided godowns and shops for purchase of agriculture produce from formers. Formers can sail their produce to agents or traders under supervision of APMC.

The major functions of the APMC are: grant, renew, refuse, suspend or cancel license; provide the necessary facilities; regulate and supervise the auctions; maintain and manage the markets; regulate the sales, promote and organize grading and standardization of the agricultural produce and ware housing facilities in the market area. The APMC generates many benefits to the farmer community, they are-farmers get fair price; correct weighing for agricultural produces; maintenance of daily list of prices of commodities for the benefits of formers and immediate payment after disposal of the produce (within 24 hrs). As on 31-3-2010 the markets covered under regulation is 7177 in India. In addition there are 27924 rural periodical markets or hats, about 15 percent of these in markets have been brought under the ambit of the regulation.

Agricultural Marketing in Karnataka:

Karnataka contributes around 7 percent of the agricultural production and 15 percent of the horticulture production in the country. It contributes around 10 percent of the fruit and vegetable production in India. Food processing industry in Karnataka, at present is not commensurate with the potential; large quantities of agricultural and horticultural produce

goes outside the state for value addition. Agricultural produce marketing committee yards and act (APMC) includes the marketing of horticultural produces, presently there are 39 APMC markets in Karnataka. Karnataka occupies a prominent place in the agriculture / horticulture map of the country. Horticultural crops occupy area of 17.25 lakh ha with a production 130.26 lakh tones. Although the area comprises only 14.14 percent of the net cultivated area in the state, the total income generated from the horticulture sector accounts to over 40 percent of the total income derived from the combined agriculture sector. This accounts for 17 percent of the GDP of the state.

Major objectives of study were:

- to identify the arrival of total produce in to the APMC market and variations in the prices of the commodity over the years;
- to find out the perceptions of the farmers about the performance of the APMC;
- to identify the problems in marketing of agriculture product at the market level.

Methodology:

The study is based on both primary and secondary data. The primary data were collected from the selected farmers and traders through structured interview schedule and necessary secondary data were collected from various government reports, journals and periodicals. The study is confined to Tarikere APMC among the 7 taluks of Chickmagalur district of Karnataka state. The reason for this is due to the fact that it has an easy access to various important marketing centers both within and outside the state. The purposive stratified random sampling method is adopted. The total sample size of the study was about 100 farmers those who are the customers of Tarikere APMC.

Chickmagalur district is one of the twenty eight districts of Karnataka. It is rich in natural resources; most of the area of this district is predominantly malnad region covered by dense forest, hilly region. The district is mainly an agricultural and horticulture district. The most important crops of the district are ragi, Paddy, coffee and Areca nut, paddy, covered the area 45659 (38.17 percent). *Tarikere Taluk* is mainly an agricultural and horticultural taluk. The total geographical area of the taluk is 1216 sq.kms. Bhima River flows through the taluk and a dam is constructed at Lakakavalli very near to the Tariker town. In the Taluk there are 6 hoblies 46 gram panchayaths, 206 habitant Villages. Taluk is covered by plantation crops, and other crops, sugarcane, Ragi paddy, Jowar fruit crops and the major food crops, agriculture is the main occupation. Arecanut coconut the major crops and area under these crops is 4775 hectares and 6564 hectares respectively. Majority of the farmers are selling their produce in the APMC.

Tarikere Agricultural Produce Marketing Committee:

The APMC in Tarikere is situated near to 206 National Highway. APMC has 25 acres of total land area, in which built up area is 16 acres. The total numbers of shops in the APMC are 685 and 320 warehouses. In a year around 30-35 commodities are traded in the APMC. Areca nut, Cocunut, Paddy, Ginger, Maize, Potato, Ragi, onion, Watermelon, Cotton and Chilly are the major crops traded in the APMC premises. The nature of trading of the agricultural products is tender system, auction sale, direct marketing and commission agents system. The total numbers of traders in the APMC are 860. The regulated committee consists of a president, ten members and a secretary to perform necessary function of the APMC.

Data Analysis and Interpretation:

Ten major commodities trade in the APMC and their quantity during last five years is given in table-1.

[Insert table-1 here]

Table-1 indicates that arrival of various commodities and their quantities over past five years. The arrival of coconut quantity has increased from around 46 percent to 78 percent during 2006-07 and 2010-11 in Tarikere APMC. But there is sharp decline in the arrival of tender coconut from 40 percent to 16 percent in the same period. The reason for the decline in the tender coconut is because of the awareness among the farmers and the sharp rise in the price of coconut over the years. This shows that the Tarikere APMC is predominated by the coconut product. Tarikere taluk has irrigation facility in the form of Bhadra dam which has facilitated for the paddy cultivation, which ranks third in its quantity traded. The other commodities which are traded in Tarikere APMC are Maize, Potato, Ginger, Ragi, Cotton, Watermelon and Onion, but the quantity traded is very meager as compared to coconut. Thus it can be concluded that the Tarikere APMC is predominated with 94 percent by the coconut products and contribution of other commodities are meager.

[Insert chart-1 here]

Chart-1 indicates the variations in the average price of the various commodities traded in Tarikere APMC. The maximum average price for coconut is Rs. 5,985 during 2010-11 for coconut, followed by tender coconut of Rs. 4,568 and paddy of Rs. 3, 215 respectively during same year. The price of the commodity has the positive link with the quantity of the commodity traded. In case of Maize, Potato, Ginger, Ragi, Onion, Watermelon and Cotton the fluctuation in the average price is very meager. Thus, it can be concluded that Tarikere APMC is predominated with coconut trading and it has a positive relation with its price. Coconut flows through different channels from the point of production till it reaches the

traders operating in Tarikere market. It was observed that 66.2 percent of the coconut growers disposed their produce through commission agents. Among the total coconut growers 32 growers were engaged in making ball copra. The marketing channel used for marketing of ball copra was through commission agents.

The above analysis was on the basis of the secondary information collected from the Tarikere APMC authorities. But to get the first hand information from the farmers and traders, the field survey has been conducted and the analysis of which has been given in the presiding discussions.

Performance of APMC

To know the performance of the Tarikere APMC, the selected farmers were asked their perceptions about the the performance of the APMC. The same is depicted in chart-2.

[Insert chart-2 here]

It is clear from the chart-2 that, 84 percent of the respondents have preference for regulated markets, followed by cooperative markets with 12 percent. Regulated markets have many positive points as compared to other markets. Almost 80 percent of the respondents have fair idea about the APMC act and 80 percent of them are happy with the procedure followed in the APMC. 60 percent of the respondents are satisfied with the supervision in the market. With regard to the payment made to the farmers, 60 percent of them say they got the payment on the same day and 40 percent of them opined that payment varies in between 1-15 days. 80 percent of them are happy with the facilities provided in the APMC. The Tarikere APMC uses modern weighing machines and farmers are happy with it. Farmers are getting fair price for their produce and they are happy with the co-operation of the APMC officials. Farmers expressed that the overall performance of APMC marketing in Tarikere is satisfactory.

Problems in APMC yard:

During the last few decades, several steps have been taken to improve the efficiency of agricultural marketing in India as well as in Karnataka, but there is a long way to go. The problems of the Tarikere APMC are taken from farmers and traders, both of them have different problems. The problems of Tarikere APMC are shown in chart-3.

[Insert chart-3 here]

Chart-3 depicts that majority (56 percent) of the farmers are facing the problem of transportation of agricultural produce from their village to the APMC, because of poor road connectivity and poor transportation system and the farmers have small quantity of marketable surplus which leads to increase in the cost of transportation. Other problems faced by the farmers are inadequate storage facility, costly and inefficient labour and lack of market information. The major problem of traders is multipoint market cess because which their margin of commission has been affected. These problems can be solved by committee through providing facilities to the farmers and traders. The major weaknesses of the Tarikere APMC are - Inadequate infrastructure base, shortage of power etc. Whereas the major strengths of the APMC are - soil and climate is suitable for cultivation of agricultural and horticultural crops, fairly good banking network, tourist destination, higher literacy rate, adequate surface and ground water resources etc.

Conclusion:

It is said that production, processing and marketing are the three pillars of the agricultural economy in India. In marketing policies, it is necessary to throw some light on the peculiarities of the agricultural produce. Infrastructure facilities such as roads, transport, storage, etc. are very much inadequate in rural areas. An efficient agricultural marketing is essential for the development of the agriculture sector as it provides outlets and incentives for

increased production, the marketing system contribute greatly to the commercialization of subsistence farmers. The State has to facilitate varying models of ownership of markets to accelerate investment in the area and enable private investment in owning, establishing and operating markets. Working of existing Government regulated markets also need to be professionalized by promoting public private partnership in their management. Appropriate legal framework is also required to promote direct marketing and contract farming arrangements as alternative marketing mechanism. Therefore, there is a need to formulate a new model law for agricultural market.

The performance of the Tarikere APMC is satisfactory but there is need for providing certain facilities needed for the further improving the performance of the APMC. Proper storage facility should be provided to the farmers, the measures has to be taken to improve the transportation facilities, existing grading facility is inadequate further improvement is need in the grading facility, farmers need financial support through commercial banks and proper information should be provide to the farmers. The state government has to make provision for imposition of single point levy of market fee on the sale of notified agricultural commodities in any market area. It may be concluded that Tarikere APMC is working efficiently and effectively and helping a numerous of farmers, traders, commission agents and other market functionaries. This market is popular in neighboring states namely Andhra Pradesh Tamil Nadu and Kerala.

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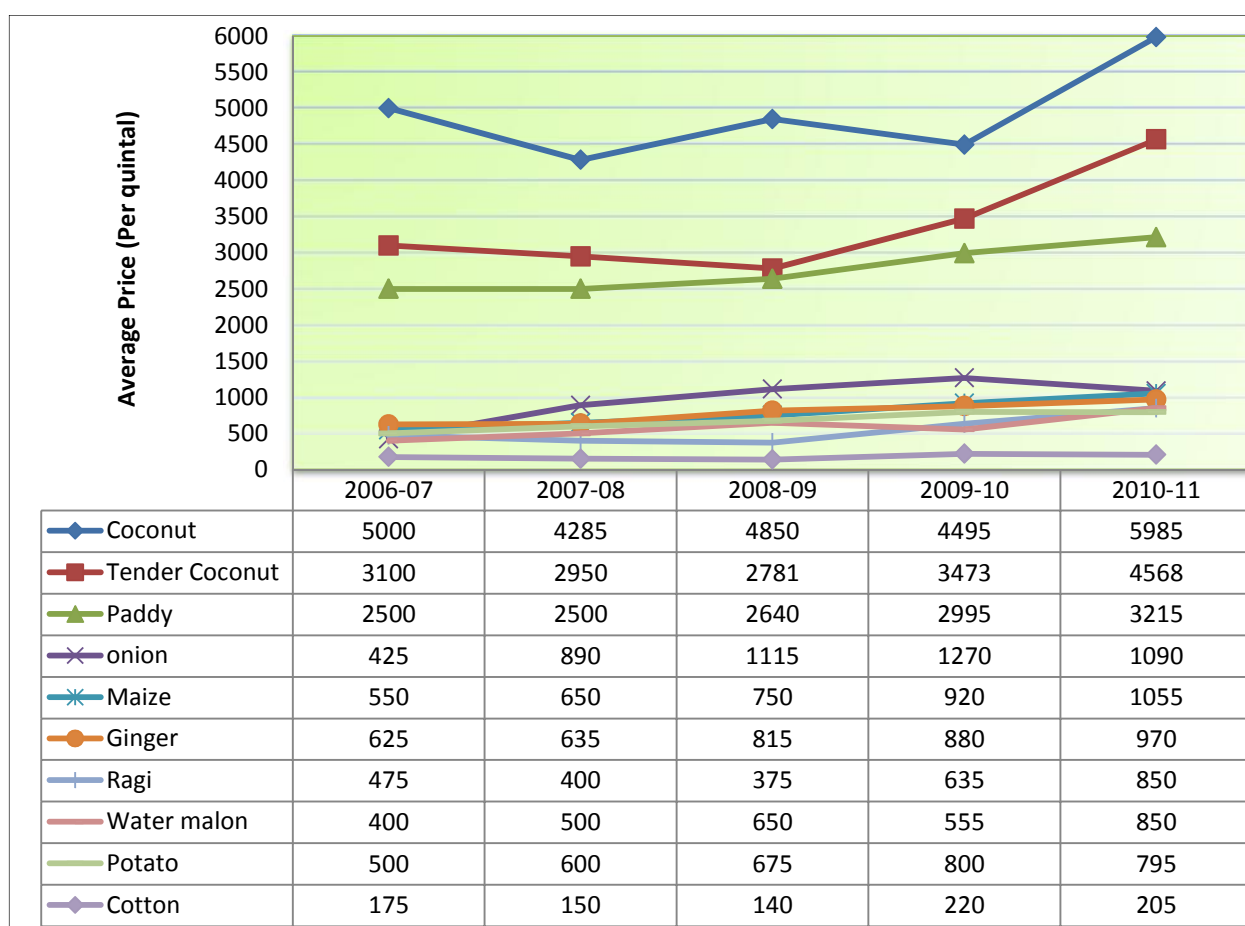
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Table -1: Trading of various commodities in Tarikere APMC (Quantity in Quintals)

Sl. No	Agricultural Products	2006-07	%	2007-08	%	2008-09	%	2009-10	%	2010-11	%
1	Coconut	822144	45.71	908347	48.86	1105548	65.66	2174584	58.23	3734453	78.16
2	Tender Coconut	722900	40.19	722900	38.88	345374	20.51	1319000	35.32	759235	15.89
3	Paddy	139031	7.73	86862	4.67	112356	6.67	88710	2.38	143215	3.00
4	Maize	19939	1.11	24985	1.34	28588	1.70	38505	1.03	48186	1.01
5	Potato	15390	0.86	64193	3.45	38136	2.27	40975	1.10	39954	0.84
6	Ginger	31111	1.73	19765	1.06	27040	1.61	45788	1.23	21000	0.44
7	Ragi	14577	0.81	7851	0.42	8031	0.48	9193	0.25	11795	0.25
8	Catton	10368	0.58	10155	0.55	9607	0.57	7547	0.20	8044	0.17
9	Water melon	11690	0.65	4365	0.23	5810	0.35	5510	0.15	7150	0.15
10	Onion	11461	0.64	9805	0.53	3175	0.19	4750	0.13	4825	0.10
Total		1798611	100.00	1859228	100.00	1683665	100.00	3734562	100.00	4777857	100.00

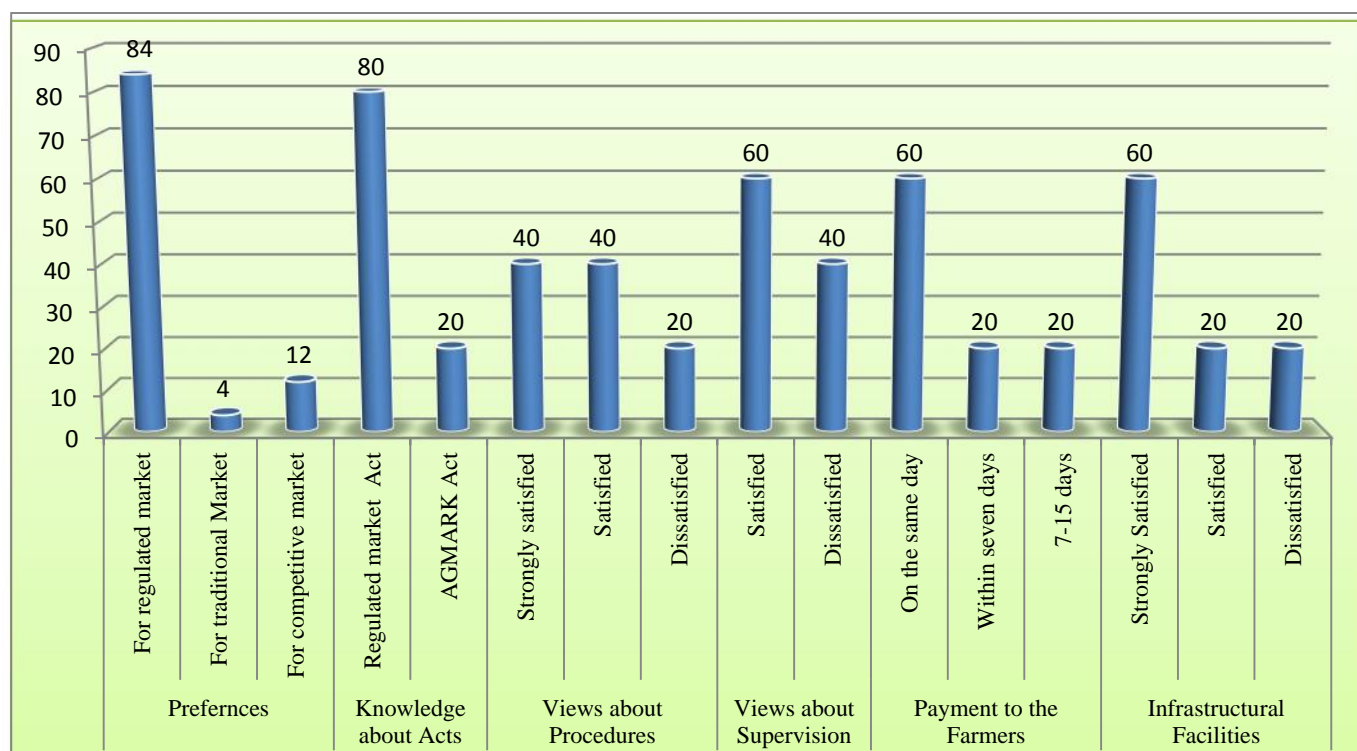
Source: Compiled from various reports of Tarikere APMC

Chart-1 Average Price per quintal for Different Commodities in Tarikere APMC



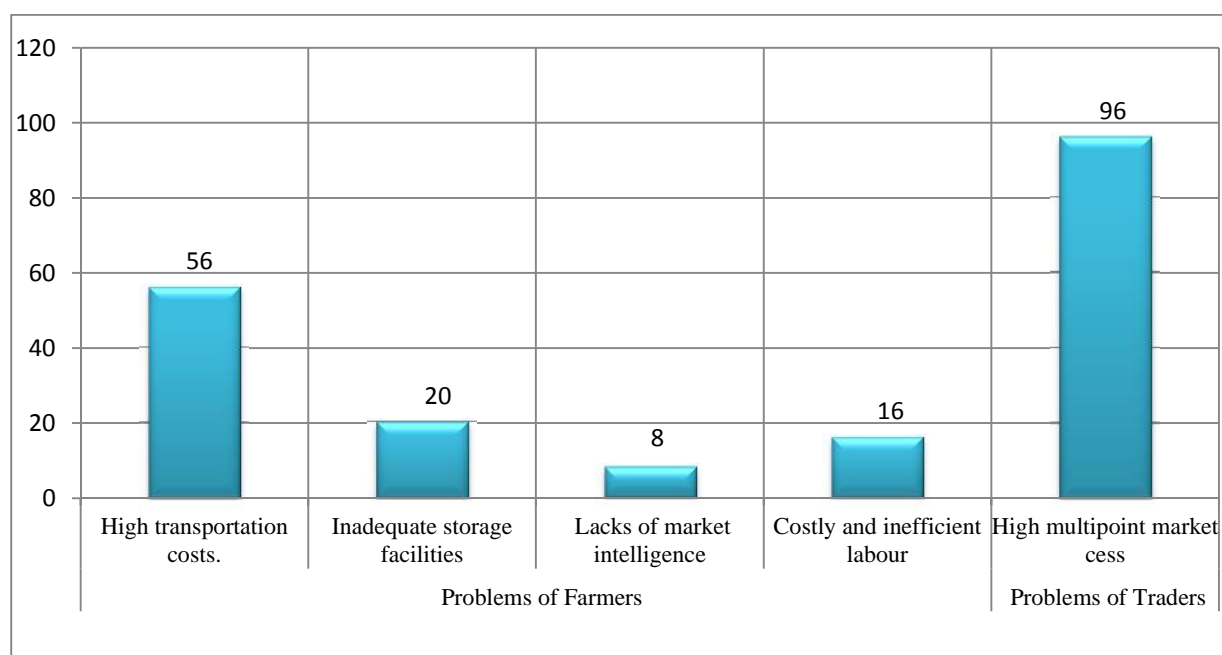
Source: Compiled from various reports of Tarikere APMC

Chart-2: Perceptions about the performance of Tarikere APMC



Source: Primary data (Field Survey)

Chart -3: Problems faced by farmers and traders in Tarikere APMC



Source: Primary data (Field Survey)