

# IMPACT OF THE REGULATED MARKETS ON THE MARKETING OF ARECANUT

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Arecanut is mainly grown in the States of Kerala, Karnataka, Tamil Nadu, Assam and West Bengal and in the Union Territory of Goa, Daman and Diu. Marketing of arecanut has been a fundamental problem of the primary producer. As proper marketing facilities and sufficient financial resources are not available with the cultivators who are mostly small growers they generally do not get the due share in the consumers' price. In view of his persistent need for finance, the poor cultivator easily falls as a victim in the hands of private traders or processing merchants who advance loans on the anticipated crop.

For the progress in the economic and agricultural field, there is paramount need for the regulation of sale and purchase of produce. In order to prevent the malpractices in the marketing of commodities and to make marketing more orderly and efficient, regulated markets were established in almost all states. These regulated markets provide facilities for systematic marketing which is an important incentive to the farmer for increasing production.

## THE NATURE OF REGULATED MARKETS:

A regulated market is essentially a meeting place for buyers and sellers with facilities for handling large quantities of produce in the shortest possible time. The main advantage of market legislation is the enforcement of law for a systematic sale and purchase of the produce. In the regulated markets, malpractices are eradicated and the methods of sale are standardised enabling the producers to obtain a competitive price for their produce. Only licensed traders, commission agents and other functionaries are allowed to operate in these markets. Unlawful deductions are done away with, commission and service charges are fixed reasonably and prompt payment to the producers is ensured. These regulated markets serve as centres of propaganda for agricultural improvement, better trade practices and Market Intelligence.

## SALIENT FEATURES:

### 1. Notification of commodities and market area:

Government declares a specified area as 'Market Area' and notifies the commodities regulated. Market Area is the hinterland of the market from which the agricultural produce traditionally flows into the market.

### 2. Market Committee:

The Market Committee consists of the representatives of producers, commission agents, traders, marketing societies, producers' societies, local authorities and a nominee of the Government. The market committee regulates the trade in the market area. They establish market yards and auction platform and also provide all amenities such as drinking water, light, canteen etc.

### 3. Licensing of market functionaries:

Under the 'ACT' all the market functionaries such as traders, commission agents, brokers, processors, weighmen etc. have to get licences from the market committee.

### 4. Arrivals.

The figures of arrivals in respect of the notified commodities in the market are compiled by the Market Committee, which show the arrivals of the day. The by-laws of the Market Committee further stipulate that the produce should be weighed immediately on arrival in the markets and an acknowledgement to this effect is given to the producer.

### 5. Weighment:

In order to secure correct weighment, the weighmen employed in the markets are licensed and only stamped scales and weights are used.

#### 6. Methods of sale:

Most of the regulated markets are following the tender system to save time and labour. But in some smaller markets the open auction system is also adopted.

#### 7. Payment of sale proceeds:

The liability to deliver the goods to the buyer rests with the commission agent who arranges the payment of the cost to the producer as soon as the goods are sold. Irregularities, if any, relating to payment of sale proceeds or market charges recovered are brought to the notice of the Market Committee and corrective action is taken by them immediately.

#### 8. Market charges:

The legislation has rationalised the market charges that could be levied and collected by the market committee from the producers. The chief items of market charges are the market fee to be paid to the market committee, the weighment fee, commission, brokerage, grading fee etc. Generally the market fee for transaction of Rs. 100 varies from 33 paise to Re. 1 according to the agricultural produce.

#### 9. Market Intelligence:

This helps the producers in formulating his marketing programme and in taking a decision as to when to sell his produce. Market Intelligence is one of the most important promotional services provided by the Regulated Markets.

#### 10. Grading and standardisation:

In promoting orderly marketing and in realising proper value to the produce by the grower, scientific grading is a strong weapon. It widens the area of marketability and enlists greater competition.

#### PROGRESS MADE BY THE REGULATED MARKETS IN THE MARKETING OF ARECANUTS:

Excepting Assam, all other important arecanut growing States have passed legislation for the regulation of marketing of arecanut. There are 21 Regulated Markets in Karnataka, 6 in Kerala, 2 in Goa and 1 in Tamil Nadu, where arecanut has been declared as a notified commodity. The progress made in the functioning of these regulated markets is not uniform in all these States.

#### Karnataka:

The Mysore Agricultural Produce Marketing (Regulation) Act was enacted in Karnataka State as

early as 1939. The Karnataka Agricultural Produce Marketing (R) Act 1966, which is now in force contemplates provision for better regulation of buying and selling of agricultural produce and establishment and administration of markets. The 21 regulated markets are functioning in the districts of South Kanara, North Kanara, Tumkur, Shimoga, Chitradurga and Belgaum. The total arrivals of arecanut in these Regulated Markets during the last three years were as follows:

Year	Arrivals in regulated markets (Qty. in quintals)	Total production in the State (in quintals)	% of production arriving in regulated markets
1973-74	6,58,000	7,24,000	90%
1974-75	6,96,000	6,56,000	106%
1975-76	4,76,000	6,61,000	72%
Average for 3 years	6,10,000	6,80,000	90%

In Karnataka about 90% of production of arecanut is routed through Regulated Markets. The arecanut growers are accustomed in taking their produce for sale to the assembling markets which are brought under regulation. The Co-operative Societies which have market yards also involve in the regulated marketing of arecanut on a large scale.

The market charges actually levied by private traders in Karnataka are much higher and there is no uniformity. But the regulated markets have fixed these charges. The difference in different market charges for arecanut in the Regulated Market and private markets at Mangalore may be observed from the statement given below:

S. Item No.	Average market charges for Rs.100 worth arecanut		Saving	% saving in regulated markets
	Private markets	Regulated markets		
1. Commission	3.50	1.50	2.00	
2. Weighman and Hamali	0.50	0.20	0.30	
3. Others, Charity, mamool, etc.	0.50	..	0.50	
Total	4.50	1.70	2.80	62%

After the introduction of Regulated Markets in Karnataka, the sales of arecanut in villages have been reduced by 20 to 95% in different areas. The statement given below indicates the percentages of arrivals of arecanut from various agencies in Mangalore Market Committee.

S. No.	Agency	Before regulation in the open market	1965-66	1974-75
1.	Growers . . . . .	25%	30%	50%
2.	Co-operative Societies . . . . .	20%	20%	25%
3.	Village merchants	40%	30%	20%
4.	Traders . . . . .	15%	20%	5%
	Total . . . . .	100	100	100

#### KERALA:

In Kerala, which is a major arecanut producing State, the progress of Regulated Marketing has been very slow. The functioning of regulated markets is only in the erstwhile Malabar area of the State i.e. the present Cannanore, Kozhikode, Malappuram and Palghat districts. Here the marketing of arecanut is regulated as per the Madras commercial crops Market Act (1933). The Malabar Market Committee was constituted under this Act in 1950 with six regulated markets in these districts. The regulated markets at Perambra, Vattamkulam and Changaramkulam are functioning somewhat satisfactorily. Other Markets do not have even proper market yards. The transactions in the Regulated Markets are meagre as could be seen from the statement given below:

Year	Arrivals in Regulated Markets (quintals)	Total production in the State (qtls)	% of production arriving in regulated markets
1973-74 . . . . .	1711	5,59,000	0.4%
1974-75 . . . . .	2058	5,72,000	0.4%
1975-76 . . . . .	2490	5,72,000	0.4%
Average for 3 years	2086	5,68,000	0.4%

The percentage of transaction as compared to the total production within the notified area of the Malabar Market Committee is about 7% only. It is obvious that the working of Regulated Markets in Kerala could not make any impact on the arecanut trade, in general and on the primary producers, in particular.

#### GOA, DAMAN AND DIU:

Market regulation in this Union Territory is of very recent origin. The Maharashtra Agricultural Produce Marketing (Regulation) Act 1968 was extended to this area in 1968. A district pattern Market Committee, by name, the Goa Agricultural Produce Market Committee was formed with Headquarters at Margao in 1969. The sub yard at Ponda is in operation since October 1973 and at Sanquelim from June, 1974. The arrivals of arecanut in these two Regulated Markets were as follows:

Year	Total arrivals in Regulated Markets (Qty. in quintals)	Total production in the U.T.	% of production arriving in the regulated markets
1973-74 . . . . .	N.A.	14,000	N.A.
1974-75 . . . . .	8482	14,000	60%
1975-76 . . . . .	9594	14,000	68%
Average for 2 years	9038	14,000	64%

N.A. Not available.

Prior to liberation of this Territory, village trade was predominant in respect of arecanut. Though of recent origin, the Regulated Markets could make some impact on marketing of arecanut. The Market Committee has created a Market Extension cell to educate the farmers on the activities of Market Regulations, grading and standardisation.

#### TAMIL NADU:

The Government of Tamil Nadu issued a notification under Tamil Nadu Agricultural Produce Markets Act 1959 for the establishment of a Regulated Market at Mettupalayam in Coimbatore District to provide facilities for the purchase and sale of arecanut. Although the Regulated Market was opened on 1-7-1973 the activities were commenced only in 1975-76. The arrivals of arecanut in this

Regulated market were as follows:

Year	Total arrivals in regulated (Qty. in qtls)	Total production in the State (qucls)	% of production arriving in the regulated markets
1973—74 . . .	Nil	19,000	Nil
1974—75 . . .	Nil	18,360	Nil
1975—76 . . .	14	32,740	0.04
1976—77 . . .	121	23,840	0.5
Average for 2 years	68	28,290	0.2

The transaction of arecanut through regulated market in Tamil Nadu is obviously negligible and hence the regulated market does not have any impact on arecanut marketing in Tamil Nadu. Even in Coimbatore District where the Regulated Market was established the arrival of arecanut was only 0.2 per cent of the production in the District.

It is obvious from the foregoing paragraphs that on the whole the functioning of Regulated Markets is not satisfactory as far as arecanut marketing is concerned. Out of the total production of about 16,60,000 quintals of arecanut only 6,49,414 quintals i.e. 37% of the produce is arriving in the Regulated Markets in the country, the main contribution being from Karnataka State. This will clearly show that the establishment of Regulated Markets for the marketing of arecanut has not made sufficient impact except in Karnataka and Goa.

#### DRAWBACKS AND DIFFICULTIES

A major problem faced by the Market Committee is the paucity of funds to meet heavy cost in the acquisition of sites for market yards and expenditure involved in providing facilities like assembling sheds, auction platforms, approach roads etc. In the absence of their own market yards, in certain cases, the transactions are being carried out in private yards which prevent the Market Committees from exercising proper and effective control over the transactions.

In the northern district of Kerala where regulated market are functioning, it is reported that there

is strong tendency among the traders not to make use of the Regulated Markets for purchases with a view to exploiting the agriculturists and evading taxes payable to the Government. The absence of regulation in Agricultural marketing in the neighbouring districts has created a favourable situation for the traders. The traders find that paying of fine which is usually a small amount is advantageous to them as they can make large profit through illegal transactions. Considering the recommendations of the committee to study the scope of the regulated markets act, the Government of Kerala have decided recently to extend this act to the entire state. Steps are also being taken now to introduce provision in the Act for summary power to the Market Committee for coercive action for meeting violations by the traders.

Reluctance of cultivators to carry their produce to far away Regulated Markets for disposal is another handicap. Poor financial position of the producers most often compel them to sell the produce to the itinery merchants even before its harvest to get advances.

#### CONCLUSION:

The regulation of markets ensures not only remunerative and competitive prices to the producers but also brings the system of marketing on proper and scientific lines. Facilities for grading, warehousing, dissemination of Market Intelligence etc. available at the Regulated Markets enable the producer to be more self-reliant and independent. The Co-operative Marketing Societies exercise a very healthy influence in the working of Regulated Markets. Both of them are to function as complementary to each other but not competitive. The Co-operative Marketing Societies should open collection depots in interior places within the jurisdiction of the Regulated Markets for the benefit of ryots. One of the reasons for the successful working of the Regulated Markets in Karnataka State is that the societies have opened a net work of collection depots in the producing areas. Moreover, the State Government have also assisted the Market Committees for providing all essential amenities by advancing loans at liberal rates of interest.