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**National
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Rajasthan**

**A STUDY ON
AGRICULTURAL
MARKETING
SYSTEM IN
ODISHA**

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Foreword

Agricultural Marketing is the prime mover of the growth of the agriculture sector and market driven production is the order of the day. That being the benchmark, it can be fairly concluded that agricultural marketing system in the Eastern Part of the Country, especially Odisha, Assam and West Bengal is still reeling in its pre-regulatory demerits. This has had its cascading effect on the overall agriculture sector.

The focus of reforms in agricultural marketing now is all set on addressing the dysfunctional aspects of regulated marketing system. APMCs and APMC Act are perceived as deterrent for implementation of reforms. Then a question arises as to whether states like Odisha, West Bengal and Assam where APMC Act is loosely implemented are in a better position to take the benefits of the reforms. On the one hand, in these states there is no restriction on movement, and direct marketing of agriculture produce. Besides APMC markets, there are Municipality, Panchayat and Private Markets in the State. There is also no enforcement for compulsory trading only in an APMC Market Yard. Thus, there is free play of market forces in agricultural marketing. Accordingly, these states can always claim themselves to be reformed states in terms of parameters of the Model Act circulated by the Government of India. Then a second question arises as to whether these states which have not been able to take the benefits of regulated marketing system so far in terms of aggregation at the grass root level, price discovery through assembly of buyer and sellers at a single point can straightway take the benefits of reforms and absorb modern marketing instruments such as future markets, electronic spot marketing into the system.

This typical phenomenon characterizing the agricultural marketing scenario of the Eastern India attracted the attention of Committee of State Ministers In-charge, Agricultural Marketing which decided to commission a study for this through NIAM. Accordingly, the Ministry of Agriculture, Government of India asked NIAM to conduct a study for Odisha to understand the Marketing System, in the context of reforms. The study is mainly based on discussion with different stakeholders in different types of markets in the state- Municipality, RMC, Panchayat and Private. The study reveals that markets under different type of ownership prevailing in the State are not conducive to adoption of good marketing practices in the state. The study highlights the need for professional management of markets.

Dr.Purosotam Sharma, Asst. Director, NIAM was associated with the study.

It is expected that the implementation of the different recommendations of the study will go a long way towards putting in place responsive agricultural marketing system in the state of Orissa.

**Director General
National Institute of Agricultural Marketing**

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Abbreviations

OAPM	Orissa Agricultural Produce Markets Act
OSAMB	Orissa State Agricultural Marketing Board
DAM	Directorate of Agricultural Marketing
SHG	Self-Help Groups
RMC	Regulated Market Committee
ORMAS	Orissa Rural Development and Marketing Society
F&V	Fruits and Vegetables
GP	Gram Panchayat
GSDP	Gross State Domestic Product
NSDP	Net State Domestic Product
KCC	Kissan Credit Card
FIC	Farmer Identity Card
FCI	Food Corporation of India
PACS	Primary Agricultural Cooperative Society
NCMSL	National Collateral Management Services Limited
NSEL	National Spot Exchange Limited
KBK	Kalahandi Bolangir Koraput
NAC	Notified Area Committee
CCI	Cotton Corporation of India

Executive Summary

Agricultural marketing system in the State of Orissa is distinctly different from that of other states with fully functional regulated marketing system. It is observed that the ownership and functioning of the markets is not uniform with the physical markets being owned by different agencies such as RMCs, Municipalities, Panchayats and also purely private persons. Though the state has amended its Act, this is in form only, but not in substance, as the system is not fully under the control of the marketing setup of the state. Thus, as the APMR Act is loosely implemented in the state, the amendment of the Act on paper has not had any impact on the ground. Hence, it is felt that in order to enable the state to reap the benefits of the wave of reforms now flowing across the country, there is a need to implement the provisions of the state APMR Act in its true spirit.

The present study was assigned to National Institute of Agricultural Marketing, Jaipur to study the agricultural marketing system in Odisha in the perspective of the implementation of market regulation so far. For fulfilling the objectives of the study, both primary and secondary information on various parameters were collected. The study uses primary information collected through discussion with different stakeholders like farmers, traders, traders associations, village traders, RMC officials and different functionaries in markets under different modes of ownership and management. The available studies related to the objectives of the study and the OAPM Act and Rules were also referred.

Market Regulation Scheme in Odisha State came into force after the enactment of OAPM Act 1956 and the Rules made thereunder in 1958. There were only 15 Market Committees during 2nd FYP which have now gone up to 65. Market regulation in Orissa state came into force with the enactment of Orissa Agricultural Produce Markets Act, 1956 as per Govt. Notification No. 598 dated 06.02.1957. A set of rules to implement the aforesaid Act also framed as Orissa Agricultural Produce Markets Rules, 1958 vide Notification No 18221 dated 24.05.1958. The OAMP Act and the Rules have also been amended from time to time during the year 1974, 1975, 1984, 1996, 2005 and 2007.

Agricultural Marketing institutions in Odisha are OSAMB, Directorate of Agricultural Marketing and RMCs. There is a need to strengthen these bodies for ensuring professional management of the sector. .

Operation and management of markets: A peculiar situation prevails in the state of Orissa in terms of ownership and management of markets. The markets are under different modes of ownership like RMCs, Local Bodies like Municipalities and NAC, Gram Panchayats, and private persons/ associations. GP and Municipal markets managed either by Municipality itself or leased out to private persons. The leasees dominate the markets for providing space for farmers for selling their produce. The prevailing marketing system is grossly inefficient one, where farmers do not have access to market for selling their produce and are constrained to sell their produce to local traders at abysmally low prices. This dampens their zeal to produce. Consumers also have to pay higher prices for the commodities they purchase.

Market infrastructure: The infrastructure available at the RMC market yards, sub-yards and other markets are not subject to regular use, as there is no enforcement for the buyers

and sellers to assemble at the earmarked market yards. . The infrastructure situation is worse in case of markets under Gram Panchayats, municipal and other local body markets, and private markets. Majority of the haats do not even possess basic infrastructure required for trading of agricultural commodities.

System of sale in markets and price discovery: It was observed that the open auction system of sale is in practice for cotton, where procurement agencies and mills purchase cotton at RMC markets through open auction. Paddy is procured at MSP at RMC markets, PACS by procurement agencies. Open auction method of sale is not being followed in any of the markets operated and managed by local bodies (Municipality, NAC), Gram Panchayat and private markets.

In many of the markets due to lack of infrastructure and dedicated staff at market level for conducting open auction, this method of sale is non-existent, and hence, affecting the process of price discovery process. There should be proper infrastructure, and designated and trained staff appointed at the market level for effecting open auction of agricultural produce brought to the market yards.

Market functionaries: Different RMCs have granted license to traders, trader-cum-commission agents, warehouseman, brokers for livestock markets, etc.. Only 4-5 RMCs have issued licenses to weighmen. There are also many unlicensed village traders and commission agents operating in the marketing movement of agricultural produces. Majority of such traders operate at village level and in markets managed by GPs, local bodies and private markets, and RMCs do not have any control over these markets.

Market charges: The prescribed market charges are duly enforced in the RMC markets particularly for paddy and cotton procurement. But at other markets, farmers report that lessees of the markets and traders charges at higher rates and there are unauthorized deductions in the sense that a part of the farmers' produce brought to gthe market for sale by farmers is illegally taken away by the lessees.

Spot payment: Many **farmers** in different districts and markets complained about the late payment for their produce. Since traders do not operate in RMC markets and other markets are not under the control of RMCs, effective implementation of market regulations is not possible

Weighment: In majority of RMC markets weighing equipments are provided for proper weighing of agricultural produce brought for sale. But only in few of the markets licenses have been issued to the weighmen. Providing electronic weighing scales at the entry gate of the market manned with trained staff, free weighing of produce brought by farmers, will ensure correct weghment for the farmers' produce, a basic objective of regulated marketing.

Trade allowances: As per RMC Bye-Laws the trade allowances and deductions are prescribed. Trade allowances are being followed properly in case of RMC markets and paddy and cotton procurement. But in case of markets under GP and other local bodies, where markets are leased out on annual contract to private parties, these private persons are taking a part of produce on the top of the sitting fee from the sellers in the name of market charges which is illegal as per OAPM Act.

Market information & intelligence: Market committees provide information through notice boards of RMCs at the main market yards only and RMCs are also uploading price information onto AGMARKNET. Majority of farmers depends on their peers for access of information related to marketing of produce.

Direct marketing: Though provisions for contract farming and private markets have been made under the OAPM (Amendment) Act, 2005 but Act is silent on direct marketing. Direct marketing concept for Krushak Bazaars is by executive order of the Govt of Orissa. Under the Chief Minister's 12 point programme, 43 Krushak bazaars were established in the state. Presently 32 Krushak bazaars are functioning.

Contract farming: Contract farming in cotton was taken up over 14,000 hectares of land in the district of Rayagada, Kalahandi, Nuapada, Ganjam, Bolangir and Sonepur involving around 20,000 farmers. The issues in contract farming are ; most of the firms involved in contract arrangement with farmers have fixed agents to procure the produce from the farmers who often under-evaluate the quality of the harvest and the farmer ultimately gets lower price for his produce. Required infrastructure for assessing the grades and standards need to be put in place, so as to reduce disputes on account of quality and quantity standards.

The provision for making payment to a producer under contract farming by a sponsor is to be made within such period not exceeding three days after the purchase of the produce.

As per the Act disputes arising out of the Contract Farming agreement may be referred to Director for settlement and Director will decide the dispute. Under such provision, a farmer residing in village of remote district has to approach to Director in Bhubaneswar, in case of any dispute with the sponsor, which is very difficult and inconvenient. The provision should be made for dispute redressal by RMOs and the Director should be the appellate authority.

Private markets: As per amendment in Act, provision has been made for providing license for establishing a private market. Till date OSAMB has given license to National Spot Exchange for trading in Maize to operate in the whole state under the provisions of the Act. No other application has been received by the authorities for providing license for set up of private markets in the state.

There are several private markets operating in the state like Barabati in Jajpur RMC market area, Panichhatra market in Bargarh RMC area. As per legal provisions of OAPM Act and Rules, the private markets operating in the state without taking license are illegal entities. The authorities may initiate the process of issuing license to the associations managing these markets and insist on improving the infrastructure also.

As per the Act every license granted shall remain valid for a period of three years from the date of its issue and it may be renewed, from time to time, for a further period of one year on payment of such fee, in such manner and on fulfillment of such conditions as may be prescribed. License of very short duration is discouraging private sector to invest in the sector. This should for a period of at least 10 years.

Market Interventions in Odisha- An Ideal Approach for Replication

There are successful cases of organized marketing of agricultural produce by Self-Help Groups or farmers associations. ORMAS is doing it through capacity building of existing SHGs and by providing Mini- Dal- Processing units to master SHGs, by introducing organized marketing of pulses in KBK region. Similarly, in Angul district ORMAS has organized SHGs for fruits and vegetables marketing, tied up with Reliance Retail for direct procurement from SHGs. Collective marketing of agricultural produce introduced by MART is another successful model in the state. Marketing of watermelons by Watermelon Farmers Association in Dhenkanal district is also benefitting the farmers. These successful models from within the state may be replicated as an alternative marketing model for organized marketing of agricultural produce.

Problems faced by Farmers: The problems faced by farmers, as per the study, are: absence of organized marketing institutions and infrastructure, lack of daily RMC-owned wholesale markets, lack of access to market information, lack of storage space, lack of knowledge on proper marketing of produce, lack of institutional credit availability, non-receipt of immediate payment for produces sold, lower price realization, etc.

Traders and other stakeholders: The issues identified as per the discussion are; lack of proper wholesale market with required trading and other facilities even in cities with large population, lack of shops in markets, lack of infrastructure in the markets for auction (no price discovery), lack of storage space in markets, lack of banking facilities in markets, poor road connectivity with villages, lack of market information, lack of electricity in markets, lack of water supply in markets, inadequacy of cold storages, and non-availability of grading facilities.

Problems in implementing market regulation

The major problems in effective implementation of market regulation are; markets under different ownership and management governed by different Acts, absence of a permanent cadre of market secretaries and they being on deputation from department of cooperation from among cooperative inspectors lacking knowledge of agricultural marketing, absence of proper training of subordinates staff of RMCs, strong lobby of traders, market fees being collection at check gates, focus on checkgates rather than market management.

Suggestions for improvement in Agricultural Marketing System of Odisha

Status	Recommendation	Action Plan		Institution
		Short term	long term	
1 Effective market regulation				
Markets operating under multiple Acts like OAPM Act 1956, Orissa GP (Amendment) Act 1994 and Municipality Act. Management of markets should be under one umbrella.	To bring unregulated markets operating under various authorities and different Acts under a singular marketing regulation act.	1 RMCs to take over markets belonging to GP/ local bodies for effective management 2. Provide necessary infrastructure at these taken-over markets 3. Take control of illegal private markets or give them private market license and insist on them basic infrastructure in the yards.	1 Bringing markets under the ambit of OAPM Act 2 Take control of the illegal private markets	Housing and Urban Development Department and Panchayat raj department to empower OSAMB and RMCs to take over these markets.
2. Transfer of agricultural marketing from Co-operation to Agriculture Department				
Presently the functioning of agricultural marketing setup of the state is not matching with those of the Cooperation Department, Furthermore, agricultural marketing should be in tune with the overall agriculture and horticultural production scenario of the state.	To transfer the subject of agricultural marketing from Co-operation Department to Agriculture Department by changing the rules of business of the state.	1. Change the rule of business 2. Depute agriculture graduates from the Department as market secretaries before a permanent cadre of market secretaries is put in place	1. The OSAM Board to be staffed with professionals 2. The Directorate of Agricultural Marketing to be strengthened with posting of Additional Director and Joint Director and the Deputy Directors at district levels to act as field formations of the	1, The Directorate to have all the regulatory powers and the OSAM Board to be a developmental agency. 2. The district/ sub-divisional offices of Directorate of Agriculture to be the field formations of the Directorate of Agricultural

			Directorate .	Marketing
2. Replicating successful alternative marketing models				
To induce organised marketing of agricultural produce and strengthening farmer linkage to markets	Learn lessons from success cases within Odisha and replicate the models	<ol style="list-style-type: none"> 1. Select existing SHGs in the potential areas 2. Build capacity of the existing SHGs 3. Marketing of agricultural produce through SHGs/ farmers cooperatives 	Link SHGs/ farmers cooperatives to collection centres and further to wholesale markets	OSAMB and RMCs
3. Develop existing potential main market yards as daily wholesale markets				
Provide market access to farmers. Majority of the markets are weekly or bi-weekly with poor infrastructure availability.	Develop markets to operate on daily basis for grains and oilseeds other than paddy and for fruits and vegetables	<ol style="list-style-type: none"> 1. Prioritise the markets based on production and consumption base. 2. Provide requisite infrastructure for smooth trading and proper price discovery 3. Conduct open auction in wholesale markets by trained RMC staff 4. Link these markets to haats developed as collection centres 	<ol style="list-style-type: none"> 1. Arrange for electronic auction and trade recording 2. Develop better network of professionally managed markets 3. Explore PPP options for management of markets 	RMCs should have trained manpower for conducting open auction of produce
4. Abolish collection of market fee at check gates				
The market fee is being collected at check gates which should be abolished.	Arrange for collecting market fee at market yard only, having proper record keeping and making	<ol style="list-style-type: none"> 1 It should be made mandatory for RMC to collect market fee at market yards 2. Taking markets under GP/ Local bodies under 	<ol style="list-style-type: none"> 1 Bring all the markets under the professional management of RMCs 2. Increase the manpower of 	RMCs and OSAMB, incorporate necessary amendment in the Act, if required

	management more accountable and abolish the check gate system.	management of RMCs and provide requisite infrastructure, and collect market fee at these markets also.	RMCs for professional management of markets	
5.Ensuring equitable development of marketing infrastructure across the districts				
Presently, about 12 RMCs are getting about 90% of the market fees, the major source funds for the development in the sector and other 63 RMCs share only 10 % of the market fees amongst them for the development of the sector.	1.The statutory market fee rate is 1% of the value of the produce. The market fees rate on paddy is 2% and this is the major source of revenue for the sector.Hence th extra 1% of market fees on paddy should be directly credited to the “State Market Fund “ being maintained by the OSAM Board, which, in turn, will develop the marketing infrastructure throughout the state in a need-based manner.	1. Government to issue an executive order for this. 2.The civil supplies corporation to directly credit 50% of the funds(market fees) to OSAMB. Board		Department of Cooperation and OSAM Board
5. Strengthen RMCs				
RMC secretaries are taken on deputation from Department of Cooperation, though are well qualified, lack	The professional management of markets concept has to	1. Such RMC staff may be with Directorate of Agricultural Marketing under	The major function of RMCs should be to professionally	OSAMB

<p>knowledge of agriculture and agricultural marketing. There are frequent transfers from RMCs to parent department also hampers the understanding of these officers on Agricultural Marketing.</p>	<p>be started by recruiting qualified staff (post graduate in Agril. Econ./ Agri-business Management) as Senior Marketing Officers, M.O. and Assistant M.O. for managing different categories of markets.</p>	<p>common cadre under and be posted at different RMCs for management of markets.</p> <p>2. RMCs should have trained manpower for conducting auction in markets</p> <p>3. The superior officers of RMCs, such as accountants, market sarkars, market supervisors should be subjected to rotational transfer amongst RMCs.</p>	<p>manage the markets.</p>	
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6. Re-organise the OSAMB and Directorate of Agricultural Marketing

<p>OSAMB is poorly staffed and most of the officers are on deputation.</p>	<p>1.As the Collectors/ sub-collectors become chairmen of the RMCs, the Department Secretary should be the Chairmen of the OSAM Board. This will bring about better control of the RMCs by the Board.This also bring about discipline in the management of the sector. This</p>	<p>1. Amendment of the OAPM Act</p> <p>2.The system so suggested should concentrate on core activities of agricultural marketing. Hence, there is a need for defined structure which can accommodate existing permanent employees of these organizations. In executing this aspect, the recruitment rules</p>	<p>The Board should have different cells to address various issues such as market regulation, marketing extension, project formulation and execution, export promotion, information technology, and market research.</p>	<p>Department of Cooperation, OSAMB and Directorate of Agricultural Marketing.</p>
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	<p>is imperative for the sector, as it is a negeleced sector of the state.</p> <p>2.Both the Directorate and OSAMB need be strengthened with manpower with properly laid down job specification and job descriptions for better coordination in terms of development of organised marketing in the state.</p>	<p>for different levels of officers have got to be framed. There should be a separate cadre of officials under the administrative control by recruiting staff qualified for the purpose.</p>		
7. Amendment of RMC Bye-laws				
<p>Review of RMC bye-laws revealed that there are different marketing charges and market fees mentioned across RMCs</p>	<p>To bring uniformity in market charges and fees, it is required to amend the bye laws of RMCs as per the provisions of Act and Rules,</p>	<p>Include provisions for contract farming, direct marketing, licensing to private markets</p>		<p>RMCs</p>
8. Improving Access to Credit				
<p>Majority of farmers revealed that they are taking credit from local agents and hence, has to sale</p>	<p>Increase institutional credit availability to farmers for production and</p>	<p>Easy process of disbursing production and marketing credit to farmers who</p>		<p>Banks</p>

produce to them at lower prices. Thus, access to credit is one of the major problems faced by the farmers.	marketing purposes. Strengthening micro-credit through SHGs is better alternative	come in groups for marketing.		
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Chapter-1

INTRODUCTION

The importance of agricultural markets for India arises from the fact that farming households account for 60 per cent in rural areas and direct income from farming activities accounts for over 50 per cent of farm household incomes¹. Agricultural markets hold the key to this change process as they serve as the first point of contact between the farmers and the bulk traders (suppliers to both global and domestic wholesale and retail buyers). Agricultural markets also serve as the key platforms for providing benchmarks and indicators of prices to the various stakeholders in the supply chain for various commodities being transacted.

Above all, agricultural markets are the mirror of a nation's agriculture. The quantity and quality of foodstuffs available to the population at large is governed primarily by the arrivals of the various commodities into these markets. This has implications not only on the product attributes of cost and quality but also on the larger canvass of the relationship between the cropping pattern and the food plate of the consumer. Production of crops in tune with the market demand is need of the hour. Remunerative price is the major determinant of cropping pattern to get the tune with market demand. In the absence of this incentive, a situation of imports or scarcity may arise. Agriculture markets, hence, also serve as the places for creating awareness among the entire supply chain of the consumer's demands and force them to respond to the changes. The basic objective of setting up of a network of physical markets has been to ensure reasonable gains to farmers by creating an environment for fair play of supply and demand forces and to regulate the practices to ensure transparency.

Agricultural marketing system in Eastern and North-Eastern States is distinctly different from the other states in the country. It is observed that, the ownership structure and functioning of the markets in these states is heterogeneous. Hence, the argument put-forth by these states is that, it is rather difficult to implement the reforms process initiated by GOI in the absence of uniformity in the functioning of the markets. It is often argued that, implementation of the APMR act is not effective in these states. Hence, it is felt that, to

¹ NSSO (2005)

initiate the reforms process, first there is a need to implement APMR Act in the right spirit of its provisions and then initiate reforms process.

A series of meetings of Committee of State Agriculture Marketing Ministers taken place for discussing various issues in agricultural marketing. In one of such meeting held on 25th April, 2011, it was decided to ascertain the problems of agricultural marketing in the eastern and north eastern states. Hence, the present study was assigned to National Institute of Agricultural Marketing, Jaipur. The study is being proposed with the following specific objectives:

1. To study the status of agricultural marketing in Odisha
2. To study the ownership, operation and management of existing markets in Odisha
3. To study the problems in implementing the Agricultural Marketing Regulation Act in Odisha
4. To assess the needs for improving the agricultural Marketing system in Odisha

Chapter-2 Methodology

For fulfilling the objectives of the study, both primary and secondary information on various parameters were collected on the following aspects:

1. Details of Agricultural Produce Marketing Act implemented,
2. Detailed information on Markets and market yards, infrastructures at market yard, pattern of ownership of markets and their mode of functioning,
3. Information on alternative marketing systems such as contract farming, group marketing and other formats existing in the selected states
4. Information on problems in the implementation of provisions in the APMR act

The details of markets and APMR Act were collected from Directorate of Agricultural Marketing and Orissa State Agricultural Marketing Board. The markets have been grouped according to ownership and management and mode of functioning for the purpose of eliciting the information for the study.

Field visits were made to different markets for discussion with stakeholders

1. Municipality market, Bhubaneswar (Capital Market)
2. Aiginia Market (vegetable wholesale market developed by BMC managed by traders)
3. Unit-1 F&V Retail market, Bhubaneswar (Municipality market)
4. Borawati F&V Market, Uganda (Private market)
5. Shahpur Rural Haat (GP market)
6. RMC Rayagadda
7. RMC Jatni
8. RMC Baragarh
9. RMC Kantabanji
10. RMC Digapahandi
11. RMC Bahadajhola
12. Huma rural haat (GP market)
13. ORMAS, Bhubaneswar
14. Bhubaneswar Municipal Corporation, Bhubaneswar

Stakeholders like farmers, traders, traders associations, village traders, RMC officials were contacted by the researchers to enumerate the problems being faced by them have been discussed. Primary information was collected through stakeholder discussion in each selected market by organizing stakeholders meet. The problems in implementation of the provisions of APMR Act were assessed by discussion with officials of the

OSAMB, and RMC Secretaries. The available studies related to the objectives of the study and the OAPM Act and Rules were reviewed.

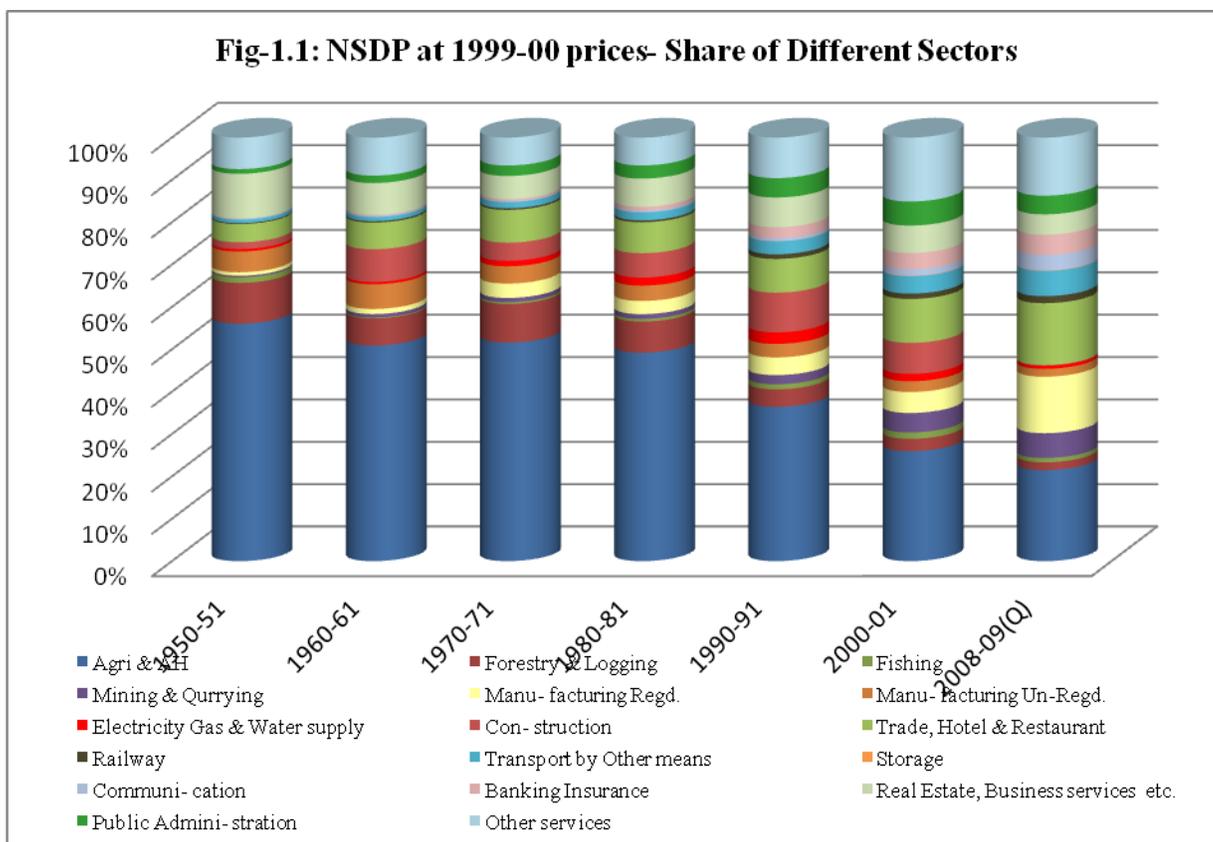
Chapter-3 **Agricultural Development in Odisha**

Orissa is located between 17° 31'N to 20° 31'N latitude and 81° 31'E to 87° 30'E longitude. It has a geographical area of 155.71 lakh hectares and a population of 3.68 crores as per 2001 census. Area wise, Orissa occupies 9th position in India. The total cultivated area of the state is 61.80 lakh hectares, of which 29.14 lakh ha is High land, 17.55 lakh ha Medium land and 15.11 lakh ha Low land. About 34% of cultivated area is irrigated & rest 66% is rainfed, exposed to the vagaries of the monsoon. So, the production of agricultural crops in the state much depends on occurrence of a favourable monsoon. Increase in agricultural production and farm productivity is essential for providing food security to the vast majority of the population and achieving any significant growth in the income levels of the people.

Odisha is an agrarian state with Agriculture and Animal Husbandry sector providing employment directly or indirectly to 60% of total work force as per 2001 Census². The share of agriculture in NSDP was 61% during 1950-51 which has decreased to 21.21% during 2008-09 at 1999-2000 prices. Manufacturing sector registered a significant increase in terms of share in NSDP from 0.9% in 1950-51 to 13.2% in 2008-09. The share of Gross State Domestic Product (GSDP) from Agriculture and Animal Husbandry during 2008-09 at constant price (1999-2000) is 17.12%. Evidently, Agriculture plays a critical role in the economy of the state and livelihood of majority of its populace.

The natural resources endowment of the State is eminently suitable for a wide variety of foodgrains, cash crops and horticultural crops and offers immense scope for agricultural growth. The climate of the State is tropical, characterized by high temperature, high humidity, medium to high rainfall and mild winters. The normal rainfall is 1482.2 mm distributed over 72 rainy days. The South-West monsoon contributes about 81-83% of the annual rainfall in 53-57 days during June-September. The mean annual temperature of the State is 26.89° C with mean annual maximum of 32.56° C with a mean annual minimum of 21.30°C.

² Economic Survey 2009-10, Govt. of Orissa,



3.1 Agriculture Setting in Odisha

Agro-Climatic Regions

The Agro-climatic zones of Orissa with types of climate mean annual rainfall are given in table-. These agro-climatic zones come within three geographical regions namely Northern Orissa Highland, Southern Orissa Highland and Mahanadi Delta, which stretches from river Subarnarekha in North to Chilika lake in South.

Table-3.1: Agro-climatic Zones of Odisha

S.No.	Agro-climatic zone	Name of the Climate Districts	Annual Crops Grown	Rainfall (mm)	
1	North-Western Plateau	Sundargarh, Deogarh	Hot & Moist	1648	Rice, Wheat, Green gram, Black gram, Arhar, Horse gram, Groundnut, Mustard, Potato, Sweet Potato, Vegetables, Mango, Banana, Citrus, Litchi, Guava and Papaya
2	North Central Plateau	Mayurbhanj, Keonjhar	Hot & Moist	1535	Rice, Wheat, Maize, Arhar, Greengram, Blackgram, Horsegram, Groundnut, Linseed, Mustard,

					Mesta, Niger, Sweet Potato, Potato, Chilli, Turmeric, Ginger, Vegetables, Mango, Banana, Citrus, Pineapple, Sapota
3	North Eastern Coastal Plain	Balasore, Bhadrak, Jajpur	Hot & Moist sub-humid	1568	Rice, Greengram, Blackgram, mustard, groundnut, Jute, sweet potato, potato, Chilli, vegetables, Mango, Banana, Papaya, Guava, Coconut
4	East and South Eastern Coastal Plain	Cuttack, Jagatsingpur, Kendrapada, Puri, Khurdha, Nayagarh	Hot & humid	1449	Rice, Maize, greengram, Blackgram, Jute, Groundnut, Mustard, Sesamum, Horsegram, vegetables, Potato, Sugarcane, Chilli, Mango, Banana, Coconut, Guava, Citrus, Cashew
5	North Eastern Ghat	Ganjam, Gajapati, Rayagada, Phulbani	Hot & Moist sub-humid	1597	Rice, Maize, jowar, Ragi, Sugarcane, Horsegram, Greengram, Cotton, Blackgram, Mustard, Niger, Groundnut, Turmeric, Mesta, Sweetpotato, Chilli, Ginger, Vegetables, Mango, Jackfruit, Citrus, Pineapple, Sapota, Coconut
6	Eastern Ghat High Land	Koraput, Nowragpur	Warm & humid	1522	Rice, Maize, Ragi, Jawar, small millets, Horsegram, Castor, Arhar, Gram, Groundnut, Mustard, Cotton, Mesta, Turmeric, Ginger, Sweetpotato, vegetables, Mango, Jackfruit, Guava, Ber, Cashew.
7	South Eastern Ghat	Malkangiri	Warm & humid	1522	Rice, Maize, Ragi, Horsegram, Wheat, Blackgram, Greengram, Groundnut, Niger, Sesqmum, Mesta, Sweetpotato, Pea, Chilli, Vegetables, Ginger, Mango, Banana, Guava, Ber, Pineapple, Cashew.
8	Western Undulating Zone	Kalahandi, Nuapada	Warm & moist	1527	Rice, Maize, Wheat, Jawar, Arhar, Greengram, Blackgram, Horsegram, Gram, Groundnut, Mustard, Cotton, Sugarcane, vegetables, Lathyrus, Onion, Mango, Papaya, Guava,

9	Western Central Table Land	Bolangir, Sonapur, Boudh, Sambalpur, Baragarh, Jharsuguda	Hot & moist	1527	Banana, Rice, Wheat, Arhar, Greengram, Blackgram, Horsegram, Gram, Groundnut, Mustard, Mesta, Sugarcane, Chilli, Potato, vegetables, Mango, Bnana, Guava, Ber, Cashew.
10	Mid Central Table Land	Dhenkanal, Angul	Hot & dry sub-humid	1421	Rice, Maize, Greengram, Blackgram, Arhar, Seesamum, Groundnut, Mustard, Onion, Vegetables, Sugarcane, chilli, Mango, Litchi, Citrus, Guava, Sapota, Pineapple.

Source: Directorate of Agriculture, Odisha

Land holding

The per capita availability of cultivated land was 0.39 hectares in 1950-51, which has declined to 0.13 hectares in 2007-08. The average farm size in Orissa is very small and it has still gone down in recent years. During 2000-01 there were 40.67 lakh operational holdings in the state out of which marginal and small holdings account for 83.8%, medium 15.9% and large, less than 1%. The average size of holding is only 1.25 ha. The size of operational holdings along with wide spread poverty pose a big problem in agricultural growth of the State.

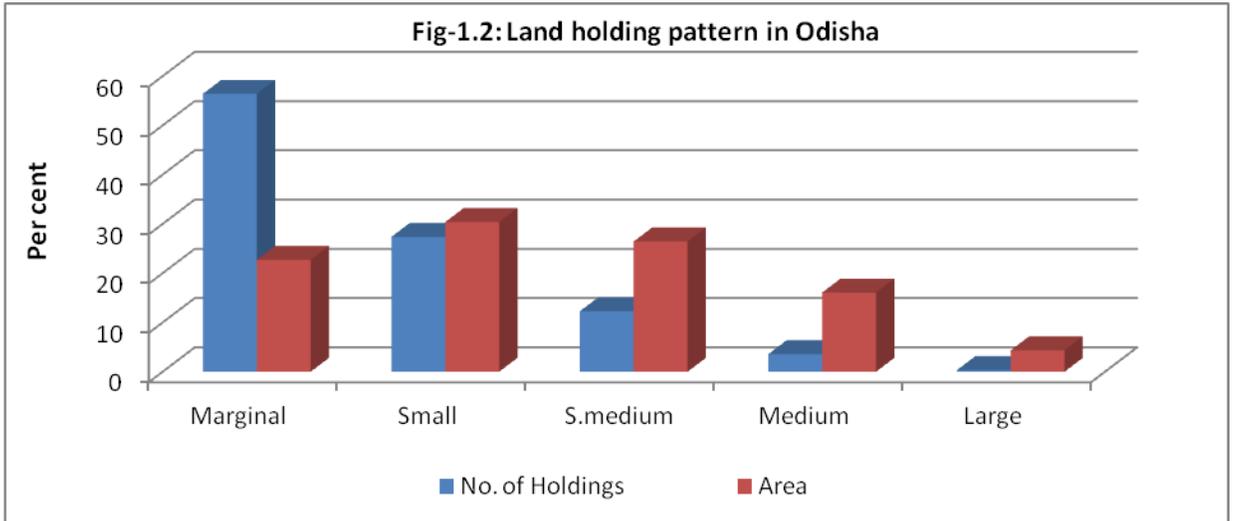
Table-3.2: Operational holdings in Orissa

Category of Farmers	No. of Holdings		Area	
	(Lakh nos.)	Percentage	(lakh ha.)	Percentage
Marginal (< 1.0 ha.)	22.95	56.43	11.55	22.73
Small (1-2 ha.)	11.14	27.39	15.44	30.39
Semi-medium(2-4 ha)	5.00	12.29	13.44	26.45
Medium (4-10 ha.)	1.45	3.57	8.17	16.08
Large (>10 ha.)	0.13	0.32	2.21	4.35
Total	40.67		50.81	

Source: Directorate of Agriculture, Odisha

In the present agricultural scenario, the small and marginal farmers, constituting more than 50% of the farmers, either own or rent a piece of land for cultivation. Because of the endemic poverty, they generally cultivate their crops with little inputs and hence crop productivity is low. In this backdrop, besides enhancing their production capacity, increase in productivity per unit land area and cropping intensity, and providing proper

marketing avenues for marketing of their output hold the key to agricultural development.



3.2 Crop coverage & crop production

(a) Food grains

Kharif is the main cropping season and rice is the principal crop during Kharif season. Cropping during Rabi season is mainly confined to irrigated areas and areas with residual moisture (i.e. rainfall during last part of October). Other important crops produced in the State are Pulses (Arhar, Mung, Biri, Kulthi), Oilseeds (Groundnut, Til, Mustard and Niger), Fibres (Jute, Mesta, Cotton), Sugarcane, Vegetables and Spices, Mango, Banana, Coconut & Cashew Nut are the main Horticultural crops of the State. If there is a good rainfall during last part of October, the coverage under pulse crops & production are higher. Odisha is one of the largest producer of vegetables in the country.

Paddy is the major crop and comprises of more than 75% of the cropped area in the state followed by pulses with about 11% of cropped area. Oilseeds accounts for nearly 6% of the cropped area and other cash crops are quite less with only 3 per cent of acreage. The area and production of food grains in Odisha are presented in table-3.3.

Area under cereals has marginally increased whereas area under pulses recorded five-fold increase in the last sixty years. Production of cereals increased by about four times in the state, while increase in pulses production in accordance with the growth in area.

Table-3.3: Area and Production of Foodgrains in Odisha

Year	Area (in lakh ha.)			Production (in lakh MT)		
	Cereals	Pulses	Total	Cereals	Pulses	Total
1950-51	40.16	4.00	44.16	21.00	2.00	24.00
1960-61	39.53	4.94	44.47	38.10	2.19	40.29
1970-71	48.95	8.45	57.41	4.96	4.67	48.63
1980-81	51.83	17.26	69.09	50.91	8.86	59.77
1990-91	49.58	21.31	70.89	58.57	11.75	70.31
2000-01	48.73	13.90	62.63	50.31	5.07	55.35
2006-07	48.88	19.51	68.40	74.31	8.66	82.98
2007-08	49.03	19.81	68.84	83.47	9.08	92.54
2008-09	49.11	20.00	69.11	76.40	9.94	86.34

Source: Directorate of Agriculture, Odisha

RICE

Rice is the principal food crop in the State occupying about 44.55 lakh ha annually (41.24 lakh ha. during Kharif season and 3.31 lakh ha. during Rabi). The Kharif Paddy area consists of 10.43 lakh ha of high land 15.99 lakh ha of medium land and 14.82 lakh ha of low land. More than 80% of food grain production in Orissa is accounted by rice. About 4.45 million Ha of area is being cultivated for rice in both kharif & rabi season. But major proportion is allocated in (4.1 million ha). Rice production declined from 76.55 lakh MT in 2007-08 to 69.16 Lakh MT in 2008-2009 (table-3.4). In Kharif season rice is being cultivated mostly in rain fed condition. The entire area under rice during Rabi season is irrigated & covered by HY Paddy, whereas about 36% of area under rice is covered under irrigation. The yield rate of rice is 1.6 tonnes/ha as against national average of 2.2 tonnes/ha.

Table-3.4: Area and Production of Rice in Odisha

Year	Area (in lakh ha.)			Production (in lakh MT)			Rice as % of Foodgrains	
	Kharif	Rabi	Total	Kharif	Rabi	Total	Area	Production
1950-51	38.5	0.1	38.6	20	0.1	20.1	87.32	83.58
1960-61	37.7	0.3	38.0	37.2	0.2	37.4	85.41	92.90

1970-71	43.3	1.4	44.7	39.1	1.9	41.0	77.88	84.31
1980-81	40.2	1.7	41.9	40.3	2.7	43.0	60.66	71.96
1990-91	41.9	2.1	44.0	48.4	4.3	52.7	62.12	75.02
2000-01	42.3	2.0	44.3	41.7	4.4	46.1	70.80	83.41
2006-07	41.36	3.14	44.50	61.96	7.32	69.28	65.06	83.49
2007-08	41.18	3.34	44.52	68.26	8.29	76.55	64.67	82.72
2008-09	41.24	3.31	44.55	60.92	8.24	69.16	64.45	80.10

Source: Directorate of Agriculture, Odisha

Growth in area under paddy is not so promising whereas, total production of rice has increased by more than three times in the state from 1950-51 to 2008-09. Growth in production of rabi rice is higher compared to Kharif rice. The share of paddy in total area under foodgrains was about 87 per cent during 1950's which has reduced to about 65 per cent. The proportion of rice in total production of foodgrains is stagnating at about 80 per cent.

Other cereals

Maize and Ragi are the important coarse cereals in Odisha. Jowar, Bajra & Small millets are also grown in the state to a lesser extent. These crops are mostly grown in tribal districts during Kharif in un-irrigated uplands with poor management practices and more as subsistence crop. The area under Ragi crop is under declining trend due to diversion to cotton, vegetables & pulses.

Table-3.5: Area, Production and yield of Maize and Ragi in Odisha

Year	Ragi			Maize		
	Area (Lakh Ha)	Production (Lakh MT)	Yield (kg/ha)	Area (Lakh Ha)	Production (Lakh MT)	Yield (kg/ha)
1950-51	1.21	0.28	235	0.23	0.09	390
1960-61	0.67	0.29	431	0.22	0.09	417
1970-71	1.56	1.41	901	0.72	0.59	821
1980-81	3.36	2.65	786	1.81	1.75	964
1990-91	2.46	2.54	1023	1.67	2.07	1238
2000-01	1.89	1.52	801	1.76	2.17	1235
2006-07	1.90	1.44	760	1.99	3.19	1602
2007-08	1.87	1.65	883	2.15	4.82	2245
2008-09	1.83	1.64	896	2.24	5.1	2291

Source: Directorate of Agriculture, Odisha

Pulses

Major pulses grown in Orissa are Green Gram, Black Gram, Pigeon Pea & Horse Gram. Pulses are grown mainly during Kharif season in upland area of inland Orissa and in rabi season in coastal Orissa. In coastal region crop is grown under residual soil moisture after paddy harvest. Pulses acreage is fluctuating and productivity is also not encouraging. This is basically due to absence of high yielding varieties in green gram, arhar and black gram. Mung & biri are also grown as third crop in summer under irrigated condition. Post monsoon rains, mostly govern the Rabi acreage of pulses in rice fallows. The area, production & productivity of pulses crops of last few years is depicted in table 3.6 below.

Table-3.6: Area and Production of Pulses in Odisha

Year	Area (in lakh ha.)			Production (in lakh MT)		
	Kharif	Rabi	Total	Kharif	Rabi	Total
1970-71	1.7	6.7	8.4	1.0	3.6	4.6
1980-81	3.2	14.1	17.3	1.6	7.3	8.9
1990-91	6.7	14.6	21.3	4.1	7.6	11.7
2000-01	5.4	8.5	13.9	2.3	2.8	5.1
2006-07	7.1	12.4	19.50	3.4	5.2	8.6
2007-08	7.2	12.6	19.8	3.6	5.5	9.1
2008-09	7.4	12.6	20.0	3.9	6.0	9.9

Source: Directorate of Agriculture, Odisha

(b) Oilseeds

Groundnut, sesamum, castor, mustard, niger, sunflower, safflower, soybean, linseed are the oilseed crops grown in Odisha. Of these, groundnuts, sesamum, mustard and niger are the major crops among oilseed crops. In recent years sunflower cultivation is gaining ground with efforts from both govt. and private players. These crops are grown in upland during Kharif season and in river beds & rice fallows during Rabi season. The area, production and productivity of oilseeds in Odisha are depicted on table 3.7.

Table-3.7: Area and Production of Oilseeds in Odisha

Year	Area (in lakh ha.)			Production (in lakh MT)		
	Kharif	Rabi	Total	Kharif	Rabi	Total
1970-71	1.3	2.0	3.3	1.0	1.2	2.2

1980-81	2.0	5.3	7.3	1.5	3.4	4.9
1990-91	5.5	6.0	11.5	4.2	5.3	9.5
2000-01	3.8	3.2	7.0	1.7	2.0	3.7
2006-07	4.4	4.0	8.40	2.1	3.9	6
2007-08	4.3	4.1	8.4	2.6	4.2	6.8
2008-09	4.2	4.1	8.3	2.7	4.3	7.0

Source: Directorate of Agriculture, Odisha

Acreage under oilseeds has been fairly constant hovering around 8.5 Lakh ha. But the fluctuating trend in production and productivity has largely settled down to an increasing trend 2002-03 onwards, in spite of aberrant weather conditions taking its toll.

(c) Jute & Mesta

Among the fiber crops Jute and mesta are the most important crops. Jute is mainly cultivated in the coastal districts of Balasore, Cuttack and Anandpur subdivision of Keonjhar. Mesta is mostly grown in the districts of Ganjam, Mayurbhanj, Keonjhar and Koraput. The area, production and productivity of jute and mesta are given in table-3.8.

Table-3.8: Area, production and yield of Jute and Mesta in Odisha

Year	Jute			Mesta		
	A ('000 Ha)	P ('000 bales)	Y (kg/ha)	A ('000 Ha)	P ('000 bales)	Y (kg/ha)
1960-61	40	264	1180	8	40	889
1970-71	44	328	1348	28	152	959
1980-81	44	310	1275	42	209	897
1990-91	36	472	2372	34	223	1189
2000-01	14	107	1386	24	103	773
2006-07	12	115	1741	22	95	783
2007-08	13	126	1769	22	101	826
2008-09	11	105	1799	20	95	847

Source: Directorate of Agriculture, Odisha

The area under jute and mesta is shrinking fast, mainly due to invasion of polythene and synthetic fibers as a cheaper and convenient substitute in addition to the inadequate marketing support. Besides, the crops being grown rain-fed suffer on account of erratic monsoon.

(d) Cotton

Cotton is mainly grown in KBK districts (undivided Koraput, Kalahandi, Bolangir) and Ganjam. This crop is gaining more importance in the State. The area and production of Cotton in Odisha is presented in table 3.9. It is revealed from the table that, there is significant growth in area, production and productivity of cotton in Odisha. The area under cotton in the state registered five-fold increase and the production has increased by more than 140 times due mainly to the increase in the productivity of cotton in the state.

Table-3.9: Area and production of Cotton in Odisha

Year	Area ('000 ha)	Production ('000 bales)	Yield (Lint) (in kgs/ha)
1950-51	10	2	33
1960-61	8	2	51
1970-71	0.3	0.5	295
1980-81	4	4	170
1990-91	6	8	215
2000-01	39	65	283
2006-07	60	108	307
2007-08	50	125	423
2008-09	57.92	146.56	430

Source: Directorate of Agriculture, Odisha

3.3 HORTICULTURE

Horticulture provides excellent opportunity to raise the income of farmers even in dry tracks. Odisha is bestowed with variety of agro-climatic conditions favourable for the development of horticultural crops. The agro-climate of Orissa state is very favourable for different long and short duration fruits. Under long duration fruits Coconut, Cashewnut, Mango, Sapota, Jackfruit, Orange, K. Lime, Litchi are most important crops. Similarly, fruits like Banana, Papaya and Pineapple are the prominent short duration fruit crops. The distribution of these crops in different parts of Orissa is based on specific agro-climatic requirement of the crop.

Varied agro climatic conditions of Orissa are suitable for variety of fruit, vegetable, spice & flower crops. Comparatively cooler hilly tracts of KBK districts, Phulbani & Keonjhar districts give ample opportunity for off season vegetable production. As such Orissa is a major horticultural growing state in India. Fruit crops were grown in 2.88 lakh ha of area in 2005-2006 out of which mango was maximum (1.25 lakh ha). Coconut, banana, pineapple, citrus are other important fruit crops. Vegetable Crops like Okra, brinjal,

tomato, cabbage, cauliflower are grown all over the state. Floriculture is being popularized by Govt. of Orissa by giving incentives to cultivate important flowers like rose, marigold, gladioli, tube rose etc. However it might not be feasible to scale up the floriculture production, as export marketing would be not so feasible affair from Orissa. Important spice crops are Ginger, Turmeric, Garlic, Onion & coriander. Major districts of spice production are Phulbani, Anugul & Kalahandi districts.

Table-3.10: Area and production of horticultural crops in Odisha vis-à-vis India (2008-09)

Crop		Odisha	% share	India
Fruits	Area	302.09	4.77	6329.238
	Production	1845.13	2.58	71515.52
Vegetables	Area	694.22	8.69	7984.76
	Production	8963.60	6.70	133737.6
Flowers	Area	7.11	3.89	182.869
	P (loose)	25.29	2.48	1020.57
	P (Cut)	5356.00	8.03	66671.36
Spices	Area	146.72	5.96	2463.73
	Production	198.22	4.94	4015.95
Total Horti	Area	1346.07	6.45	20875.7
	Production	11306.89	5.07	223089

Source: Indian Horticulture Database 2010, NHB.

Coconut: Orissa enjoys 450 kms. of coastal belt most suitable for Coconut plantation. This traditional area is predominant of tall varieties of coconut which thrive for more than 100 years and start fruiting from 4th to 8th year depending on its maintenance. Under non-traditional areas, the basin of river Bainsadhara in Rayagada and some valleys in different inland districts are found to be suitable for the crops. The productivity of such plants are comparatively less than the crops in traditional areas. Currently coverage under coconut is 42,143 hectares with average annual production of 33 nuts per palm. Coconut is considered as the cash crop of more than 10 lakh people residing in the coastal belt.

Fruits: Mango, Banana, citrus fruits, guava, sapota, litchi, pomegranate, and pineapple are the major fruits cultivated in the state. The state accounts for about 4.77 per cent of the total area under fruits and contributes to 2.58 per cent of total fruits production (table-3.11).

Table-3.11: Area and Production of Fruits in Odisha

Crops		Orissa	% share of Orissa	India
Banana	Area	24.66	3.20	770.27
	Production	400.36	1.51	26469.50
Citrus	Area	27.41	2.78	987.30
	Production	258.80	2.69	9637.96
Guava	Area	14.12	6.43	219.65
	Production	100.02	3.89	2571.51
Litchi	Area	4.33	5.83	74.35
	Production	17.14	3.55	483.32
Mango	Area	177.63	7.68	2312.30
	Production	577.48	3.84	15026.69
Papaya	Area	2.09	2.18	95.68
	Production	45.73	1.17	3913.48
Pineapple	Area	0.73	0.79	91.92
	Production	8.39	0.60	1386.80
Pomegranate	Area	0.21	0.17	124.97
	Production	0.82	0.10	820.33
Sapota	Area	3.34	2.10	158.89
	Production	16.58	1.23	1346.60
Others	Area	47.58	4.31	1104.56
	Production	419.82	5.83	7201.37
Total Fruits	Area	302.09	4.77	6329.24
	Production	1845.13	2.58	71515.52

Source: Indian Horticulture Database 2010, NHB.

Vegetables: Orissa ranks 4th position as far as production of vegetable is concerned in National level. The per capita consumption of vegetables in the state is highest in the country. There is potentiality for growing all types of tropical, sub-tropical and temperate vegetable. Sub-tropical and temperate vegetable like Tomato, Capsicum, Cabbage, Cauliflower, Knolkhol, Carrot, Beat, Pea, Beans, Potato are confined to winter season. Other tropical vegetables like Brinjal, Bhendi, Cucumber, Watermelon, Gourds are grown through the year. Some parts of Koraput, Keonjhar, Gajapati and Khandamal districts are growing above sub-tropical vegetables during summer and monsoon as off season vegetables. Several vegetables are also grown in riverbeds where the water flow

and depth of water level is congenial during winter and summer months. Potatoes, watermelon, Onion, Gourd are important vegetables for riverbed cultivation. The total area under vegetable cultivation during different season is indicated below:

Table-3.12: Area and Production of Vegetables in Odisha

STATE/UTs		Orrisa	% share of Orissa	Total
Brinjal	Area	132.41	21.62	612.40
	Production	2135.22	20.21	10563.04
Cabbage	Area	35.81	10.82	330.97
	Production	999.94	13.73	7281.42
C.Flower	Area	46.52	13.37	347.86
	Production	675.39	10.28	6568.99
Okra	Area	73.93	16.34	452.48
	Production	651.81	13.57	4803.25
Peas	Area	5.08	1.39	364.93
	Production	45.19	1.49	3029.37
Tomato	Area	102.93	16.22	634.39
	Production	1394.69	11.22	12433.19
Onion	Area	32.09	4.24	756.18
	Production	298.80	2.46	12158.82
Potato	Area	13.14	0.72	1835.29
	Production	178.84	0.49	36577.30
S.Potato	Area	50.46	42.45	118.87
	Production	438.82	40.09	1094.70
Others	Area	201.86	8.78	2299.53
	Production	2144.91	6.88	31167.63
Total	Area	694.23	8.69	7984.76
	Production	8963.60	6.70	133737.55

Source: Indian Horticulture Database 2010, NHB.

Spices: Turmeric, Ginger are two most important spices crops grown in the state, specifically by the tribals. Turmeric is a cash crop grown by Kondha types of Kandhamal district and Langi Kondha of Gajapati district. The crop is grown with organic manures without any chemical fertilisers by the tribals by their indigenous methods of crop production. It has now attracted the attention of foreign markets. The production of these crops is being increased by integrating indigenous and modern technology. Improved varieties like Roma, Surama, Lacdone, ranga, rasmi are being introduced and the produces are hygienically processed by adopting improved

technology. The state is surplus in turmeric production. The total area under this crop is 26,800 ha. with production of 64,320 MT.

Floriculture: The state has entered in to the commercial cultivation of flowers very recently to meet its domestic market demands. Odisha's soil and climatic conditions are suitable for successful cultivation of flowers like rose, tuberose, marigold and gladiolus. Demand for flowers is also growing rapidly in the State. Though floriculture in the State is in infant stage, an increasing trend in cultivation of flowers is marked. Marigold, Tuberose, Gladiolus, Jasmine, Chrysanthemum. Lotus and Chhampa are important flowers grown throughout the State, specifically around the townships. The state still depends largely on neighboring states as far as its demand is concerned. Kewda flowers mostly collected from Ganjam district are very famous for extraction of essential oil. The state gets more than Rs.5.00 crores out of this crop annually from 3-4 blocks of Ganjam district.

Chapter- 4

AGRICULTURAL MARKETING SYSTEM IN ODISHA

An efficient agricultural marketing system is imperative for development of agriculture sector of the state. In the context of global integration of markets, the importance of a market driven agricultural ecosystem is of significant importance. The Royal commission on Agriculture (1928) commented at length on the defects prevailing in the agricultural marketing sector and recommended that these can only be removed by the establishment of such markets that would confer immense scope for the cultivating classes in India. Accordingly, most of the States took steps for enactment of their Agricultural produce Marketing and Regulation Acts.

Market Regulation Scheme in our State came into force after the enactment of Orissa Agril. Produce Markets Act 1956 and the Rules made thereunder in 1958. There were only 15 Market Committees during 2nd FYP which have now gone up to 65. A separate Directorate of Agricultural Marketing was established in 1996.

Orissa State Agricultural Marketing Board is the apex Agricultural Marketing Institution in the state responsible for creation of marketing infrastructure, and for exercising supervision and control over the Regulated Market Committees of the state. It was established in the year 1984 under the amended provisions of the Orissa Agricultural Produce Markets Act, 1956 (OAPM). The OSAM Board functions under the Chairmanship of the Minister, Cooperation.

The OSAM Board receives funds from different sources like central assistance under the work plan and the RLTAAP for establishment of new Market Yards, Krushak Bazaars and for development of existing market yards in the RMCs. The OSAM Board undertakes massive extension activities like organizing farmers' awareness campaigns and exhibitions to educate the farmers on their rights and the marketing facilities available for them.

4.1 Establishment of Regulated Market Committees (RMCs) and Market Yards

Under the provisions of the Orissa Agricultural Produce Market Act, 1956, Regulated Market Committees (RMCs) have been established in the State for regulation of buying and selling of agricultural produce. There are 65 R.M.Cs covering 55 Revenue Sub-

Divisions of the State. The Rairangpur R.M.C. is under process of being constituted. Out of 65 R.M.Cs, 61 have elected Committees and election of remaining 3 is sub-judies. The Chairman of the R.M.Cs are Collectors/ A.D.Ms/ Sub-Collectors.

4.1.1 Markets and Market Yards

Across the 65 RMCs in the state at present, there are 428 market yards in the State, which include 53 Principal Market Yards, the rest being sub-market yards. Besides, there are 567 temporary market yards for Paddy Procurement. Out of 314 Blocks, 111 Blocks do not have any regulated market. Now under the award of the 13th Finance Commission, markets are being set up in these uncovered blocks. The RMCs are making efforts to upgrade the facilities in the existing market yards and the Gram Panchayat markets under their control and efforts are also being made to establish new market yards.

4.1.2 RMCs and Procurement of paddy

RMCs are playing a significant role in the procurement of paddy under PDS. As paddy is procured from valid KCC & FIC holders only, RMCs play a role in issuing the Farmer Identity Cards (FICs), as per the requisition of revenue authorities to facilitate procurement of paddy.

PACS (Primary Agricultural Co-operative Societies) are the other important agencies used in procurement of paddy. With storage capacity of 50-100 MT each, 638 PACS are involved in procurement of paddy. MARKFED and FCI, are also engaged in the procurement of paddy in different districts.

4.1.4 Cotton Markets

Apart from rice, cotton is an important crop for districts of Rayagada, Kalahandi, Nuapada, and Bolangir. The acreage is growing and cotton in Orissa is set for a major growth. As this is a recent phenomenon in Orissa, cotton market yards are also evolving. There are nine Cotton Market Yards established namely at Jogimunda, Karlapada, Utkela, Gunupur, Ramnaguda and Muniguda, Rayagada, Digaphandi and Parlakhemundi established under Technology Mission on Cotton. These are established with financial assistance from the TMC implemented by the Ministry of Textiles, Govt. of India. Two new Cotton Mandies also have been set up under the Mission at Digapahandi under Digapahandi R.M.C. and at Parlakhemundi under Parlakhemundi R.M.C. The facilities

provided in the Market Yards and Godowns, Drying Platforms, covered Platforms, Parking area, Farmers Information Centers, Farmers Rest Shed, Grading Laboratory, Fire Fighting arrangement, over head tank, water supply arrangements, weigh bridge, weighing scale, sanitary facilities, concrete road, drainage facilities and compound wall etc.

4.1.5 Maize markets

In order to provide exclusive post harvest marketing facilities for Maize transaction, during the year 2008-09 two Maize Mandies at Umerkote and Raighar under Nawarangpur R.M.C. were set up with assistance from Biju K.B.K. and R.K.V.Y. scheme.

4.1.6 Livestock Markets

There are 108 livestock market yards under 39 RMCs. In these markets, cattle sheds and drinking water facilities are made available.

4.1.7 Krushak Bazaars

Krushak Bazaars have been established to help small farmers sell their produce directly to consumers to help them have better price realization for their produce by eliminating middlemen. There are 43 Krushak Bazars, out of which 32 are functional, of which 17 functions daily and 15 others on weekly basis.

4.1.8 Fruits and Vegetable markets

Retailing and wholesaling of fruits and vegetables takes place mainly in bi-weekly and weekly markets. Hence, there is a need to develop large scale wholesale markets at appropriate places in the state. Three Modern Terminal Markets were proposed in Odisha under National Horticulture Mission during 2005-06 at Cuttack, Berhampur, and Sambalpur. Site selection has already completed for Sambalpur market.

A study by World Bank³ summarized Existing agricultural marketing system in Orissa schematically in the following diagram.

3 World Bank (2007)

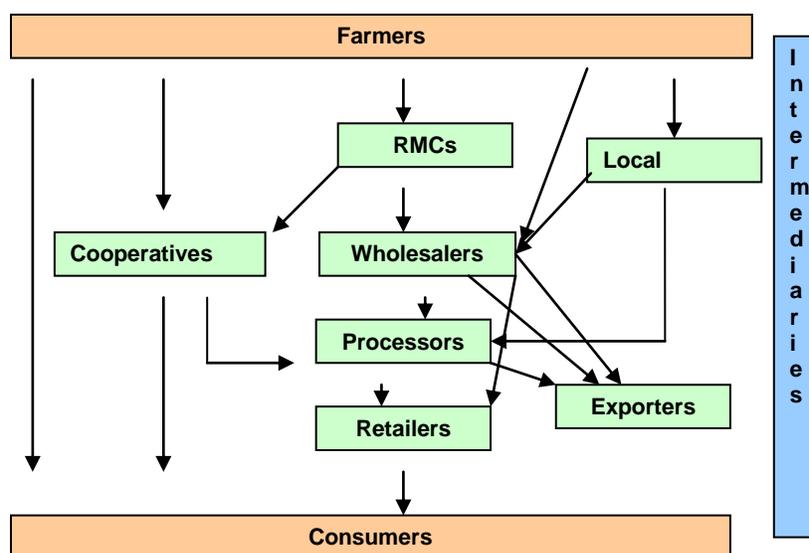


Fig-4.1 Agricultural Marketing Channels in Odisha

The study further revealed that the proportion of marketing through various channels differs from commodity to commodity. Regulated Market Committees are set up to facilitate marketing of surplus from farmers. But in Orissa the average percentage of surplus marketed through RMCs stands at only 20% and rest of the marketable surplus is routed through other channels.

Table-4.1: Market Destination for farmers in Odisha

Crop	Market Destination, %				
	Wholesale Market	Village Market	Directly to Processors	Trader at farm-gate	Coop and others
Rice	9	29	5	56	0
Maize	46	16	1	37	0
Tomato	56	13	.3	26	5
Potato	58	18	0	20	4
Mango	48	19	0	28	5
Turmeric	45	1	0	54	0

**Fafchamps et al 2006*

The study further revealed that, accessibility of markets is an important factor influencing farmer to take their produce to the market. It is estimated that a 10% increase in the market access index will reduce the probability of farm-gate sales by 0.03% in Orissa.

These results suggest that improvements in market facilities and in better road connectivity (including a decrease in distance to markets) will induce farmers to sell more in the market instead of farm-gate. Moreover, a mechanism of operationalising marketing of horticulture produce through RMC markets should be in place. This can be executed by setting up of fullfledged wholesale market for F&V and commodity specific markets with requisite infrastructure.

4.2 AGRICULTURAL MARKETING INSTITUTIONS IN ODISHA

4.2.1 Directorate of Agricultural Marketing

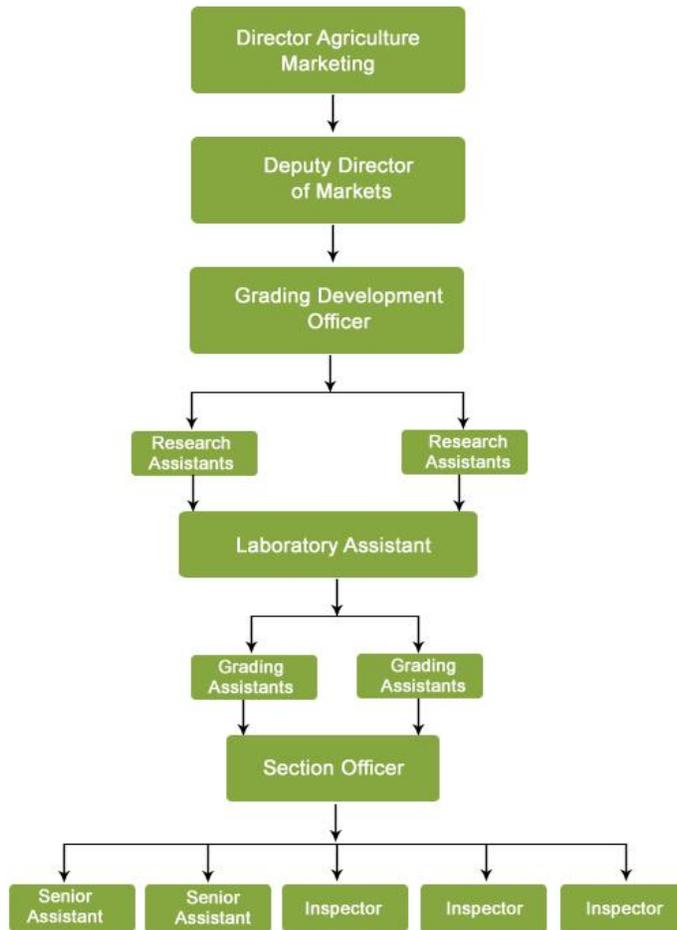
The Directorate of Agricultural Marketing is headed by the Director of Agricultural Marketing with six Regional offices, each headed by a Regional Marketing Officer. The Directorate implements the schemes / programmes of the Government of India / State Government for providing marketing support to farmers for marketing of their produce, creating and strengthening of infrastructure for marketing of agricultural produce for increasing marketing efficiency, thus enhancing farmers' incomes.

Functions

The Director, Agricultural Marketing started its independent functioning after its bifurcation from the Registrar of C-operative Societies establishment during November' 1996.

The Directorate has at present two cells namely (a) Market Research Survey and Extension headed by one Deputy Director of Markets with two Research Assistant and (b) Grading and Standardization cell headed by the Grading Development Officer with one Laboratory Assistant, two Grading Assistants and one Laboratory attendant. There is a small AGMARK Grading Laboratory functioning in the Directorate to facilitate the AGMARK Grading Programme under the provisions of Agricultural produce Grading and Marketing Act, 1937.

At present the Directorate has 16 Nos. of sanctioned posts in the Headquarter and 18 Nos. of sanctioned post in the field level and number of officials in position at the Headquarters are 11 and another 11 are in the field.



In the field, the Directorate has 6 Nos. of Regional Marketing officers stationed at Cuttack, Berhampur, Anugul, Sambalpur, Balasore and Bhawanipatna with a nucleus structure like one Regional Marketing Officer, One Junior Clerk and one peon in each office catering to a number of districts.

Directorate is entrusted with activities relating to Election of R.M.Cs, Notification, Establishment of new R.M.C. amendment of Act & Rule and Byelaws. Besides the Central Assistance under Work Plan, R.L.T.A.P. and State Plan are being drawn by the Directorate and then disbursed to Orissa State Agricultural Marketing Board / Regulated Market Committees for execution of the project as per the direction of the Govt.

4.2.2 Orissa State Agricultural Marketing Board (OSAMB)

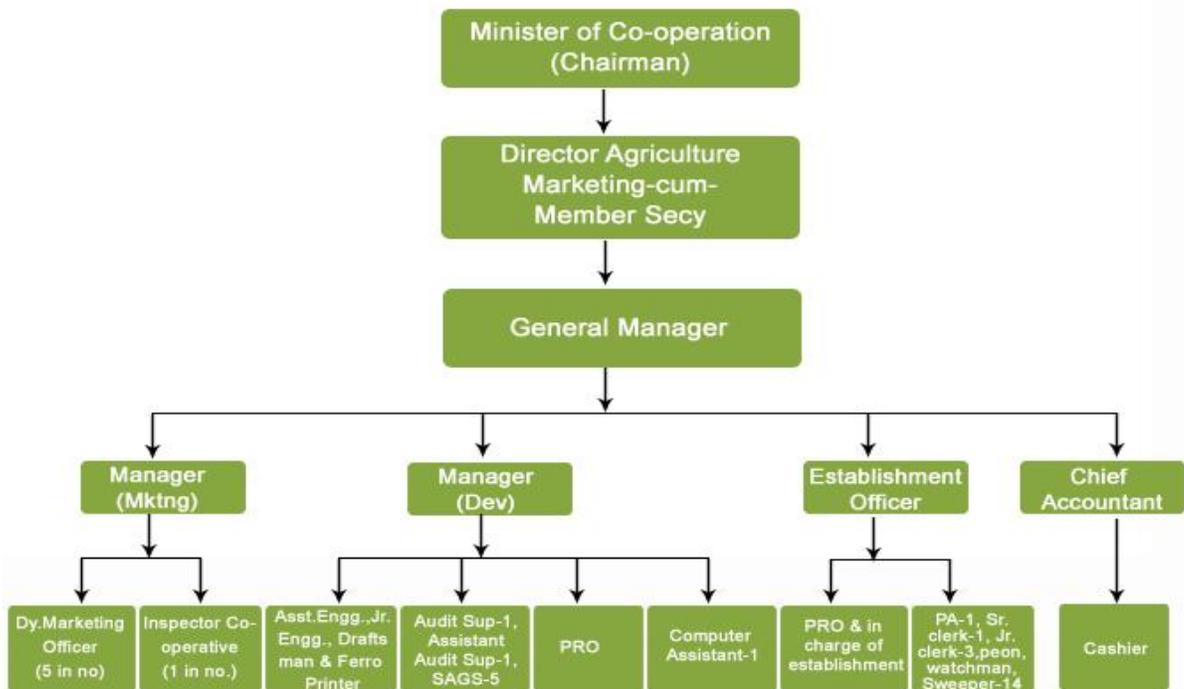
The OSAM Board is a statutory Board constituted in the year 1984 under the Orissa Agricultural Produce Markets Act, 1956 for exercising superintendence and control over the working of the Regulated Market Committees constituted under the Act with the intention of regulating the sale and purchase of agricultural produce in the State. The Minister- in- charge, Cooperation is the ex-officio Chairman of the Board which has been assigned the status of a body corporate.

The various activities that are performed by OSAM board are as follows–

1. **Budget**-OSAM board approve budget of all the 65 RMCs
2. **Plan and Estimate**-OSAM Board approves plan and estimate of development works prepared by RMCs beyond Rs 5,000.00
3. **Staff Approval**- RMCs hiring superior personnel is approved by OSAM Board
4. **Audit**-OSAM Board conduct audits of the RMCs at the end of every Marketing Year which spans from 1st of September to 31st of August.

Department's Organizational Model

OSAM Board is headed by Minister of Cooperation as its Chairman. The Director, Agricultural Marketing- cum-Member Secretary is the executive head of the organisation who is assisted by a General Manager. General Manager has a group of officers reporting to him such as, Manager (Marketing), Manager (Development), Establishment Officer, Chief Accountant etc.



The main functions of the Board are to:

1. Plan and guide for successful implementation of various agricultural programs / activities under taken by the board.
2. Agricultural promotion and providing platform to showcase the agro products eradicating the involvement of middle men in various projects
3. Providing agricultural marketing credit
4. Regulate the agricultural marketing activities of the state for to facilitate the functioning of a responsive price discovery mechanism in the state.
5. Creation of storage infrastructure for agricultural and other produce.
6. Distribution of essential commodities like fertilizers, food grain, seed, etc is being provided to the farmers.
7. Approval of Budgets – OSAM board approve budgets of all the 65 RMCs
8. Approval of Plans and Estimates – OSAM Board approves plan and estimate of development works prepared by RMCs beyond Rs 5,000.00
9. Staff Approval – hiring superior personnel by RMCs is approved by OSAM Board
10. Conducting Audit – OSAM Board conducts audits of the RMCs at the end of every Marketing Year which spans from 1st of September to 31st of August.

4.2.3 Regulated Market Committee (RMCs)

Under the provisions of the Orissa Agricultural Produce Markets Act, 1956, 65 RMCs have been established in the State for regulation of purchase and sale of agricultural

produce. Of these 65 RMCs, 61 RMCs are having elected Committees while election in 3 RMCs is sub-judice and one newly constituted RMC is having a nominated Committee. OSAM Board is the sole authority and controlling body of all the RMCs. Committee works as a facilitator between the farmers and the procuring agencies. The following facilities are provided in a market yard.

1. Market Yard
2. Weigh Bridge
3. Meeting of Farmer & Agencies
4. Godown for Storage (if not sold)
5. Cold Storage for perishable items

Revenue sources of RMCs

1. RMC is a revenue earning body and it earns its revenue by charging 1% (2% for paddy) of the transaction amount for providing these above mentioned facilities.
2. RMC also earn its revenue from the check gates, by charging 1% of the way bill value from the traders carrying notified produces.

Work Flow of Buying and Selling at RMCs

The work flow of buying and selling of paddy at the RMCs is as follows:

1. A farmer with FIC arrives at the market yard of the RMC with his produce
2. Agencies like OCSC, FCI, MARKFED, NAFED etc arrives for procuring those produce from the farmers
3. Empanelled Millers arrives to take the produce for processing and storage
4. RMC agents carry out their quality checks of the produce like weight verification, grading of the produce, moisture measurement etc.
5. After the quality check is done the price is decided as per the grade of the produce and the procurement agency pay the farmer through cheque.
6. The miller produces the transit pass or the form IV while passing through the RMCs owned check gates and no market fee is charged from them.

Functions

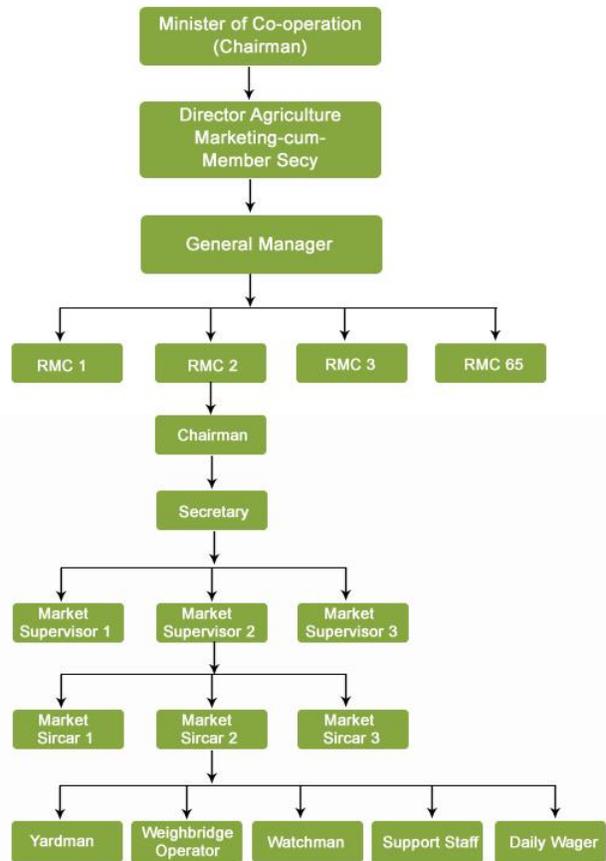
The main objective of the RMCs is to ensure payment of fair price to the agriculturist.

1. An RMC works as a facilitator between the farmers and the procuring agencies. It facilitates both the party by providing facilities
2. RMC is a revenue earning body and it earns its revenue by charging 2% of the transaction amount for providing these above mentioned facilities.
3. It also earn its revenue from the check gates, by charging 1% of the way bill value from the traders carrying notified produces.
4. To achieve an efficient system of buying and selling of agricultural commodities,
5. To provide for regulation of agricultural produce markets.
6. Conducting open auction or close tender method for sales of agricultural produce to ensure a fair and competitive price for the produce and prevent the cheating of farmers by market functionaries.
7. Issuing license to all the market functionaries including traders

8. Collecting market fees which are calculated on the basis of value of volume of a commodity bought and sold in the markets. Sometimes it may be based on cartload or truckload.
9. Disputes arising between producer seller and traders by reason of the quality of the producer, accounts and deductions of unauthorized charges are solved by the sub-committee of the market committee this avoid the legal complications and unnecessary expenditure.
10. Market charges are clearly defined and specified.
11. Market practices are regulated and undesirable activities are brought under control.
12. Correct weighment is ensured by periodical inspection and verification of scales and weights.
13. Suitable arrangements for the settlement of disputes is provided.
14. Reliable and up to date market news is made available to the farmers.
15. Suitable quality standards and standard terms for buying and selling are conveniently enforced.
16. Reliable statistics of arrivals, stocks, prices are maintained.
17. Other facilities like shades for the sale of produce, space for parking carts, drinking water facilities and cisterns of cattle, rest houses, grading and warehousing facilities are provided.
18. Open auction method is strictly followed.
19. Propaganda for agricultural improvement is more conveniently carried out.
20. Maintenance and improvement of the markets and its buildings.
21. Maintenance of standards of weights and measures.
22. Payment of interests of loans.

Organogram of RMCs

RMC is headed by the Chairman (collectors or sub-collectors are nominated for this) who is assisted by a Market Secretary. The committee comprises the members of different constituencies' etc. such as farmers, traders, and local authorities.



The other institutions engaged in marketing include paddy procurement agencies like Orissa Civil Supplies Corporation, Tribal Development Corporation, NAFED, FCI, etc., cotton procurement agencies like CCI.

4.3 MARKET REGULATION AND AMENDMENT PROVISIONS

Market regulation in Orissa state came into force with the enactment of Orissa Agricultural Produce Markets Act 1956 as per govt. notification no. 598 dated 06.02.1957. A set of rules to implement the aforesaid Act were also framed as Orissa Agricultural Produce Markets Rules, 1958 vide notification no 18221 dated 24.05.1958. The OAMP Act and the Rules have also been amended from time to time during the year 1974, 1975, 1984, 1996, 2005 and 2007.

Under the provisions of OAPM Act, 1956, 65 RMCs have been established in the state for regulation of buying and selling of agricultural produce. The main features of the OAPM Act are:

1. Under section 3 and 4 of the Act, the state government has been empowered to declare certain area as market area of certain agricultural produce. The

incorporation of market committee, its powers and duties have been specified under chapter-III of the Act from section 7 to 17. Part II and III from section 3 to 34 deals with the constitution of market committee and its election, functions and powers of the office bearers of market committee.

2. Sub-section 3 of section 4 substituted vide Act no 27 of 1984, indicates that after the notification issued under sub-section 1 no local authority or person shall set up, establish or continue or allowed to set up, establish or continued any place for the purpose of sale and purchase of any agricultural produce within the market area.
3. Under Section 4 (4) markets under possession of Gram Panchayat or municipality are required to be transferred to market committee (RMC) within the one month of the receipt of requisition from RMC and the income derived therefore by the market committee under section 11 shall be shared equally by the market committee and the concerned Municipality or Gram Panchayat every year.
4. Section 11 of the Act envisages levy of fees on agricultural produce marketed in the market area. Under Part IV of the OAPM Rules, 1958, declaration of the market area and the market have been elaborately dealt with from Rule 46 to 47. The method of levying fees and its collection has been dealt under part VII of the above Rules from 48 to 54. In the year 1996, Rule 48A was inserted to Part VI of the above rules empowering market committee to establish Check Points for collection of market fee. The Regulated Market Committees (RMCs) are empowered to levy fees on agricultural produce marketed in the declared market area within its market jurisdiction.

Amendment Provisions

5. Chapter II-A inserted vide Orissa Act no. 5 of OGE No. 660 dated 17.5.2006 under Section 6-A and 6-B incorporated the provision for providing license for establishing a private market by any person or body of persons like company registered under Companies Act, 1956 or a cooperative society registered under Orissa Cooperative Societies Act, 1962 or a cooperative registered under the Orissa Self-Help Cooperative Act, 2001.
6. Chapter-II-B under section 6-C and 6-D provisions of contract farming was made.

S No	Area of Reform	Status	Remarks
1	Provision that any legal person, grower and local authority can be permitted to apply for the establishment of a new market for agricultural produce in area as provided in the Model Act.- section 3	Yes (Section 6 A(i) of OAPM(Amended) Act,2005.	
a	A minimum distance to be maintained between an RMC market and a private market (please mention the distance and	Yes (Section 24-B (2) of OAPM (A) Rules,	

	the clause No. of the Act or Rule Number)	2007	
b	A minimum amount of investment for a private mandi to be eligible for a license	Yes (Section 24-A (1) of OAPM (A) Rules, 2007	Minimum infrastructure defined
c	A minimum area for a private market to be eligible for a license	No minimum area provision	
d	Periodicity of a license issued to a private market	Yes (Section 24-A (3) of OAPM (A) Rules, 2007	Three Years and renewable
2	Separate provision for notification of 'Special Market' or 'Special Commodities Markets' in any market area for specified agricultural commodities to be operated in addition to existing markets as per section-20 of the Model Act.	No.	Separate markets for Cotton, Maize, Livestock are there
3	Provision for public private partnership for the setting up and management of agricultural markets as provided under section 26 of Model Act.	No.	It needs to be provided in the amended Act.
4	Provision of 'Contract Farming'.	Yes.	
i	Contract Farming Sponsor shall register himself with the Marketing Committee or with a prescribed officer in such a manner as may be prescribed	Yes. (Under section 6 D (1)	
ii	Provision that the Contract Farming Sponsor shall get the contract farming agreement recorded with the prescribed officer	Yes. (Under section 6 D (2))	
iii	Provision that no title, rights, ownership or possession shall be transferred or alienated or vest in the Contract Farming sponsor or his successor or his agent as a consequence arising out of Contract Farming agreement.	Yes. (Under Section 6 D(7))	
iv	Provision of dispute settlement mechanism in the amendment APMR Act.	Yes. (Under section 6 D(3))	
v	Provision of exemption of market fee if the sale transaction under contract farming takes place outside the market yard under the contract farming agreement.	Yes. (Under section 6 D(6)	
vi	Specification of model agreement for contract farming has been provided.	Yes (Under section 6 D)	
5	Provision for imposition of single point levy of market fee on the sale of notified agricultural commodities in any market area as per the Model Act of Section 42.	No.	It needs to be provided
6	Provision for registration in place of licensing for market functionaries to operate in one or more than one market areas as per the Section 44 of Model Act.	No.	It needs to be provided
7	Provision in the amended APMR Act that commission agency in any transaction relating to notified agricultural produce involving an agriculturist is prohibited and there will be no deduction towards commission from the sale proceeds payable to agriculturist seller as per the Model Act Section-44(6).	No.	It needs to be provided
8	Provision in the amended APMR Act for purchase of agricultural produce through private yards or directly from agriculturists in one or more than one market area as per the Model Act of Section-45	No.	It needs to be provided
9	Provision in the amended APMR Act for the establishment of consumers'/ farmers' market to facilitate direct sale of	No.	It needs to be provided

	agricultural produce to consumers as per Section-46 of the Model Act.		
10	Provision in the amended APMR Act for resolving the disputes, if any, arising between private market/ consumer market and Market Committee as per Section-50 of the Model Act.	Yes. (Under section 6 D (3))	
11	State Governments has powers to exempt any agricultural produce brought for sale in market area, from payment of market fee as per section-56 of the Model Act.	No.	It needs to be provided
12	Market Committees are permitted to use its funds among others to create facilities like grading, standardization and quality certification; to create infrastructure on its own or through public private partnership for post harvest handling of agricultural produce and development of modern marketing system as per section-59 of the Model Act.	Yes, but partially amended. (Under Section 16 of OAPM Act,1956)	It needs to be provided
13	Provisions for		
i	Ensures complete transparency in the pricing system and transactions taking place in market area	Yes. (Under section 28). As per this Act Concerned APMCs frame Bye- Laws	
ii	Ensures payment for agricultural produce sold by farmers on the same day	Yes	
iii	Provision to promote agricultural processing including activities for value addition in agricultural produce	Yes. Through Contact Farming Under section 6 C.	
iv	Provision to publish data on arrivals and rates of agricultural produce brought into the market area for sale	Yes. Under Rule 86 of OAPM, Rules,1958.	Provision may be provided
v	Provision for the appointment of Chief Executive Officer of the Market Committee from among the professionals drawn from open market	No	It needs to be provided
vi	Provides discretion to the State Government to fix graded levy of market fee on different types of sales	Yes.	Relevant section may be mentioned.
vii	Provision for the setting up of a separate marketing extension cell in the Board to provide market-led extension services to farmers	No.	It needs to be provided
viii	Provision for the State Agricultural Marketing Board to promote grading, standardization and quality certification of notified agricultural produce	No.	It needs to be provided
ix	Provision to set up a separate Agricultural Produce Marketing Standards Bureau	No	It needs to be provided
x	Provides for a provision that the State Agricultural Marketing Board can utilize its funds on its own or through public private partnership for the discharge of its functions such as	No.	It needs to be provided

Issues in Market Regulation
Multiple Acts Governing Agricultural Markets

1. As per OAPM Act under Section 4 (4), markets, land and buildings situated in the concerned market area being used for marketing of agricultural produce, under Gram Panchayat or Local Bodies like Municipality, NAC should be transferred to Regulated Market Committee (RMC) within one month of the date of receipt of requisition and sharing of revenue derived from it equally.
2. But the position has changed with the coming into force of the Amendment to Section 58 (sections 5-a, 5-b and 5-c) of the Orissa Gram Panchayat (Amendment) Act, 1994. The amendment provides, “Where any land or building belonging to the Gram Panchayat has or have been transferred to Market Committee U/s 4 (4) of OAPM Act, 1956 prior to the appointed date, such land or building as the case may be, shall, if the same continues to be within the area of Gram stands transferred to Gram Panchayat having jurisdiction over the Gram on the appointed day, any market set up or established under OAPM Act, 1956 which is situated within the area of the gram and continues as such on the appointed day shall be ceased to be a market, allowed to be set up or established under this Act, but shall be ceased to continue as such after the expiration of period of three months from the appointed date unless its continuance is allowed further in accordance with the provision of this Act, or the rules made there under”. (vide Extraordinary Gazette No. 438 dated 21.4.1994)
3. This has acted against the operation of the OAPM Act and the matter is now sub judice.

4.4 OPERATION AND MANAGEMENT OF MARKETS

There are 398 wholesale markets and 1150 rural primary markets in the state. Of the total 1548 markets reported, 45 principal markets and 269 sub-market yards are under regulation as on 31.03.2011 (GOI). As per OSAMB, there are regulated Markets having 53 principal market yards and 375 sub market yards, in total 428 market yards operating under regulated market committees in 194 blocks of the state. There are 576 temporary market yards for paddy procurement functioning under Market Committees.

A peculiar situation prevails in the state in terms of ownership and management of markets. There are markets under different ownership and management like:

		Ownership				
		Private	DT	GP	Municipality	RMC
Management	RMC					
	Municipality					
	GP					

	DT					
	Private					

There are the markets owned and managed by RMCs, Municipalities, Gram Panchayats, and private persons/ associations. The Gram Panchayat markets are mainly weekly or bi-weekly rural haats operating either on GP land or private land, operated by RMCs, GPs or leased out to private persons. Of the total GP markets about 328 markets have been handed over to RMCs for management, where minimum facilities for the smooth trade of the commodities have been provided. In majority of the rural haats, retail as well semi-wholesale trade takes place for agricultural commodities as well as for other daily household items.

Similarly, Municipal markets have started as retail/wholesale markets in the semi-urban or urban localities and managed either by municipal organizations or leased out to private persons. The persons who have taken the markets on lease dominates the market for providing space and selling of farmers produce. It was also observed that the lessee (in municipal wholesale markets) and the clique of local traders do not provide space to farmers to directly sell their produce to the consumers and hence, farmers are constrained to either sell their produce to local traders at through away prices or sit at some other unauthorized places to sell their produce. Thus in a typical town in Orissa, a number of places come up as market places, as marketing activities are allowed to go on in a scattered and disaggregated manner in the absence of any enforcement by a single authority, e.g. by the marketing setup of the state. The lessee charge exorbitantly, even if space is not provided to farmers for sale of their produce, and even sometimes a part of farmers produce is illegally taken by them as a market charges.

There are the markets in the state where trade activity started as assembling and forwarding point for vegetables or fruits grown in the locality by traders from other parts of the state or other states, which gradually developed as private markets managed by associations of traders. These markets operates either during night hours (Panichatra, Bargarh), or during early morning hours (Barabati market). Though these markets provide access point to the farmers for sale of their vegetable produce, there is absolutely

no market infrastructure and facilities in these markets. Traders dominate the market in terms of pricing of the produce and the local traders act as agents of the buyers from out of the district or state, and farmers has to depend on these local agents for sale of their produce.

Study by Vaswani et al (2011) indicates that in private markets traders fix the price at the start of the market which depends mostly on distorted auctions and/ or individual negotiations. The traders and farmers do their transaction without intermediation by market committee or sometimes through commission agents. The collection of fees/ tax from the farmers/traders is being monitored by the market committee. The other problems farmers are facing are the non-availability of weighing machines and they have to accept the eye estimate weighment of the traders/ wholesalers. In most of the markets, the conditions are unhygienic and there are no water, sanitation and toilet facilities for the traders and farmers in the market place. There are no grievance readdressal mechanism put in place and the markets are generally controlled by the people with muscle power and the grievance redressal is being carried out in unlawful ways, which poses another threat to the traders and farmers.

Thus, it goes without saying that the prevailing marketing system is grossly inefficient and unorganized one where farmers do not have access to market for sale of their produce and resort either to sale of their produce to local traders at abysmally low prices or not to cultivate vegetables. Consumers also have to pay higher prices for the commodities they purchase.

4.5 MODE OF REVENUE COLLECTION

Bye laws of market committee specifies collection of market fee (Insert as per amendment 1996), as under

- (i) All agricultural produce brought in to the Market shall pass through the market yard and shall not be sold at any place outside such yard.
- (ii) Subject to provisions under section -11 of the OAPM (Amendment) act, 1984 the Market Committee shall levy and collect market fees on agricultural produce marketed in the market area at the rate indicated below from the purchaser of the produce.

Items	Rate	From whom to be collected
(a) All agriculture produce excepting Cattle, goat, sheep and poultry.	1% of the Sale value. 2% for Paddy	Purchaser
(b) Cattle, sheep, Goat, Poultry.	3% of the Sale value.	Purchaser

- (iii) The fees shall be collected by the paid employees of the Market Committee at the above rate on grant of proper receipt.
- (iv) If any agricultural produce brought from outside the market area to the market for use by any industrial concern, situated within the market for export is not used by the Industrial concern or is not exported or otherwise removed within 30 days from the date of purchase the market committee shall levy and collect fees on such agricultural produce at the rates prescribed under Bye-law No .13 (a) & (b) from the industrial concerned or the person furnishing the certificates as provided in such rule (3) of Rule 48 of the OAPM rule 1958.
- (v) The market fees at the rate provided in clause 13(1) above shall be charged and collected from purchaser/owner in case of any cattle sheep and goat and poultry.
- (vi) In the case of cattle, sheep, goat and poultry the market committee shall issue a certificate at the time of entry to the market yard giving their identification of colour, size and from where brought etc. and such certificate shall be collected from the owner of the persons leaving such cattle, sheep, goat and poultry in the case may be.

The major source of revenue for the Regulated Market Committee is collection of market fee. The other source of revenue collection is license fee for the license granted to different market functionaries in the market. Market fee is being collected at check gate established as per notification with due approval at the major roads under RMC command area. Only at Sakhigopal market, market fee is collected at market yard. This has led to increased concentration of RMC staff at check gates rather than management of markets particularly after 1996.

4.6 MARKET INFRASTRUCTURE

In the changing agricultural marketing scenario, appropriate infrastructure facilities are to be provided for the benefit of the market users. Infrastructure facilities and grading facilities are now being made available in the Market Yards for the benefit of the buyers and sellers. In the RMCs throughout the State, there are 551 godowns (of 100-1250 MT capacity each), 1970 open and covered plat forms, 225 auction halls, 886 shops, 22 cooling chambers, 19 Mast Lights, 249 Moisture meter, 122 small paddy cleaners, 16 High Speed Paddy Cleaners, 15 Automatic Weighing & Bagging Systems; 76 Weigh Bridges, 886 Mini Graders, 3616 electronic weighing scales, 2441 moisture meters, 1404 analysis kits for quality testing of paddy and cotton, 10 Axial Flow Threshers and 10 Rough Cleaners.

During 2006-07 steps have been taken to install more cooling chambers. Steps have also been taken for installation of 5 high-speed mechanized paddy cleaners in the Market Yards under Bolangir, Junagarh, Mukhiguda RMCs. Similarly out of the 2 turmeric

polishing units proposed for the RMC Tikabali, One has already been installed in the Raikia Market Yard and the civil construction work on the second one at Daringibadi is in progress. Infrastructure provided at the market yards is mainly for the purpose of paddy procurement.

Table- 4.2: Infrastructure status in markets of Odisha

S. No.	Infrastructure	% Availability
1	Godown	67
2	Drying platform	16*
3	Open pindi	69
4	Covered pindi	71
5	Boundary wall	57
6	Auction hall	33*
7	Shops	31
8	Internal roads	53
9	Cooling Chambers	3*
10	Electricity/ Sanitary	90
11	Farmers Rest rooms	33
12	Weigh bridges and machines	45*
13	Grading equipments	
	APaddy Cleaners	23*
	BMini Graders	31*
	CMoisture meters	60*
14	Information centre	37
15	Water Supply	90
16	Drain	22

* denotes the position as on Dec. 2006

The infrastructures availability at market yards, sub-yards, and rural haats are inadequate in Odisha. There are very few markets having required infrastructure and facilities. The infrastructure situation is worse in case of markets under Gram Panchayats, municipal

and other local body markets, and private markets. Majority of the haats and private markets are operating only on open land without any basic infrastructure.

Study by Singh *et. al.* (2004) reported that out of the 60 principal regulated markets yards in Orissa, godown facilities were available only in 52% of the markets, whereas only 48% had proper water supply arrangements. Only 30% markets had proper electrification. Only 40% of the markets had covered and uncovered auction platforms and only 23% of the markets had farmers' /traders' rest facilities. Thus, infrastructural facilities by and large are inadequate in most of the principal market yards which are required for smooth trading. The study further reveals that the majority of farmers' opine that there are poor facilities for processing and grading of agricultural produce, cold storages, packing facilities, etc.

Vaswani *et. al.* (2011) also report that required amenities are not available in the non-RMC markets whereas, the RMC markets remain unutilized by vegetable traders and farmers. Of the total markets studied, about 24% of the traders have permanent shops in the markets, only 19% traders have been allotted with open trading space, only 9% and 24% of the markets have toilet and water facilities. The study further reports that market infrastructure and facilities at private markets are poor. Only 31% of the markets have basic facilities of sheds for traders, and rest of the markets do not have such facilities and thus traders usually trade in open space. Only 21% of the markets have grading and warehousing facilities which are also not in good shape.

4.7 SYSTEM OF SALE IN MARKETS AND PRICE DISCOVERY

Proper price discovery of agricultural produce is an important function of agricultural produce markets. The OAPM Act as well as Bye-Laws of Market Committee provides effect of sale of agricultural produce in the market yards through open Auction or open negotiation. Sale on sample basis outside the market yard will only be done with due permission of the Secretary on specific circumstances. The auctioning takes place simultaneously on queue system on lot basis. The unit of quotation for cereals pulses, oil seeds, Gur's pieces, Tamarind, vegetable (except cabbage and cauliflowers) shall be one Quintal i.e. 100 Kg and in case of fruits, cabbage and cauliflowers it is per basket/100 in number as the case may be.. Highest bidder will be declared as the buyer for the commodity after obtaining the consent of the seller.

All the brokers are required to sit in a place in the market yard allotted to them by the Market Committee and perform the role of brokers only when their help is requisitioned by the party namely the buyer or seller. The prospective buyers may negotiate with the seller directly or by appointing the Broker. When the bargain is struck up the seller, buyer and broker if any, should come to the market office and get the sale slip prepared by the committee staff, the original of which will be handed over to the buyer, the duplicate to the seller and the Triplicate will retained in Market Committee Office. Each copy of the sale slip will be counter signed by the Secretary or by the sale slip writer appointed by the Committee for the purpose. Before the sale slip is prepared the buyer or the purchase should pay the market fees @ 1% of the trade 100 rupees each. The Brokers may charge only from the first party on whose behalf he acts and not from both i.e. the seller and the buyer.

It was observed that the open auction system of sale prevail in case of cotton where procurement agencies and mills purchase cotton at RMC markets through open auction. Paddy is procured at MSP at RMC markets, PACS and GP markets by procurement agencies and mills.

Open auction method of sale is not being followed in any of the markets operated and managed by local bodies (Municipality, NAC), Gram Panchayat and private markets. In many of the RMC markets also open auction was not introduced either due to low arrivals in the markets or due to non-functioning of markets. Though open negotiation method is said to be followed in these markets, but these markets are rather buyer/ trader dominated markets where buyers or commission agent dictate the price of produce brought by producers. Buyer/ trader and commission agents' domination in these markets is strong enough leaving sellers at a disadvantage.

The study conducted by Sarangi⁴ report that sale of agricultural produce in the market yard is done through open auction only in Sakhigopal and Junagarh markets. Auction system was not introduced in Kendrapara and Tikabali market yards due to non-functioning of regulated markets, and also due to low arrivals and small marketable lots in Attabira and Angul markets.

4 Sarangi, K. K. (2009)

In many of the markets due to lack of infrastructure and dedicated staff at market level for conducting open auction, this method of sale is non-existent, and hence, affecting the process of price discovery. There should be proper infrastructure in place, and designated and trained staff be appointed at the market level for effecting open auction of agricultural produce brought in the markets. The study by World Bank also revealed that auction is taking place only at 5% of the markets.

Table-4.3: Use of Auctions in Wholesale Markets

<i>Category</i>	<i>OR</i>
Proportion of markets with auctions (%)	5
If auction, who is the auctioneer (%)	
Commission agent	0
Wholesaler	100
Employee of market authority	0
If auction, auction system used (%)	
Open outcry	100
Bids written on chit/paper	100
Electronic bidding	0

Source: Fafachamps et al. 2006

4.8 MARKET FUNCTIONARIES

The Committee shall levy and collect fees from the Trader, General Commission Agents; Brokers weigh man and Retailer operating in the Market area at the following rates for grant of licences or renewal thereof.

S. No.	Class of Licence	Rate of Licence
1	Trader	Rs.200/-
2	Commission Agent.	Rs.150/-
3	Trader-cum-Commission Agent	Rs.150/-
4	Broker.	Rs.100/-
5	Trader (Small) Retailer.	Rs. 50/-
6	Weigh man/ Measurer	Rs. 25/-
7	Cooly	Rs. 20/-
8	Ware houseman	Rs.200/-

GRANT OF LICENCE:

- As per the rules, all application for grant of License shall be made in the prescribed form and shall accompanied with full fees in all cases. The license will be granted in accordance with the provision of rule 60(3) and will remain valid till the end of the Market Year ending on 31st October.
- No person shall be entitled to do business other than that for which he holds a license. Separate License should be obtained for each category of business.

Though the RMCs have granted license to traders, trader-cum-commission agents, warehouseman, brokers for livestock markets, etc., only 4-5 RMCs provided license to weighman. There are many village traders and commission agents operating in the movement of agricultural produce but they have not sought license. Majority of such traders operate at village level and in markets managed by GPs, local bodies and private markets, and RMC does not have any control over these markets, hence they do not apply for license in RMC.

Study by Vaswani *et. al.* (2011) also reported that majority of vegetable markets do not have the market system of extending the trade license to traders in vegetables. The study reveals that, 67% traders in the markets do not have any license to operate. However, the municipal markets do have the system of extending the license to traders who have been given permanent structure for their trading activities.

4.9 MARKET CHARGES

The following are the rate of charges payable by the seller for the services rendered by Commission Agent, Brokers, weigh- man and coolies employed in the disposal of his produce.

1. Commission (Arranging sale and bidding only): Rs.0.50 per 100 rupees worth of commodities.
2. Commission (Advance money on pledge of goods): Rs.1.00 per 100 rupees worth of commodities.
3. Brokerage (Live Stock trade): Rs.1.00 per 100 rupees worth of commodities:
4. Resting Charges fee cattle, sheep, Goat; Rs.0.50 per head of Cattle and 0.25 per head of Sheep, Goat.
5. Payable by Buyers: If the buyer wants to clean the produce to shift the goods Outside the Market yard and stacking in his go down the charges at the following rates will be paid by him.
 1. Cartage from the Market Yard per less Rs.1.00

2. To shift the goods of the outskirts of the Market Yard per qt Rs.0.50.
3. Loading & stacking in lorry/cart Rest. 0.25 or stacking in go down per mound.
4. Sieving for cereals pulses & oil seeds per qt. Rs 0.50.
5. Stitching materials like subtly and packing materials like gunny will always be provided by the buyer.

The charges are duly followed in the RMC markets particularly for paddy and cotton procurement. But at other markets, farmers report that lessee of the market and traders charges at higher rates and there are unauthorized deductions in terms of taking part of produce in market for sale by farmers which is illegal as per provisions of the Act and bye-laws of RMCs. The loading and unloading charges are @Rs. 5/bag in the vegetable markets.

4.10 SPOT PAYMENT

As per the OAPM Act and Bye-Laws of RMCs “The buyer shall pay to the seller the cost of commodity within 24 hours. On a complaint from the seller for non receipt of the sale proceed within the specified time, the buyer will be served with a notice calling for explanation is found unsatisfactory, his license shall be liable to be cancelled.

While discussing with the farmers in different districts and markets, few farmers complained about the late payment of their produce marketed. Since, traders do not operate in RMC markets and other markets are not under the control of RMCs, effective implementation of market regulations cannot be ensured. Farmers also do not register any complain, regarding delay in payment by traders, to concerned RMCs.

In a study conducted by Sarangi (2009) it was reported that in the markets like Junagarh, Angul and Attabira markets payment is made on the same day, while in case of Sakhigopal regulated market, spot payment is not introduced in the market yard as a result of which the producers do not get the full payment of the sale proceeds on the same day. Similarly, Panigrahi (2008) reveal in a study on cotton marketing in Kalahandi district that 50 per cent of the farmers report that they are not getting immediate payment of their sale proceeds. Study by NIAM reveals that majority of farmers growing fruits and vegetables report that they are getting late payment of their sale proceeds.

4.11 WEIGHMENT

As per the OAPM Act and Bye-Laws of RMCs, Weighment of all agricultural commodities will be done by the licensed weigh man in the presence of the buyer or his Agent immediately after the sale is effected on the same day. No deduction in respect of weighmen shall be made except the prescribed trade allowance. If the produce is re-weighed the charge there of shall be paid by the party demanding the same.

In majority of RMC markets weighing equipments are provided for proper weighing of agricultural produce brought for sale. Proper weighing of produce procured by the procurement agencies, like paddy and cotton, is prevailing in all the markets of state. But only in few of the markets license has been issued to the weighmen. Study by Sarangi (2009) also reports that the market committees of Junagarh, Attabira, and Angul have provided the license to weighmen, while market committee of Kendrapara and Tikabali have not issued license to weighmen due to non-functioning of market yards. In the absence of licensed weighmen, the produce is either weighed with improper weights or even paid without weighing the produce mainly on value judgment of the buyer or commission agent. During field visit also it was observed that this practice is common in private markets and markets under local bodies (municipalities, NAC, Gram Panchayat). Providing electronic weighing scales at the entry gate of the market manned with trained staff, free weighing of produce brought by farmers, will give an edge over the value judgment of traders, and in turn farmers will tend to go for weighment their produce before selling their produce.

4.12 GRADING

Grading of agricultural produce in accordance with the provision of Agricultural Produce (Grading and Marketing) Act, 1937 may be undertaken by the market committee on the request in writing of the owner of the produce.

Paddy at most of the APMCs, Coconut at Sakhigopal, and Cotton in TMC assisted market yard is graded and there are grading equipments available in RMCs. But for other commodities including fruits and vegetables only eye-sight grading is prevalent in markets.

4.13 TRADE ALLOWANCES

As per RMC Bye-Laws the following trade allowances and deductions are prescribed

:

6. if any rope or gunny bag or any other articles is used to the bundles of the Pan on goods side of the scale, a weight equivalent to the weight of the rope or of the gunny bag or of the articles so used shall be added to the Pan of the weight side of the scale in order to counter balance the weight of rope of the gunny bag or the articles used for tying the bundle.
7. No other allowance is permissible on account of admixture with foreign matter or quality.

Trade allowances are being followed properly in case of RMC markets and paddy and cotton procurement. But in case of markets under GP and other local bodies, where markets were leased out on annual contract to private parties, these private persons are taking a part of produce other than the sitting fee from the sellers in the name of market charges which are illegal as per OAPM Act. Since, the markets are not under the control of RMCs effecting and implementation of this provision cannot be ensured.

4.14 MARKET INFORMATION & INTELLIGENCE

Market information is very important facilitating function for all the stakeholders in the agricultural market system, more so for the farmers who are selling their produce. This helps in making decision about production, marketing as well as long term cropping decisions. The availability and dissemination of accurate and relevant marketing information is important for long run sustainability of Indian agriculture. One of the most important is that of market prices.

The market committees, as per provisions of OAPM Rules, 1958 and RMC Bye-Laws, are supposed to provide market information to the farmers. Market committees provide information through notice board of the RMC at main market yard only and few RMCs are uploading price information in AGMARKNET also. But the study by Sarangi (2009) indicated that price information is disseminated at notice Boards of Sakhigopal, Junagarh and Attabira RMCs, whereas prices are not disseminated at Angul, Kendrapara and Tikabali RMCs.

Study by Fafchamps, et al reports that farmers primarily depend on their peers for production and marketing information needs. Agriculture officers and traders are other important sources of market information. Role of mass media is limited. The following

table points out the weaknesses in the information systems of the wholesale agricultural markets:

Table-4.4: Sources of market information for farmers

Type of Information	Farmers source of Information %							
	Other farmers	Agri Traders	Personal Observation	Agri Officers	Contract buyers	Input Suppliers	Mass Media	Other
Crop prices	46	47	1	4	1	1	1	1
Sorting/grading of crops	54	17	9	18	0	0	15	0
Post harvest practices	56	9	8	20	0	2	1	3

Source: *Fafchamps, et al 2006*

4.15 DIRECT MARKETING

Though provisions for contract farming and private markets have been made under the OAPM (Amendment) Act, 2005 but the Act is silent on direct marketing. Direct marketing concept for Krushak Bazaars is by executive order of the Govt of Orissa. Under the Chief Minister's 12 point programme, 43 Krushak bazaars were established in the state. Presently 32 Krushak bazaars are functioning. As per future plan of OSAMB, important existing retail market places in urban areas or potential places are to be identified and a vegetable production clusters adjacent to that market area to be selected for setting up of Krushak Bazaars. Some of the existing Krushak Bazaars are to be made functional through farmer-consumer interactions.

In the absence of proper organized markets operating on daily basis, village traders procuring directly from villages is common mode of sale of agricultural produce in all parts of Odisha particularly for fruits and vegetables. Thus, in the absence of proper market places and effective market regulation, direct marketing will be an ideal solution in the state. It is pertinent to note that, Reliance fresh has tied-up with Self-Help Groups in Angul district with the help of DSMS of ORMAS for procuring vegetables. The procurement of vegetables is continuing from last one year. State needs complete amendment in the Act with provision for all the three major areas as suggested in Model Act and simultaneously Rules may be framed.

4.16 CONTRACT FARMING

As per amendments in OAPM Act, 1956 effective from May, 2006, contract farming in Orissa is legally allowed. Immediately after amendment of OAPM Act in 2006, contract

farming in cotton was taken up over 14,000 hectares of land in the district of Rayagada, Kalahandi, Nuapada, Ganjam, Bolangir and Sonepur involving around 20,000 farmers by two private textile mills, viz; Welspun India Pvt. Ltd. Gujarat, and Super Spinning Mill, Coimbatore and two private entrepreneurs, namely, Amit Green Acres Pvt. Ltd., Gujarat and Eco Farms Pvt. Ltd., Maharashtra. The cotton cultivated by farmers under contract farming arrangements was procured by private entrepreneurs and Cotton Corporation of India (CCI), on behalf of two spinning mills in RMC yards.

NAFED has signed MoU with Govt. of Orissa for taking up contract farming in oilseeds for Sesamum and Groundnut.

List of Companies for Contract Farming on Cotton

1. CCI, Rayagada
2. M/s Super Spinning Mill Ltd, Bhawanipatna
3. M/s Spectrum International, Kesinga
4. M/s BIORAYS, Muniguda
5. M/s Pratima Agro & Paper Pvt. Ltd, Sargiguda, Titlagarh.
6. M/s Natural Organic farm, Ward No-10, Kesinga.
7. M/s natural green field, Ward No-10, Kesinga.
8. M/s Tarunshree Cotton (P) Ltd, Komatalpeta, Rayagada.
9. M/s Eco Farm (India) Ltd, Masanimunda ,Kesinga.
10. M/s Saibaba Cotton Agencies, Hathipathar Road, Rayagada.
11. M/S Prativa Syntex Ltd, Patnagarh, Bolangir
12. M/s Shree Ambica agro Industries (p0 Ltd, Bolangir
13. M/S Jaya Durga Ginning Mills, Kantabanji, Balangir.
14. M/s Samrudhi Self-Help cooperative Ltd, Purunapada, Bhawanipatna.
15. M/s Ananta Agro farm, ward No-6, Kesinga
16. M/s Basumata Swayam Sahayak Samabaya Ltd, Village-Chahak, Via-Utkela, Kalahandi.

17. M/s Matrubhumi Swayam sahayak Samabaya Ltd, Village-Mading, PO_ Karlapada, Kalahandi.
18. M/s Om Organic cotton (P) Ltd, Kurli, Kantabanji, Bolangir

Issues in Contract Farming

1. Study by RCDC⁵ reported that most of the firms involved in contract arrangement with farmers have fixed agents to procure the produce from the farmers. These agents either on their own or joining hands with the firms often under-evaluate the quality of the harvest. Under contract arrangements payments are to be paid based on the quality standards. When the produce is under-evaluated by such agents the farmer ultimately gets lower price for his produce.
2. Contract farming may be more beneficial to the farmers if there is farmers' association or cooperative which can replace the role of middlemen or commission agents who are involved in marketing of the contract commodities on behalf of the company.
3. There should be bank finance to small and marginal farmers on easy terms. As the payment for contractual produce is made through the bank, the recovery of such loans will be easier.
4. Required infrastructure for assessing the grades and standards need to be put in place, so as to reduce disputes on account of quality and quantity standards.
5. A massive & effective awareness building campaign should be launched so as to educate the farmers regarding the rules, advantages, disadvantages, arbitration system, precautionary measures, and facilities like loan, etc. of contract farming.
6. Under section 24-T (4) of OAPM Rules 2007 provision for making payment to contract farming producer by sponsor is to be made within such period not exceeding three days after the purchase of the produce. This provision is contradicting the provision of immediate payment to producer for produce purchased by a buyer as per Bye-Laws of RMCs.
7. Under section 6-D (3) of the Act, disputes arising out of the Contract Farming agreement may be referred to Director for settlement and Director will decide the dispute. Under such provision, a farmer residing in village of remote district has to approach to Director in Bhubaneswar, in case of any dispute with the sponsor, which is very difficult and inconvenient. The provision should be made for dispute readdressal by RMC secretary and the Director as appellate authority.

4.17 PRIVATE MARKETS

As per chapter II-A Sections 6-A and 6-B of OAPM Act, 1956 inserted vide Orissa Act no. 5 of 2006 OGE No. 660 dated 17.5.2006 and Part-II A Rule no 24-A to D of OAPM Rules, 2007, provision for providing license for establishing a private market by any person or body of persons like company registered under Companies Act, 1956 or a cooperative society registered under Orissa Cooperative Societies Act, 1962 or a

5 RCDC (2011)

cooperative registered under the Orissa Self-Help Cooperative Act, 2001 for the period of three years and renewable was made provided minimum infrastructure in the market, except for common varieties of Paddy and Rice .

Till date OSAMB has given license to National Spot Exchange for trading in Maize to operate in the whole state under the provisions of the Act. However, NSEL is operating at Umerkote RMC, Nabarangapur district only. No other application has been received by the authorities for providing license for set-up of private markets in the state.

There are several private markets operating in the state like Barabati in Jajpur RMC market area, Panichatra market in Bargarh RMC area. As per legal provisions of OAPM Act and Rules, the private markets operating in the state without taking license are illegal entities. The authorities may initiate the process of issuing license by convincing the association of operating in such manner.

Every license granted shall remain valid for a period of three years from the date of its issue and it may be renewed, from time to time, for a further period of one year on payment of such fee, in such manner and on fulfillment of such conditions as may be prescribed.

While the amendments open up market trading, in principle, to the private sector, the practical application remains fraught with restrictions. Licensing remains unduly restrictive with a three year limit, which may be extended. No serious business can be conducted under such uncertainty. The amendments are likely to foster very short term investment opportunities but not lay the foundation for long term private sector marketing infrastructure.

4.18 MARKETING CHANNELS AND PRICE SPREAD

The number of agencies involved in the movement of agricultural produce from the point of production to the point of consumption and the proportion of price received by the producers from the price paid by the consumers, decides the efficiency of agricultural marketing system prevailing. This aspect has been captured for different crops of Orissa by reviewing the literature and studies available on this aspect.

Paddy

A study conducted by Mallick⁶ on Paddy shows that producers receive 66.5 and 71.11 per cent of consumers rupee in the markets of Orissa having marketing channels with four middlemen and marketing channel of two middlemen, respectively. The average share of producers on an average comes to 67.81 per cent of consumers' price in unregulated markets.

A study conducted in January 2003 to understand the reasons for stagnation of agricultural growth and reluctance of the farmers to diversify from paddy in Orissa reveals that the system of agricultural produce marketing is not farmer- friendly. The services like cleaning and quality control are conspicuous by their absence.

Cotton: Study conducted by Panigrahi⁷ on production and marketing of Cotton in Kalahandi district revealed that cotton producers sold their produce to procurement agencies or mills through village traders, commission agents or directly. The study identified three channels for marketing of cotton. Cotton producers received about 86 per cent of the price paid by mills if sold directly, 83 per cent if sold through procurement agencies and 80 per cent if sold through village trader and commission agents.

Majority of cotton farmers revealed that non-remunerative price, market at distance, prices realized below MSP, lack of storage space and absence of immediate payment were the major problems in marketing of cotton. About 50 per cent of the farmers reported that they did not receive immediate payment after sale and 40 per cent farmers expressed that there was lack of storage space for unsold cotton.

Vegetables

Vaswani *et. al.*⁸ conducted a study of vegetable marketing system in erstwhile Cuttack and Puri districts of Orissa. The study reveals that the common channels in marketing of vegetables as follows:

1. Farmers – Local traders/ Assemblers – Traders/ Wholesalers – Retailers – Consumers
2. Farmers – Traders/ Wholesalers – Retailers – Consumers
3. Farmers – Retailers – Consumers
4. Farmers – Consumers

6 Mallick S. C. (1987)

7 Panigrahi, H. S. (2008)

8 Vaswani *et. al.* (2011)

The study further reveals that the prominent channel for marketing of vegetables in the study area was Channel 1 (53% of produce marketed through this channel) and Channel 2 (33% of produce). The farmers share in consumers' rupee has been worked out to 33% to 57% as given in table below.

Commodities	% share of farmers in% Consumer Price	margin intermediaries	of% marketing cost of intermediaries
Brinjal	35	20	45
Cucumber	33	22	44
Okra	35	15	50
Bitter Gourd	45	25	30
Ridge Gourd	41	36	23
Pointed Gourd	36	28	36
Green Chilli	57	20	23

Source: Vaswani et al (2011)

Mohapatra⁹ conducted a study on production and marketing of Onion in Bolangir district of Orissa and reported that there are three channels in marketing of onion in the study district.

1. Producer – consumer
2. Producer – Local trader – Consumer
3. Producer – Local trader – Wholesaler – Retailer – Consumer

The study further reveals that the producers got about 53% of the price paid by the consumers through channel 3, 77% through channel-II and about 98 per cent through channel-I. It was also reported that non-availability of adequate institutional credit facilities at right time, compels them to borrow from money lenders or middlemen at exorbitant rate of interest, even against the mortgage of their land and crop, and forced to sell their crop output at lower prices to the local traders (money lenders).

Due to non-availability of storage godown, poor transportation facilities, lack of government support for marketing, the farmers were forced to dispose of their produce at farm even at lowest price paid by local traders- cum- money lenders. The non-availability of up-to-date market information also hinders them to get better price and they are forced to sell at lower prices as decided by the local traders.

9 Mohapatra (1999)

A study conducted by NIAM¹⁰, Jaipur on problems and prospects of horticultural product marketing in Orissa has indicated that 90% of fruits, vegetables and flowers in the state is found to be marketable surplus. About 52% of farmers use direct channel (farmer-consumer) and 16% use contractor-retailer channel. About 78% of farmers use bicycle as means of transport. The farmers realize 50% more price in case of vegetables from direct sale than sale through middlemen (commission agent-wholesaler-retailer).

Marketing Channels	% Share of Producers	
	Fruits	Vegetables
1. Farmer- Commission Agent- Wholesaler- Retailer- consumer	62.22	54.42
2. Farmer- Village Merchant- Commission Agent (Haats)- Wholesaler- Retailer- Consumer	55.89	46.77
3. Farmer- Pre harvest contractor- Retailer- Consumer	62.21	41.84
4. Farmer- Wholesaler (Haats)- Retailer- Consumer	65.26	46.70
5. Farmer- Consumer (direct marketing)	76.89	82.17
Overall	63.01	50.05

A study conducted by the Naik and Singh¹¹ in Koraput district indicates that 45% of vegetables are consumed in the district, 25% are sent to other places of the state and remaining 30% to other states like Andhra Pradesh, Madhya Pradesh, Chhatisgarh, Karnataka, West Bengal, Maharashtra and Tamil Nadu. It is indicated that prices in rural markets for vegetables fluctuate widely indicating a lack of integration between the markets.

Mehakud¹² in a study on production and marketing of vegetables in Sadar Block of Keonjhar district reported that there are two to three intermediaries were involved in marketing of Tomato and Brinjal. The channels identified in marketing of selected vegetables in the study area were;

Ch-I: Producer – Village Beopari – Consumer

Ch-II: Producer – Wholesaler – Retailer – Consumer

Ch-III: Producer – Trader – Wholesaler – Retailer – Consumer

The producers share in the price paid by the consumers was 61.3%, 44.5% and 41%, respectively through channel I, II and III for Tomato crop. In case of Brinjal, farmers were receiving 68.35%, 49.8% and 53.25%, respectively.

10 NIAM (2005)

11 Naik, D. and D. N. Singh (2006)

12 Mehakud P. K. (1997)

In a study by Nayak¹³, conducted on production and marketing of vegetables in Rajkanika block of Kendrapara district, reported that large proportion of farmers were selling their produce in village to village beopari or traders from other districts. The common marketing channels identified for Brinjal and Okra were

Ch-I: Producer – Trader/ Retailer – Consumer

Ch-II: Producer – Wholesaler – Retailer – Consumer

Ch-III: Producer – Wholesaler – Commission Agent – Retailer – Consumer

Ch-IV: Producer – Village Beopari – Wholesaler – Retailer – Consumer

Ch-III: Producer – Village Beopari – Wholesaler – Commission Agent – Retailer – Consumer

The post harvest losses amounted to about 17 per cent of total production of Brinjal and 13 per cent in case of Okra. Providing marketing avenues nearby villages either through forming vegetable grower cooperatives or establishing collection centres would provide incentive to farmers.

Mohapatra¹⁴ conducted a study on marketing of potato in Jagatsinghpur district and reported that there were 11 channels identified for marketing of potato in the study area. Village trader plays dominant role in marketing of potato in the study area that purchased output at lower rates and sells it to wholesalers or retailers within district as well as of other districts. There were four channels involving three intermediaries, three channels involving two and one middlemen and farmers were also selling potato directly to consumers in rural haats. The study further revealed that potato farmers received about 57 to 59 per cent of the price paid by the consumers through channels involving three intermediaries. Whereas, farmers received 90 to 92% of consumers price by selling directly to consumers in haats.

Coconut

Kumar and Kapoor¹⁵ analysed value chain of Coconut in five coastal district of Orissa and reported that Coconut farmers low and high fluctuating prices due to their inability to have access profitable markets for their produce. Farmers are mainly selling their Coconut produce to vendors at farm or at mandi, commission agents and consumers. Vendors were willing to either large vendors or aggregators. They in turn sell to

13 Nayak, S. R. (2008)

14 Mohapatra, B. K. (2001)

15 Kumar N. and S. Kapoor (2010)

processor, retailers in distant markets or at haats or to consumers. On an average, farmers receive about 60% of the price paid by the consumers and intermediaries earn about 40 per cent.

Some farmers were adopting distress selling because of lack of confirmed marketing, fear of theft and requirement of instant money. Due to scattered production also farmers resorted to sell their produce at local level and high dependence on vendors. Identifying suitable marketing points may be by OSAMB where farmers of the given area can come and sell their produce will organize the value chain of Coconut.

Livestock

Biswal and Kumar (2011)¹⁶ in a study on economics of livestock marketing in Orissa in conducted in twelve livestock markets from six districts of three regions of Orissa reported that selected livestock markets were RMC operated (two third), Gram Panchayat operated (one fourth) and local bodies. The study found that there was wide difference in market fees across different markets ranging from 1% to 3% of the sell price. The prices of animals were fixed through private negotiation between buyers and sellers. At the time of negotiation, it was decided that who will pay the market fee, and sometimes it was shared by both. The channels identified in marketing of livestock through the study were;

Ch-1: Farmer – Farmer

Ch-2: Farmer – Middleman – Farmer

Ch-3: Farmer – Middleman – Wholesaler – Farmer

Ch-4: Farmer – Wholesaler – Farmer

The price spread in the marketing of livestock was

Farmers Share in price (%)		Channel 1	Channel 2	Channel 3	Channel 4
Male	Cattle	&97.09	80.86	71.59	83.14
	Buffalo				
Female	Cattle	&97.82	81.75	69.96	80.42
	Buffalo				

Fisheries

¹⁶ Biswal and Kumar (2011)

Sahu and Tripathi¹⁷ in a study on price spread and marketing channels for Shrimp in Puri District of Orissa revealed that there was large number of intermediaries involved in marketing of Shrimp. The marketing channels identified were;

Ch-1: Shrimp Farmers – Shrimp Collector – Commission Agents – Processor-cum-exporter

Ch-2: Shrimp Farmers – Shrimp Collector – Commission Agents – Processor – Local Market Agent – Consumer

Ch-3: Shrimp Farmers – Shrimp Collector – Commission Agents – Local Market Agent – Local Market Seller – Consumer

Ch-4: Shrimp Farmers – Vendor – Consumer

The share of shrimp farmers in the price paid by the consumers was 53.85%, 53.33%, 50.0% and 71.43%, respectively through the channel 1, 2, 3 and 4. With the large number of intermediaries, farmers were receiving low price in the marketing of Shrimp.

Behura *et. al.*¹⁸ reported that freshwater fish markets in the state are not integrated mainly due to poor infrastructural facilities at the harvesting site as well as at the markets and lack of information system which would have transmitted the price signals from one market to another. The poor market integration of freshwater fish markets indicates the lack of competitiveness of these markets. Usually the fish markets in the state are faced with either monopolistic or monopsonistic methods of control over fish supplies. This can be checked by development of regulated markets or by strengthening of existing fishermen cooperative societies. Proper legislation had to be initiated in order to control the malpractices by the traders in fish marketing. Steps required to be taken for licensing of fish traders.

Freshwater fish marketing is more often urban oriented. The wholesaler-cum-commission agents channel of marketing is restrictive. The fish farmers mainly depend on local pre-harvest contractors for disposing their harvest and as such affecting their profitability.

It can be concluded from the review of studies that there are multiplicity of agencies involved in movement of produce from producer to the consumer, with that farmers share in the price paid by the consumers is low particularly in case of fruits, vegetables and fishery. In case of direct marketing channels, farmers are getting higher share. Local

17 Sahu HK and S. Thipathi (1998)

18 Behura, D., D. Pradhan and D. Naik (1999)

village traders dominate the trade pattern in the villages and acts as commission agents of town traders.

4.19 Potential Districts Requiring Proper Markets

Commodity group wise potential districts have been identified for development of proper wholesale markets. For identifying the potential districts, commodity group wise data for all districts were collected from Directorate of Agriculture, Govt. of Odisha. The standard deviation and mean of the production of respective crop group was calculated. The production data were arranged in descending order of production. The districts were then classified having high potential (districts with production more than mean plus standard deviation) and medium potential (districts with above average of all districts).

Table-4.5: Commodity Group wise Potential Districts

Commodity Groups	High potential	Medium potential
Cereals except Paddy	Nabarangpur, Koraput, Rayagada	Ganjam, Kalahandi, Keonjhar, Malkangiri, Phulbani, Gajapati
Pulses	Kalahandi, Ganjam	Balangir, Cuttack, Angul, Keonjhar, Rayagada, Sundargarh, Bargarh, Mayurbhanj
Oilseeds	Jajpur, Kalahandi, Ganjam, Bargarh, Malkangiri	Angul, Balangir, Puri, Dhenkanal, Balasore, Kendrapara, Nawapara, Sundargarh, Cuttack
Foodgrains & oilseeds except Paddy	Kalahandi, Nabarangpur, Ganjam	Rayagada, Koraput, Balangir, Keonjhar, Angul, Jajpur, Malkangiri, Bargarh
Jute & Mesta	Keonjhar, Kendrapara, Jajpur, Balasore	Mayurbhanj, Balangir, Cuttack, Ganjam
Cotton	Rayagada, Balangir, Kalahandi	Nawapara, Ganjam
Vegetables	Keonjhar, Ganjam, Mayurbhanj	Sundargarh, Angul, Phulbani, Khordha, Balasore, Cuttack, Balangir, Dhenkanal, Koraput, Bhadrak, Jagatsingpur, Kalahandi
Fruits	Angul, Koraput, Mayurbhanj, Kalahandi, Ganjam, Rayagada, Sundargarh, Phulbani, Balangir	Keonjhar, Dhankanal, Malkangiri, Sambalpur, Malkangiri
Spices	Phulbani, Koraput	Keonjhar, Nayagarh

Source: Authors' calculation

It is observed during the field visits and discussion held with different stakeholders that there is some marketing system for paddy, as it is MSP-driven. But orderly wholesale marketing backed by requisite infrastructure is almost conspicuous by its absence in all the districts of Odisha for other commodities. The production potential of different crops such as cereals, pulses, oilseeds, fiber crops, fruits and vegetables and spices have perhaps not been fully exploited due to absence of marketing backup in the state. The table above cluster the districts commodity-group wise for which the daily wholesale markets are required to be developed with all requisite infrastructure and these markets may be linked to rural haats/ PACS to act as assembling markets.

Chapter-5

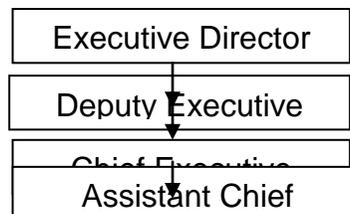
Market Interventions in Odisha- An Ideal Approach for Replication

Agricultural marketing in Odisha state is mostly a free market system, though regulated market committees have been notified and set up for regulating the marketing of agricultural produce but not much have been done in terms of regulation. In this kind of free marketing situation, it is suitable to try out some innovations. Some successful models in the state helpful in organizing backward and forward linkages in marketing of agricultural produce have come up to cater to the marketing needs of the agricultural produces. Some of them are described below.

5.1 Orissa Rural Development and Marketing Society (ORMAS)

Organization: ORMAS is an apex body that was constituted by the Panchayati Raj Department, Government of Orissa and registered under the Societies Registration Act (1860) in 1991. It was formed with the objective of supporting rural producer groups, by eliminating the gaps that existed between the producer and the market, under the Poverty Alleviation Programme.

The organizational structure of ORMAS is as follows:



Although this is a government body but the *modus operandi* is similar to a corporate body. It has flat structure with sufficient decentralization of powers. The Chief Executive of a district have a independence to select the areas where they wants to intervene, in consultation with the Executive Director. Hence, there is sufficient transparency in the operations and everyone knows about the activities of their colleagues.

Objectives: ORMAS facilitating empowerment of rural producers through economic upliftment : 1. Formation and Management of small women groups, 2. Capacity building of Self-Help and SGSY groups, 3. Initiation of Micro Enterprises and Micro Credit Linkages, and 4. Empowering the SHG/SGSY groups for sustainable Self Managed Activities.

Activities and Services: ORMAS works through the ‘Compact and Cluster’ approach, i.e., concentrating in a small area at a time. It has made successful interventions for the tribal community in many traditional areas like marketing of terracotta handicraft, market linkage for non-timber forest produce, technical assistance for irrigation facilities, value addition skills for processing of fruits, infrastructure support like cold storages, etc. Its key products and activities are Siali and Sal leaf plate making, Hill broom, Honey processing, Dal processing, Kewda leaf products, developing marketing linkages for vegetables, Tamarind, Amla, Harida, Kalmegh, etc. Recently, ORMAS has also facilitated marketing of agri-products like onion, turmeric, ginger, however, for all these activities, ORMAS plays the role of the facilitator and ensures proper input linkages.

ORMAS facilitating the marketing of rural products with the following intervention areas: 1. Market Research, 2. Activity selection/Trade identification, 3. Assessing Feasibility of Key activities, 4. Technology Up-gradation, 5. Skill Development, 6. Standardization and Quality Assurance, 7. Design Diversification and Product, 8. Scientific and Attractive Packaging Development, 9. Participation and Organization of Product Promotion Exhibition, and 10. Facilitate Sales through different channels

The intervention strategy of ORMAS has been on capacity building of the rural producers for role evolution of the community and gradual withdrawal of ORMAS for self management of enterprises and empowerment of the rural producers. At the micro level, the strategy is to create successful models of enterprises and at the macro level to influence the policy decision in favor of the community.

To facilitate for a sustainable livelihood of the rural poor, ORMAS has the following broad Strategies:

1. Promotion of Self Help Groups (SHGs).
2. Developing Swarnajayanti Gram Swarozgar Yojana (SGSY) groups on feasible key activities on a cluster basis.
3. Facilitate Capacity Building of the Groups.
4. To create Infrastructure linkages.
5. Transfer of Appropriate Technology.
6. Facilitate Product Promotion and Marketing Linkages

Activities: In order to achieve the objectives, ORMAS involve in the activities like:

1. Collaboration
2. Promoting SHGs
3. Identify & develop Feasible Project Proposal
4. Capacity Building of the stake holders
5. Technology Dissemination
6. Product Promotion
7. Market Linkages
8. Organisation of Exhibitions

Collaboration

ORMAS while facilitating the rural producers for a sustainable livelihood, has to provide both backward as well as forward linkages as and when required. This requires a larger producer's base to be roped in, which can be taken up on clusters for better scale of operation and economy. Then only, the major part of the incremental benefit would be going to the swarozgaris. Though, we understand that Government is the largest player in this developmental process, it cannot alone bring changes to the life of the community, unless there are collaboration of other similar players. In order to take closer the desired outcome to the communities, ORMAS is looking for collaborations from likeminded individuals/ organisations. The collaboration can be in terms of

1. Similar project implementation of other agencies
2. Assistance for our major area of activities (as mentioned at the end of this page- [Click Here to visit those activities and understand probable collaboration](#))
3. Technology dissemination
4. Training Equipments & Materials
5. Infrastructure like- Technology Centre, Training Centre, AGMARK & FPO certification Laboratory, Library

Promoting SHGs

ORMAS understands that for sustainable livelihood, successful SHGs are the essential. Based on this fundamental truth, ORMAS /DSMSs have been forming and promoting SHGs. Having graded these SHGs and found to be vibrant, the groups are taken under SGSY and thereby the bank linkages and other inputs are facilitated with feasible activities.

At present, for converting groups to SGSY in its key activities, DSMSs are in the process of forming and promoting 1543 SHGs in the state. As per the indent of the state govt.

about 1 lakh SHGs are to be formed and promoted in the state over a period of 4 years. These SHGs can be promoted by the DSMSs, other interested organizations/ NGOs in collaboration with DRDAs. Around 15,516 memberships are at present going through the capacity building process in different districts from different SHGs.

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Product Promotion

ORMAS/DSMSs facilitates the rural producers groups in developing their products through newer design, product diversification, standardization and certification, packaging etc. in order to strengthen the sales value and acceptability of the products. This has been mainly done for the Spices, Kewda Products and Honey etc. ORMAS is in the process of establishing its own AGMARK & FPO laboratory to accelerate the certification process of the products which at present are suffering to a great extent in absence of such alternative facility.

Marketing Linkages

ORMAS, along with its minimal intervention in Handloom, Handicraft and other Utility items, has prioritized its in Minor Forest and Agri-based products which have large raw material and skill base. The activity thus identified has been linked to market and are being covered under SGSY in different districts. Few of these products/activities are like, Siali & Sal Leaf Plate Making, Hill Broom, Honey Processing, Dal Processing, Kewda Leaf Products etc. Marketing linkages for Tamarind, Amla, Harida, Kalmegh and few other MFPs and medicinal plants are also initiated to strengthen the groups involved in these activities. However, for all these activities/products, ORMAS plays the role of a facilitator and ensures proper input linkages. Whereas the DSMSs pursue these activities at the Micro Level, ORMAS at the Macro Level facilitates for pro-people policy for smooth implementation of different programmes.

Implementation of Special SGSY Project

ORMAS implemented a SGSY Special Project, for Creation of an Integrated Network for Marketing of Rural Products in KBK, Boudh and Nayagarh districts of Orissa. The project aimed at creating sustainable livelihood for 20,000 families in 2000 villages of the target area by March 2008.

The project helped in developing sustainable livelihood for 2000 selected Self Help Groups. The following table shows the achievements of the programme.

Sl. No	District	SHG Formed	SHG Provided with RFA*	SHG Provided with IG Fund **	No. of CFC *** Created	Remarks
1	Bolangir	220	200	146	11	6 onion storage godowns (50 MT), 5 storage-cum-processing centers, 2 Dal processing machines, 102 ground nut auto feed machines, 1 turmeric grinder.
2	Boudh	149	96	52	5	2 LCP units, 3 dal processing units.
3	Kalahandi	226	226	85	12	2 electric operated Dal processing centers, 5 onion storage go-downs, 24 hand operated Dal processing machines, 1 transit go-down –cum-training centre
4	Koraput	200	164	149	22	22 Dal processing units
5	Nowrangpur	165	149	130	9	4 LPC and 5 Dal processing units.
6	Nayagarh	190	171	20	5	1 LPC & 4 Dal processing units
	Nuapada	229	205	143	162	161 small structures (2MT capacity) and 1 onion storage godown (50 MT capacity)
	Rayagada	200	200	84	9	13 Dal processing and 2 LPCM units
	Sonepur	200	200	98	1	Handloom units
	Total	1779	1611	910	236	

*RFA : Revolving Fund Assistance **IG : Income Generating, ***CFC : Common Facility Center , LPCM- Leaf Plate & Cup Making. Source: ORMAS

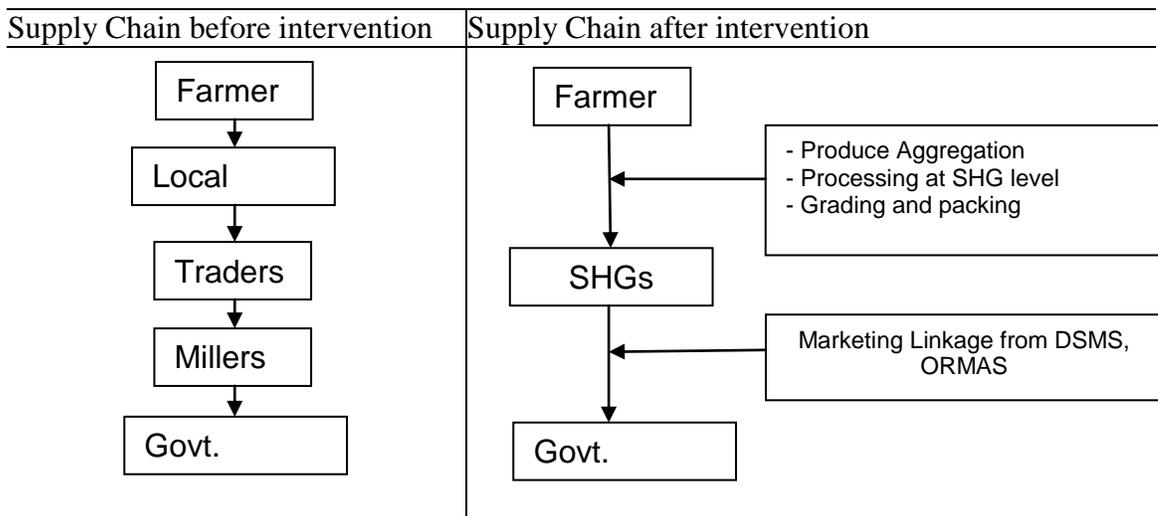
5.1.1 Successful Case: Dal Processing - a major activity in KBK districts

In KBK districts of Orissa ORMAS has opened avenues for self employment opportunities for the SHGs. Villagers from interior locations used to collect Raw Kandul (Arhar) and sale it to local agents of traders of millers from Raipur and Nagpur at very low prices (Rs. 3-5/kg), since there was no competition for buying of this produce. This

Kandul after processing, millers were supplying back to Orissa government for supplying in different emergency feeding programmes.

DSMS Rayagada started studying the prospects of supporting available SHGs for better marketing of this produce. ORMAS procured the mini dal processing technology from CFTRI, Mysore and supplied 7 units to master SHGs for free along with improving technological skill of SHG members on the aspect, and provided revolving fund to SHGs for pulses procurement. ORMAS selected middle level educated local youth and trained him to work as VIKAS SATHI and placed him in local bank for mobilizing farmers in forming SHGs for marketing of pulses collected by them and mobilizing loan and linking SHGs to banks to save farmers from the clutches of local agents. SHG members started aggregating Kandul at SHG level and started processing themselves.

ORMAS then tied up for marketing of Raw Kandul (local Arhar) Dal of the locality which is processed in the dal processing units managed by self help groups and is supplied mainly to the Govt. for Mid-Day-Meal & Emergency Feeding Programmes in the districts. This initiative is not only yielding good income to Dal processing SHGs, it has also resulted in increase in the procurement cost of Raw Kandul from Rs.8 - 10/k.g. in 2001 to Rs.20-22/kg presently – thereby giving more money to the producers. The ORMAS initiative of supporting SHGs helped in getting remunerative prices to farmers and saving farmers from clutches of local agents for credit purposes. Presently ORMAS is procuring about 6000 qt of pulses through SHGs and supplying it to government.



5.1.2 Successful Case: Vegetable Marketing in Angul

Looking into the problems in marketing of fruits and vegetables by farmers in the area and booming organized retailing in agri-products, DSMS, Angul as a mile stone for achieving the goal of rural development and socio-economic development, started to identify some SHGs or Farmers' Club who would work together to produce, procure and market vegetables & fruits required by big retail outlets or chain stores. It was able to identify some SHGs who agreed to work as marketing SHG and would work for improvement of cultivation, procuring vegetables & fruits and supplying it to the departmental stores.

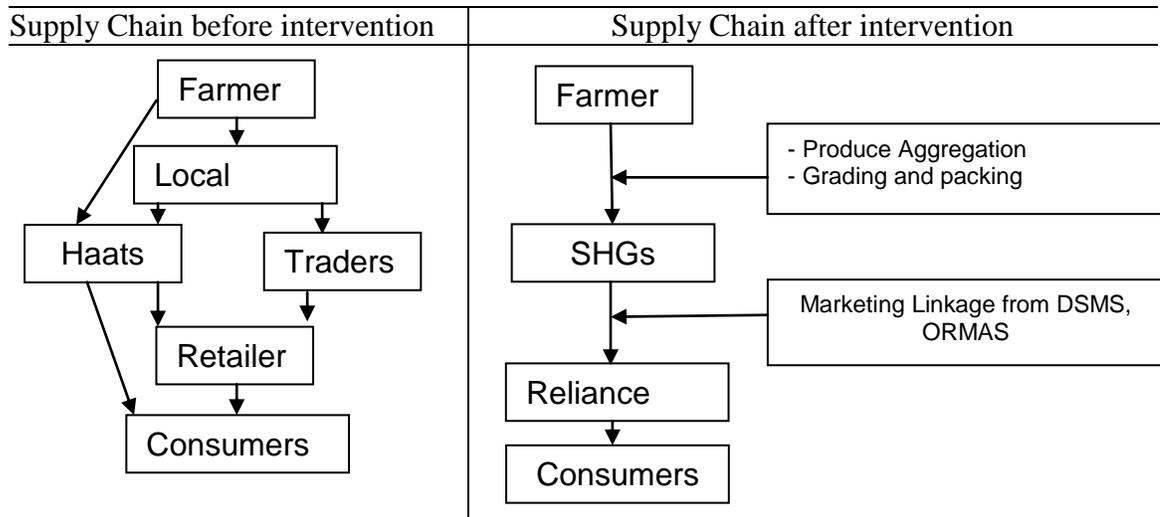
DSMS, Angul started initial talks with Reliance Fresh Ltd. of Bhubaneswar which is a unit of Reliance Retail Ltd. and dealing with fruits & vegetables in its stores of Odisha. DSMS, Angul signed a Terms of Reference (TOR) with Reliance Fresh Ltd. Vendor Codes have been opened for the Marketing SHGs who will work as registered vendors for the Company. The venture started on 19th August 2010 and till date it is going on successfully giving profit to the farmers through direct marketing of their produces. The transactions are made through the Vendor Code allotted by Reliance Fresh and Payment of the product delivered is being made directly to the Bank Account of the SHG through e-payment mode. Now, they are procuring fruits & vegetables from two Blocks of Angul District i.e. Angul & Chhendipada. Now, they are able to rope in other buyers of vegetables like different Hostels and other players in the retail market.

Modus operandi:

1. The SHGs get indent for the supply day fixed in the previous day or a day before.
2. The SHGs keep contact with the buyers regularly through phone & emails for negotiation of price and variety.
3. The company gives information of the indent and payments made to the SHGs regularly to the office of DSMS, Angul through email.
4. After getting the indent, the marketing SHG communicate it to the field workers.
5. They harvest the product in early morning of the day of delivery.
6. After loading the products, they take it through carriage vehicle to the Central Processing Centre (CPC) of Reliance Fresh at Pahala, Bhubaneswar.
7. The SHG keep record of the supply through Challans received by the Store Keeper of the company.
8. After raising the invoice of the consignments, the company gives a copy of it to the SHG and the payment of the same reaches to the Bank A/c of the SHG through direct credit by RTGS/NEFT.

Facilitation by DSMS, Angul:

1. Revolving Fund for Working Capital Purposes.
2. Carriage Vehicle out of Poverty Alleviation Programme of the Govt.
3. Regular monitoring for Accounting of the business by the SHG.
4. Organization of Buyer-Seller Meet time to time for mutual benefits like Quality Control, good supply chain, harvesting technique and necessary steps for fulfillment of the needs.



Vegetables & Fruits being supplied:

Pointed Gourd, Cucumber, Beans Cow Pea, Bitter Gourd, Ridge Gourd, Brinjal, Ground Nut, Chilli, Papaya, Okra, Banana, Pumpkin, Cauliflower, Tomato, Potato, Mangoes, Snake Gourd, Basella, Beans, Cabbage, Custard Apple, Small Colocassia, Raddish White, Sweet Corn, CBG, Cluster Beans, Sweet Potato, Spring Onion, etc.

Benefits accrued to farmers

1. Assured market access incentivizing farmers to diversify cropping pattern
2. Better price realization (15-20% higher than other farmers)
3. Credit access at cheaper rates, saving farmers from the clutches of agents
4. Better knowledge to farmers on production and marketing aspects

5.2 MART: Collective Marketing Model: Enriching the Marginalized¹⁹

The Collective Marketing Model was developed under the aegis of the Western Orissa Rural Livelihoods Promotion (WORLP) project. From a modest beginning in 20 villages the model was expanded to 100 villages in WORLP. Subsequently the approach is being

replicated in the IFAD funded Orissa Tribal Empowerment and Livelihoods1 Program (OTELP) where Collective Marketing operations are being established in another 400 villages spanning 6 districts.

Marketing methodology to drive efficiency in the supply chains of more than 32 commodities of both the agricultural and non-timber forest produce (NTFP) variety and subsequently replicated to other states. Collective Marketing has armed Community Based Organizations (CBOs) primarily SHGs and CIGs with the knowledge, confidence and processes to operate in a non-exploitative channel for the marketing of products. These CBOs have captured value by conducting a range of local-level activities including drying, sorting, grading, weighing and packaging, for which a range of marketing infrastructures have been created in villages. The total value of products marketed through Collective Marketing channels is in excess of Rs 6 crore. Using a conservative estimate of 10-15% margins in this operation, the turnover represents additional income to the tune of Rs 1000 for each of the 4000 people involved in the operation.

No of district coverage	Started with	Expanded to
No of districts	2	7
No of Villages	28	500
No of SHG members	20	600
No of CIG members	200	3500
Turn Over(Rs)	600000	60000000
Products	Minor millet, Cotton, Onion, Mahuaflower, char	32 products

MART's approach to Collective Marketing is built upon five core ideas

- Truly inclusive and sustainable results can be achieved by making trading the basis for community involvement - The Collective Marketing approach emphasizes building entrepreneurship in the village through trading of raw produce on which the maximum number of families in a village depend. This is a conscious departure from the erstwhile approach of promoting manufacturing activities. The rationale for this is

that manufacturing based activity is a niche enterprise which involves very few members of the community and mostly done at town and city level.

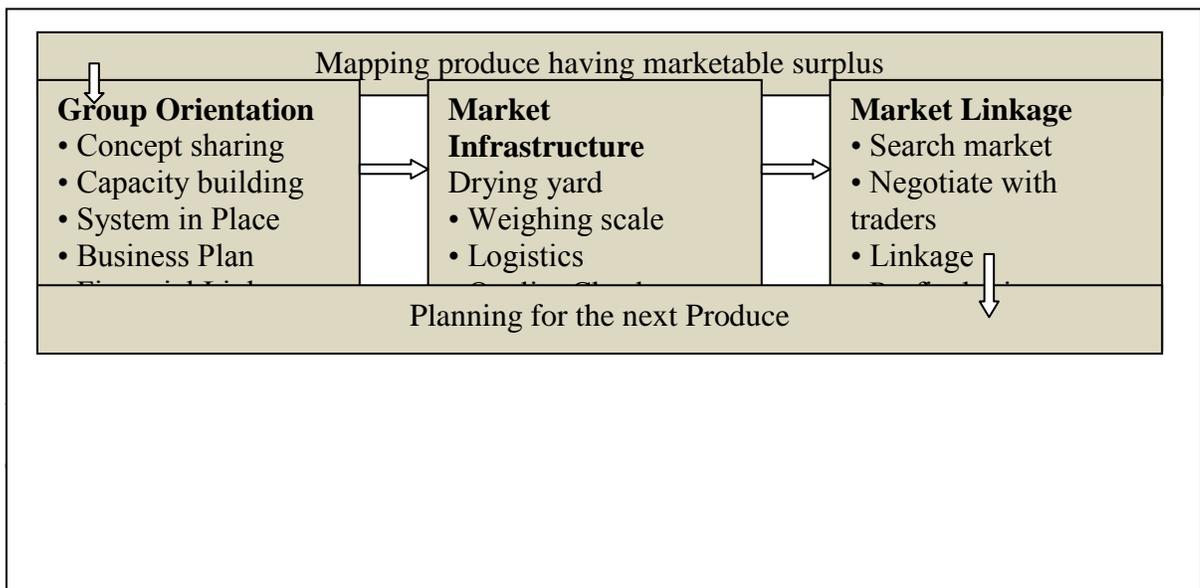
- Productivity increases alone will not achieve poverty alleviation, rather a market led approach is necessary - Approaches that focus on productivity alone result in increased outputs, but without commensurate improvement in marketing, there is limited increase in producer compensation. Poverty alleviation requires a comprehensive approach that focuses on conservation, productivity enhancement and commercialization. Since no strategy can increase incomes if followed in isolation any approach must intertwine all three into a holistic development paradigm. Collective marketing is a streamlined effort where community in order to get better prices for the produces works on the entire value chain i.e. on the pre-production, production, collection, harvesting, marketing aspects of the produce.
- Empowered Communities are the best agents of poverty alleviation – The goal of Collective Marketing is to empower community based organizations with the insights required for them to drive the poverty alleviation agenda. This implies a focus on the empowering with the exclusion of building community organizations. This reflects a belief that building community institutions and empowering them with know-how are essentially different skill sets. Collective Marketing assumes the existence of the CBO maintains focus on the process empowering them with the insights needed for them to capitalize upon their collective capabilities. The objective of Collective Marketing is to maximize the leadership and managerial abilities that preexist within the community, not to construct external institutions to serve the poor.
- Simple, sustainable interventions will yield better long-term results than complex, high margin interventions - As discussed; there is a significant gap between the compensation achieved at the farm gate and the price paid by the end consumer. The further the community is able to integrate into the process of value addition, the greater the remuneration to the producer. However, this forward integration comes with a price. It requires increasing levels of capital, expertise and organization complexity. These increasing demands require advanced levels of management and may not be within the aspirations or capabilities of the community. Interventions that go beyond the aspirations and capabilities of the communities are unsustainable

without committed ownership from an institution external to the community. The complexity of such organizations and the potential for politicization, rent seeking and subversion of the community agenda actually presents a risk to community based organization. Collective Marketing therefore limits itself to the value addition that can be conceived, led and executed by a CBO with the injection of only a one-time infusion of knowhow. Collective Marketing therefore favors sustainability over scale.

- Capacity building is most valuable when it focuses on process rather than product – The form and nature of outputs vary vastly across communities and even within the same community as it develops. Collective Marketing focuses on produce-agnostic fundamentals that adapt to diverse locations and circumstance.

The Collective Marketing Approach

In helping community based organizations extract the most out of their produce, MART has developed a systematic and comprehensive toolkit and methodology that can be applied with limited customization. The Collective Marketing engagement with a community last several months and systematically transforms a CBO. A diagrammatic representation of the activities conducted with the community is shown below:



the CBOs. The Collective Marketing process thus begins with a detailed market survey of the products grown in the community, the sources of value addition, marketing channels and opportunities for efficiency.

- The change-ready CBO – The key requirement is that the CBO be stable, strong and ready to make the transition to advanced economic activities. The characteristics of such a CBO include good leadership; understanding the value of investment, functional for more than one year etc. It is Important to recognize the interdependency of Collective Marketing and the CBOs stability.
- Collective marketing contributes to ongoing stability of CBOs as much as it depends upon it.
- The Latent Leader – Although the Collective Management engagement is delivered to the CBO, the motive force of change are the small subset of influential individuals who are the thought leaders of the CBO. These are the champions that carry the community through the transformation required to become a Community Based Enterprise. Identifying these individuals and targeting them for development as effective leader is a critical element of the Collective Management Process.
- Experiential Capacity Building – Since the constraint to community enterprise is as much a function of self-belief as it is a result of ignorance, the process of revealing opportunity must be accompanied by the process of developing aspiration. The educative components of Collective Marketing lay a high emphasis upon experiential and action based activities such as market visits, stakeholder conversations and marketing audits.
- Facilitated but Participative – Developing the community's capacity to take up enterprise is as much of a goal of Collective Marketing as creating channels for more efficient marketing. This implies that the CBO emerge as a Community Based Entrepreneur, not just a Community Based Manager.

Such an outcome requires that the community's ability to identify and construct enterprises progress alongside its ability to manage them. Thus facilitators in the Collective Marketing framework have to maintain a delicate balance between assisting a community to develop its agenda and creating an agenda for the community.

Collective Outcomes and Opportunities

Collective Marketing is now a mature effort. It has been tested in 6 districts and touched communities in nearly 500 villages. The process has been used with 32 commodities in

supply chain steps that range from farm-gate collection to market speculation. The following are the key outcomes that have been achieved in the targeted communities:

- Involvement of poor in value chain development - Participation of the marginalized in the marketing effort like aggregate to achieve scale, participate in value addition and engage with markets as an equal participant, This outcome has significant implications for wealth creation and empowerment among the poorest.
- Marketing Efficiency – Collective Marketing has created community driven solutions for a wide range of products.
- Equity of Access to Entrepreneurial Opportunity – The compelling and enduring impact of Collective Marketing is that it has introduced marginal producers who fatalistically accepted exploitative remuneration to the idea that it is within their rights and capability to maximize their wealth. This experience within the immediate context of their produce has had a deeper impact on the social fabric of the community. Opportunities for enterprise which were limited in their access to small pockets of the rural community are now being actively pursued by a larger proportion of the village population.
- Better utilization of institutional support to the poor – In the communities where it has been implemented, Collective Marketing has also acted as a cause towards which development resources such as the revolving fund can be directed. Thus in addition to developmental outcomes of its own, Collective Marketing is also allowing other developmental inputs to maximize their impact upon the community.
- Collective Marketing has now been established as a credible step in the journey out of poverty. The future of Collective Marketing lies in taking this tool to the millions who need it and expanding the impact this tool has on the lives of the poor. At this point, the Collective Marketing methodology as it currently stands will be incapable of managing the risks and operational sophistication required by the enhanced ambitions of the community. A vision for Collective Marketing therefore is to expand to create an advanced level of intervention which will take established Collective Marketing groups and transform them into full-fledged, professionally managed producer companies.

5.3 Water melon marketing by Farmers Association²⁰

Farmers of around 20 villages of the Dhenkanal district including Sogar, Gengutia, Banasingh, Sankarpur, Tarava, Sankulei, Safashivpur, Rekula and Bhuban have shifted to watermelon cultivation from the regular paddy in the wake of heavy demand for the fruit. More than 5,000 farmers have grown watermelon in over 1,140 acres of land in the year 2010 near the banks of the river Brahmani and the Ramiala. They start cultivating the fruit in October and the crop season ends in April. Farmers of these villages have formed Watermelon Farmers' Association and farmers are exporting watermelons to Bhutan in large quantities and to neighbouring states like West Bengal, Assam and Siliguri. The buyers from Bhutan deposited money in the accounts of farmers two weeks before their arrival and transported the watermelons from Dhenkanal after realisation of the amount. Baidyanath Sahoo, a farmer of Tarava village in Dhenkanal district, is a happy man today. He along with his family members have cultivated watermelons in over 200 acres. They have already sold 300 tonnes of this popular fruit so far and earned a profit of Rs 12 lakh. Santosh Kumar Sahoo of the same village too has earned a profit of Rs 3 lakh by growing watermelons in his 40 acres. However, farmers lamented that though the demand for the fruit has been rising, banks are reluctant to extend any help. The Rashtriya Krishi Bima Yojana does not cover fruits.

In the absence of proper execution of OAPM Act, there are several private markets operating in the state leading to a situation of free market. The aforementioned innovative models need to be replicated for providing effective backward and forward linkages in marketing of agricultural produce. Marketing through self-help groups will provide economies to scale to the marginal and small farmers as well as other stakeholders. The factors like peer group pressure and better functioning of the SHGs/CIGs, better bargaining power to farmers, and synergy in the supply chain can be achieved. These SHGs or CIGs may be linked to collection centres (PACS/ Rural Haats) and in turn to wholesale markets.

²⁰ Seth (2010)

Chapter-6

Problems and Suggestions by Stakeholders

To understand the problems faced by different stakeholders, field visits were made in different markets of Orissa under different operation and management and opinion of stakeholders was sought through group discussion. The problems faced by different stakeholders and the suggestions are given in this chapter.

6.1 Farmers

S. No	Problems	Suggestions
1	Higher dependence on local agents for Credit requirements and hence to sell the produce to these agents a lower prices	Easy and timely availability of institutional credit to small and marginal farmers to be ensured
2	Poor road connectivity to the markets from villages	Provide all weather road connectivity in villages
3	Poor transport facility for transport of produce	Collective transport arrangements for transporting agricultural produce is required
4	Non availability of proper Packing material	Plastic crates may be distributed for fruits and vegetables
5	No access to Market information	Rural haats needs to be strengthened or collection centres should be opened for a group of 15-20 villages
	Markets are at distant places	PACS and Rural Haats may be developed into a full fledged markets with requisite infrastructures
6	No regular access to markets	A proper daily wholesale market at major production centres needs to be developed with all infrastructure for smooth trade and proper price discovery
7	Market infrastructure	Proper infrastructure should be put in place in the markets including at haats for proper and smooth functioning of the market
8	No proper auction in the markets	Proper auction should be conducted by RMC staff in each market including haats
9	Dependence on local agents for marketing of produce and credit requirement	Rural haats PACS may be converted into collection centres and may be linked to daily wholesale markets
10	Dependence on paddy cultivation due to lack of proper arrangements	Farmers access to daily markets for commodities other than paddy is also

for proper marketing for other commodities required

Study conducted by NIAM also identified the problems faced by farmers in Orissa like absence of organized marketing institutions and infrastructure, daily wholesale markets, and thus, even good harvest does not provide the farmers sufficient returns. Lack of access to market information, lack of storage space, lack of knowledge on proper marketing of produce, lack of institutional credit availability, not receiving immediate payment of produce sold, lower price realization, etc. were the other problems identified by the study in marketing of horticultural crops.

Non access to market hindering crop diversification

While discussing with farmers in different districts of the state, access to market is observed to be one of the major problems. A group of farmers in Rayagadda, on being asked why they are not taking up vegetables-production, are of the opinion that due to assured procurement operations for paddy and cotton, farmers are not going in for diversification of the crops. Another reason furnished by the farmers for their indifference towards growing vegetables is that whatever small quantity they produce, either they themselves have to sell it as vendors in different villages for which they don't find time or they have to sell it to the local agent at a very low price. They have also tried to sell the produce in the local Municipal market in the city, but the lesee of the city-market along with local traders did not provide them the place to sell there. Thus, they compel them to sell through them only at non-remunerative prices. Under such circumstances, farmers' option revolves around paddy and cotton only, which have got them assured market in the form of procurement operations.

in the markets. The study further reveals that the major reasons for the farmers for not selling their produce the regulated markets are distance of market from the village, loss of time in selling at market yard, lower marketable surplus, convenient to sell in village, lack of spot payment in the market, difficulties created by traders and relationship with the traders.

Vasundhara (2005) in a study reveals that more than 90% of the farmers are forced to avail credit from local moneylenders (and at times from input dealers- a phenomenon which has recently started in the area) at an exorbitant interest rate of around 60% to 100% per annum. For the small and marginal farmers selling a part of their produce is

common practice for meeting some urgent expenses and repayment of loan. Thus a sizeable quantity of paddy is up for sale immediately after harvest. However the farmers of the village, year after year, get cheated by the millers' agents and receive prices far below the Minimum Support Price (20 to 30 % lower prices than MSP) declared by the Government. Both in the case of market yard and the village level procurement, farmers have to suffer from huge deductions by the millers' agents. Further the farmers do not get the entire payment as cash and substantial portion of the payment is delayed for 2-3 months.

Study by WORLP (2005) reported that marketing is mostly disorganized and inefficient which indirectly leads to low productivity also. Inadequate transport facilitates, lack of storage capacity, lack of credit facilities, lack of market information, lack of farmers' organization and lack of awareness for value addition and agro-processing are major constraints observed in the region. In spite of operation of RMCs and Krushak Bazars the poor farmers have not yet achieved desired benefits as a result of which distress sale and unfavourable conditions still prevail in rural areas.

World Bank study revealed that in Orissa, where there are less number of regulated markets, reduction in market fees are cited by less than 15% of farmers. There was greater demand for improved market infrastructure in Orissa, indicated by the high frequency of request for closer markets, improved transportation and demand for cold storages.

Table-6.1: Wholesale Market Improvements Requested by Farmers

<i>Wholesale market</i>	<i>Orissa</i>	
	<i>Grain</i>	<i>F&V</i>
Farmers Requesting, %		
Closer market	60	55
Reduced fees	13	13
Improved transportation	48	47
Improved facilities	8	7
Cold storage	64	61
More honest traders	11	13
Less theft	0	0
Be allowed to sell /sell more often	3	8

Note: Satisfaction with wholesale market includes who were indifferent, satisfied and very satisfied.
F&V – fruits and vegetables.
Source: Fafchamps, et al. 2006.

6.2 Traders and other stakeholders

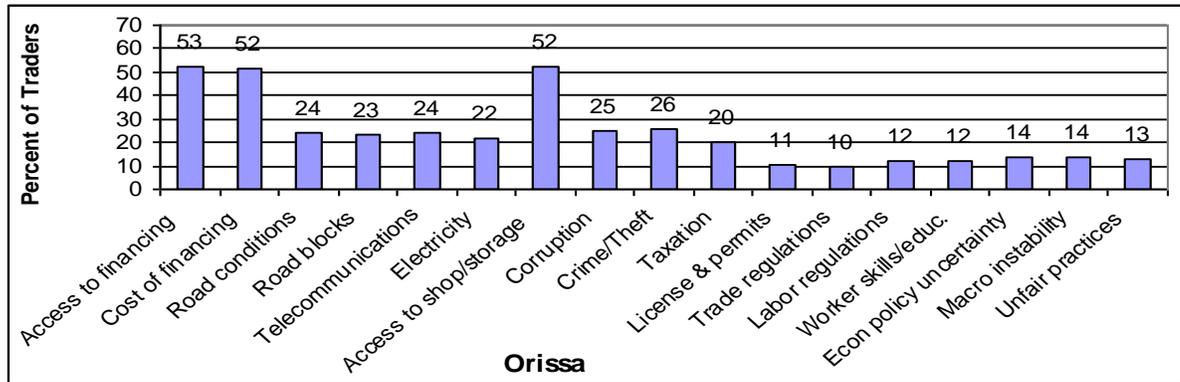
Discussion was held with traders, associations, retailers, etc. at different places in different types of markets for identifying issues in marketing of agricultural commodities. The issues identified as per the discussion are as follows:

1. Lack of proper wholesale market with required trading and other facilities even in cities with large population
2. Lack of shops in markets
3. Lack of infrastructure in the markets for auction (no price discovery)
4. Lack of storage space in markets
5. Lack of banking facilities in markets
6. Poor road connectivity with villages
7. Lack of market information
8. Lack of electricity in markets
9. Lack of water supply in markets
10. Inadequacy of cold storages
11. Non-availability of grading facilities

Traders felt that there should be full fledged wholesale markets with all required infrastructure and facilities for smooth trading and proper price discovery. Due to lack of these facilities, traders face problems in trading and have to depend on local agents for procurement of produce, and thus both farmers and traders are suffering losses.

World Bank study also reports that major constraints in trading in agricultural commodities are access to shops, access to storage, access to financing, high cost of financing, theft in the markets, etc.

Main Constraints to Agricultural Trading in Orissa



Source: Fafchamps, et al. 2006.

6.3 Problems in implementing the provisions of the act

Focused discussion was conducted with RMC secretaries, the problems/issus that emerged are:

1. Markets under different ownership and management governed by different Acts.
2. RMC secretaries are on deputation from department of cooperation from among cooperative inspectors, lacks knowledge of agricultural marketing and management of markets, and there are transfers from RMC to cooperatives department
3. No proper training on market management and implementation of provisions of OAPM Act and Rules.
4. Strong lobby of traders
5. Market fee collection at check gates, concentration is on check gates for meeting out fee collection targets rather than market management

While discussing with the senior officials, deputed from department of cooperatives, having long experience in agricultural marketing it was observed that before 1996 there was orderly marketing system prevailing in the state. Most of the trade used to take place at market yards only and market fee used to be collected at market yards only. There were check points at main roads aimed to check evasion of market fees in the market yards by the buyers.

The provisions of trade in the market area, other than at market yard, and collecting market fee at check gates was incorporated as Rule 24-A vide OGE No. 794 dated 3.8.1996. After this the whole scenario has changed. This led to arbitrary trading by the trader anywhere in the market area and started operating without license also. The

RMCs in the market area do not have control over such traders. Due to this, the function of RMCs was limited to collection of market fees at check gates rather than managing market yards. The concept of check gates is hindering the progress of agricultural marketing development in the state, and hence, need be done away with. Rather market fee has to be collected in the market yards only by making the trade compulsory at RMC premises. Proper wholesale markets are to be developed providing all required infrastructure and with the arrangement for proper price discovery.

Chapter-7

Conclusions and Recommendations

7.1 Conclusions

Agricultural markets serve as the key platforms for providing benchmarks and indicators of prices to the various stakeholders in the supply chain for various commodities being transacted. The quantity and quality of foodstuffs available to the population at large is governed primarily by the arrivals of the various commodities into these markets. Agricultural markets, hence, also serve as the places for creating awareness among the entire supply chain of the consumer's demands and force them to respond to the changes.

Agricultural marketing system in Orissa is distinctly different from the other states front-ranking in agricultural marketing in the country. It is observed that, the ownership structure and functioning of the markets in these states is heterogeneous. Hence, it can be fairly argued that it is rather difficult to implement the reforms process initiated by GOI in the absence of uniformity in the functioning of the markets. It is often argued that the APMR Act is loosely implemented in the state. Hence, it is felt that, to initiate the reforms process, first there is a need to implement APMR Act in the right spirit of its provisions and then initiate the reforms process.

A series of meetings of Committee of State Agriculture Marketing Ministers have taken place for discussing various issues in agricultural marketing. In one of such meeting held on 25th April, 2011, it was decided to ascertain the problems of agricultural marketing in the eastern and north eastern states. Hence, the present study was assigned to National Institute of Agricultural Marketing, Jaipur. The study has been proposed with the following specific objectives:

1. To study the status of agricultural marketing in Odisha and Assam
2. To study the ownership, operation and management of existing markets in Odisha and Assam
3. To study the problems in implementing the Agricultural Marketing Regulation Act in Odisha and Assam

4. To assess the needs for improving the agricultural Marketing system in Odisha and Assam

For fulfilling the objectives of the study, both primary and secondary information on various parameters were collected. The details of markets and APMR Act were collected from Directorate of Agricultural Marketing and Orissa State Agricultural Marketing Board. The markets have been grouped according to ownership and management and mode of functioning for the purpose of eliciting the information for the study. Field visits were made to markets under different ownership and management for discussion with stakeholders. Stakeholders like farmers, traders, traders associations, village traders, RMC officials were contacted by the researchers to enumerate the problems being faced by them have been discussed. The available studies related to the objectives of the study and the OAPM Act and Rules have also been referred.

AGRICULTURAL MARKETING SYSTEM IN ODISHA

Market Regulation Scheme in Odisha State came into force after the enactment of OAPM Act 1956 and the Rules made thereunder in 1958. There were only 15 Market Committees during 2nd FYP which have now increased up to 65.

Market regulation in Orissa state came into force with the enactment of Orissa Agricultural Produce Markets Act 1956 as per govt. notification no. 598 dated 06.02.1957. A set of rules to implement the aforesaid Act were also framed as Orissa Agricultural Produce Markets Rules, 1958 vide notification no 18221 dated 24.05.1958. The OAMP Act and the Rules have also been amended from time to time during the year 1974, 1975, 1984, 1996, 2005 and 2007.

AGRICULTURAL MARKETING INSTITUTIONS IN ODISHA

Directorate of Agricultural Marketing

A separate Directorate of Agricultural Marketing has been established that started functioning independently from 1996. The Directorate of Agricultural Marketing is headed by the Director of Agricultural Marketing and has six Marketing Regions, each headed by a Regional Marketing Officer. The Directorate implements the schemes / programmes of the Government of India / State Government for providing marketing

support to farmers for marketing of their produce, creating and strengthening of infrastructure for marketing of agricultural produce for increasing market efficiency thus enhancing farmers' incomes. The Directorate has at present two cells namely (a) Market Research Survey and Extension headed by one Deputy Director of Markets with two Research Assistant and (b) Grading and Standardization cell headed by the Grading Development Officer with one Laboratory Assistant, two Grading Assistant and one Laboratory attendant.

Orissa State Agricultural Marketing Board (OSAMB)

Orissa State Agricultural Marketing Board is the apex Agricultural Marketing Institution in the state responsible for creation marketing infrastructure and for exercising supervision and control over the working of Regulated Market Committees of the state. It was established in the year 1984 under the amended provisions of the Orissa Agricultural Produce Markets Act, 1956 (OAPM). The Minister in charge of Cooperation is the ex-officio Chairman of the Board which has been assigned the status of a body corporate.

Regulated Market Committee (RMCs)

Under the provisions of the Orissa Agricultural Produce Market Act, 1956, Regulated Market Committees (RMCs) have been established in the State for regulation of buying and selling of agricultural produce. There are 65 R.M.Cs covering 55 Revenue Sub-Divisions of the State. Out of 65 R.M.Cs, 61 have elected Committees and election of remaining 3 is sub-judies and one newly constituted RMC is having a nominated Committee. The Collectors/ A.D.Ms/ Sub-Collectors are nominated to work as chairmen of RMCs.

OPERATION AND MANAGEMENT OF MARKETS

Across the 65 RMCs in the state at present there are 428 market yards in the State, which include 53 Principal Market Yards, the rest being sub-market yards. Besides, there are 567 temporary market yards for Paddy Procurement. Out of 314 Blocks, 111 Blocks do not have any R.M.C. Market Yard, which are going to be covered under the award of the 13th finance Commission. The RMCs are making efforts to upgrade the facilities in the existing market yards and the Gram Panchayat markets under their control and efforts

are also made to establish new market yards. These market yards have gained importance. since they are being utilized for the paddy procurement operations throughout the state.

A peculiar situation prevails in the state of Orissa in terms of ownership and management of markets. There are markets under different ownership and management. The markets are owned and managed by RMCs, local bodies like Municipalities and NAC, Gram Panchayats, and also private persons/ associations. GP and Municipal Markets markets operate in the urban and the semi-urban localities and managed either by Municipal organizations or leased out to private persons. The fate of farmers in these markets is simply left to the discretion of the lesee and the traders operating in these markets. There are the markets in the state where trade activity started as assembling and forwarding points for vegetables or fruits grown in the locality by traders coming from other parts of the state or other states, but gradually developed as private markets managed by associations of traders. Traders dominate the markets in terms of pricing of the produce and the local traders act as agents of the buyers from out of the district or state, and farmers has to depend on these local agents for sale of their produce.

The prevailing marketing system is grossly inefficient one, where farmers do not have access to market for sale of their produce and resort either to sale of their produce to local traders at abysmally low prices or not to cultivate vegetables. Consumers also have to pay higher prices for the commodities they purchase.

MODE OF REVENUE COLLECTION

Bye laws of market committee specifies collection of market fee as, 2 per cent for paddy and 1 per cent of the sale value of produce for other commodities, and 3% of sale value of animals will be charged as market fee. The major source of revenue for the Regulated Market Committee is collection of market fee. The other source of revenue collection is license fee for the license granted to different market functionaries in the market. Market fee is being collected at check gate established as per notification with due approval at the major roads under RMC command area. Only at Sakhigopal market, market fee is also collected at market yard.

Review of different RMC bye-laws indicated that market charges mentioned by different RMCs are not uniform. Thus, amendment in RMC bye-laws is immediately required.

MARKET INFRASTRUCTURE

There are infrastructural facilities available in the RMC markets, especially for paddy and these infrastructural facilities are not optimally used, partly due to their inconvenient location and partly because of lack of enforcement. The infrastructure situation is worse in case of markets under Gram Panchayats, municipal and other local body markets, and private markets. Majority of the haats do not even possess basic infrastructure required for trading of agricultural commodities. Municipality markets are the main markets of the towns and cities of Orissa and the marketing setup of the state cannot improve the infrastructural facilities of these markets, as these are falling outside its ambit.

SYSTEM OF SALE IN MARKETS AND PRICE DISCOVERY

It was observed that the open auction system of sale prevails in case of cotton where procurement agencies and mills purchase cotton at RMC markets through open auction. Paddy is procured at MSP at RMC markets, PACS and GP markets by procurement agencies and mills.

Open auction method of sale is not being followed in any of the markets operated and managed by local bodies (Municipality, NAC), Gram Panchayat and private markets. In many of the RMC markets also open auction was not introduced either due to low arrivals in the markets or due to non-functioning of markets. Though open negotiation method is said to be followed in these markets, but these markets are rather buyer/ trader dominated markets where buyers or commission agent dictate the price of produce brought by producers. Buyer/ trader and commission agent domination in these markets is strong enough leaving sellers at disadvantage.

In many of the markets due to lack of infrastructure and dedicated staff at market level for conducting open auction, this method of sale is non-existent, and hence, affecting the process of price discovery process. There should be proper infrastructure, and designated and trained staff appointed at the market level for effecting open auction of agricultural produce brought in the markets.

MARKET FUNCTIONARIES

The Committee shall levy and collect fees from the Trader, General Commission Agents; Brokers weigh man and Retailer operating in the Market area at the prescribed rates for grant of licences or renewal thereof. Review of different RMC bye-laws indicated that there are different charges mentioned by different RMCs. Thus, amendment in RMC bye-laws for having uniform fee structure for granting license should be in place.

Though the RMCs have granted license to traders, trader-cum-commission agents, warehouseman, brokers for livestock markets, etc., only 4-5 RMCs provided license to weighman. There are many village traders and commission agents operating in the movement of agricultural produce but they have not sought license. Majority of such traders operate at village level and in markets managed by GPs, local bodies and private markets, and RMC does not have any control over these markets, hence they do not apply for license in RMC.

MARKET CHARGES

The rate of charges payable by the seller for the services rendered by Commission Agent, Brokers, weigh man and coolies employed in the disposal of his produce are fixed as per bye laws of RMCs. The charges are duly followed in the RMC markets particularly for paddy and cotton procurement. But at other markets, farmers reported that lessee of the market and traders charges at higher rates and there are unauthorized deductions in terms of taking part of produce in market for sale by farmers which is illegal as per provisions of the Act and bye-laws of RMCs.

SPOT PAYMENT

As per the OAPM Act and Bye-Laws of RMCs “The buyer shall pay to the seller the cost of commodity within 24 hours. While discussing with the farmers in different districts and markets, few farmers complained about the late payment of their produce marketed. Since, traders do not operate in RMC markets and other markets are not under the control of RMCs, hence, effective implementation of market regulation cannot be ensured.

WEIGHMENT

In majority of the RMC markets weighing equipment are provided for proper weighment of agricultural produce brought for sale. Proper weighment of produces procured by the procurement agencies, like paddy and cotton, is prevailing in all the markets of the state. But only in few of the markets license has been issued to the weighmen. Providing electronic weighing scales at the entry gate of the market manned with trained staff, free weighing of produce brought by farmers, will give an edge over the value judgment of traders, and in turn farmers will tend to go for weighment their produce before selling their produce.

GRADING

Paddy at most of the APMCs, Coconut at Sakhigopal, and Cotton in TMC assisted market yard is graded and there are grading equipments available in RMCs. But for other commodities including fruits and vegetables only visual grading is prevalent in markets.

TRADE ALLOWANCES

As per RMC Bye-Laws the trade allowances and deductions are prescribed. Trade allowances are being followed properly in case of RMC markets and paddy and cotton procurement. But in case of markets under GP and other local bodies, where markets were leased out on annual contract to private parties, these private persons are taking a part of produce other than the sitting fee from the sellers in the name of market charges which are illegal as per OAPM Act. Since, the markets are not under the control of RMCs effecting and implementation of this provision cannot be ensured.

MARKET INFORMATION & INTELLIGENCE

Market committees provide information through notice board of RMC at main market yard only and few RMCs uploading price information in AGMARKNET also. Majority of farmers depends on their peers for access of information related to marketing of produce.

DIRECT MARKETING

Though provisions for contract farming and private markets have been made under the OAPM (Amendment) Act, 2005 but Act is silent on direct marketing. Direct marketing

concept for Krushak Bazaars is by executive order of the Govt of Orissa. Under the Chief Minister's 12 point programme, 43 Krushak bazaars were established in the state. Presently 32 Krushak bazaars are functioning.

CONTRACT FARMING

As per amendments in OAPM Act, 1956 effective from May, 2006, contract farming in Orissa is legally allowed. Immediately after amendment of OAPM Act in 2006, contract farming in cotton was taken up over 14,000 hectares of land in the district of Rayagada, Kalahandi, Nuapada, Ganjam, Bolangir and Sonepur involving around 20,000 farmers by two private textile mills, viz; Welspun India Pvt. Ltd. Gujarat, and Super Spinning Mill, Coimbatore and two private entrepreneurs, namely, Amit Green Acres Pvt. Ltd., Gujarat and Eco Farms Pvt. Ltd., Maharashtra. The cotton cultivated by farmers under contract farming arrangements was procured by private entrepreneurs and Cotton Corporation of India (CCI), on behalf of two spinning mills in RMC yards. The following are the issues in contract farming:

1. Study by RCDC reported that most of the firms involved in contract arrangement with farmers have fixed middle men to procure the produce from the farmers. These middle men either on their own or joining hands with the firms often under-evaluate the quality of the harvest. Under contract arrangements payments are to be paid based on the quality standards. When the produce is under-evaluated by such middle men the farmer ultimately gets lower price for his produce. Required infrastructure for assessing the grades and standards need to be put in place, so as to reduce disputes on account of quality and quantity standards.
2. There should be bank finance to small and marginal farmers on easy terms. As the payment for contractual produce is made through the bank, the recovery of such loans will be easier.
3. A massive & effective awareness building campaign should be launched so as to educate the farmers regarding the rules, advantages, disadvantages, arbitration system, precautionary measures, and facilities like loan, etc. of contract farming.
4. Under section 24-T (4) of OAPM Rules 2007 provision for making payment to contract farming producer by sponsor is to be made within such period not exceeding three days after the purchase of the produce. This provision is contradicting the provision of immediate payment to producer for produce purchased by a buyer as per Bye-Laws of RMCs.
5. Under section 6-D (3) of the Act, disputes arising out of the Contract Farming agreement may be referred to Director for settlement and Director will decide the dispute. Under such provision, a farmer residing in village of remote district has to approach to Director in Bhubaneswar, in case of any dispute with the sponsor,

which is very difficult and inconvenient. The provision should be made for dispute readdressal by RMC secretary and the Director as appellate authority.

PRIVATE MARKETS

As per chapter II-A Sections 6-A and 6-B of OAPM Act, 1956 inserted vide Orissa Act no. 5 of 2006 OGE No. 660 dated 17.5.2006 and Part-II A Rule no 24-A to D of OAPM Rules, 2007, provision has been made for providing license for establishing a private market. Till date OSAMB has given license to National Spot Exchange for trading in Maize to operate in the whole state under the provisions of the act. However, NSEL is operating at Umerkote RMC, Nabarangapur district only. No other application has been received by the authorities for providing license for set-up of private markets in the state.

There are several private markets are operating in the state like Borawati in Jajpur RMC market area, Panichatra market in Bargarh RMC area. As per legal provisions of OAPM Act and Rules, the private markets operating in the state without taking license are illegal entities. The authorities may initiate the process of issuing license by convincing the association of operating in such manner.

Every license granted shall remain valid for a period of three years from the date of its issue and it may be renewed, from time to time, for a further period of one year on payment of such fee, in such manner and on fulfillment of such conditions as may be prescribed. Licensing remains unduly restrictive with a three year limit, which may be extended. No serious business can be conducted under such uncertainty. The amendments are likely to foster very short term investment opportunities but not lay the foundation for long term private sector marketing infrastructure.

Market Interventions in Odisha- An Ideal Approach for Replication

Agricultural marketing in Odisha state is mostly a free market system, though regulated market committees have been notified and set up for regulating the marketing of agricultural produce but not much have been done in terms of regulation. In this kind of free market situation it is better to try out some successful cases of organized marketing of agricultural produce within the state. Some successful models in the state by ORMAS are

Dal Processing - a major activity in KBK districts

In KBK districts of Orissa ORMAS has opened avenues for self employment opportunities for the SHGs. Villagers from interior locations used to collect Raw Kandul (Arhar) and sale it to local agents of traders of millers from Raipur and Nagpur at very low prices, since there was no competition for buying of this produce. But through initiative by ORMAS for organized processing and marketing of pulses by SHGs, farmers are getting remunerative price. ORMAS have provided technical and capacity building support to SHGs and arranged for institutional credit support to farmers which saved them from the clutches of traders. This was possible mainly due to market link established by ORMAS.

Successful Case: Vegetable Marketing in Angul

Looking into the problems in marketing of fruits and vegetables by farmers in the area and booming organized retailing in agri-products, DSMS, Angul has started initiative to link farmers to the market. ORMAS started to identify some SHGs or Farmers' Club who would work together to produce, procure and market vegetables & fruits required by big retail outlets or chain stores. DSMS, Angul tied-up with Reliance Fresh Ltd. of Bhubaneswar for procuring farmers fruits & vegetables to sale in its stores.

Benefits accrued to farmers

1. Assured market access incentivizing farmers to diversify cropping pattern
2. Better price realization (15-20% higher than other farmers)
3. Credit access at cheaper rates, saving farmers from the clutches of agents
4. Better knowledge to farmers on production and marketing aspects

MART: Collective Marketing Model: Enriching the Marginalized

The Collective Marketing Model was developed under the aegis of the Western Orissa Rural Livelihoods Promotion (WORLP) project. From a modest beginning in 20 villages the model was expanded to 100 villages in WORLP. Marketing methodology to drive efficiency in the supply chains of more than 32 commodities of both the agricultural and

non-timber forest produce (NTFP) variety and subsequently replicated to other states. Collective Marketing has armed Community Based Organizations (CBOs) primarily SHGs and CIGs with the knowledge, confidence and processes to operate in a non-exploitative channel for the marketing of products.

Problems and Suggestions by Stakeholders

Farmers

To understand the problems faced by different stakeholders, field visits were made in different markets of Orissa under different operation and management and opinion of stakeholders was sought through group discussion. The problems faced by different stakeholders includes; no organized marketing institutions and infrastructure, lack of daily wholesale markets, lack of access to market information, lack of storage space, lack of knowledge on proper marketing of produce, lack of institutional credit availability, not receiving immediate payment of produce sold, lower price realization, etc. were the other problems faced by the farmers.

Traders and other stakeholders

Discussion was held with traders, associations, retailers, etc. at different places in different types of markets for identifying issues in marketing of agricultural commodities. The issues identified as per the discussion are as follows; lack of proper wholesale market with required trading and other facilities even in cities with large population, lack of shops in markets, lack of infrastructure in the markets for auction (no price discovery), lack of storage space in markets, lack of banking facilities in markets, poor road connectivity with villages, lack of market information, lack of electricity in markets, lack of water supply in markets, inadequacy of cold storages, and non-availability of grading facilities

Problems in implementing market regulation

The major problems in effective implementation of market regulation are; markets under different ownership and management governed by different Acts, RMC secretaries are on deputation from department of cooperation from among cooperative inspectors; they lack knowledge of agricultural marketing and management of markets, and after their

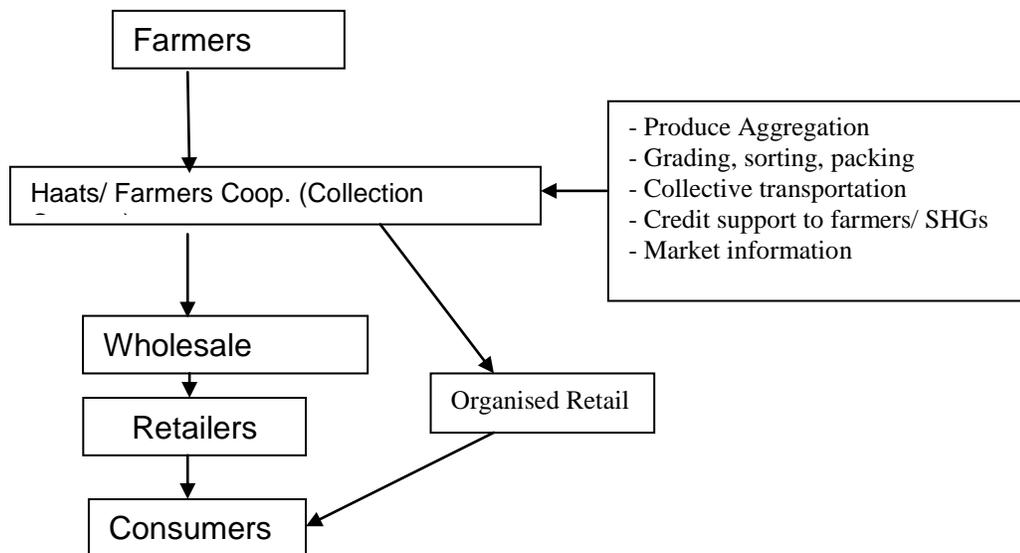
deputation period they are reverted from RMCs to cooperatives department; there is strong lobby of traders, market fee collection at check gates, and concentration is on check gates for meeting fee collection targets rather than market management.

7.2 Suggestions for improvement in Agricultural Marketing System in Odisha

1. The outcome of the study revealed that daily wholesale market with required infrastructure for smooth trade is need of the hour, particularly in the cities with large population base (Class-I cities as per 2001 population census, like Baleswar, Baripada, Bhubaneswar, Brahmapur, Cuttack, Puri, Rourkela and Sambalpur). The existing markets can be modernized by providing proper infrastructure and facilities. The PACS/ Rural Haats may be developed as collection centres equipped with required infrastructure and facilities. These collection centres may be, in turn, linked to SHGs/ CIGs to have backward linkages in place. For providing the forward linkage, these collection centres should be linked to the wholesale markets. The existing markets may be converted to the daily wholesale markets providing requisite infrastructure and facilities for daily trading of commodities.

Alternative model suggested (based on successful case studies)

Alternative Model



2. It is given to understand that private wholesale markets are operating on daily basis without any infrastructure. Under such circumstances, there is a scope for RMCs to modernize the existing markets providing requisite infrastructure. The RMCs may take control of private markets which are operating illegally.
3. The present concentration of RMCs is mainly on check gates for market fee collection, and RMCs are paying limited attention for management of markets. The fee collection at check gates should be abolished. The arrangements can be made for collection of market fee and other charges at market yards rather than at the check gates as prevailing presently. At check points the function of market authorities has to be limited only for ensuring fair trade practices in the market. This will induce the efficiency in the system and bring the marketing in order.
4. The markets under GP or other local bodies should be taken over by RMCs/ Directorate of Agricultural Marketing for operation and management on revenue-share basis. This will induce effective regulation and proper management of the markets. These markets may be converted as collection centres and further may be linked to organized wholesale markets.
5. The professional management of markets concept has to be started by recruiting qualified staff (post graduate in Agricultural Economics/ Agri-business Management) as Senior Marketing Officers, Marketing Officers and Assistant Marketing Officers for managing different categories of markets. Such RMC staff may be with Directorate of Agricultural Marketing under common cadre and be posted at different RMCs for management of markets. Presently, RMC markets are managed by market sarkar or yardman, who is not qualified for proper management of the markets. The major function of RMCs should be to professionally manage the markets.
6. The OSAMB and Directorate of Agricultural Marketing has be properly staffed and strengthened with professionals with properly laid down job specification and job descriptions. The system should concentrate on core activities of agricultural marketing. Hence, there is a need for defined structure which can accommodate existing permanent employees of these organizations. The recruitment rules for different levels of officers have got to be framed. The Board should have different

- cells to address various issues such as market regulation, marketing extension, project formulation and execution, export promotion, information technology, and market research.
8. Review of different RMC Bye-Laws indicated that there be updated in harmony with the OAPM Act and Rules.
 9. Providing electronic weighing scales at the entry gate of the market manned with trained staff, free weighing of produce brought by farmers, will give an edge over the value judgment of traders, and in turn farmers will tend to go for weighing their produce before selling their produce.
 10. Majority of traders opined that they do not have shop-cum-godown in the markets. Thus, the markets should have adequate infrastructure for smooth trading and proper price discovery (annex-1). Gradually the RMCs may introduce centralized electronic auction system in the markets for transparent price discovery.
 11. The state has given permission for Electronic spot exchange operations in the state, and the spot exchange have started contracts for maize crop only. The electronic spot exchange should start contracts in other crops like pulses and oilseeds for the benefit of all the stakeholders.
 12. Three modern terminal markets are proposed to be set-up in the state. But the process of setting up of these markets is slow. The authorities should take steps to expedite the setting-up of terminal markets in place.
 13. Public private partnership in management and operation of wholesale markets should be piloted at important markets for professional management of markets. Provision for such arrangement need to be made in the Act and Rules be framed for the effective partnership.
 14. The main source of market fees in the state is from MSP-based paddy. The market fees collected on paddy is 2%, whereas as the statutory market fees are only 1%. Furthermore only about 12 RMCs out of 65, are now getting about 90% of the market fees, because these are located in the paddy-producing pockets. Thus, the RMCs in the vegetable pockets of the state do not get sufficient revenue for

infrastructure creation. This is hindering balanced development of infrastructure in the state. Hence it is suggested that the extra 1% of market fees collected on paddy should be transferred to the “central marketing fund” being maintained by the Board, so that the OSAM Board could undertake balanced development of the sector in the state.

15. Unlike other state, the sub-collectors/ Collectors are nominated as chairmen of the RMCs, whereas the chairman of the supervising body, i.e the OSAM Board is the Cooperation Minister. As the revenue authorities are not reporting to the cooperation Department, it is often observed that they do not observe the order of the chairman, OSAMB. Hence in order to bring about consistency in the structure and for better professionalism in the governance of the sector, it is suggested that the departmental secretary should be the chairman of the OSAM Board in place of the Minister.

Chapter-8

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Annex-1: Infrastructure Needed in an Ideal Market

Core Facilities	Support Infrastructure
Platforms for Automatic weighing	Water Supply
Auction Platforms	<i>Power</i>
Packaging & Labeling Equipments	Veterinary Services
Drying Yards	Sanitary Facilities
Loading, Unloading & Dispatch facilities	Posts & Telephones
Grading facilities	Banking
Standardisation facilities	Input supply und Necessity Outlets
Price Display Mechanism	POL
Information Centres	Repair / Maintenance Service
Storage / Cold Rooms	Office
Ripening Chambers	Computerised systems
Public Address System	Rain Proofing
Extension and Training to Fanners	
Service Infrastructure	Maintenance Infrastructure
Rest Rooms	Cleaning and Sanitation
Parking	Garbage Collection & Disposal
Sheds for Animals	Waste Utilisation
Market Education	Vermi Composting
Soil Testing Facilities	Bio-gas Production / Power
Drainage	

Source: GOI (2007). "Report of the Working Group on Agricultural Marketing Infrastructure and Policies Required for Internal and External Trade", for the 11th Five Year Plan 2007-12, Agriculture Division, Planning Commission, Govt. of India, pp-114