

Stakeholders' Perspectives on Reforms in Agricultural Marketing of Vegetables- Special Reference to Pune District, Maharashtra.

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ABSTRACT

Agricultural marketing in India changed since the adoption of the model APMC ACT 2003. The state of Maharashtra and Pune district in particular witnessed significant changes in marketing and supply chain of vegetables since the Model act was adopted by Maharashtra in the year 2005. This research paper includes a qualitative analysis of the responses of stakeholders in agricultural marketing like APMC officials, traders, wholesalers and organized retailers. The study reveals that supply chain of vegetables is modernising in terms of grading facilities, price discovery and intermediaries. The study also highlights the need for further reforms in APMC markets and FDI in food retailing.

Keywords: Agricultural Marketing, Supply Chain, Stakeholders, Reforms, Market Driven Change.

1. Introduction

Agricultural marketing has undergone transformation in India since the implementation of the Model APMC ACT 2003. Maharashtra State adopted this Act subsequently in 2005. The sector has multiple stakeholders viz; farmers- micro, small and large, aggregators, commission agents, wholesalers, retailers- local and big business and the consumer. These stakeholders have all been affected by the reforms in agricultural marketing and the changing nature of the supply chain. This research paper includes a qualitative analysis of the views and opinions of these stakeholders on the agricultural marketing reforms undertaken in Maharashtra. Most marketing reforms are directed at increasing the commercial viability of agriculture. Reforms are resulting in three fold change in the supply chain: supply chain is becoming shorter; farmers' are making more informed decisions in production and sales; Agricultural production is now, more diversified and market driven.

2. Viewpoint of stakeholders on some of the issues involved in reforms of Agricultural Marketing sector:

As of January 2025, there are 306 APMCs in Maharashtra managed by the Maharashtra State Agricultural Board (MSAMB). Only 60 APMCs are integrated with the digital platform eNAM. The nature of markets

is changing with newer intermediaries like big business retailers, eateries and food processing firms entering the market.

Methodology of study- The study consisted of a survey of stakeholders in agricultural marketing. Interviews were held with the help of semi structured questionnaires of six groups of stakeholders-vegetable farmers, APMC officials, traders/ commission agents, wholesalers, organized retailers and local unorganized retailers in Mumbai and Pune APMC market yards. Responses of the groups were taken on various issues and processes in agricultural marketing sector in general and APMCs in particular. The consolidated responses of these stakeholders are compiled as follows:

a. Market charges and fees/ commissions:

MSAMB decides and implements policy regarding fees and commissions. Farmers have to pay hamali, tolai and transportation. Till recently the farmer also had to pay ARHAT of 6% to the commission agent. The Commission agent in turn would pay the market fee of 1.05% to the APMC. In July 2016, the Government of Maharashtra made a rule that arhat will be collected from the wholesalers by the commission agents. The arhat is now paid by the wholesalers and therefore farmers are relieved of the cost of arhat. The charges deducted from farmers' bills receivable will now reduce. They will receive better remuneration for their produce. This has depressed markets to some extent. Giridhar Satam a wholesaler pointed out that they were effectively paying 8% of the value of trade to commission agents in the form of arhat, market fee and levy.

Demonetization was also announced consequent to reforms in agricultural marketing. The commission agents were unable to achieve high prices for the produce through auctions. APMC market rates itself are depressed as it has become a buyers' market. Price fluctuations are an integral part of daily vegetable trade in the market. Hence it is difficult to gauge the exact impact of the policy.

b. Number of intermediaries in the market:

APMC officials observed that intermediaries play a specific role in the market. Traders and commission agents make markets and facilitate trade between farmers and wholesalers. These wholesalers further take the produce to the retailer and finally to the consumer. The entire chain between farmer and retailer, many times operates on the basis of credit. The commission agents offer loans to farmers and also further offer credit to wholesalers. This is a very useful function of the commission agent. And without intermediaries it will be very difficult to create and make markets. Farmers are more educated and aware now. Technology and mobile phones are enabling informed sales by farmers therefore intermediaries are unable to cheat or intimidate farmers now.

Those retailers, the researcher interviewed, agreed that the organized retail business in vegetables has affected them adversely. They roughly estimate their loss in business by 20%- 70% due to these big stores. They believe that organised retailers buy large quantities of produce either from APMC yards, vendors or from farmers directly. Therefore they get discounts from suppliers and pass on this discount to consumers. They stock this produce in specific packages and plastic wrapped state. Therefore, consumers too buy the produce as it is convenient and time saving. These stores can also have their own cold storage facility for vegetables. Local retailers on the other hand have to avail the cold storage facility at an additional cost, that too if available. A huge loss of livelihoods is predicted, not only of shop owners but of the other market functionaries like load bearers, helpers and transporters.

c. Delisting of fruits and vegetables from the ambit of APMC:

In July 2016, the Maharashtra government removed fruits and vegetables for the purview of APMCs. Farmers may save on charges such as hamali, tolai and transport costs once they start direct sales of their produce to retailers or food processors. But they will be no security to farmers or assurance of sale on daily basis as it happens in the APMC yards. Farmers are represented in the APMC system. In private yards, set up by big business retailers or traders, there is possibility of them not being represented in the management of the yard leading them to be cheated.

This disagreement of agents with the government's decision to delist fruits and vegetables and permit farmers to sell their produce outside APMC premises without any charges, resulted in a shut-down of the Pune market for almost a week. 50% of the commission agents were not in favor of delisting of fruits and vegetables from the ambit of APMC Act. They believe that farmers and market functionaries will be at a loss. Volumes of trade in the APMC are large and organized retail will not be able to replace the market intermediaries completely. Farmers are unable to sell produce on their own. Vegetables are by and large produced by small farmers who have no access to manpower to manage both production and selling. According to them trade has reduced almost 30-40% due to delisting. Farmers' source and access to markets will diminish. Market information will not be available to farmers nor wholesalers. Farmers will be spread far and wide and accessing them will be difficult. Loss of livelihoods for market intermediaries will disrupt their lives. Further, large farmers will continue to use the services of large and well established traders or commission agents. The small agents will lose business considerably. These agents are in debt and it will be a huge setback to the agents. Markets will reduce in size and market functionaries like the porters and graders will lose livelihoods.

d. Direct sale by farmers in open markets.

APMC officials think that farmers should not sell directly outside the market yards. Farmers are unable to conduct marketing activities or devote time to selling vegetables on their own. Therefore they require the expertise of intermediaries like the trader and commission agent or wholesaler to understand the market, fix prices and find buyers for the produce. Holding power of farmers is limited in vegetables as they are highly perishable. This could lead to huge distress sales or wastage for farmers. Intermediaries are thus required. Organized retailers buy very small quantities of vegetables even now. They take only A grade produce from the market. Therefore farmers are left with the lesser qualities of output to be sold in the market itself.

Arhatiyas also play the role of market making by providing credit to farmers and sometimes to wholesalers too. This important finance function of the agent cannot be easily replaced as most of the transactions are on the basis of long established trade relations. Further traders disapprove of the government policy of continuing market fees and arhat within APMC premise but allowing free sales outside these premises. This move creates unequal markets

e. Relevance of APMC post the Model APMC act:

APMC officials believe that even now APMC is very relevant to agricultural marketing sector. As per their estimate, 95% of trade in vegetables is conducted through the APMC. There is open auction of produce in the market yard and farmers as well as wholesalers have faith in the system. Even big business retailers and food processing firms prefer to buy their requirements from the commission agents or wholesalers in APMC yards. The system is deep rooted now and will be very difficult to remove. All new

forms of marketing will survive only if parallel changes are made in the regulated markets too. Also the officials observe that, in the weekly bazaars majority of the sellers are retailers and not farmers. According to the officials real farmers have faced issues such as cheating and theft of produce by the wholesalers and buyers in the market. Farmers are inexperienced and sometimes illiterate. Therefore they may be cheated in terms of the payments or produce by retailers and other buyers. Therefore they are wary of selling the produce in the market directly. Therefore the relevance of APMC has not diminished yet. In the long run the system may gradually change and direct marketing may become a preferred channel of marketing for farmers.

3. Conclusion

Agricultural marketing reforms announced by the governments of India and Maharashtra are well intended and timely. The proper implementation of these reforms will ensure favourable changes for the agricultural community and other stakeholders. Yet the dismantling of established systems is not necessary. APMC led markets are required but need modernisation, transparency and autonomous functioning. Government of India is soliciting foreign investment with its announcement to permit FDI in multi brand retail sector. Really large business players like Walmart, Carrefour etc. will soon announce investments in this sector. It will be rational for Indian business firms to enter into partnerships with large foreign players to increase their share in the food retailing sector. This will also lead to improvement in infrastructure like cold storages, warehousing facilities, grading and standardization facilities and modernization through technical upgrading of all other marketing processes. Market information and settlement of payments through technology based systems are imperatives in this sector.

The agricultural sector came into the spotlight in 2020 when the Parliament of India enacted the following three laws for agricultural reforms in 2020.

1. Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020.
2. Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020.
3. Essential Commodities (Amendment) Act, 2020.

But these Acts triggered angry protests by large number of farmers especially in the Punjab- Haryana belt. The farmers feared that the Acts would encourage big business into agricultural marketing and the government would stop the minimum support prices, leaving the farmers at the mercy of organised big business retailers. The protests were long drawn and 30 odd farmers even lost their lives. The major reason for the protests was that the government did not consult with the stakeholders prior to making and enacting the laws. The Supreme Court ordered a stay on the laws in 2021 and constituted a committee to look into the farmers' objections.

The agriculture sector needs well-functioning markets to drive growth, employment and economic prosperity in rural areas of India. Appropriate regulatory and policy environment is necessary to attract private investment in the sector. Enabling policies need to be put in place to establish effective linkage between the farm production and the retail chain and food processing industries. Most importantly, the agricultural marketing sector has numerous stakeholders with far reaching consequences on livelihoods and any policy formation and implementation has to take into account their interests. Stakeholders need to be well informed and any further policy changes should involve comprehensive discussions with stakeholders.

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