



DIRECT MARKETING

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Hisar Grain Market

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PREFACE

Before independence the agriculture was not a business but just subsistence for family. After the green revolution, the agricultural production increased and agriculture became a business. The marketing in India has been through the middlemen and traders. After the introduction of Regulatory Market Act in India the scenario of marketing of agricultural products has slightly changed. But farmers are still in the hands of middlemen to sell their produce because farmers do not have keeping and storage capacity. The present market mechanism does not have any competition among the middlemen (*artees*). The sole concern is the middlemen's margin which can be minimized by involvement of unemployed rural youths in the marketing system. The new models of marketing by Reliance, Bharti and ITC are gaining popularity. That means the supply of agricultural produce will remain concentrated in few hands. Such few players will not be reliable allies of the farmers. There is little competition and almost no transparency in prices. The present set up reflects the need for farmers' associations and infrastructure needed to make farmers secondary producers rather than primary producer alone. Krishi Vigyan Kendras may be more helpful in motivating the farmers and rural youths to undertake direct marketing by formulating commodity groups, Self Help Groups and associations wherever needed.

There is a need to train the farmers and the rural youths in modern marketing mechanism for higher farm income and generation of employment by way of direct marketing. This bulletin will help extension agencies and farmers about this new concept of direct marketing.

AUTHORS

1.0 Background

In India, marketing through middlemen, trader (wholesale and retail) and government including cooperatives, accounts for most of sales of the primary produces of agricultural goods. Borrowing from middlemen (called *Artees*) is easy and this marketing mechanism is simple for middlemen to diversify income through lending money and through sale of agricultural produce (5).

With increase in profits and unbearably very high interest rates charged by private money lenders (*Artees*) and relatively small marketable surplus with farmers has made it necessary to encourage direct marketing by farmers. Even the smallest investment decisions for the purchase of inputs are made by *Artees*.

In many parts, specially which are close to mega cities, new models of marketing by Reliance, Bharti or ITC, are gaining popularity thereby the mechanism of middlemen based marketing may dismantle. The middlemen may eventually sell out to such big players. These big firms in retailing would need local partners at production sites either through farmers' associations or commodity based farmers' clubs.

If this will not happen the supply of agricultural produce will remain concentrated in few hands. Such few players will not be reliable allies of farmers. We therefore, need to switch to alternatives. There is little competition and almost no transparency in prices. The present set up reflects the need for farmer's associations and infrastructure needed to make them secondary producers rather than primary producers.

Inspite of good intervention in crops like rice and wheat, marketing through middlemen still dominate but the support of government

supported banks may change the balance in favour of farmers provided the mechanism of direct marketing is brought in place. The marketing mechanism dominated by wholesalers (*Artees*) and retailers prevents millions of farmers from having financial needs and remunerative prices of the produce satisfactorily.

Reforms in agricultural marketing is an important area to which the government is attaching a lot of significance. Dr. Manmohan Singh, Honourable Prime Minister advocated for direct marketing between farmers and NGOs, Cooperatives and private companies (3). Post harvest and marketing infrastructure including grading, packaging, transportation and storage needs to be created on a large scale. In the field of marketing and storage, two schemes were approved during the last one year, viz. (i) Gramin Bhandaran Yojana and (ii) Development/ Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization. The later is a reform-linked scheme and funds would be provided to those States/UTs which amend their APMC (Agriculture Produce Marketing Committee) Act, wherever required, for promoting direct marketing, contract farming and for setting up of markets in the private and cooperative sectors. Sixteen States and four UTs have already amended their Act, and others have initiated action for the same (3).

2.0 Current Marketing – A Snag in the Supply Chain

Some state governments have arranged farmers market places that meet their market needs. Creation of farmers market places like Apni Mandi and Rythu Bazars helped farmers in the beginning but a perfect example of profitable marketing centre that meets the requirement of enhanced profits could not be created due to various social and logistic problems.

In the common market place, farmers handover their produce to middlemen (*artees*) to sell it because they do not have any space to store the produce. The fees of middlemen keep going up even if they are hopeless in doing this job. The average profit margins of such middlemen are always maintained even if the profit margins of farmers are low. There is no competition amongst such middlemen because their clients (farmers) do not change intermediaries because intermediaries also bind farmers by giving easy and timely loans at a very heavy interest rate. Not only that, such intermediaries also advise farmers about input use recommendations in which they have never received training. Moreover, they have little interest in recommending low cost alternatives. Farmers, therefore, are never steered in the right direction. In this existing scenario, farmers have not always done well in the whole market mechanism but intermediaries have prospered. In the recent years, big industrial houses including Reliance, ITC and many others have started creating new class of market mechanism. It is important to understand that both middlemen and big industrial houses cater exclusively to the needs of either for their short-term profits or customers with little concern about growers. The balance between market forces and farmers who sell their produce in the market will not be addressed until :

(i) Market mechanism creates more competition and positive returns to the farmers depending on the market forces. Earning the highest possible returns by middlemen should be the sole concern and reason to bring farmers in the marketing. In many cases middlemen keep speculating with the produce of farmers even without paying the advance money.

They often load the farmers with debt and keep claiming very high interest rates.

- (ii) New players such as Reliance, Bharti or ITC coming to markets may need third parties to supply farm produce directly in the super markets. This is where farmers may form their commodity groups to negotiate prices directly. It will be a win-win situation for both parties because it saves market expenditure and will take farmers away from the mercy of middlemen.
- (iii) One of the biggest problem that has been encountered in the past is the herd reaction of farmers without understanding the market mechanisms. This has happened many times with sugarcane and potato farmers. It gives opportunity to scientists to step into and institute studies that help farmers to understand the future markets on year to year basis.
- (iv) Individual farmers have to make series of choices for marketing. We need to identify individuals within farmers in each village or cluster of villages who has the entrepreneurial skills. These individuals can serve an important link between farmers and supermarkets. Krishi Vigyan Kendras (KVKs) should facilitate such farmers to seek capital or even help bankers to direct capital to where it will be most useful. It will also help creating employment.
- (v) Farmers should aim at creating as many as secondary marketable products as possible and sell them in the markets directly, may outsource such products through farmer's associations for example Self Help Groups.

(vi) Farmers should be trained in different kinds of distribution networks, direct access of farmers or farmers commodity groups to managers of big mandis, retailers, how farmers or their groups can charge distribution fees in the open markets, how to facilitate farmers to become secondary producers so that they do not resort to distress sale or do not visit open mandis. This is where KVKs can identify skilled entrepreneurs within farmers groups. So far there is no one in the National Agriculture Research System to steer farmers in the right direction.

Farmers, especially in areas, close to big cities like Delhi can have steady flow of daily revenue generation from diversification in favour of vegetables, flowers, milk, mushroom, honeybee, vermi-compost and organic farming of some commodities like basmati rice and desi (local) wheat. The only problem with farmers in this group is that they are never able to beat the market. Marketing in our system is still dominated by big open market places like Azadpur Mandi, Nazafgarh, Narela Mandi, etc. Farm produce from all places is gathered directly by brokers tied to or employed by trader groups (6). This type of whole distribution chain always earn fees on whatever produce the farmers bring in such mandis and then take commission on whatever they sell.

In the present scenario, big retailers like Reliance may approach pre-selected groups of farmers or commodity based groups as suitable suppliers or clients in villages or in the cluster of villages. This will narrow down the choice of persons charging fees at number of points in the market places. This is where farmers can enter directly in the market. The whole market mechanism will depend on the skill and knowledge of farmers (2).

3.0 Direct Marketing

Innovative Marketing Channels

3.1 Apni Mandi

In Apni Mandi, there is a direct contact between the farmers and ultimate consumers. These mandies are called apni mandi since farmers as producers bring the product for sale directly to the buyers as consumers.

3.2 Hadaspur Vegetable Market

Hadaspur vegetable market is a model market for direct marketing of vegetables in Pune City. It belongs to the Pune Municipal Corporation and fee for using the space in the market is collected by the Municipal Corporation from the farmers. This is one of the ideal markets in the market mechanism. There are no commission agents and has modern weighing machines for weighing products. The purchasers make payment of the value of produce directly to the farmers in cash.

3.3 Rythu Bazaar

Rythu Bazaars have been established in Andhra Pradesh with prime objective to provide direct link between farmers and consumers in marketing of fruits, vegetables and essential food items. Both producers as well as consumers are benefited from Rythu Bazaar as producer's share in consumer's rupee is more than 15 to 40 per cent and consumers get fresh vegetables, fruits and food items at 25-30 per cent less prices than the prevailing prices in nearby markets.

The State Government of Tamil Nadu established Uzhavar Mandies (farmers markets) in selected municipal and panchayat areas of the State. In these markets, farmers enjoy better marketing infrastructure free of cost and receive considerable higher prices for the products than what they receive from middlemen at villages or

primary markets at town. Farmers also get good quality seeds and other inputs in the market itself.

3.4 Contract Farming

Contract farming may be defined as an agreement between processing and/or marketing firms for production support at predetermined prices. This stipulates a commitment on the part of the farmers to provide a specific commodity in terms of quality and quantity as determined by the purchaser and commitment on the part of the company to support the farmer for production through inputs and other technical support. Contract farming is becoming popular in recent years and there are number of success stories like NDDB, PEPSI Co., etc. The contract farming needs to be further developed after identifying areas, commodities and markets for market oriented and demand driven production planning. However, while providing for this system of alternate marketing under the APMC Act it is necessary to draft any appropriate legislation separately for ensuring definition of terms and conditions of the agreement keeping in view the objectives (7).

3.5 Mother Dairy

Mother Dairy, Delhi was set up in 1974 under the Operation Flood Programme. It is now a subsidiary of National Dairy Development Board (NDDB). It sources its entire requirement of liquid milk from dairy cooperatives. Similarly, it sources fruits and vegetables from farmers/growers association. It also contributes to the processing and packing of the Dhara range of edible oils alongwith its marketing. It is Mother Dairy's constant endeavour to (a) ensure that milk producers/farmers regularly and continually market quality milk, milk products and other food products to consumer at competitive prices and

(b) uphold institutional structures that empower milk producers/farmers through processes that are equitable.

3.6 Hoteliers and Restaurateurs

It was observed from various interactions that the mode of procurement of farm produce followed by hoteliers and restaurateurs was through awarding contracts wherein the eventual contractor was bound by timely supply of prefixed quality, quantity and variety of the produce at the bid price throughout the year. To eliminate the intermediary and develop linkages, it would be essential for farmers to join hands to meet the above requirements.

3.7 Internet Developers

Indian Agribusiness Systems Private Ltd. developed by a group of young technocrats and trade professionals have had a long association with the Indian agribusiness sector. The company primarily aims at filling out the information and communication gap that exists in various sub-sectors of the agricultural economy in general and agricultural commodities trade in particular. For achieving this, the company is making use of the latest developments in information technology to provide valuable analysis to the trade participants that will enhance their decision taking abilities in trade and to enable e-commerce in agricultural products through this vertical portal.

3.8 Agmarknet nic.in

An internet site was developed by Agricultural Informatics Division, National Informative Centre and Directorate of Marketing and Inspection to strengthen inter and intra relations between government organisations, farmers, industry, policy makers, educational institutions and agricultural marketing related

aspects throughout the country. This portal provides strategic information on agricultural marketing related aspects through a single window worldwide web service.

3.9 ITC's 'E-Choupal' Initiative : A Novel Model for Rural India

ITC's 'e-choupal' makes use of the physical transmission capabilities of current intermediaries – aggregation, logistics, counterparty risk and brigade financing with a judicious blend of click and mortar capabilities, village internet kiosks managed by farmers – called *sanchalaks* – themselves, enable the agricultural community access ready information in their local language on the weather and market prices, disseminate knowledge on scientific farm practices and risk management facilitate the sale of farm inputs and purchase farm produce from the farmer's doorsteps.

4.0 Market Architecture

Market Architecture includes mandis for different commodities given in different data sets. The specially designed survey schedule gather data from management committee including APMC (Agriculture Produce Marketing Committee) and DAMB (Delhi Agriculture Marketing Board).

4.1 Data and Information

The information and data were gathered on the basis of specifically structured questionnaires by interacting with concerned people/officials in various organizations. The one to one interaction process adopted as a data-gathering tool offered the following advantages:

- Respondents were chosen based on their expertise, thereby enabling to obtain an authoritative assessment of issues and problems.

- Being highly interactive they provided a venue for useful brainstorming.
- The resulting information could provide valuable reference points.

4.2 Marketing Committees in the NCT (Mandis)

The study identified several interrelated objectives to guide the process of gathering information from Marketing Committees relating to :

- a. Marketing infrastructure facilities including storage (cold or otherwise), processing, packaging, standardization and gradation. Other facilities to include were space provided to the farmers for direct marketing, strategic location, transportation, rest house, etc.
- b. Arrivals and prices.
- c. Cost-market charges.
- d. Marketing channels.

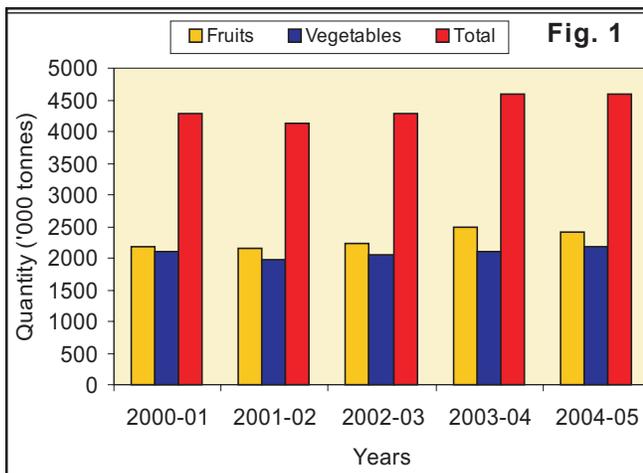
4.3 Selected Market Committees

The marketing practices of 'Delhi Agricultural Marketing Board' the nodal authority that regulates and controls marketing of agriculture produce in India, regulating the biggest agricultural produce market of Asia viz a viz Azadpur market (dealing in vegetables and fruits) and other strategically located markets namely Gazipur, Keshopur, Mehrauli, Najafgarh, Narela and Kishanhaat, Chattarpur in the NCT were covered for the purpose of the study.

5.0 State Procurement of Different Items in different NCT Mandis

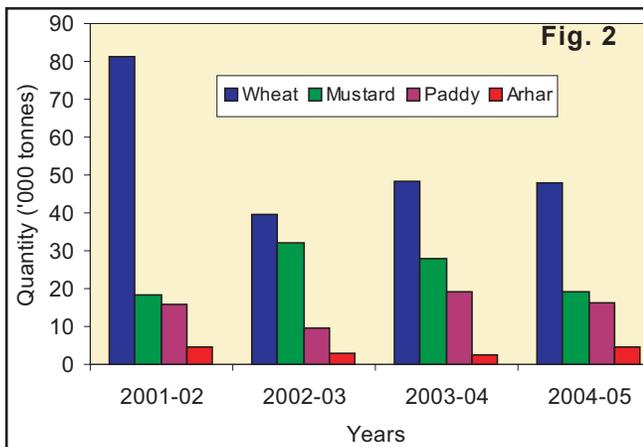
5.1 Azadpur Mandi

The procurement of fruits and vegetables in Azadpur Mandi has been depicted in Fig. 1.



5.2 Najafgarh Mandi

Arrivals are mainly (95%) from Haryana (Rohtak, Jhajjar, Rewari and Gurgaon districts), Uttar Pradesh and Madhya Pradesh (Fig. 2).



Balance (5%) is contributed by the state of Delhi. Major arrivals in this market are wheat, mustard and barley during **rabi** season and paddy, bajra, guar and arhar in **kharif** season. Main consumer states for wheat arrival are Gujarat, Maharashtra and Delhi, for paddy arrivals are Haryana and U.P. and for oil seeds arrivals are West Bengal, Jammu & Kashmir and Uttar Pradesh.

5.3 Narela Mandi

Arrivals are mainly from Haryana, Uttar Pradesh, Madhya Pradesh, Punjab and Delhi. Major arrivals in this market are wheat, mustard, gram and barley during **rabi** season and paddy and arhar in **kharif** season (Fig. 3).

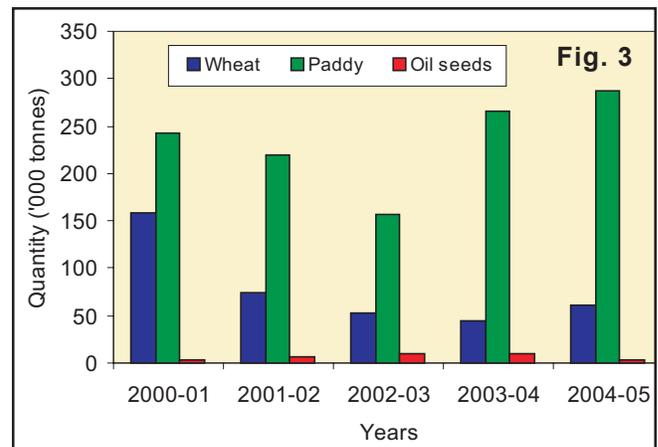


Fig. 4. Share of Haryana in NCT Mandies

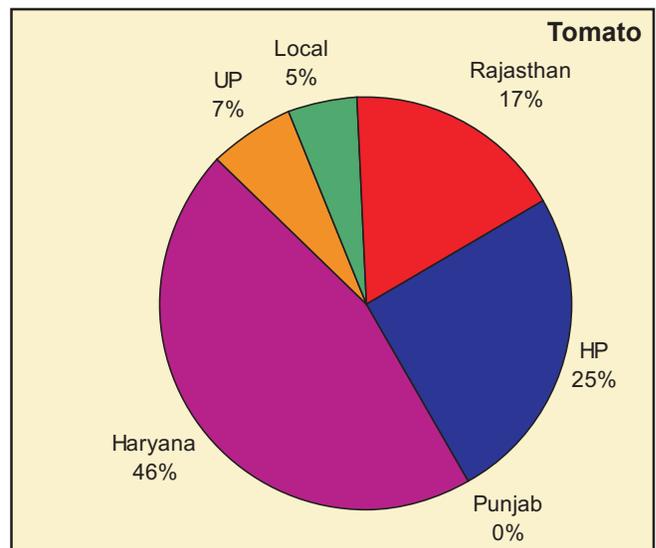
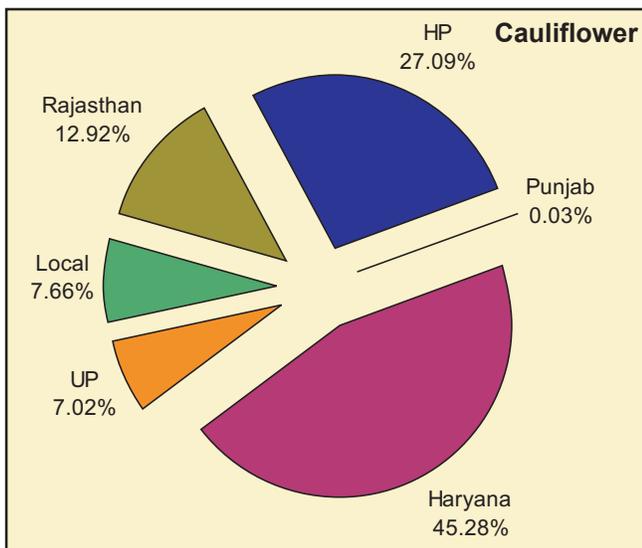
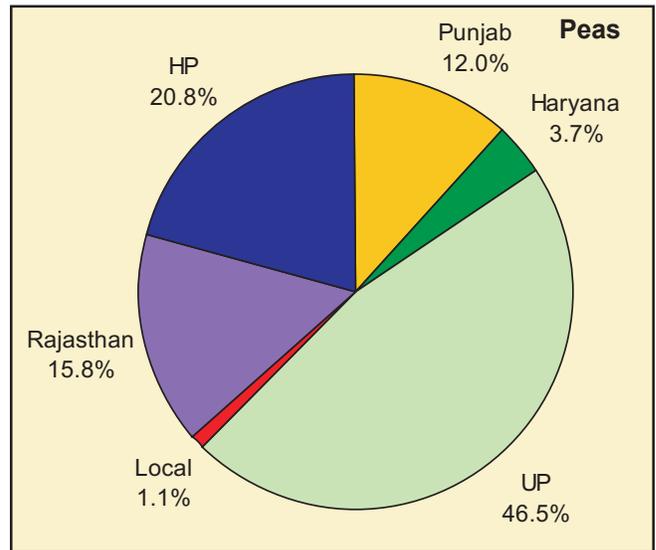
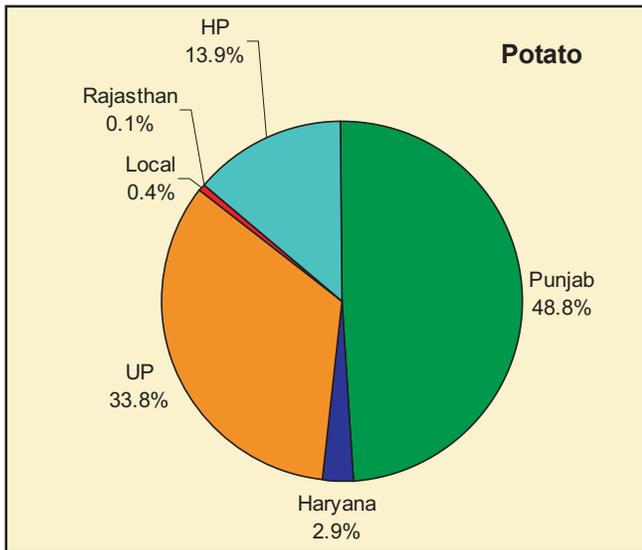
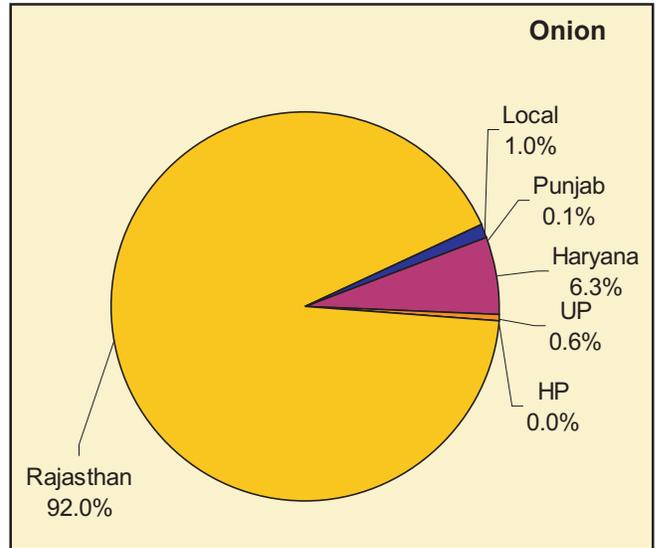
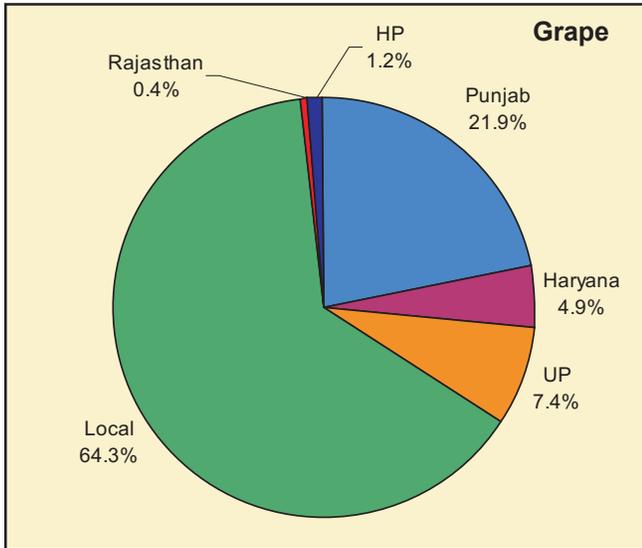


Table 1. Market capitalisation in NCT mandies in different food grains (2004-05)

Crop	Wheat	Mustard	Paddy	Bajra	Total
Total arrival ('000 tonnes)	1094.3	23.3	303.4	0.8	437.0
Arrival from Haryana ('000 tonnes)	71.1	12.1	185.1	0.5	268.9
Share of Haryana (% of total arrival)	65	52	61	63	65.5
Average price (Rs./tonne)	7,100	17,010	9,180	4,790	–
Market capitalisation (Rs. crores/year)	50.5	20.65	169.9	0.24	241.29
Market capitalisation (Rs. lacs/day)	13.83	5.66	46.55	0.01	66.10
Middlemen's margin (Rs. lacs/year)	176.5	12.1	594.6	0.83	844.5

The study on market capitalization in NCT mandies in different food grains pertaining to share of Haryana state revealed that a total market capitalization of Rs. 241.29 crores has been realized in NCT mandies (Table 1). The major produce arrived were wheat (65%), mustard (52%), paddy (60%) and bajra (63%) with a market capitalization of Rs. 50.50, 20.65, 169.90 and 0.24 crores, respectively. The per day market capitalization of Rs. 66.10 lacs was observed. A total sum of Rs. 844.5 lacs have been enjoyed by the middle men in the form of shares and commission.

Table 2. Market capitalisation in Azadpur Mandi in different fruits and vegetables (2004-05)

Crop	Grapes	Onion	Cauliflower	Potato	Tomato	Peas	Total
Total arrival ('000 tonnes)	42.8	400.2	55.8	505.4	151.0	56.9	1212.2
Arrival from Haryana ('000 tonnes)	0.4	14.4	24.9	1.5	31.8	2.0	87.1
Share of Haryana (%)	0.1	3.6	44.6	2.8	21.0	3.5	7.18
Average price (Rs./tonne)	26,650	4,360	11,000	5,640	8,250	15,720	–
Market capitalisation (Rs. crores/year)	0.11	6.29	27.38	7.93	26.19	3.07	70.97
Market capitalisation (Rs. lacs/day)	0.01	1.72	7.50	2.17	7.18	0.84	19.45
Middlemen's margin (Rs. lacs/year)	0.70	37.75	164.30	47.59	159.19	18.47	425.15

The study on arrival of the vegetables and fruits in Azadpur mandi pertaining to the share of Haryana state revealed that a total market capitalization of Rs. 70.97 crores has been realized in Azadpur Mandi (Table 2). The major produce arrived were cauliflower (44.6%), tomato (21.0%), onion (3.6%), peas (3.5%), potato (2.8%) with a market capitalisation of Rs. 27.38, 26.19, 6.29, 3.07 and 7.93 crores, respectively. The per day market capitalization of Rs. 19.45 lakhs was observed. A total sum of Rs. 425.15 lacs have been enjoyed by the middlemen's in the form of shares and commission.

6.0 Infrastructure and Marketing Facilities Available in NCT Mandies

Profiles of Market Committees

6.1 NARELA – Anaj Mandi and NAJAFGARH – New Grains Market

6.1.1 Location details

S. No.	Market	Nearest railway station	Nearest highway
1.	Narela	Narela – 0.5 km	G.T. Road – 3 km
2.	Najafgarh	Bijwasan –11 km	NH 10 Rohtak road – 16 km

6.1.2 Main market information

S. No.	Description	Narela	Najafgarh
1.	Market area	Whole Delhi Except Shahdara and Najafgarh Mandies	120 villages, Najafgarh
2.	Year of establishment	1959	1959
3.	Area of main market yard	4 acres	12 acres
4.	Working days	Monday, Tuesday and Thursday to Sunday	Monday, Tuesday and Thursday to Sunday
5.	Working timings	10 a.m. to 5 p.m. (extendable in season time)	9.30 a.m. to 6.00 p.m.
6.	Remarks	Main office shifted to Sub-yard	

6.1.3 Market functionaries (No.)

S. No.	Functionaries	Narela	Najafgarh
1.	Brokers (wholesalers)	357	180
2.	Commission agents	353	73
3.	Cooperatives	The Farmers, Agro-Coop Marketing & Efficient Supply Society Ltd. (Regd. 1956), Narela	–
4.	Others	75	94

6.1.4 Infrastructure

S. No.	Particulars	Narela	Najafgarh
1.	Number of shops	68 (At main yard, old mandi)	98
2.	Number of auction sheds covered	Open common platform Auction shed provided	Covered platform Auction shed provided
3.	Commodity wise processing units in the market area	Private flour mills – 10 Rice shellers – 10 Dal mills – 15, Oil mills – 5	
4.	Commodity wise grading units and analyzing laboratories in the market area	Nil	Nil
5.	Storage facilities in the market area	By APMC – No Outside the market (with traders) – Yes	By APMC – Yes, for overnight unsold produce. Outside the market (with traders) – Yes
6.	Price information notice board	Yes	Yes
7.	Public address system	No	Yes – through mike

6.1.5 Facilities and services

S. No.	Particulars	Narela	Najafgarh
1.	Canteen, toilets, internal roads, parking, fencing, post office, bank, electricity, drinking water	Yes	Yes
2.	Fire extinguisher	No	No
3.	Rest house for farmers	No	Yes
4.	Market office building	Yes	Yes

6.1.6 System of transaction

S. No.	Particulars	Narela	Najafgarh
1.	Sale timings	10 a.m. to 5 p.m.	10 a.m. to 5 p.m.
2.	Cleaning and grading undertaken	Yes, depending on requirements	Yes, depending on requirements
3.	System of sale	Open auction	Open auction
4.	System of payment	Cash payment (same day)	Cash payment (same day)
5.	Settlement procedure for quality disputes, if any	No, as open auction is in practice	No, as open auction is in practice

6.1.7 Market charges

S. No.	Particulars	Narela	Najafgarh
1.	Adhat, received by the purchasers from the principals	1.5%	1.5%
2.	Payable by purchaser		
	(a) Market fee	1%	1%
	(b) Commission on sale price	2%	2%
	(c) Sewing and filling of all commodities per bag (q)	Rs. 1.10	Rs. 1.20
	(d) Sewing and filling of <i>Gur, Shakkar</i> per bag (q)	Re. 0.60	–
	(e) Transportation (within market area)		
	(i) Grains, binola	Re. 0.90	Rs. 12.50
	(ii) Gur per katta	Re. 0.60	–
	(f) Loading/unloading per bag (all commodities) (q)	Re. 0.80	Rs. 1.00
3.	(i) Payable by seller- unloading of		
	(a) Grain, sarson, dhan, etc. per bag (q)	Re. 0.80	Re. 0.85
	(b) Unpacked grains per bag	Re. 0.35	–
	(c) Gur, shakkar and khandsari per katta or equal unpacked qty.	Re. 0.60	–
	(ii) Jharrai per bag		
	(a) Single sieve one time (q)	Re. 0.25	Rs. 1.10
	(b) Double sieve one time (q)	Re. 0.50	Rs. 1.80
	(iii) Loading		
	(a) Grain loading per bag (q)	Re. 0.30	Rs. 1.15
	(b) Gur, shakkar, etc. loading per bag (q)	Re. 0.10	–
	(iv) Weighing		
	(a) Grains per bag (q)	Re. 0.80	Re. 0.90
	(b) Gur shakkar, etc. per bag	Re. 0.20	–
4.	Per trip fee : paid by driver/vehicle owner :		
	(a) Truck	Rs. 10	Rs. 10
	(b) Tempo	Rs. 5	Rs. 5
	(c) Rickshaw, three wheeler, etc.	Rs. 2	Rs. 2

6.1.8 Other important information

S. No.	Particulars	Narela	Najafgarh
1.	Number of notified commodities (Annexure I)	28	28
2.	Nature of product sold	Raw	Raw
3.	Sub yard (if any) and its location	New Anaj Mandi, Near Railway Crossing, Narela	–
4.	Standard fill pack size		
	(a) Wheat	100 kg	100 kg
	(b) Barley	85 kg	85 kg
	(c) Mustard	5 kg	85 kg
	(d) Paddy	60 kg	60 kg

6.1.9 General information

S. No.	Particulars	Narela	Najafgarh
1.	Postal address	New Grain Market, Narela, Delhi-110 040	New Grain Market, Najafgarh, New Delhi-110 043
2.	Phone numbers		
	(a) Chairman	011-27282347, 27284896	011-28017723
	(b) Secretary	011-27284089, 27285449	011-28016412, 28916370
3.	Fax No.	–	28016370
4.	Website	www.delagrmarket.com	www.delhiagrmarket.org

6.2 AZADPUR – Ch. Hira Singh Fruits and Vegetables Wholesale Market
GAZIPUR – Fruits and Vegetables Market
KESHOPUR – Agricultural Produce Marketing Committee

6.2.1 Location details

S. No.	Market	Nearest railway station	Nearest highway
1.	Azadpur	Azadpur – 1 km	G.T. road by pass – 4 km
2.	Gazipur	Shahdara – 2 km	NH 24 – 1 km
3.	Keshopur	Mangolpuri – 3 km	Rohtak road – 2 km

6.2.2 Main market information

S. No.	Description	Azadpur	Gazipur	Keshopur
1.	Market area	The whole state of Delhi excluding the areas of Gazipur and Keshopur markets	Area of east of Yamuna river	Area from junction point of Daya Basti and Sarai Rohilla railway stations along railway track going to Rohtak upto border at Tikri Kalan and from there upto Rewari line railway track near Bijwasan
2.	Year of establishment	1977	1992	2001
3.	Area of main market yard (in acres)	43.65	37.7	16.8
4.	Working days	Monday to Saturday	All seven days	All seven days
5.	Working timings	8.00 a.m. till sale in progress	6.00 a.m. till sale in progress	6.00 a.m. till sale in progress

6.2.3 Market functionaries (No.)

S.No.	Functionaries	Azadpur	Gazipur	Keshopur
1.	Brokers (wholesalers)	1489	128	153
2.	Commission agents	2188	315	98
3.	Exporters	4 to 5	Nil	25
4.	Others : (a) Farmer's identity card	125	Nil	Nil
	(b) Kisan haat identity card	329	Nil	Nil

6.2.4 Facilities and services

S. No.	Particulars	Azadpur	Gazipur	Keshopur
1.	Toilets, internal roads, parking, electricity, fencing and drinking water	Yes	Yes	Yes
2.	Canteen, fire extinguishers	No	No	No
3.	Post office	Yes	No	No
4.	Bank	Yes	No	Yes
5.	Rest house for farmers	Yes	No	Yes
6.	Market office building	Under construction, presently on rent	Yes	Yes

6.2.5 System of transaction

S. No.	Particulars	Azadpur	Gazipur	Keshopur
1.	Sale timings	8.00 a.m. till sale in progress	6.00 a.m. till sale in progress	6.00 a.m. till sale in progress
2.	Cleaning and grading undertaken	At farmers level	At farmers level	At farmers level
3.	System of sale	Open auction	Open auction	Open auction
4.	System of payment	Cash (Cheques and DDs in local cases)	Cash (Cheques and DDs in local cases)	Cash (Cheques and DDs in local cases)
5.	Settlement procedure for quality disputes, if any	Total transparency in methods of open sale, weighment and payments in cash	Total transparency in methods of open sale, weighment and payments in cash	Total transparency in methods of open sale, weighment and payments in cash

6.2.6 Market charges

S. No.	Particulars	Azadpur	Gazipur	Keshopur
1.	Payable by purchaser			
	(a) Market fee	1%	1%	1%
	(b) Commission on sale price	6%	6%	6%
2.	Payable by seller			
	(a) Unloading of crate/gunny bag/ bundle/sacks from truck/tempo/bullock cart/ rehri/rickshaws, etc.	Rates not specified	Rates not specified	Rates not specified
	(b) Grading of agricultural produce on the basis of quality, size, colour and to lay in heap/sewing and packing of bundles/crates/sacks, etc.	Not controlled by APMC. However, if required, the process is done with the understanding between seller, commission agent and the purchaser	Not controlled by APMC. However, if required, the process is done with the understanding between seller, commission agent and the purchaser	Not controlled by APMC. However, if required, the process is done with the understanding between seller, commission agent and the purchaser
3.	Per trip fee paid by driver/vehicle owner			
	(a) Truck	Rs. 10	Rs. 10	Rs. 10
	(b) Tempo	Rs. 5	Rs. 5	Rs. 5
	(c) Rickshaw, three wheeler, etc.	Rs. 2	Rs. 2	Rs. 2

6.2.7 Other important information

S. No.	Particulars	Azadpur	Gazipur	Keshopur
1.	Number of notified commodities (Annexure II)	Fruits – 50 Vegetables – 68	Fruits – 50 Vegetables – 68	Fruits – 15 Vegetables – 37
2.	Nature of product sold	Raw	Raw	Raw
3.	Sub yard (if any) and its exact location	Okhla fruits and vegetables market and <i>Ke/a</i> siding	No	No

6.2.8 Infrastructure

S. No.	Functionaries	Azadpur	Gazipur	Keshopur
1.	Number of big shops	438	280	99
2.	Number of small shops	826	43	107
3.	Number of auction sheds covered	22 including 1 growers shed with security	Nil	Nil
4.	Commodity wise processing units, grading units and analyzing laboratories in the market area	Nil	Nil	Nil
5.	Number of cold storage	MCD & Pvt. cold storage 7 next to main yard and 38 all over Delhi	Nil	1 cold storage under construction
6.	Storage facilities in the market with trader	Yes	No	Yes
7.	Ripening chambers	No	No	No
8.	Price information notice board	Main gates	Main gates	Main gates
9.	Public address system	No	No	No

6.2.9 General information

S. No.	Particulars	Azadpur	Gazipur	Keshopur
1.	Postal address	D4 Panchwati, Azadpur, Delhi-110 033	Fruits and Vegetables Market, Gazipur, Delhi-110 096	APMC, Keshopur Sabzi Mandi, New Delhi-110 018
2.	Phone numbers			
	(a) Chairman	27670584	22233998	28334582
	(b) Secretary	27670584	22232955	28336541
3.	Website	www.apmacazadpurdelhi.com	Delagrimarket.org	agmark@hub.nic.in
4.	E-mail address	apmacazadpur@rediffmail.com	apmcsh@yahoo.com	–

6.3 MEHRAULI – Flower Market

6.3.1 Location details

S. No.	Market	Nearest railway station	Nearest highway
1.	Mehrauli	Nizamuddin – 10 km, New Delhi – 8 km	NH 8 – 8 km

6.3.2 Main market information

S. No.	Particulars	Description
1.	Market area	Entire NCT 1483 sq. km
2.	Date of establishment	August 10, 1998
3.	Area of main market yard	Abandoned road in Mehrauli (old Gurgaon road near Qutab Minar)
4.	Working days	Monday to Saturday
5.	Working timings	10 a.m. to 5 p.m.

6.3.3 Market functionaries

S. No.	Functionaries	Number
1.	Brokers (wholesalers)	15
2.	Commission agents	59
3.	Cooperatives	Nil

6.3.4 Infrastructure

S. No.	Particulars	Description
1.	Number of shops and auction sheds	Nil
2.	Commodity wise processing units, grading units, ripening chambers and analyzing laboratories in the market area	NA
3.	Number of cold storage	Privately available, two under construction near main yard at Okhla
4.	Storage facilities in the market with security	Only private storage available @ Rs.10 per bag per day
5.	Price information notice board and public address system	Yes

6.3.5 Facilities and services

S. No.	Particulars	Description
1.	Canteen, toilets, internal roads, parking, fencing, post office, bank, fire extinguishers, electricity, rest house for farmers, drinking water	No
2.	Market office building	Yes, at Okhla but away from current main yard (Mehrauli)

6.3.6 System of transaction

S. No.	Particulars	Description
1.	Number of notified commodities (Annexure III)	7
2.	Nature of product sold	Raw
3.	Sub yard (if any) and its exact location	Cannaught Place (Baba Kharak Singh Marg) parking under NDMC, Fatehpuri footpath area under MCD
4.	Sale timings	4.00 a.m. till sale lasts
5.	Cleaning and grading undertaken	NA
6.	System of sale	Open auction
7.	System of payment	Cash
8.	Settlement procedure for quality disputes, if any	No, since open auction and payment in cash

6.3.7 Market charges

S. No.	Particulars	Description
1.	Adhat received by the purchasers from the principals	1%
2.	Payable by purchaser	
	(a) Market fee	1%
	(b) Commission on sale price	6%
	(c) Filling and weighing of packages	Rs. 2 per packet
	(d) Sewing, packing and loading in truck/tempo, etc.	Rs. 2 per packet
	(e) Transportation (within market area)	Rs. 5 per packet
3.	Payable by seller	
	(a) Unloading of crate/gunny bag/bundle/sacks from vehicles/rehri/rickshaw, etc.	Rs. 2 per packet
	(b) Grading of flower on the basis of quality, size, colour, and to lay in heap/sewing and packing of bundles/crates/sacks, etc.	Rs. 3 per packet
4.	Per trip fee paid by driver/vehicle owner	
	(a) Truck	Not charged as of now
	(b) Tempo	Not charged as of now
	(c) Rickshaw, three wheeler, etc.	Not charged as of now

6.3.8 General information

S. No.	Particulars	Description
1.	Postal address	Plot No. 278, Near Sri Niwasपुरी DTC Depot, Okhla, New Delhi
2.	Phone Numbers	
	(a) Chairman	26936838
	(b) Secretary	26936838
	Fax No.	26936838
	E-mail address	fmcm-dl@nic.in

7.0 CONCLUDING OBSERVATIONS

The personal interview method provided responses unaffected by the dynamics of the discussion helped to set the stage for assessing and clarifying the role KVK might play in assisting direct marketing clientele through providing information of NCT facilitators. Respondents introduced themselves and described their roles. They discussed challenges and constraints with possible solutions to problems, focusing on information gaps and needs. A few of them, being farmers and scientists themselves with vast experience in farming and technology, were well versant with issues and problems facing farmers' direct marketers.

Information gathered in survey and discussions was summarized and integrated to reflect key concerns and information needs in direct marketing related to the facilities provided by the organization.

Farmers have increasingly begun to perceive marketing as the major constraint to enhance farm income. With major thrust of extension agencies on production techniques, significance of such studies as the one currently undertaken should be viewed from the above point of view. Needless to say, it is vital now more than ever, to diversify extension activities with an equal if not more, thrust towards marketing. KVKs at Faridabad and Jhajjar were perceived to be ideally located for such a mission.

When the representatives of various Marketing Committees were asked about their ability to respond to requests for assistance and information on direct marketing issues, only Azadpur Mandi provided a Farmers' shed towards its outreach effort to direct marketing. Intermediaries like wholesalers and commission agents were found to be the mainstay towards marketing process. There was little focus on activities related to local hawkers or connecting

farmers to hotels/ restaurants or Mother Dairy. Commenting on how direct marketing requests have changed in the past few years, Azadpur mandi authorities mentioned an increase in the number and nature of requests and new clients overall.

When asked about the direct marketing support and services related to conferences and workshops offered by their organizations, they responded in negative with the sole exception of Azadpur mandi which concentrated major efforts on these followed closely with promotional activities and resource material. Research activities, such as case studies, research projects and survey or data gathering, were not a major focus for any of them. As a minor focus, tours and surveys led support or services were provided by Azadpur mandi only.

None of the facilitators, with the exception of Azadpur mandi, could elaborate on their strategies related to market development, *i.e.* quality assurance by setting up modern pack house with grading, sorting, washing, fumigation and packaging for making commodities globally competitive, provisions for cooling chambers for temporary stacking of green vegetables, electronic auctioning system, provision of ripening chamber for bananas and mangoes. Most expressed the belief that they could enhance their efforts if they had better information on the significance of direct marketing.

As to the role of the Directorate of Marketing and Inspection, it was informed that under the Agricultural Produce (Grading and Marketing) Act of 1937, more than 40 primary commodities are compulsorily graded for export and voluntarily graded for internal consumption. Although, the regulation of commodity markets is a function of state government, the Directorate provides marketing and inspection services and financial aid down to the village level to help set

up commodity grading centres in selected markets.

Directorate of Marketing and Inspection as well as certain private players (Indian Agribusiness System Pvt. Ltd.) have developed internet portals providing strategic information related to marketing of agriculture produce. This information like daily prices at various markets, marketing charges like fee and levies, etc by the market committees, variety, quality and quantity of various commodities, market practices like auction system, etc, market facilities like storage, grading, cleaning, auction platforms, if made available at the village level will revolutionize farming practices related to production and marketing followed by the farmer. Efforts can be initiated through setting up of internet cafe type 'kiosks' by Gram Panchayats to make available this information to the farmers. This may generate employment opportunities for rural youth also.

Mother dairy has built up a vast network of sale depots spread all over National Capital Region in its efforts to reach the consumer both for milk and milk-products as well as fruits and vegetables. In its endeavour to supply quality produce in proper quantities, Mother Dairy is in constant touch with farmers, educating them in selection and cultivation of those varieties of vegetables which are in constant and seasonal demand with associated techniques and necessary inputs. Mother Dairy provides transportation on payment basis for the supply of vegetables from villages to the main storage centre and in special circumstances, directly to the sale depots as well. Despite their objective of providing remunerative prices to vegetable growers, there have been instances where the farmers have suffered on account of procedural practices specially related to rejection of produce without assigning any reason. Moreover, the produce is even returned to the farmers. If returned, vegetables being a highly perishable

commodity are left in no condition for resale. In either case, the farmers not only lose their entire produce but also they have to bear the burden of transport cost as well. This has increasingly led the farmers to be alienated from marketing their produce through such cooperatives.

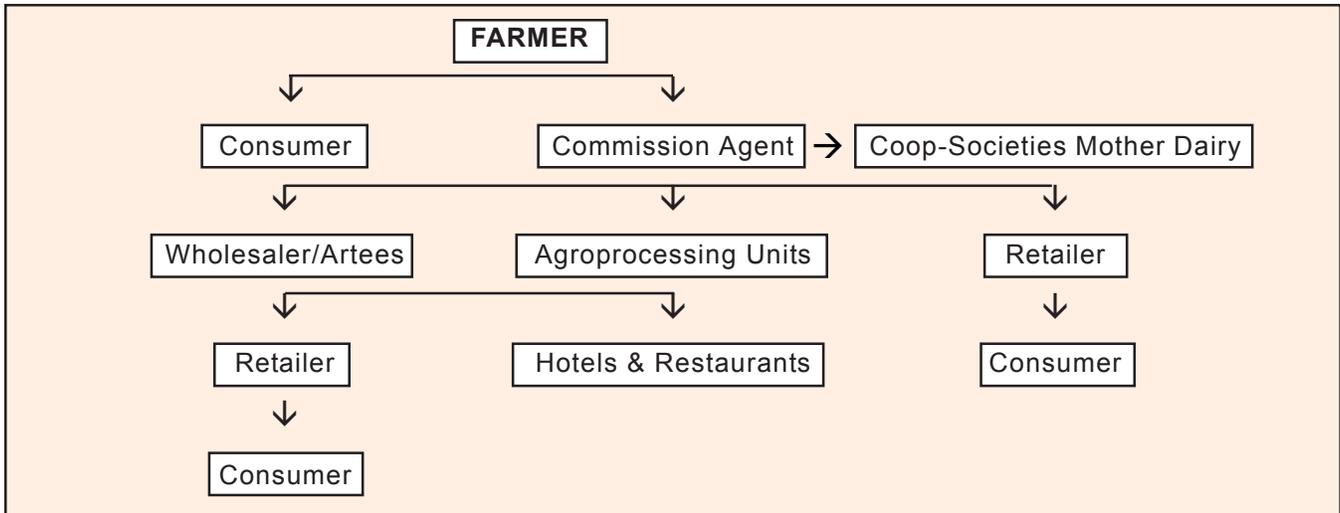
Hotels and Restaurateurs are heavy consumers of farm produce. However, individual farmer is unable to capitalize on this opportunity due to the demands for prefixed quality, variety as well as quantity of the produce on a fixed time schedule. Collective efforts of farmers are required to meet out the requirements to make vegetable growing a profitable venture.

Kisan Haat in NCT, an offshoot of main Azadpur Mandi was set up with the sole objective to help the farmer to sell directly to the consumer whereby, he may earn remunerative prices for the produce. Restrictions related to quantity to be sold by each farmer per day and non-availability of adequate storage facilities have inhibited the project to take off as expected.

The marketing practices of 'Delhi Agriculture Marketing Board, the regulators of Azadpur (with Kisan Haat), Keshopur and Gazipur markets (dealing in vegetables and fruits), Mehrauli market dealing in flowers, Najafgarh and Narela markets dealing in food grains in the NCT have been described in detail earlier. However, there is much left to be desired from direct marketing from farmers' point of view. Set up with the objectives to create (1) platform for farmers and growers to facilitate the sales of their produce at better prices, (2) to prevent their exploitation by traders abolishing the role of middlemen, and (3) to give the consumer the ultimate assurance of quality and right price.

As shown in the flow chart, a farmer who comes to the market to sell his produce has two alternatives – either to sell direct to consumer (farmers shed specially provided for them) or sell through a commission agent as per normally laid

FLOW OF FARM PRODUCE AS OBSERVED



The different marketing channels are :

1. Producer/ farmer → consumer
2. Producer → Commission agent → Wholesaler → Retailer → Consumer
3. Producer → Commission agent → Agro Processing units → Consumer
4. Producer → Commission agent → Co-operative Societies → Retailer → Consumer
5. Producer → Commission agent → Agro Processing units → Hotels and Restaurants → Consumer

down practices of the Market Committee. As to the former, no market except Azadpur has the provision for farm shed. Even at Azadpur, the space available is inadequate and lacks infrastructural provisions like storage space, etc. as fruits and vegetables are highly perishable by nature. This leads the farmer to distress sale at times resulting in losses. In the latter case, the farmer is at the mercy of the commission agent, a middleman. Wholesalers and *artees* pick up the produce through the agent in open auction. The tendency is to keep the price low and this results in delayed auction. The delay in auction would lead to depleted quality and thereby lower prices. This leads the farmer to distress sale thus resulting in losses. Farmers play in the hands of the agent. However, there is another side of the coin, farmers of a village form a cartel arrangement wherein a farmer is entrusted the responsibility to sell the produce of the cartel. Being hi-tech, the farmer is in touch with all the markets through his mobile phone and reaches the market where the prices are

high and most remunerative. But such cases are far and few. The share of producer in consumers price depend upon the types of marketing channels followed in sale transactions by the farmers. Studies indicate that the share of producers varies from 56 to 83 per cent in food grains and 79 to 95 per cent in pulses, 65-96 per cent in oil seeds and 33 to 75 per cent in case of fruit and vegetables (8).

The scenario discussed above essentially relates to circumstances when these are normal, *i.e.* supply and demand is evenly balanced. There have been instances when the supply has dwindled, the reason may be attributed to crop failure or a natural calamity. With the demand being steady the prices are bound to rise. On the other side, when there is glut in the market, the price hit the bottom. There is a third situation as well. Though, the produce is available in adequate quantities with the farmers, yet the price of vegetables in the retail market is unusually high. Such abnormally high prices are

an artificial creation in connivance between commission agents, *Artees* and wholesalers, who by forming a group force the farmers to sell the produce at very cheap rates. This produce is stowed away creating an artificial demand thereby leading to high prices and huge profits for this group. Market Committees are ill prepared to deal with either of the abnormal situations. In fact, Market Committees' control is of supervisory nature.

To ensure smooth running of operations in respective markets without any intervention in price determination, there is a very strong and urgent need to devise a regulatory strategy by the Government whereby the farmer, especially small and marginal farmer gets his due in the price at which the eventual consumer buys the produce.

State government agencies also procure from farmers at minimum support price (MSP) announced by Central Govt. These agencies try to purchase all commodities in general and cereals like rice and wheat in particular for Central Food Reserve. In addition to these agencies, co-operatives like HAFED also procure cereals and oil seeds and sell to consumers in retail after value addition at their processing plants.

7.1 Market Intelligence Strategies

- The state agricultural marketing boards and APMCs should take-up collection, analysis and dissemination of market information on prices, demand, supply, movement, etc. on a war footing.
- Marketing information flow should be through internal market networking and internet.
- State marketing boards should create website of their own providing all information on agricultural marketing of the state concerned including legal aspects.
- A "Forecasting Cell" should be established with required experts for price and demand forecasting of different commodities. The

GIS and remote sensing satellites may be utilised for this purpose.

- Farmers may be advised on making marketing decision through mass media, particularly radio and television.
- Increase and mobilize the system of agricultural marketing so as to maintain market information services by conducting surveys and research of market trends, trade channels for development of new market techniques and quality control.
- Establishment of market intelligence centres all over the state for accessing information not only about the domestic market but also international market.
- Development of market intelligence and a strong database for export enhancement, identification of potential export markets, feasibility studies with respect to products, infrastructure requirements, exports, etc.
- Need to frame customized information systems for farmer organization that have a collective approach to market the product.

The intelligence service should offer :

- i Strong and retrieving basic data.
- ii. Processing of data into useful information aimed at supporting specific marketing strategies.
- iii. Producing short information summaries aimed at bringing about stronger collective action by small farmers in open markets.

Urbanization in India has steadily increased the demand for fruits, vegetables, milk, meat or processed food. Even big companies like Reliance, Bharti and ITC are expanding their network. As a direct marketing channel, virtually linked to the 'mandi' system for price discovery, 'e-Choupal' eliminates wasteful intermediation and multiple handling. Thereby, it significantly reduces transaction costs. 'e-Choupal', has become the largest initiative among all Internet-based interventions

in rural India (1). The surge in marketing retails, sale of raw and processed food is good news for farmers.

In the past few years, the growth of field crops has been slower than the increase in the input use. The farm incomes have been falling even faster. The immediate issue to tackle is to improve their income by increasing farm productivity and marketing of the agricultural

produce, by large, is solely dependent on the middlemen.

It has been frequently seen that 25-40 per cent of margins in marketing of farmers produce are earned by middlemen. Money spent on transport of agricultural produce up to market places does not reach farmers pockets. If farmers were to market directly, the return on the investment in farming will increase.

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ANNEXURE-I

Number of Notified Commodities in Narela and Nazafgarh Markets

1. Wheat	11. Binola	21. Sarson
2. Desi Mexican	12. Jowar	22. Taramira
3. Arhar	13. Jowar Desi	23. Maize
4. Mattar	14. Rice	24. Paddy
5. Sunflower	15. Moong	25. Methi
6. Gram	16. Urad	26. Kapas
7. Toria	17. Gur	27. Cotton
8. Bajra	18. Shakkar	28. Raskat
9. Mirch	19. Sugar	29. Masari
10. Barley	20. Khand	

ANNEXURE-II

Number of Notified Commodities in Azadpur and Gazipur Markets

1. Arbi & Arbi Patta	24. Tinda	47. Kamrakh
2. Carrot	25. Kathal	48. Yam
3. Cucumber	26. Jimikand	49. Salad
4. Ghobi	27. Green Methi	50. Beans
5. Kachalu	28. Moist Chilli	51. Green Turmeric
6. Leafy & fresh vegetables	29. Karela	52. Drum Sticks
7. Onion	30. Pumpkin	53. Kachnar ke Phool
8. Peas	31. Tamarind	54. Kakora
9. Potato	32. Chukander	55. Karomba
10. Tomato	33. Chilli	56. Capsicum
11. Sweet Potato	34. Mait	57. Soya
12. Brinjal	35. Garlic	58. Amrah
13. Gourd	36. Chirchanda	59. Lanku
14. Lady finger	37. Tori	60. Kundru
15. Halwa Kaddu	38. Parmal	61. Phuee
16. Ghiya Tori	39. Kamal Kakri	62. Kulfa
17. Fresh bean	40. Ghoose Berry	63. Cholai
18. Bathu	41. Mushroom	64. Bankla
19. Sarson leaves	42. Green Coriander	65. Chholia
20. Green Lobia	43. Aonla	66. Singhi
21. Spinach	44. Singri	67. Sanjna ke Phool
22. Turnip	45. Teent	68. Bandhra
23. Radish	46. Lashwa	

ANNEXURE-III

Number of Notified Commodities in Mehrauli Flower Market

1. Anthurium	4. Orchid	6. Rose
2. Dodi	5. Raibel	7. Tuberose
3. Marigold		