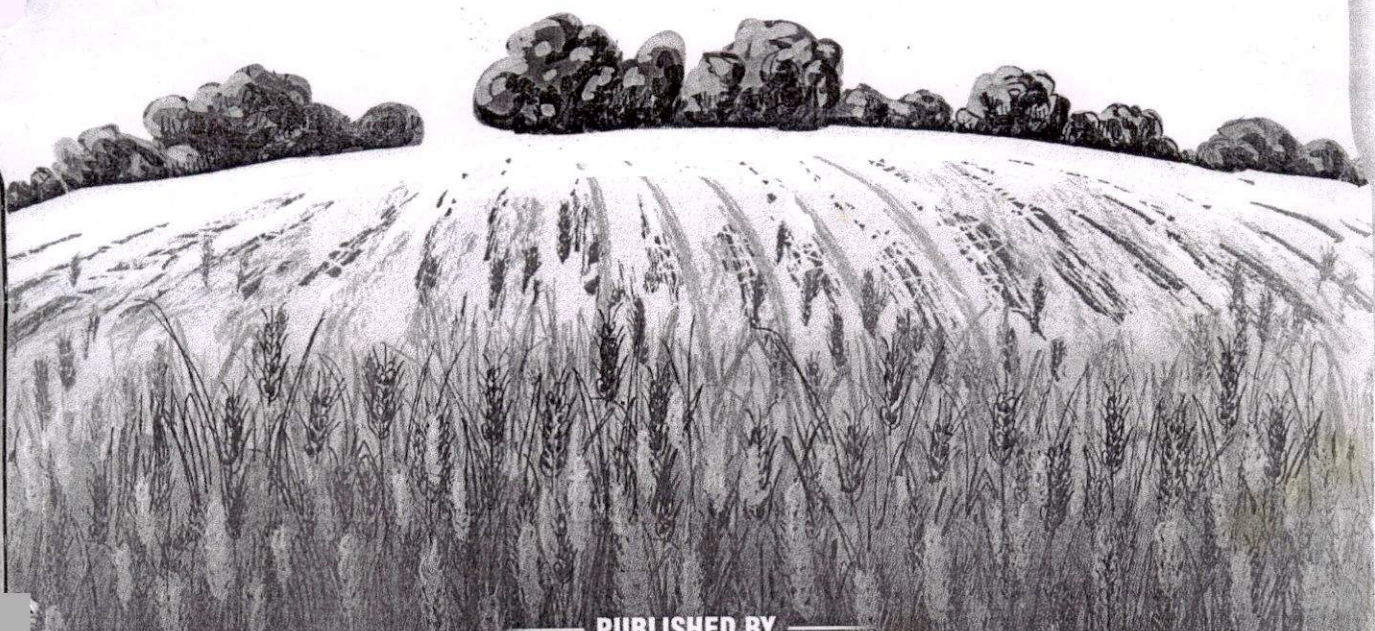


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AGRICULTURE MARKETING LAW

AN INCLUSIVE APPROACH TOWARDS AGRICULTURE

Editors - Dr. Ashwini Ingole & Dr. Sourabh Ubale



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**Marathwada Mitra Mandal's
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**Faculty Development Centre,
UGC-Human Resource Development Centre,
Savitribai Phule Pune University**



Jointly with



**The Faculty of Law,
University of Colombo,
Colombo (SRI LANKA)**

**Under the Pandit Madan Mohan Malviya National Mission on
Teachers & Teaching (PMMNMTT)**

AGRICULTURE MARKETING LAW:

**An inclusive approach towards
Agriculture**

~Edited by~

**Dr. Ashwini Ingole
Dr. Sourabh Ubale**

**(Assistant Professors,
Marathwada Mitra Mandal's
Shankarrao Chavan Law College, Pune, India)**

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April, 2022

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EDITORS' MESSAGE



Dr. Ashwini Ingole



Dr. Sourabh Ubale

Being established through an inspiration of socially and educationally charged personalities, we, Marathwada Mitra Mandal established in 1967 as the charitable trust, serves with a motto "Yethe Bahutanche Hit" (Welfare of Masses). At its various educational campuses, excellent facilities of education are provided to more than 12000 students pertaining to Architecture, Management, Law, Commerce, Pharmacy and Engineering etc. Recently Marathwada Mitra Mandal's four colleges are accredited with 'A' Grade by National Assessment and Accreditation Council (NAAC). Under the patronage of Marathwada Mitra Mandal, Shankarrao Chavan Law College was established in 2003 with the objective of nurturing future legal professionals and researchers with ideals and values required for playing constructive role to create a better world. The College is affiliated to Savitribai Phule Pune University, approved by Bar Council of India, recognized by Government of Maharashtra with an ISO Certification and accredited with 'A' Grade by NAAC. And thus stands as one of the premier law colleges in India. Our College has a motto 'Quality Legal Education for Masses'. Since inception our College has been encouraging the students to develop themselves into the legal professionals having legal knowledge, acumen and expertise suitable for dynamic and globalized legal industry. With this view, apart from academic excellence, we nurture the students with several co-curricular and extra-curricular activities. We host wide range of co-curricular activities such as Justice P.B. Sawant National Moot Court Competition, Late Shri Shankarrao Chavan Memorial State Level

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We are expressing our special thanks to Mr. S. D. Ganage (President, Marathwada Mitra Mandal), Mr. Kishor Mungale (Secretary, Marathwada Mitra Mandal), Dr. Kranti Deshmukh (Principal, Marathwada Mitra Mandal's Shankarrao Chavan Law College, Pune), Dr. Sanjeev Sonawane (Director, FDC, UGC-HRDC, SPPU, Pune), Dr. Sachin Surve (Coordinator, FDC, UGC-HRDC, SPPU, Pune), Dr. Sampath Punchihewa (Dean, The Faculty of Law, University of Colombo, SRI LANKA) & Dr. Wasantha Seneviratne (Head, The Department of Law, University of Colombo, SRI LANKA)

We are also grateful to our beloved students, Ms. Mugdha Satpute & Mr. Sahil Shrivastav without their technical assistance we would not have successfully completed the task of this edited book.

We extend our gratitude to faculties & administrative staff of Marathwada Mitra Mandal's Shankarrao Chavan Law College, Pune; Faculty Development Centre, UGC-Human Resource Development Centre, Savitribai Phule Pune University, Pune; The Faculty of Law, University of Colombo, Colombo, SRI LANKA

Finally, we are ever grateful to everyone who has become the part of our extended family of our institution for their prayerful blessings and moral support without which this work could not be a successful one.

29th April, 2022
Pune

Dr. Ashwini Ingole & Dr. Sourabh Ubale
(Editors)

Elocution Competition, PG Department of Law National Conference, etc. We also run various centers and cells such as Center for Advanced Legal Research & Training (CALRT), Family Counselling Center, Center for Academic Research, Publication & E-content in Law (CARPEL), Centre for Law, Public Policy & Governance (CLPPG), and Centre for Criminal Justice Administration (CCJA). College has also conducted International Conference in collaboration with University of Colombo, Sri Lanka & Universidad Peruana de Ciencias Aplicadas (UPC) Lima, Peru and International Webinars having speakers from India and Abroad.

The CARPEL is to endeavour new frontiers of knowledge by way of inculcating the skills of deep inquiry, scientific investigation, fact and solution finding mechanism with various experiments. Activities through CARPEL are helping in improving and discovering new challenges to our knowledge and to overcome all such contemporary challenges with futuristic approach. It works into three wings namely- Research, Publication and E-Content Development. Apart from the Student and Faculty Research activities on National & International Level, under its flagship, we publish an International Journal 'MARATHWADA MITRA MANDALS SCLC LAW REVIEW', a national journal 'MARATHWADA MITRA MANDALS SCLC NATIONAL JOURNAL OF CONTEMPORARY ISSUES', edited books and various compilations as study material. It is also developing electronic content in law in the form of Audio, Visual, Audio-visual, Video Lectures, electronic readable content, etc.

In the light of this, we are greatly honoured to have this publication of an edited book 'Agriculture Marketing Law: An Inclusive Approach Towards Agriculture' (ISBN 978-93-5445-915-3) in continuation of our research and academic work.

We extend our profuse thanks to all the contributors from distinguished institutions across the country and also extend our warm wishes to all the august readers.

29th April, 2022
Pune

Dr. Ashwini Ingole & Dr. Sourabh Ubale
(Editors)

Introducing the Authors...



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5. Dr. Anisa Shaikh as a research specialist writes for legal research article which are specially listed in Web of science, Scopus, UGC Care list, Google Scholar, SSRN. She has also contributed research work through writing chapters in edited books. She has been invited as resource person for lecture series on child rights. She was the convener for Women's Digital Literacy Programme for rural women funded by Maharashtra State Commission for Women. She is active participants in various International conferences, attended conferences like, 16 th ICC New York Conference on International Arbitration organized by International Chamber

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10. Dr. Pratapsinh Salunke is currently Associate Professor & Coordinator of School of Law, Christ (Deemed to be) University, Pune (Lawasa) Campus. He is having almost 15 years of teaching experience and published number of articles in International & National Journals. He is recipient of more than hundreds of awards in elocution and debates. He served in number of statutory committees of University including Syllabus Committee, selection committee, etc. He extensively writes to various newspapers and magazines.

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HISTORICAL PERSPECTIVE & CONCEPT OF AGRICULTURAL MARKETING LAW

Dr. Ashwini Ingole & Dr. Sourabh Ubale
Assistant Professors (Law), Marathwada Mitra Mandal's
Shankarrao Chavan Law College, Pune

Introduction

"The ultimate goal of farming is not the growing of crops, but the cultivation and perfection of human beings."

Masanobu Fukuoka, 'The One-Straw Revolution', 1975

The history of agriculture began thousands of years ago, after gathering wild grains beginning at least 105,000 years ago, nascent farmers began to plant them around 11,500 years ago. The Indian agriculture system began as early as 9000 BC. During this period techniques were developed for the settled mode of production in agriculture and wheat, barley and jujube were the popular crops that were domesticated in the subcontinent by 9000 BC. Agricultural marketing plays an important role not only in stimulating Production and consumption, but in accelerating the pace of economic development. It plays a dual role in economic development in countries whose resources are primarily agricultural. Due to Increasing demands for money 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.

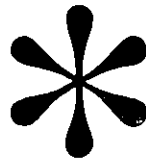
History & Development of the concept of Agricultural Marketing

The basic Agricultural need of human being fulfils by producing food. About a century ago, farmer used to produce food commodities mostly for self-consumption or for exchange with others (cash or kind) mostly in the same village or nearby places.

An Edited Book

Agriculture Marketing Law: An Inclusive Approach Towards Agriculture

1



They were primarily self-reliant. But, now production environment has changed considerably from self-reliance to commercialization. Due to Technological advancement in the form of high yielding varieties, use of fertilizers, insecticides, pesticides, and farm mechanization has led to a substantial increase in farm production and consequently the larger marketable and marketed surplus.

The most critical sector of the Indian economy is Agriculture. Growth and development of agriculture and allied sector directly affect well-being of people at large, rural prosperity and employment; and it forms an important resource base for a number of agro-based industries and agro-services.

Before independence, farmers were exploited by traders and middlemen, trapping them into selling their produce for low prices than the existing market rates. They were also victims of faulty weighing machines and wrong accounting. Moreover, they did not possess storage facilities making them unable to hold back their produce to sell at a better price in future. Henceforth, they were forced to sell their produce at whatever price which ultimately either led to losses or wastage of produce. Under such conditions, the state had to intervene in the agricultural market system to improve its efficiency.

Need of Agricultural Marketing

The Condition of Agricultural Marketing in India before regulation of markets, were miserable due to the following facts,

- Unauthorized deductions of marketing charges.
- Insufficient Markets
- Traders monopoly in deciding the place of sale, the time of Marketing etc.
- Despite market taxes, infrastructure in markets remained underdeveloped and not in tune with modern supply chains
- Entry as a licensed agent was restricted, discouraging competition and encouraging cartelisation
- No proper storage facility
- Lack of proper transportation facilities
- Fear of uncertain losses like fire, theft etc

Therefore due to the above-mentioned facts there arose a need for the regulation of markets. The British Rulers also felt the need for regulation of markets in India. The British rulers wanted to make available supplies of pure cotton at reasonable prices to the textile mills in Manchester (England). The first regulated cotton market act was established in 1886. This was followed by the Berar cotton and Grain market of 1897. Subsequently many acts were passed by the British Rulers in India.

Importance of agricultural Marketing

Agricultural Marketing is the most important multiplier of agricultural development. In the process of shifting from traditional agriculture to modern agriculture, agricultural marketing plays the most important role. The importance of agricultural marketing is revealed from the following;

- **Increment in Farm Income**

An efficient Agricultural Marketing system guarantees the farmers better prices for farm products and induces them to invest their surpluses in the purchase of modern inputs so that productivity and production may increase.

- **Broadening of Markets**

An efficient marketing system widens the market for the products by taking them to remote corners both within and outside the country. It helps in increasing the demand on a continuous basis, and thereby guarantees a higher income to the producer.

- **Development of Agro-based Industries**

An improved and efficient system of agricultural marketing helps in the growth of agro-based industries and stimulates the overall development process of the economy. Many industries for example cotton; sugar, edible oils, food processing and jute depend on agriculture for the supply of raw materials.

- **Price Signals**

An efficient marketing system helps the farmers in planning their production in accordance with the needs of the economy. It is possible through transmitting price signals.

- **Technology Augmentation**

The Efficient marketing system helps the farmers in the adoption of new scientific and technical knowledge. New technology requires higher investment and farmers would invest only if they are assured of market clearance at remunerative price.

- **Employment Generation**

The marketing system helps to provide the employment to millions of persons who are engaged in various activities, such as packaging, transportation, storage and processing. Persons like commission agents, brokers, traders, retailers, weigh men, hamals, packagers etc.

- **Increment in National Income**

Marketing activities add value to the product thereby increasing the nation's gross national product and net national product

- **Up gradation of Standard of Living**

The marketing system is essential for the success of the development programmes which are designed to uplift the population as a whole. The object of economic development is to diminishing the poverty of the agricultural population, reducing consumer food prices, earning more foreign exchange or eliminating economic waste has, therefore, for the better living it is important to pay special attention to the development of an efficient marketing for food and agricultural products.

Royal Commission on Agricultural Marketing

Before independence, the major concern of the Government policy related to agricultural marketing was to keep the prices of food for the consumers and agro-raw materials for the industry in check. But, after independence, the need to protect the interest of farmers and to provide them incentive prices to augment the production of

agricultural commodities was also felt. Recognizing the defects like losses to the farmers in terms of undue low prices, higher costs of marketing and considerable physical losses of the produce in the agricultural marketing system which the farmers had to face, the Government, with a view to establishing a mechanism to monitor the market conduct, introduced from time to time several mandatory regulations. An important landmark in the agricultural marketing scene in the country has been the recommendation of the Royal Commission on Agriculture, 1928 for regulation of marketing practices and establishment of regulated markets. The British Government took a good decision of appointing "A Royal Commission on Agriculture" for the development of agriculture.

Observation of Royal Commission

The Royal Commission on Agriculture had thoroughly examined the situation of agricultural marketing in India. The observations of the commission were as follows,

- The existing system of Agricultural Marketing did not meet the ideal system of Agricultural Marketing
- Selling of farm produce was effected at the village itself which lead to low returns to the farmers.
- Forced sales of farm produce were going on. This was because of the fact that the farmers used to sell their produce at what so ever the price they get in order to make payment of money-lenders and the merchants.
- Inadequate storage facilities of the farmers.
- Fear of loss due to either theft or fire.
- Low risk bearing capacity of the farmers.
- Unavailability of information on prices and trend in production of agricultural commodities.
- Existing mal practices at marketing centres / places such as a Heavy market fee, Extra heavy charges such as some funds towards yatra, construction of temple etc, Absence of grading and standardization of produce in the market, Absence of quick

transport, Absence of storage facilities, Strong association of traders and market functionaries etc.

Recommendation of Royal Commission

The Royal commission had thoroughly examined the situation of agricultural marketing in India. The commission had gone through the Bearer Cotton and Grain Market Law of 1897 and Bombay Cotton Market Act of 1927. The commission made some recommendations which are as follow,

- The Market committee, everywhere should, be under a single all-pervading provincial legislation.
- The municipalities and the District Board should be kept out of the management of these markets as several difficulties such as location; revenue etc. would arise if the management of these markets were left to the local Boards. Such difficulties were faced by the Market committees in the central province.
- The markets controlled by the local Boards should automatically cease to function as soon as RMs came into existence.
- The initial expenditure on Land and Building incurred for starting such markets should be met from a loan out of provincial revenue.
- Half of the members of the market committees should be from amongst the cultivators and the committees would also include an officer of the Agriculture Department to protect the interest of the growers.
- The licensed brokers should be prohibited to stand for election from grower's constituency.
- Provision should be made to empower the committee to elect its own chairman and vice-chairman.
- Provision should be made for a machinery to settle disputes in the form of panchayats or the Board of Arbitrators.
- The market committee should see that the members are well informed about the market conditions daily

- Adequate storage facilities in the market yards should be arranged.
- Standardization of weights and measures be done etc.

From the above recommendations the commission was quite alive to the problems of agricultural marketing in India and made many valuable suggestions for facilitating the proper growth of Regulated markets in India. Accepting the recommendations of the commission, the Government of India and the State Governments, set up organizations to look after the problems of the marketing of agricultural commodities. A number of states have enacted the regulated market acts thereafter. Therefore on the recommendation of the Royal Commission on Agriculture 1928, and the Central Banking Inquiry committee 1931, the central marketing department was established in India in 1935. The office of the Agricultural Marketing Adviser to the Govt, of India was established in Delhi on 1st January 1935. The main objectives were to suggest measures for making the marketing system more orderly and efficient for the sale of agricultural produce. Similar departments were established in various states.

Agricultural Produce Market Acts in India

In India agricultural markets are regulated by the states under the Agricultural Produce Marketing Committee (APMC) Act. Under the APMC Act, the states can establish agricultural markets, popularly known as mandis. The sale of agricultural commodities can occur only in the mandis through auction. The sales process in mandis is regulated through commission agents (CAs) who mediate between the farmers and traders. Over half of the farmers we interacted with (57%) are unhappy with the mandi system of sale. The reasons are exploitation by CAs, lower price realisation, lack of transparency in the trading process, collusion among traders, price cartelisation, delay in payments and low quality of mandi infrastructure. The delay in payments to the farmers ranges from three to fifty days. Instant payment is made only after deducting the interest on loans obtained by farmers from CAs. The payment delay forces the farmers to depend on borrowing from CAs, local money lenders and savings for their daily expenses.

Agricultural Produce Market Act in Maharashtra

After the recommendations of the Royal commission on Agriculture the state Governments in India took steps in establishing the Regulated Markets in their state.

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, providing no help to farmers in direct marketing, organizing retailing, a smooth raw material supply to agro-processing industries and adoption of innovative marketing system and technologies.

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. Worldwide Governments have recognized the importance of liberalized agriculture markets

In Maharashtra, with re-organisation of the states in 1956, the following Regulated Market Acts were in force in the respective regions of Maharashtra as listed below.

- Karanja Cotton-Hyderabad Residency Order of 1886.
- Berar Cotton and Grain Market Law of 1897.
- Hyderabad Agricultural Produce Market Act of 1930.
- Central Provinces Cotton Market Regulation Act of 1933.
- Central Provinces Agricultural Produce Market Act of 1935.

The above Acts were suitable. However, with the re-organisation of the states in 1956, more than one act became in operation simultaneously in different parts of the state. This has resulted into a need for a single but a comprehensive Act for the re-

organised state. The most and comprehensive act i.e. Maharashtra Agricultural Produce Marketing (Regulation) Act 1963 was passed. This Act came into force in Maharashtra right from the year 1964. Maharashtra has 305 APMCs, most of which are controlled by traders and politicians. The APMC Act mandates these markets must have facilities such as auction halls, warehouses, weigh bridges, shops for retailers, police station, post office, bore-wells, farmer amenity centres and soil-testing laboratory.

Object of APMC

The Maharashtra Agricultural Produce Marketing Act, 1963 was passed for the following purposes.

- 1] To regulate the marketing of Agricultural and certain other produce in market areas.
- 2] To confer powers upon market committees in connection with marketing operations.
- 3] To establish the market-fund for the purpose of marketing committee.
- 4] To prevent the exploitation of a farmer- seller by the traders during bidding the prices.
- 5] To make the marketing system most effective and efficient so as to safeguard the interest of farmers-sellers through proper weighing, marketing charges etc.

Conclusion

If agricultural markets are to be developed in private and cooperative sectors and to be provided a level competitive environment vis-à-vis regulated markets, the existing framework of State APMC Acts will have to undergo a change. 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.

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