



**REPORT OF THE EXPERT COMMITTEE**  
**ON THE REVIEW OF**  
**THE MADRAS COMMERCIAL CROPS**  
**MARKETS ACT, 1933**

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# **REPORT OF THE EXPERT COMMITTEE ON THE REVIEW OF THE MADRAS COMMERCIAL CROPS MARKETS ACT, 1933.**

## **CHAPTER I.**

### **INTRODUCTION.**

1. The problem of agricultural marketing has been since some time past engaging the attention of those interested in the prosperity of the agriculturist, thereby increasing the agricultural wealth by increased production and promoting the economic prosperity of the country. Several committees constituted by the Government have referred to this question and have been impressing upon the need for a satisfactory system of agricultural marketing being introduced to achieve the object of helping the agriculturist in securing a proper return for the fruits of his labour. Even as early as 1919, the Indian Central Cotton Committee, in its report observed, that the agriculturist was heavily handicapped in securing an adequate price for his produce and that establishment of regulated markets for cotton was one of the most satisfactory means of removing his difficulties. It was eventually the report of the Royal Commission on Agriculture in India in the year 1928, that was particularly responsible for the introduction of regulated markets in many States all over the country. The Indian Central Banking Enquiry Committee also stressed the importance of the need for regulation in the interest of the agriculturist.

2. In pursuance of those suggestions and particularly the recommendations of the Royal Commission on Agriculture, the Government of Madras enacted in 1933, "The Madras Commercial Crops Markets Act" for the better regulation of marketing of commercial crops. Since the Act was placed on the Statute books 23 years ago it has undergone certain changes. But there has been of late an opposition from a section of the trade to the extension and enforcement of the Act. The constitutional validity of the enactment was also questioned by trade interests but the High Court upheld the enactment as a valid piece of marketing legislation. Not satisfied with the decision of the High Court, the matter was taken to the Supreme Court in an appeal which is pending disposal.

#### **Need for review.**

3. At present the Madras Commercial Crops Markets Act is being enforced only in five districts in the State for regulation of marketing of some of the principal commercial crops. The need for bringing the entire State within the scope of the marketing legislation and extending it to all agricultural produce has been stressed repeatedly by a number of conferences convened by the Government of India and also by the Planning Commission in the First Five-Year Plan and Second Five-Year Plan. In view of

the persistent opposition from the merchants to the enforcement of the Act, the expansion of regulated markets in this State could not be pushed through. The Government of Madras, therefore, felt it necessary to review the working of the marketing legislation in the State, to remove any legal defects and loopholes and liberalise some of its provisions.

#### Constitution of the Expert Committee.

4. An Expert Committee was constituted to review the working of the Madras Commercial Crops Markets Act, 1933, by the Government of Madras in their Order No. 113, Food and Agriculture, dated 17th January 1957.

The committee consists of the following members:—

(1) Sri W. S. Krishnaswamy Nayudu, retired High Court Judge, Madras—*Chairman*.

#### *Official Members.*

(2) The Director of Agriculture, Madras.

(3) The Registrar of Co-operative Societies (or) the Joint Registrar of Co-operative Societies, Madras.

(4) The State Marketing Officer, Madras—*Secretary*.

#### *Non-Official Members.*

- |                                                                                                                                                   |   |                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------|---|--------------------------------------|
| (5) Sri K. Parthasarathy, B.A., B.L.,<br>Advocate, Kallakurichi,<br>South Arcot district.                                                         | } | To represent regu-<br>lated markets. |
| (6) Sri A. Ramachandra Reddiar,<br>Kanalapadi P.O., Tiruvanna-<br>malai taluk, North Arcot<br>district.                                           |   |                                      |
| (7) Sri K. Subbanna Gounder,<br>President, Gobichettipalayam<br>Co-operative Sales Society,<br>Gobichettipalayam, Coim-<br>batore district.       | } | To represent other<br>interests.     |
| (8) Sri S. Ramaswamy Naidu, M.A.,<br>B.L., M.L.A., President, Sattur<br>Co-operative Marketing<br>Society, [Sattur, Ramanatha-<br>puram district. |   |                                      |

The terms of reference of the committee are—

(a) To examine the legal aspects of the Madras Commercial Crops Markets Act and to remove defects;

(b) To simplify its provisions in order to render the working of the market committee smooth, more effective and less expensive;

(c) To consider the extension of the Act to all agricultural commodities (i.e., food crops besides commercial crops);

(d) To review generally the working of the Act and rules made thereunder and the market committees set up under the Act and to suggest all measures to render the legislation more perfect and beneficial to agricultural producers and less troublesome to traders; and

(e) To examine the question of replacing the system of elections to the market committees by nomination to avoid disproportionate expenditure on elections.

The committee may also consider the inclusion of the markets of local bodies within the scope of the marketing legislation and visit some market centres in Madras State as well as in certain other areas outside Madras State if necessary. The committee will function for a period of three months from the date of entering upon office and submit its report within that period.

The Government have also referred the following subjects for the consideration of the committee :—

(1) The phased programme for the development of regulated Markets in Madras State prepared by the Director of Agriculture;

(2) The introduction of the Act in Kanyakumari district (formerly attached to Travancore-Cochin State);

(3) Employment of licensed weighmen in the market yards;

(4) Quasi-judicial authority in exercising the functions of the Act—vesting of powers with either the Government or the Director of Agriculture; and

(5) Declaration of paddy, cashewnuts and jaggery as commercial crops in the South Arcot district.

#### **Progress of enquiry.**

5. The Chairman and the Secretary of the Committee entered upon their duties on 25th January 1957. The preliminary meeting of the Committee was held on 7th February 1957, when matters relating to the programme to be followed in conducting the enquiry and also the questionnaire to be issued to producers, merchants, commission agents, collectors, marketing officers, secretaries and members of market committees, co-operative institutions, etc., were finalised. The questionnaire is annexed in Appendix I.

6. Due to pre-occupation of most of the non-official members of the Committee in the general elections the Committee could not meet for the second time earlier than 26th March 1957, when it found that the enquiry could not be completed within the three months' period and requested the Government to extend the period of office of the Committee till 25th July 1957, which the Government were pleased to sanction in G.O. Ms. No. 1286, Food and Agriculture, dated 22nd March 1957. After the conclusion of the

enquiry, the Committee during discussions felt that the work could not be completed and the report could not be ready by 25th of July 1957 and requested the Government to further extend the period of office of the Committee till 31st August 1957, which the Government were pleased to sanction in G.O. Ms. No. 2203, Food and Agriculture, dated 20th July 1957. The Chairman of the Committee considering the valuable services of Sri E. U. Damodaran, M.A., I.A.S., the Director of Agriculture, Madras, who took up duties as Secretary, Home Department, from 10th July 1957, co-opted him as an official member of the Committee for the rest of the period of work of the Committee, under powers vested in G.O. Ms. No. 400, Food and Agriculture, dated 8th February 1957.

### Study tours.

7. The Chairman and the Secretary by themselves and also along with the Members of the Committee visited a number of places in Madras State, as well as in Mysore and Andhra Pradesh to study the functioning of regulated markets and the general marketing conditions. During these tours the Committee held informal discussions with secretaries and members of market committees, officers of the agricultural department, producers, traders, etc. In addition to the study tour undertaken by the Chairman and the Members of the Committee, the Committee held sittings at the following centres in the State to take evidence of individual representatives from among growers, traders, merchants, associations, chambers of commerce, co-operative societies, members and secretaries of market committees, marketing officers and other interests.

| <i>Centre.</i>   | <i>Date.</i>              | <i>Area covered.</i>                                                                                                |
|------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------|
| (1)              | (2)                       | (3)                                                                                                                 |
| Villupuram .. .. | 24th and 25th April 1957. | Madras City, Chingleput district, South Arcot district and Tanjore district.                                        |
| Coimbatore .. .. | 13th and 14th May 1957.   | Coimbatore district, Salem district and the Nilgiris district.                                                      |
| Madurai .. ..    | 6th and 7th June 1957.    | Madurai district, Tiruchirappalli district, Ramanathapuram district, Tirunelveli district and Kanyakumari district. |

The details of the working of the various markets inside and outside the State which the Committee visited during its enquiry are annexed in Appendices II and III respectively.

8. Throughout the enquiry, the response from those interested in marketing legislation has been voluntary and encouraging and the evidence and information received from them were voluminous. Appendix IV gives the statistical particulars of replies to the questionnaire while Appendix V gives the list of persons who have given evidence before the Committee. Out of the 4,000 persons to whom the questionnaire was issued, 600 responded by furnishing

written answers and out of about 400 persons invited by the Committee, over 350 persons appeared before the Committee and expressed their viewpoints on the several questions involved.

9. The Committee held meetings continuously at the Secretariat Buildings, Madras, on the following days :—

1st, 2nd and 3rd July 1957;

17th, 18th and 19th July 1957;

1st and 2nd August 1957;

17th and 18th August 1957; and

29th August 1957 and considered the several issues. The draft report was approved at the meetings held on 17th and 18th August 1957 and signed on 29th August 1957.

#### **Acknowledgment and thanks.**

10. We take this opportunity of expressing our sincere thanks to Sri M. Obaidullah Shah, B.Sc. (Ag.), State Marketing Officer, Madras, the Secretary of our Committee and our high appreciation of the sincere, willing and efficient services he has rendered especially in acquainting the lay members, technical aspects of the matters covered by the enquiry with his vast experience and thorough knowledge of the subject. He has taken considerable pains in organizing the providing facilities for the smooth and easy working of the Committee which must have been a great strain, in addition to his normal official duties of State Marketing Officer.

The work of the staff has been quite satisfactory during the conduct of the enquiry. The heavy work which has to be done in the preparation of the report and the collection of statistics and statements given as appendices has fallen on the staff which was gladly undertaken and efficiently completed. In particular our thanks are due to Sri R. Madhavachari, B.Sc. (Ag.), who for most part of the enquiry has been in charge as technical assistant and also to Sri S. K. Das, upper division clerk, especially to the former, whose knowledge of the working of the market committees in the State as Secretary, has been very useful. The stenographer Sri Md. Ghouse has willingly carried out his job to our satisfaction.

## CHAPTER II.

### EARLY HISTORY AND OPERATION OF THE ACT.

#### Preliminary.

11. Marketing is a system adopted to dispose of favourably ones surplus produce and it has been recognized that creation of conditions under which the farmer could market his produce with confidence, without any apprehension of being deceived or unfairly treated is one of the most important and potent means of increasing farm production. In Madras State as in other parts of our country, the trade practices through which agricultural produce passes from the producer to the ultimate consumer are far from satisfactory. These defects and handicaps in the marketing system have been engaging the attention of various bodies and one of the first to realize its magnitude and express its opinion is the Royal Commission on Agriculture in India in 1928. The Commission in its findings have observed that "That cultivator suffers from many handicaps: to begin with he is illiterate and in general ignorant of prevailing prices in the markets, especially in regard to commercial crops. The most hopeful solution of the cultivator's marketing difficulties seems to lie in the improvement of communications and the establishment of regulated markets, and we recommend for the consideration of other provinces the establishment of regulated markets on the Berar system as modified by the Bombay legislation. The establishment of regulated markets must form an essential part of any ordered plan of agricultural development in this country. The Bombay Act is, however, definitely limited to cotton markets and the bulk of the transactions in Berar market is also in that crop. We consider that the system can conveniently be extended to other crops and, with a view to avoiding difficulties, would suggest that regulated markets should only be established under provincial legislation".

12. The middleman plays a prominent part in sale, transactions and his terms and methods vary according to the nature of the crop and the status of the cultivator. The rich ryot who is unencumbered by debt and who has comparatively large stocks to dispose of, brings his produce to the taluk or district centre and entrusts it to a commission agent for sale. If it is not sold on the day on which it is brought, it is stored in the commission agent's godown at the cultivators' expense and as the latter cannot generally afford to wait about until the sale is effected he leaves his produce to be sold by the commission agent at the best possible price, and it is doubtful whether eventually he receives the best price. The middle class ryot invariably disposes of his produce through the same agency but, unlike the rich ryot he is not free to choose his commission agent, because he generally takes advances

from a particular commission agent on the condition that he will hand over his produce to him for sale. Not only, therefore, he places himself in a position where he cannot dictate and insist on the sale being effected for the highest price but he loses by being compelled to pay heavy interest on the advance taken from the commission agent. His relations with middleman are more akin to those between a creditor and a debtor, than of a selling agent and producer. In almost all cases of the poor ryots, the major portion of their produce finds its way into the hands of the village money-lender and whatever remains is sold to petty traders who tour the villages and the price at which it changes hands is governed not so much by the market rates, but by the urgent needs of the ryot which are generally taken advantage of by the purchaser. The dominating position which the middleman occupies and his methods of sale and the terms of his dealings have long ago been realized. In the words of "Royal Commission", "the keynote to the system of marketing agricultural produce in the State is the predominant part played by middlemen". The Commission has further observed that "it is the cultivator's chronic shortage of money that has allowed the intermediary to achieve the prominent position he now occupies". Thus the need for legislation for the establishment of regulated markets with a view to keep out the middleman was felt necessary. Subsequently, the need for regulated marketing was stressed on many occasions by various bodies like the Indian Central Banking Enquiry Committee, the All-India Rural Credit and Survey, in conferences convened by the Government of India and now by the Planning Commission.

13. It was under these circumstances that the establishment of regulated markets by means of State legislation was undertaken. Bombay and Hyderabad States were the first to introduce regulation by means of legislation, while the legislation in Madras State was introduced in the year 1933 by the Madras Commercial Crops Market Act (Act XX of 1933). Similar legislation has since been passed in many other States in the country.

#### **Objects of the Act.**

14. The main object of this legislation is to regulate the sale and purchase of the produce and to establish a common place where buyers and sellers can directly meet and transact business. The establishment of such a market is intended to confer benefits to the grower, as well as the trader. The main advantages and the salient features of the regulated markets are—

(1) A common place is provided for seller and buyer to meet and facilities are offered by way of space, buildings and storage accommodation.

(2) Market practices are regularized and market charges clearly defined and unwarranted ones prohibited.

(3) Correct weightment is ensured by licensed weighmen and all weights are checked and stamped.

(4) Payment on hand is ensured.

(5) Provision is made for settlement of disputes..

(6) Daily prevailing prices are made available to the grower and reliable market information provided regarding arrivals, stocks, prices, etc.

(7) Quality standards are fixed when necessary and contract forms standardized for purchase and sale.

### Scope of the Act.

15. The Act as originally enacted was applicable to three commercial crops, viz., cotton, groundnut and tobacco. By an amendment made in 1945, Government have now powers to declare any other crop as commercial crop for purposes of the Act. Under this proviso, gingelly, coconuts, arecanuts and potato have also been declared as commercial crops from time to time. The Act is enforceable in a specified area in respect of one or more specified crop or crops after due notification, in the prescribed manner. When the Act was introduced first in 1935, the area of notification was confined to municipal limits of Tiruppur in respect of one crop, namely, cotton. Later, larger areas such as a taluk like Bezwada in Kistna district, was notified in respect of tobacco and thereafter the entire revenue district like South Arcot was notified for groundnut. At present, the jurisdiction of a notified area is fixed as a revenue district. The smaller notified area like Tiruppur was extended to cover the entire Coimbatore district. More than one crop was also notified for each notified area and brought within the purview of regulations as it was found that notifying two or more crops was conducive to financial stability and administrative efficiency. Thus between 1935 to date, the following districts in the present Madras State have been notified in respect of crops mentioned against each :—

|   |                            |    |    |                                          |
|---|----------------------------|----|----|------------------------------------------|
| 1 | South Arcot district       | .. | .. | Groundnut, cotton and gingelly.          |
| 2 | North Arcot district       | .. | .. | Groundnut.                               |
| 3 | Ramanathapuram district    | .. | .. | Cotton and groundnut.                    |
| 4 | Coimbatore district        | .. | .. | Cotton, groundnut, tobacco and turmeric. |
| 5 | Tirunelveli district       | .. | .. | Cotton.                                  |
| 6 | Tiruchirappalli district.. | .. | .. | Tobacco and groundnut.                   |

16. The Madras State has become territorially small as a result of the re-organization of States. As against a total of 13 districts notified under the Act prior to 1953 in the composite Madras State, the State has now only six districts notified, Tiruchirappalli having been notified only in 1957.

### **Establishment of market Committees.**

17. After an area is notified, a market committee is established. The first committee is nominated by Government on the recommendation of departmental officials at the district and State levels. This committee continues in office for one year in the first instance and, if it becomes necessary, the period is extended by another year, by an order of Government. Within this period, an elected committee should come into existence, which will hold office for three years. When the term of office of the members of a market committee expires and if, for any reason, there is delay in the reconstitution of the committee, the Collector shall perform all the functions of the committee until it is reconstituted.

### **Composition of market committee.**

18. The Act provides for a maximum of 12 members for a district market committee, the actual number for each committee being fixed by Government. The strength of a market committee in practice comprises—

Five grower members.

Four trader members.

Two Government nominees to represent special interests.

One ex-officio member (The District Agricultural Officer of the area served).

The representatives of traders are elected by a constituency consisting of traders licensed under the Act and registered under the rules. The growers' constituency is made up of the entire set of growers of the commercial crops within the notified area. The election procedure is also elaborate and it follows the system applicable to municipalities, panchayats, district boards, etc.

### **Powers of market committees.**

19. In the administrative sphere, each market committee is autonomous, subject to the guidance of the Director of Agriculture. It frames its own by-laws and for this purpose a set of model by-laws has recently been approved by Government for adopting by the several committees. The by-laws were originally subject to the approval of the Collector. They are now made subject to the approval of the Director of Agriculture for purposes of ensuring uniformity. Government under the rule making powers have framed the following rules :—

Madras Commercial Crops Markets Rules, 1948.

Madras Commercial Crops Markets Financial Rules, 1953.

Madras Commercial Crops Markets Election Rules, 1940.

The Madras Commercial Crops Markets Provident Fund Rules.

Draft service rules for the subordinate staff of market committees have also been framed and are now under the consideration of Government. A manual of accounts and office procedure is also under preparation. Subject to all these rules, the market committees are free to determine the staff required, other than the secretary and fix also their scales of pay, allowances, etc. Unrestricted powers originally vested in the committees are now subjected to rules and regulations framed as a result of experience gained in the working of the Act.

### **Establishment of regulated markets.**

20. The market committees are required to set up regulated markets at specified places by direction of Government. In actual practice, the chief places for establishing regulated markets are notified by Government, at the time the committee is formed. Subsequently, the committee is free to propose additional places for markets for acceptance by Government. The details of regulated markets so far established by each market committee in the State are furnished in Appendix VI.

21. The regulated markets are located in rented or leased premises to start with and as and when the committee acquires funds through accumulations in its reserves from the current income, the committee goes in for its own premises to house their markets. In other cases, the committee waits till it is able to raise funds for setting up its markets. The fund for this purpose is raised through reserves of revenues and Government loans and there is a limit up to which Government loans are made available. The statement showing the loans granted by Government so far to the several market committees is given in Appendix VII. For want of finance, the setting up of suitable regulated markets has been delayed affecting the effective implementation of the Act.

### **Licensing of traders.**

22. After an area is notified under the Act and a committee is established, all persons engaged in the trade of the notified commercial crops should take out licences as below:—

(a) A licence under section 5 (1) of the Act in respect of places used for buying and selling.

(b) A licence under section 5 (3) for the places used for storing, weighing, processing, etc.

23. Both these licences were originally granted by the Government on applications received through the market committee concerned, the Collector of the district and the Director of Agriculture. As this procedure was found cumbersome, the Collectors of the districts concerned are now empowered to grant the licences. Originally the Collectors had full discretion to refuse to grant a licence to any person. These discretionary powers have now been removed, consequent on judgment of the High Court,

Madras, in Writ Petitions Nos. 75, 87 and 135 of 1953 declaring these powers to be *ultra vires*. The relevant section has since been amended under which the Collector could only refuse a licence on specified grounds.

#### Other licences.

24. In addition to these licences, the market committee licenses all weighmen and brokers in the commercial crop or crops concerned, under the powers vested in the rules. Persons without such licences are not allowed to function either as weighmen or brokers in the commercial crop or crops. Till recently, all traders (buyers or sellers or buyers and sellers) were compulsorily required under the rules to get themselves registered as traders with the committee, and unregistered persons were not allowed to trade in the commercial crop or crops concerned. This provision of compulsory registration for the purpose of enabling them to trade in the notified crops was held to be void by the said judgment of the High Court, Madras. An amendment of the concerned rule therefore became necessary and the amended rule now provides that any person who desires to have his name registered as a buyer or seller or buyer and seller can do so by applying to the market committee on payment of the fees prescribed, which registration would entitle them to get into the electoral roll for purposes of electing the traders' representative in the committee, such registration of trader being only optional and that too for purpose of election.

#### Cess on crop.

25. The main source of revenue for the market committee is the cess collected on commercial crop or crops bought and sold within the notified area. The market committee has discretion to prescribe the rate of cess payable, subject to the maximum rates prescribed under the rules. Quantities below a prescribed limit, purchased by individual consumers are exempted from this cess. The market committee used to collect cess formerly on all notified commercial crops bought and sold within the notified area, irrespective of whether they were inter-State transactions or not. Now the cess is made leviable only in respect of internal transactions, i.e., sales within the State. The validity of the collection of this fee was also challenged in the High Court, the contention being that the fee is a tax and hence market committee which is a non-sovereign body, is not entitled or empowered to levy such a tax. Consequently, an amendment to section 11 of the Act was made in 1955 by providing that, notwithstanding anything contained in the Madras General Sales Tax Act IX of 1939, the market committees shall subject to such rules as may be made in this behalf levy a cess by way of sales tax on any crops bought and sold in the notified area.

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**Penalties.**

26. All offences under the Act are triable only by a First-class Magistrate and the maximum limits of fines are laid down under the Act and the rules for the different kinds of offences.

**Executive authority.**

27. Prior to 1948, the chairman of a market committee was the executive officer of the committee. However, in the rules as revised in 1948, the secretary of the committee is made the executive officer. The appointment of the secretary to a market committee which till then vested in the committee was taken away and vested in Government and separate service rules governing the secretaries, etc., were framed in 1953.

## CHAPTER III.

### REVIEW OF THE WORKING OF REGULATED MARKETS —REASONS FOR THE NON-FUNCTIONING OF CERTAIN MARKET COMMITTEES.

#### Introduction.

28. One of the terms of reference to the Expert Committee is to review the working of the Act and Rules made thereunder and of the market committees set up under the Act and to suggest all measures to render the legislation more perfect and beneficial to agricultural producers and less troublesome to traders.

#### Position of market committees.

29. Till the separation of the Andhra, Madras State consisted of 23 revenue districts, comprising of all the districts in the present Madras State (excluding Kanyakumari district) 11 districts of the present Andhra Pradesh, South Kanara now in Mysore and Malabar now in Kerala State.

30. After the Act of 1933 came into force the first market committee to be constituted in the State was at Tiruppur for cotton in April 1935. Later in 1939, South Arcot district was notified for groundnut alone with two other areas, viz., Guntur district and Nandyal taluk which now belong to Andhra Pradesh. In 1940 Bezwada taluk alone was notified. Thus at the commencement of world war there were five market committees in the composite Madras State regulating trade in respect of cotton, groundnut and tobacco. There was a lull during the war period, i.e., from 1940 to 1949, in the development of regulated markets in the State and it was only in 1949 and 1950 four more districts were notified under the Act and these areas are no longer in Madras State after the reorganization of the States. The districts of Ramanathapuram for cotton and groundnut and Tirunelveli for cotton followed by North Arcot for groundnut were notified under the Act in 1952 and 1953 respectively. The district which was notified under the Act recently in 1957 is Tiruchirappalli for tobacco and groundnut.

31. Thus from the year 1933, i.e., during the course of nearly 23 years a total of fourteen market committees were constituted under the Act and out of the above only the first six as indicated below remain in the reorganized Madras State :—

| <i>Serial number and district.</i> | <i>Year of<br/>notifi-<br/>cation.</i> | <i>Commodities notified.</i>             |
|------------------------------------|----------------------------------------|------------------------------------------|
| (1)                                | (2)                                    | (3)                                      |
| 1 Coimbatore .. .. .               | 1935                                   | Cotton, groundnut, tobacco and turmeric. |
| 2 South Arcot .. .. .              | 1939                                   | Groundnut, cotton and gingelly.          |

| <i>Serial number and district.</i> | <i>Year of notification.</i> | <i>Commodities notified.</i> |
|------------------------------------|------------------------------|------------------------------|
| (1)                                | (2)                          | (3)                          |
| 3 North Arcot.. ..                 | 1953                         | Groundnut.                   |
| 4 Ramanathapuram .. ..             | 1952                         | Cotton and groundnut.        |
| 5 Tirunelveli .. ..                | 1952                         | Cotton.                      |
| 6 Tiruchirappalli .. ..            | 1957                         | Tobacco and groundnut.       |
| 7 Guntur .. ..                     | 1939                         | Tobacco.*                    |
| 8 Krishna .. ..                    | 1940                         | Tobacco and groundnut.*      |
| 9 Bellary .. ..                    | 1939                         | Cotton and groundnut.*       |
| 10 Nandyal (taluk) .. ..           | 1939                         | Cotton and groundnut.*       |
| 11 Anantapur .. ..                 | 1949                         | Do.                          |
| 12 East Godavari .. ..             | 1949                         | Coconut and tobacco.*        |
| 13 Malabar .. ..                   | 1950                         | Coconut and arecanut.†       |
| 14 South Kanara .. ..              | 1950                         | Coconut and arecanut.‡       |

### Extent covered by market committees.

32. Of the six districts which are notified under the Act market committees were constituted in respect of five districts since the sixth district, viz., Tiruchirappalli was brought under the Act as a notified area only in 1957. The distinctive feature of the application of the Act in Madras State is that the notification under the Act is made for an entire revenue district unlike in other States where the area is confined to a taluk or even a smaller area comprising the municipal limits. The Act has so far brought under regulation, five principal commercial crops of the State, viz., cotton, groundnut, tobacco, gingelly and turmeric in the six districts mentioned and the proportion of these commodities covered by these market committees to the total production of the State is indicated below :—

| <i>District notified.</i>                                                           | <i>Production in the district.</i> | <i>Percentage to total production of the State.</i> |
|-------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------|
| (1)                                                                                 | (2)                                | (3)                                                 |
| <i>Name of crop.—Cotton. Total production of the State—301,500 bales (82.75).</i>   |                                    |                                                     |
| Coimbatore .. ..                                                                    | 132,000 bales.                     | 43.75                                               |
| South Arcot .. ..                                                                   | 1,500 "                            | 5.00                                                |
| Ramanathapuram .. ..                                                                | 45,000 "                           | 15.00                                               |
| Tirunelveli .. ..                                                                   | 58,000 "                           | 19.00                                               |
| <i>Name of crop.—Groundnut. Total production of the State—859,000 tons (70.50).</i> |                                    |                                                     |
| Coimbatore .. ..                                                                    | 142,500 tons                       | 17.00                                               |
| South Arcot .. ..                                                                   | 187,100 "                          | 21.80                                               |
| Ramanathapuram .. ..                                                                | 31,000 "                           | 3.60                                                |
| North Arcot .. ..                                                                   | 147,000 "                          | 17.10                                               |
| Tiruchirappalli .. ..                                                               | 94,500 "                           | 11.00                                               |
| <i>Name of crop.—Tobacco. Total production of the State—23,100 tons (75.00).</i>    |                                    |                                                     |
| Coimbatore .. ..                                                                    | 16,000 tons.                       | 70.00                                               |
| Tiruchirappalli .. ..                                                               | 1,000 "                            | 5.00                                                |
| <i>Name of crop.—Gingelly. Total production of the State—52,000 tons (15.00).</i>   |                                    |                                                     |
| South Arcot .. ..                                                                   | 8,000 tons.                        | 15.00                                               |
| <i>Name of crop.—Turmeric. Total production of the State—11,200 tons (55.60).</i>   |                                    |                                                     |
| Coimbatore .. ..                                                                    | 6,220 tons.                        | 55.60                                               |
| <i>N.B.—The figures furnished above relates to the year 1954-55.</i>                |                                    |                                                     |

\* Now in Andhra Pradesh. † Now in Kerala. ‡ Now in Mysore.

### Working of market committees.

33. The Chairman and the Members of the Committee visited the regulated markets at Villupuram, Tindivanam and Vriddha-chalam in South Arcot district, Arcot and Vellore in North Arcot district and Tiruppur and Pollachi in Coimbatore district and studied in detail the working of these regulated markets. Apart from these visits a detailed study of the working of the individual market committees, was made by discussions with the State Marketing Officer, the Secretary of the Committee, and the secretaries of the various market committees in the State.

### Coimbatore Market Committee.

34. This was the first market committee to be constituted in the State in April 1935, after the introduction of the Act. The notified area or the jurisdiction of the market committee was confined to Tiruppur town limits. Cotton alone was notified. Subsequently in 1950, after enlarging the notified area to the entire revenue district of Coimbatore another commercial crop, i.e., groundnut was also notified. Due to these changes in the notified area the Tiruppur Market Committee was renamed as Coimbatore Market Committee with headquarters at Tiruppur. Following the decision that it would be advantageous to add more crops under one market committee, tobacco in 1953 and turmeric in 1957 were also notified in Coimbatore district. Though this committee started functioning in 1935 it is only for the last seven years, i.e., from 1950, that it assumed jurisdiction over the entire Coimbatore district.

35. The Coimbatore Market Committee has so far established only four regulated markets one each in Tiruppur, Gobichettipalayam, Pollachi and Erode. Of these four markets the market building at Tiruppur alone is owned by the committee, while the other three markets are located in leased premises. The progress of this market committee, in respect of regulation of trade in each of the four commercial crops notified, may now be examined.

36. It was in 1935, the Tiruppur Cotton Market Committee started functioning, setting up a regulated market at Tiruppur on 1st April 1936. Then the notified area was only Tiruppur town limits, but in spite of all the efforts of the committee's staff, to divert the produce assembled in Tiruppur into the regulated market there was no improvement in the work of the regulated market except in respect of the licensing of traders and collecting levy on the notified commercial crops bought and sold. In the mean time with the help of Government loans and subsidies the market committee was able to purchase lands and construct a market with over 53 rat proof godowns, a well, etc. In 1945, at the instance of the committee, the Government exercised the powers under the proviso to section 5 (1) of the Act and declared, that no purchase

and sale of cotton should take place in any place other than in the Tiruppur regulated market. This had the desired effect and as a result, all the cotton assembled in Tiruppur, came into the regulated market and the quantity of cotton kapas assembled at the regulated market in Tiruppur during 1956, is given below :—

| Year. | Quantity of cotton sold through regulated market at Tiruppur. |                 |
|-------|---------------------------------------------------------------|-----------------|
|       | Kapas.                                                        | Lint.           |
| (1)   | (2)                                                           | (3)             |
| 1956  | 152,505 pothis .. ..                                          | 15,996 candies. |

In the year 1950, after the jurisdiction of the market committee was extended to the entire Coimbatore district, the committee had opened three more markets and the quantity of cotton sold in each of these three markets during 1956 are as follows :—

| Year. | Regulated market at  | Quantity sold in 1956. |       |
|-------|----------------------|------------------------|-------|
|       |                      | Kapas.                 | Lint. |
| (1)   | (2)                  | (3)                    | (4)   |
| 1956  | Pollachi .. ..       | 216 pothis.            | Nil.  |
|       | Gobichettipalayam .. | Nil.                   | Nil.  |
|       | Erode .. ..          | Nil.                   | Nil.  |

37. Reviewing the position so far, it is obvious that in respect of cotton, it is only at Tiruppur market, almost all the produce is coming to the yard, while in other markets, the arrival is insignificant. But the Coimbatore Market Committee has been doing a fairly satisfactory work in respect of licensing, checking of weights and collections of cess. The amount of revenues realized by the market committees during 1956 amounted to Rs. 1,80,381 and this amount exceeded the budget estimates for the year by over Rs. 50,000 because of the collection of cess due from cotton mills from the year 1951.

38. The committee has thus been able to cover a very wide area in respect of licensing, etc., but on the other hand has not been able to divert much of the arrivals of cotton from the various centres, to the regulated markets, except the one at Tiruppur. The chief reason for the failure of the market committee in this respect inspite of having functioned for over 20 years, is due to the method of sale adopted in the regulated market at Tiruppur, which we find, has prejudiced to a great extent the opinion of the agriculturists in the districts towards regulated markets.

39. Briefly the method of sale adopted at Tiruppur regulated market is described below :—

Village merchants or petty dealers in cotton who are entirely financed by commission merchants at Tiruppur, tour the villages and collect the cotton available from the producers and bring all such cotton to the regulated market at Tiruppur. There are nearly 53 rat proof godowns inside the regulated market and each such godown has been leased out permanently to one commission merchant by the market committee for rent. The village

merchant or the petty dealer brings the cotton bought by him from the agriculturists in the villages to his own commission merchant, inside the market, and leaves the produce for sale, after taking advances from him. Thus the entire produce, i.e., cotton that comes to the regulated market is handled by the various commission merchants who carry on their business within the regulated market. The purchasers of cotton, who visit the regulated market, every day, proceed to the commission agents, in the various godowns and after satisfying themselves about the quality of the produce negotiate directly with the commission merchant and finalise the transactions. The market committee has no place in settling the price and other terms of sale or regulating the sale, though the transactions take place inside the regulated market. The control, the market committee has over all such transactions, consists only—

(i) in insisting that the details of every transaction are recorded in the market committee office, and

(ii) in regulating the rate of commission charged by the commission agent fixing it at Rs. 2 per pothi of cotton instead of at Rs. 4 per pothi of cotton which was the rate prevailing before the committee began to function.

40. The existing system prevailing in the regulated market at Tiruppur cannot therefore confer all the benefits contemplated by the Act to the producers. The object of regulation is to establish sound market practices and secure benefit to the ryots and that is the reason, the market committee is given absolute control over the conclusion of every transaction inside the yard. But the system that is being worked by the Coimbatore Market Committee in the market at Tiruppur is a practical negation of this principle. In view of this glaring failure of the working of the Act in the Tiruppur market yard, progress of this committee in other markets has also been hampered. It is understood that in spite of the opposition from the trade that the market committee is making attempts to eliminate all the commission agents from inside the Tiruppur regulated market and then conduct daily auction of all produce assembled there, under its direct control of the market committee. It is high time the committee realises the failure of the working of the regulated market at Tiruppur and immediately rectify the defect.

41. In view of the difficulties that might arise in the process of eliminating the commission merchants from inside the regulated market in a short time, it may be advantageous for the market committee to compel that all sales shall be by auction so that, this compulsory auctioning by itself, in course of time may make the producers realise that commission agents are superfluous in transactions which take place within a regulated market. The

practical usurpation of the functions of the committee by commission agents at Tiruppur requires to be set right and the market committee will have to take steps to bring the transaction of sale under its direct control.

42. Groundnut was notified as a commercial crop in Coimbatore district in the year 1950 and in the course of these six years the success achieved by the market committee in attracting arrivals into the regulated markets and regulating the transactions of this crop has been practically negligible as can be seen from the arrivals of groundnut in the various regulated markets set up by the market committee.

| Year. | Regulated market at |    |    |    |    | Quantity of groundnut sold. |
|-------|---------------------|----|----|----|----|-----------------------------|
| (1)   | (2)                 |    |    |    |    | (3)                         |
| 1956  | Tiruppur            | .. | .. | .. | .. | Nil.                        |
|       | Pollachi            | .. | .. | .. | .. | Nil.                        |
|       | Gobichettipalayam   | .. | .. | .. | .. | Nil.                        |
|       | Erode               | .. | .. | .. | .. | 17 bags.                    |

Even though there are four regulated markets for groundnut, Pollachi regulated market alone seems to be of some importance for groundnut in this district as the bulk of the groundnut crop is understood to be produced in Pollachi taluk only.

43. The main reasons attributed by the trade interests for the failure of the regulated market at Pollachi, are—

(a) The entire crop of groundnut amounting to about 200,000 bags annually gets harvested within a period of two months commencing from August every year and the market committee could not provide a market with sufficient space to accommodate such heavy transactions every day.

(b) The groundnut harvest season at Pollachi synchronises with the rainy season and as such it would be difficult for the producers to bring wet groundnut to the regulated market in large quantities and dispose of it without drying it and facilities for drying are not provided adequately in the regulated market.

(c) The market committee is not in a position to advance money to producers while commission merchants are able to provide this facility to them.

44. Tobacco was notified as a commercial crop in Coimbatore district in the year 1953. But immediately after this crop was brought under the Act, the tobacco merchants of Coimbatore district particularly from Erode area, joined with the traders of other districts and filed writ petitions in the High Court challenging the validity of the Act itself. The High Court, Madras, dismissed these petitions in July 1953, declaring the Act as a valid piece of legislation. The traders of this area then appealed to the Government requesting reconsideration of the notification and withdrawal of tobacco from the scope of the Act. In view of the repeated representations from the trade circles, the

market committee was directed by Government to postpone the regulatory activities over tobacco in this district for about one year. Thus after two years, the work of this committee in respect of tobacco was stopped first by orders of Court and then by Government. When the Coimbatore Market Committee began to enforce the provisions of the Act, in respect of tobacco in 1954, the traders in the districts once again, rose en block opposing the enforcement and again approached the Government. Government this time after considering the various representations ordered that the market committee should continue to enforce the provisions of the Act over tobacco as well, but should constitute an *ad hoc* committee for tobacco as a sub-committee under the power vested under section 18 of the Act, review the work of the committee for one year and the difficulties of the traders under the Act and submit a report to the Government for consideration. Accordingly an *ad hoc* committee was constituted in 1955. It functioned for one year and submitted its report.

45. In the meantime, all attempts by the market committee to enforce the provisions of the Act in respect of this crop were foiled by the obstructive attitude taken by trade circles, even in the primary work of licensing of traders. In order to break this opposition and insist on licence from all traders the market committee had to launch prosecutions during the last two years. Thus much of the work of the market committee in respect of tobacco all these years had been devoted only in arranging to issue licences to traders and prosecuting all traders who refused to take out licences. The market committee also set up a regulated market at Erode in August 1955 particularly for tobacco, but in view of the difficulties mentioned above there has been no progress in the working of this regulated market. The question of enforcing the provisions of the Act in respect of tobacco based on the studies made by this committee, is being separately dealt with.

46. The Coimbatore Market Committee has not yet started enforcing the provisions of the Act in respect of turmeric, since this crop was notified under the Act only towards the middle of 1957.

#### South Arcot Market Committee.

47. The South Arcot Market Committee was constituted in the year 1939 and was the first committee constituted with an entire revenue district under its jurisdiction. From the time the committee was constituted till 1950, the crop notified was only groundnut, but in 1950, two more crops, viz., cotton and gingelly, were also brought under the scope of the Act in this district. The working of this market committee has been steady and also progressive. This market committee has so far established regulated markets at nine centres in the district. As far as the

three notified crops of the district are concerned, these markets can be said to have practically covered the produce of the entire district.

48. The method of working of the regulated markets by this market committee, seems to be very near the ideal, except for a few handicaps arising from administrative difficulties which also can be got over by experience. Briefly the system followed in the regulated markets set up by this committee is given below.

49. As soon as the producer (seller) brings his produce to the market, the market staff receive it and give a lot number for identification and give a token. The produce on its arrival is emptied on the floor, shuffled well and then rebagged in standard gunny bags provided by the market committee. The produce filled in such standard gunnies is also weighed correctly by weighmen employed by the market committee. These bags are then placed in the hall in separate lots with the respective numbers given to them.

50. Purchasers who go to the market obtain from the market staff a bid slip, denoting the lot numbers, proceed to the transaction hall and after satisfying themselves of the quality of produce in each lot, note down in the bid slip the price they wish to offer for each lot which they wish to purchase. In this manner all the purchasers fill up and put in their bid slips into a sealed box kept in the market superintendent's office. At the specified hour, the market superintendent opens the box, collects all the bid slips. The bids of each purchaser for each lot are compared in the presence of all purchasers and sellers, and the highest price bid for each lot is noted separately. Such prices are read out to the sellers for their acceptance or rejection, as the sellers are given an option to refuse to sell the produce if the price offered is not acceptable.

51. After the announcement of the results of the auction which is called the closed bid system, the market staff works out the exact amount at the rate offered with the help of weighment slip, made out in appropriate form in triplicate. One copy thereof is then issued to the seller, another to the buyer after noting therein the amount due to each seller for his lot and the name of the buyer. The seller on receipt of his weighment slip goes to the purchaser, hands over the token and receives the payment. The buyer then presents the token to the superintendent along with his settlement note signed by the seller for having paid the value of the produce purchased. It is only after receiving back the token in the above manner the market superintendent delivers the produce to the purchaser.

52. This system of sale conducted by the market committee in its markets is found quite satisfactory and beneficial to all users of regulated markets and is worth being emulated by other

committees. The South Arcot Market Committee alone has achieved the maximum success in the State in respect of regulatory activities, and this can easily be appreciated, by a review of the arrivals of produce into the regulated markets under this committee.

| Year.                           | Quantity sold through regulated markets during 1956. |              |                |
|---------------------------------|------------------------------------------------------|--------------|----------------|
|                                 | Groundnut.                                           | Cotton.      | Gingelly.      |
| (1)                             | (2)                                                  | (3)          | (4)            |
| 1956                            | 53,133 tons.                                         | 544 pothis.  | 15,175 bags.   |
| Percentage to total production. | 93.4 per cent.                                       | 40 per cent. | 89.5 per cent. |

This committee is one of the well-established market committees in the State with its annual revenues amounting to well over Rs. 2,00,000, practically touching the maximum levels in collection of revenues and in the regulation of sales and establishment of healthy trade practices in respect of groundnut.

53. In respect of gingelly also the progress shown by the market committee, so far, has been very encouraging and it is certain that in a short time, the regulation in respect of gingelly also will be equal to that of groundnut.

54. With regard to cotton the markets established by the market committee receive about 40 per cent only of the marketable surplus of the district, but the production of cotton in the district itself is very small being only about 1,500 bales of lint annually. The low production of cotton in the district which is in very small quantities when considered in respect of each holdings, seems to be the chief reason against the producer coming to the regulated markets, as bringing such small quantities of cotton to regulated markets is understood to be uneconomical.

#### **Ramanathapuram and Tirunelveli Market Committees.**

55. Both these market committees were constituted in 1952 and they actually commenced their functions of enforcing the provisions of the Act in the respective districts, only from 1953 onwards. The history of these two market committees will show that their activities have been hampered by persistent obstruction from the trade quarters.

56. After having commenced its activities in January 1953, these two market committees showed some progress in issuing licences under section 5 of the Act, for a period of three months. Within this short period the committee began to meet with stiff opposition from the traders. In April 1953, traders from these two districts, filed writ petitions challenging the validity of the Act in the High Court, and immediately obtained a comprehensive stay of proceedings from the High Court, preventing the market

committees from functioning in any manner, till the disposal of the writ petitions. These two market committees had therefore to stop all their activities.

57. The High Court, Madras, by their judgment on the above writ petitions in July 1953, dismissed the writ petitions, holding that the Act is a valid piece of legislation. However the troubles of these market committees do not seem to have ceased even after the High Court judgment. The traders in these districts not being satisfied with the High Court judgment, moved the Government, through repeated written memorials expressing their grievances against the enforcement of the Act in their respective districts. Pending consideration of such memorials from trade interests, Government directed these two market committees not to resort to coercive action against violations under the Act, until further orders of Government. With the result there was no progress of work of these two committees, since almost all traders refused to abide by the provisions of the Act, and the market committee could not take any action.

58. It was not until September 1953, that the Government examined the petitions of the traders and passed orders, directing that no exemption should be granted to any person in whatsoever manner under the Act and also vacated the stay of proceedings. But by the time these orders were received enabling these two market committees to start functioning again, the season of marketing of the commercial crops notified, viz., cotton and groundnut in Ramanathapuram and cotton in Tirunelveli had come to a close and as such the market committee could not push through with their work in any satisfactory manner.

59. Again in January 1954, as soon as the cotton marketing season commenced in these areas, the market committees began to demand licences from traders. The traders immediately went before the High Court, Madras, in March 1954 and obtained leave of the Court to file an appeal against the judgment in Writ Petitions Nos. 75, 87 and 135 of 1953 to the Supreme Court and also obtained an interim stay of proceedings restraining the market committees from functioning in any manner till the appeals are taken on file in the Supreme Court. It was only in September 1955 that the appeals were filed in the Supreme Court and till such time the market committees activities remained suspended.

60. During this period, i.e., by April 1954, the term of office of the first set of nominated members of the two market committees, came to an end and the Collectors of the respective districts took charge of these market committees under the powers vested under section 6-A and they are even now in charge of the respective market committees as elections could not be held for these market committees all these years.

61. In December 1955, the Government after finding that the petitioners before the Supreme Court failed to move the Court for extension of stay proceedings, directed the two market committees to revive their activities of enforcing the provisions of the Act and rules thereunder in the respective districts.

62. The two market committees, once again made attempts to start with the enforcement work, but when the committees were about to compel the traders to take out licences by launching prosecutions against a few for violation of the provisions of the Act, the traders approached the Government first in February 1956 and obtained an order directing these market committees not to proceed with prosecution for violations under the Act and immediately went before the Supreme Court and obtained stay of proceedings in March 1956, staying any action by the market committees against the petitioners in the appeals pending before the Supreme Court.

63. The market committees were again directed by the Government to start enforcing the provisions of the Act in the two districts in June 1956 on the ground that the stay orders of the Supreme Court protect only the few petitioners in the Court proceedings and as such the Act can be made enforceable against others except the petitioners. But again the activities of the market committees were short-lived, for by the middle of July 1956, when the two market committees filed prosecutions against a few traders in their areas, the traders moved the Government and obtained another order directing these two market committees not to enforce the provisions of the Act until further orders or to launch prosecutions for violations and were even directed to withdraw all the pending prosecutions in the respective areas.

64. These two market committees are not now functioning and they have been directed to await the judgment of the Supreme Court in the appeals, before reviving its activities.

The history of these two market committees has been therefore one of chequered existence, the circumstances referred to above contributing to such a situation. Much of the agitation against the Act could have easily subsided if only these market committees have been allowed to function after the judgment of the High Court, Madras, was pronounced in 1953.

65. These two market committees received a loan of Rs. 10,000 each in 1952 from Government to meet the initial expenditure. In addition to this amount, some collections of revenue to the tune of about Rs. 10,000 was also made by each of these two market committees in 1953. At present these two market committees, which are under the charge of the respective District Collectors, have a staff of only a clerk to look into correspondence work and have been maintaining themselves with the funds made available

by loans from Government from time to time (vide annexure). In this manner the Tirunelveli Market Committee has received five loans amounting to Rs. 24,800 while the Ramanathapuram Market Committee has so far received two loans amounting to Rs. 13,000.

66. The Tirunelveli Market Committee which had the services of a secretary from 1953, established a regulated market at Koilpatti in 1954 and worked it for a short period without any success and finally had to close it down due to difficulties narrated above. On the other hand the Ramanathapuram Market Committee continued its function without a secretary till December 1955.

67. In the midst of all these legal proceedings and stay orders of Government in September 1954, some attempts were made by the respective Collectors under orders of Government, to arrive at a compromise with the traders in effecting the enforcement of the provisions of the Act, by discussing various aspects with trade representatives at Virudhunagar. But no agreement could be reached at those meetings. Thus, these two market committees are practically yet to commence the work of enforcement of the provisions of the Act and Rules in the respective districts in spite of several attempts.

#### **North Arcot Market Committee.**

68. The North Arcot Market Committee was constituted in 1953 for groundnut and started functioning from September of that year. Before the end of that year it set up two regulated markets one at Vellore and another at Tiruvannamalai. Subsequently in 1956 this market committee established three additional regulated markets, one each at Tirupathur, Arni and Arcot respectively. The work of this market committee, which did not face any difficulties as in Ramanathapuram or Tirunelveli but influenced by the success achieved by regulated markets in South Arcot district, was much better than the market committees in the two southern districts or even the district of Coimbatore.

69. The first two years in the work of this market committee was practically confined to the issue of licences and control of the trade by collecting cess from traders. During the last three years, this Committee has to a great extent, been able to fulfil this task and can be said to have attained a satisfactory position of stability financial as evidenced by the realisation of nearly 75 per cent of the expected income during the year 1956, which amounted to rupees 70,990-9-9.

70. At present the market committee has located all its regulated markets in leased premises only. It has made negotiations recently to acquire site for its own regulated market at Tiruvannamalai, which is almost nearing settlement. This committee, which

was granted two loans of Rs. 10,000 and Rs. 20,000 by Government at the beginning has already repaid the loan of Rs. 20,000 and expects to discharge the loan of Rs. 10,000 completely during 1957.

71. The committee has so far been enforcing the provision of the Act in the district for a little over three years and had also set up five regulated markets. It could not succeed appreciably in diverting arrivals of groundnuts into the regulated markets, and during 1956, the arrivals and disposals of groundnut in the five regulated markets, set up by this committee were as below :—

| Regulated market at— |    |    | 1956.<br><i>In bags of kernels.</i> |                   |
|----------------------|----|----|-------------------------------------|-------------------|
|                      |    |    | <i>Arrivals.</i>                    | <i>Disposals.</i> |
|                      |    |    | (1)                                 | (2)               |
| Tiruvannamalai       | .. | .. | 43                                  | 43                |
| Vellore              | .. | .. | 2,907                               | 2,832             |
| Arni                 | .. | .. | 35                                  | 35                |
| Arcot                | .. | .. | 149                                 | 130               |
| Tiruppattur          | .. | .. | 483                                 | 483               |

The market committee had been making all efforts by way of intensive propaganda to convince the growers in the area and make them bring their produce for sale through regulated markets. Even though there has not been perceptible success in this regard it is a matter for satisfaction, a beginning has been made and it is likely to effect improvement in future years.

72. One of the difficulties experienced by this market committee in attracting arrivals of groundnut to the regulated markets, even though many of the growers, seem to have realised the benefits of regulated markets in the area, is the inability of the grower to sever himself from the age-long connections with the commission merchants functioning in this area. These commission merchants practically control the growers, who are always indebted to them by taking advances from them and who are consequently obligated to take the produce for sale through their agency. The market committee having experienced even as early as 1954, this difficulty of attracting arrivals in regulated markets, requested the Government to apply the powers vested under proviso to section 5 to restrict trading in groundnut around a radius of 5 miles from the regulated markets, but have been refused such powers with the suggestion that it would be better if the market committee persuades the growers to bring their produce voluntarily by intensive propaganda. The market committee after having made all attempts to attract arrivals by propaganda, for the past two years and still finding that it is not easy to improve the arrivals of groundnut in the regulated markets to any appreciable extent unless by

restriction of trade over a radius of five miles around each regulated market has once again made an appeal in 1956 to the Government to exercise the powers under the proviso to section 5 of the Act and the orders of the Government are awaited in the matter. On the whole this market committee has been able to show progress not only financially but also succeeded in attracting to a small measure arrivals in the regulated markets.

#### **Tiruchirappalli Market Committee.**

73. The Tiruchirappalli district was notified under section 4 of the Act, only in 1957 and Government has not yet constituted a market committee by nomination under section 6 of the Act.

#### **Summary.**

74. A review of the working of the five market committees in the State thus reveals that except in the case of South Arcot Market Committee, which alone has established the largest number of regulated markets and can be said to have reached the stage of perfection, no other market committee in the State is working successfully except perhaps to a little extent, the North Arcot Market Committee. Considering that it is nearly 23 years since the Act was enacted in the State, the success in implementing the provision of the Act, in so far as it was made applicable, is not encouraging, except for the isolated achievement in South Arcot district. This result of the working of the legislation was mainly due to the repeated challenges made by the traders against the Act on legal grounds, and to the persistent and organised opposition from trade circles leading to the passing of stay orders by the Government.

## CHAPTER IV.

### THE OUTSTANDING PROBLEMS.

#### Introduction.

75. The total geographical area of the Madras State (excluding Kanyakumari district) is 32,206,627 acres according to available official documents. This area is of different categories as below :—

|                                                                                 | Area<br>(acres<br>in lakhs). | Percentage<br>to total<br>area. |
|---------------------------------------------------------------------------------|------------------------------|---------------------------------|
|                                                                                 | (1)                          | (2)                             |
| Forests .. .. .                                                                 | 48.20                        | 15.00                           |
| Barren and unculturable land .. .. .                                            | 23.10                        | 7.00                            |
| Land put to non agricultural use .. .. .                                        | 32.00                        | 9.90                            |
| Culturable waste .. .. .                                                        | 21.50                        | 6.80                            |
| Permanent pastures and grazing lands .. .. .                                    | 9.30                         | 3.00                            |
| Land under miscellaneous trees and growths<br>not included under net area sown. | 5.70                         | 1.80                            |
| Current fallows .. .. .                                                         | 23.00                        | 7.20                            |
| Other fallow lands .. .. .                                                      | 15.40                        | 4.80                            |
| Net area sown .. .. .                                                           | 142.96                       | 44.50                           |
| Total area ..                                                                   | 321.16                       | 100.00                          |

Out of the net area of about 142.96 lakhs acres cultivated, only 52.00 lakhs of acres have facilities for irrigation, the rest of the area being rain-fed. The agricultural production of the State during 1954-55 has been estimated to have yielded to a tune of little over Rs. 300.00 crores. Cereals and pulses account for about 75 per cent while other crops account for 25 per cent.

76. The following table gives the particulars of area under different crops and the respective output in the State during 1954-55 :—

TABLE.

| Crop.                | Area<br>(acres<br>in lakhs). | Output in<br>(000 ton). |
|----------------------|------------------------------|-------------------------|
| (1)                  | (2)                          | (3)                     |
| <i>Cereals.</i>      |                              |                         |
| Paddy .. .. .        | 52.03                        | 3,995.2                 |
| Cholam .. .. .       | 18.10                        | 583.0                   |
| Cumbu .. .. .        | 15.12                        | 380.0                   |
| Ragi .. .. .         | 9.70                         | 44.5                    |
| Other cereals.. .. . | 16.87                        | 7.5                     |
| <i>Pulses.</i>       |                              |                         |
| Greengram .. .. .    | 1.10                         | 10.8                    |
| Redgram .. .. .      | 1.50                         | 27.0                    |
| Blackgram .. .. .    | 0.97                         | 12.0                    |
| Horsegram .. .. .    | 5.44                         | 47.0                    |
| Other pulses .. .. . | 1.50                         | 15.0                    |

| <i>Crop.</i>                  |    |    |    | <i>Area (acres<br/>in lakhs).</i> | <i>Output<br/>(000 tons).</i> |
|-------------------------------|----|----|----|-----------------------------------|-------------------------------|
| 1)                            |    |    |    | (2)                               | (3)                           |
| <i>Fibre.</i>                 |    |    |    |                                   |                               |
| Cotton                        | .. | .. | .. | 9.97                              | 300.0<br>(bales).             |
| <i>Oil-seeds.</i>             |    |    |    |                                   |                               |
| Groundnut                     | .. | .. | .. | 18.00                             | 854.0                         |
| Coconut                       | .. | .. | .. | 1.02                              | 235.000<br>(000 nuts)         |
| Gingelly                      | .. | .. | .. | 4.02                              | 51.0                          |
| Castor                        | .. | .. | .. | 0.40                              | 6.0                           |
| <i>Spices and condiments.</i> |    |    |    |                                   |                               |
| Chillies                      | .. | .. | .. | 1.58                              | 89.5                          |
| Turmeric                      | .. | .. | .. | 0.08                              | 11.0                          |
| <i>Sugar.</i>                 |    |    |    |                                   |                               |
| Sugarcane (jaggery)           | .. | .. | .. | 1.30                              | 365.75                        |
| <i>Other food crops.</i>      |    |    |    |                                   |                               |
| Fruits and vegetables         | .. | .. | .. | 2.90                              | Not available.                |
| Potatoes                      | .. | .. | .. | 0.02                              | 50.6                          |
| Onions                        | .. | .. | .. | 0.03                              | 138.0                         |
| <i>Drugs and narcotics.</i>   |    |    |    |                                   |                               |
| Tobacco                       | .. | .. | .. | 0.04                              | 22.3                          |

### Marketable surplus.

77. The marketable surplus of any commodity may be taken as the overall production less the requirements of the producers for his consumption including seed, wages, etc. With a growing increase in the general production of all commodities the surplus available for marketing has also increased even taking into account the increased consumption arising out of the growth of population. There are several cases where the holdings are small and production is low, and after allowing for normal consumption of the producer there may not be really any marketable surplus still in order to meet his needs for purchase of manures and other commodities, the producer sacrifices the requirements of home consumption and invariably sets apart a portion of the produce for marketing. There is therefore every likelihood of the marketable surplus increasing from sources from which one could not ordinarily expect any surplus. However owing to wide fluctuations in production consequent variations in seasonal conditions and other circumstances it is difficult to have an accurate estimate of the marketable surplus in each commodity. The Secretary of the committee who is the State Marketing Officer has prepared an estimate of marketable surplus of each commodity as a result of the surveys he has conducted which may be taken as approximately correct.

| <i>Commodity.</i> |    |    |    | <i>Production<br/>(000 tons).</i> | <i>Marketable<br/>surplus<br/>(000 tons).</i> |
|-------------------|----|----|----|-----------------------------------|-----------------------------------------------|
| (1)               |    |    |    | (2)                               | (3)                                           |
| 1 Paddy           | .. | .. | .. | 3,995.2                           | 1,000.0                                       |
| 2 Cholan          | .. | .. | .. | 583.0                             | 117.0                                         |
| 3 Cumbu           | .. | .. | .. | 380.0                             | 76.0                                          |

| Commodity.. |                     |    |    |    | Production<br>(000 tons). | Marketable<br>surplus<br>(000 tons). |
|-------------|---------------------|----|----|----|---------------------------|--------------------------------------|
| (1)         |                     |    |    |    | (2)                       | (3)                                  |
| 4           | Ragi                | .. | .. | .. | 44.5                      | 9.0                                  |
| 5           | Other cereals       | .. | .. | .. | ..                        | ..                                   |
| 6           | Greengram           | .. | .. | .. | 10.8                      | 9.2                                  |
| 7           | Redgram             | .. | .. | .. | 27.00                     | 24.00                                |
| 8           | Blackgram           | .. | .. | .. | 12.00                     | 11.00                                |
| 9           | Horsegram           | .. | .. | .. | 47.00                     | 31.00                                |
| 10          | Cotton              | .. | .. | .. | 300.0 (bales)             | 290.0 (bales)                        |
| 11          | Groundnut (kernels) | .. | .. | .. | 640.5                     | 545.0                                |
| 12          | Coconuts            | .. | .. | .. | 2,35,000 (nuts)           | 1,20,000                             |
| 13          | Gingelly            | .. | .. | .. | 51.0                      | 47.4                                 |
| 14          | Castor              | .. | .. | .. | 6.0                       | 5.5                                  |
| 15          | Chillies            | .. | .. | .. | 89.5                      | 58.2                                 |
| 16          | Turmeric            | .. | .. | .. | 11.0                      | 10.9                                 |
| 17          | Sugarcane (gur)     | .. | .. | .. | 366.0                     | 220.0                                |
| 18          | Onions              | .. | .. | .. | 138.0                     | 117.0                                |
| 19          | Potatoes            | .. | .. | .. | 50.0                      | 43.0                                 |
| 20          | Tobacco             | .. | .. | .. | 22.3                      | 22.0                                 |

78. Potatoes, cane jaggery, chillies, onions, tobacco, groundnut, cotton, castor, etc., are commodities having exportable surpluses and they are sent both to other States in India and to places outside India. The commodities in deficit which are imported into the State are rice, cholam, wheat, bengalgram, redgram, gram, chillies, cotton, etc. Chillies and cotton are both imported and exported, the export and import being necessitated for securing these commodities of particular qualities and also to a certain extent on account of the price factor.

79. From the above data of the marketable surplus available in these commodities, if the value of the surplus is taken into account, it would appear that 139 crores of rupees worth of these commodities enter the market and this aggregate is made up of cotton (rupees 59 crores), groundnut (rupees 19 crores), gingelly (rupees 8 crores), chillies (rupees 3 crores), tobacco (rupees 5 crores) and other crops (rupees 43 crores). But the volume of the general trade in agricultural commodities is really much higher, since account has also to be taken of the large quantities of these and other produce, which are imported from other States. Further these figures do not include vegetables and produce of horticulture, forests and animal husbandry. If all these are taken into account, it will be seen that the trade in agricultural produce would exceed Rs. 250 crores in value.

80. A large portion of the trade in this State, therefore, covers agricultural produce and the proportion of the population interested in the production and disposal of these products is large, as more than 66 per cent of the State's population live in villages and are primarily agriculturists, depending on the land. It is not only the agriculturists' population, but a large section of the traders are also concerned.

81. The regulation of agricultural produce therefore affects a substantial portion of the trade and the bulk of the State's population. The regulation of marketing of agricultural produce covers a wide field and requires careful planning. Though cotton, groundnut and tobacco are really important commodities, it cannot be denied that there are other crops which are equally important requiring regulation and control, for instance, paddy and other cereals. The problems that arise with regard to the sale and purchase of the commercial crops so far notified like cotton, groundnut and tobacco would equally arise in respect of other commodities and these questions must be considered in relation to all agricultural products and not with reference to the particular product though one or two agricultural products may require separate approach and treatment.

### Marketing system.

82. From the time the produce leaves the producer till it reaches the consumer its movement involves three distinct stages, namely, (i) concentration, (ii) equalisation and (iii) dispersion. Methods adopted under each process vary according to the commodity and local conditions. The process of concentration or assembling is the collection of small surpluses of individual farmers or of the available supply of any agricultural commodity from numerous growers in markets in the producing areas. This is necessary before the transport of any commodity to the wholesale market or its removal to the consuming centres is taken up. The process of equalisation is the concentration of all the available marketable surplus of any agricultural commodity into the wholesale markets which may be considered as a kind of reservoir. The process of dispersion is the release of the supply of any agricultural commodity from the wholesale market according to the demand of consumers and manufacturers. Dispersion consists in arranging the supply in proper volume and quantity for use by the manufacturing establishments or in smaller lots to reach the consumers through retailers from day to day. The processes of concentration, equalization and dispersion are not uniform for all agricultural commodities, that is to say, they need not pass through all the three stages consecutively. For instance, in the case of paddy, the produce from the agriculturist, passes through the village merchant to the rice mill or to the wholesale merchant in the assembling market. From the mill the rice passes on to the wholesaler in the consuming market and generally to one or more retailers. Between the wholesaler or miller at the producing end and the wholesaler at the consuming end, a number of brokers intervene. In the case of groundnut, the process begins from the grower to the village merchant and then to the decorticator with one or two brokers intervening. The decorticating factory generally deals direct with the exporting firms, through their agents or with the oil mill owners. In some places, the decorticated kernels pass through

a " mundy " to the exporter or the oil mill owner. In the case of tobacco, the village merchant is generally a broker representing a wholesaler in the consuming market. In the case of perishables like potatoes or mangoes, wholesalers in the consuming markets depute their representatives to the assembling centres where the produce is assembled and purchased either through purchasing agents or by direct arrivals from the producers.

83. Generally marketing of agricultural produce takes place at various points, viz. :—

- (i) At the farm or house of the farmer.
- (ii) At a common place in the village of the farmer.
- (iii) At a local shandy.
- (iv) At a mundy in the nearby marketing centre.

(v) At the houses of consumers in the villages or towns. Though marketing takes place at any one of the above places, it is only the sales in the farm and sales in the marketing centre that accounts for greater portion of the produce. The growers either sell at the farm itself or in the nearby marketing centre depending upon the nature of produce.

#### **Sale at the farm or house of the farmer.**

84. The procedure adopted in sales taking place at the farm or at the farm house of the producer is that usually the village merchant, who mostly happens to be an agent of a wholesale merchant or commission agent in the nearest marketing centre having been financed by them, or in some cases himself doing business in a small scale as an itinerant, visits the villages, goes to each holding, approaches the producer and purchases whatever quantities are available, such quantities being usually very small. It has been found from enquiries that the producer does not get the real value for his produce, as he is not usually posted with ready information as to the prevailing market rates. In cases where the village merchant is aware of the market rates and sometimes offers attractive prices, the producer loses indirectly by the method of weighing or measurement. In most cases the farmer sells at the farm house, since he expects to be relieved of his produce for a price which is offered at his door. It is here the question of regulating sale presents difficulties since, it could not be possible for any agency to control or regulate such small sales, which are widely distributed throughout the State in the several villages. It is to cover such transactions that the system of licensing of traders and subjecting them to the requirements of legislation is devised to infuse a moral fear in them. It could not however be said that by the mere system of licensing, the object of regulating such sales could be completely achieved. During the last few years, the villager has come to know the advantage of taking his produce to the nearest market,

especially the cash crops, which find a ready sale. It is by a long process of time and gradual appreciation by the villager of the advantages of bringing his produce to the open market, that the sales at the farm house could be stopped. It will therefore depend upon how best the object of the legislation could be implemented by the creation of regulated markets at every trading or marketing centre.

### **Sale at the nearby marketing centre.**

85. Agricultural produce in large quantities are usually brought to the assembling markets scattered throughout the State, mostly in urban centres and sold. It was recently estimated in a survey made by the Reserve Bank of India, that out of the total value of produce sold, the proportion sold to traders and commission agents exceeded 50 per cent. Out of this in a large proportion of the transactions entered into, the commodity is understood to have been delivered in the village itself. Taking advances prior to sale was a much more common feature than borrowing money on the commodity in anticipation of the sale or receiving advances before delivery. One predominant feature of the transactions in such market centres is that they are dominated by commission agents. In spite of a general similarity in the method of sales through commission agency, there exist different practices in sale transactions of agricultural produce at different places in the State, a few of which have been observed by the committee during its visits to the following marketing centres.

### **Tindivanam.**

86. Tindivanam is an important assembling market for paddy and groundnut in South Arcot district. The total quantity of paddy brought and marketed at this centre every year is estimated at about 8,000 to 9,000 tons. In this centre there are over 30 commission merchants dealing in paddy and almost the entire quantity of paddy assembled in the town passes through these commission merchants. These commission merchants generally advance money to growers even before the harvest season on condition that the paddy harvested is brought and sold through them. The money advanced in some cases bears interest, the rates of which depends upon the status of the person who takes the advance. The paddy after harvest is brought by the grower himself or by the merchants' agent and then left in the commission mundy, for sale. The commission agent from now on takes absolute control of the produce and though he is expected to sell when the market is favourable, he uses his own discretion in deciding about the price offered as reasonable and disposes of the produce and then settles the account with the grower. The rate of commission charged also varies widely depending upon the individual growers and usually ranges from four annas to eight annas per bag.

### Pollachi.

87. Pollachi is one of the biggest assembling markets for groundnut in the State, the total quantity of groundnut assembled at this centre amounting nearly to 200,000 bags. Though transactions in this centre are also dominated by commission agents there seems to be a slight deviation in the method of sales adopted. In this area many ryots own over 100 acres under groundnut and a few even more than 1,000 acres. As such the ryots in this area, cannot be considered to be financially poor as compared to other areas. Many of the big ryots in this area, who have large quantities resort to auctions of their produce on the farms themselves in the presence of traders. The commission agent who is locally termed as "Tharagu Merchant" advances money to the needy ryots and when the produce becomes available for sale, arranges it to be sold locally to wholesale merchants or to oil mill owners.

88. As Pollachi being a big centre for groundnut and groundnut get assembled there, when arrivals have not commenced in other areas, purchasers are attracted from all over the State. There is a set of commission merchants who act as agents for merchants outside the place. These merchants generally do not enter into transactions with growers, but purchase locally from "Tharagu Merchants" on behalf of some out-station buyer and arrange for the delivery to such buyers. When transactions take place between one merchant and another, brokers also intervene to settle the bargain.

### Kuttalam (Tanjore district).

89. This is a centre important for paddy and there are a number of rice mills in this area. The annual turnover of transactions in this centre is estimated at about 10,000 tons of paddy. Agriculturists in this area, either with the help of a broker or by themselves arrange to deliver the produce after harvest to the wholesaler or miller. At the time the produce is delivered, no agreement is arrived at in respect of price, etc., but the agriculturist takes an advance soon after delivery. Subsequently at a later date the price is fixed as compared to the price that prevailed in January or February the main harvest months. It is understood that the broker plays a prominent part when the price is fixed. This method seems to be the prevalent practice mostly in Tanjore district and in fact all the growers from this district who furnished written evidence have substantiated the same.

### Virudhunagar (Ramanathapuram district).

90. This centre is important in respect of cotton and groundnut in particular and other crops like chillies, pulses, etc. The total quantity of cotton and groundnut assembled every year in this

centre is estimated at about 25,000 bales of cotton and about 10,000 tons of groundnut. Though in this centre also the commission sales are predominant there is a slight difference in the method of operation.

91. The commission agents in this centre, have associations of their own and have also two established markets in the centre of the town, viz.: (i) Melaipettai Panju Paruthi Market Sangam and (ii) Keelapettai Hindu Nadargal Panju Paruthi Market Sangam. In one market about 50 and odd commission merchants function, while in the second one there are about 15 commission merchants. Each commission agent has his own set of petty dealers locally termed as "agents". These petty dealers are entirely financed by these commission agents. They visit the villages and collect the produce from the agriculturist and bring them and deliver to the commission agent. The advances which the commission agents provide to the agriculturist are also generally made through these petty dealers. The produce thus delivered to the commission merchants who are functioning in the markets is purchased by the millers. In the case of cotton the produce gets sold directly to the millers, mostly in the form of unginned cotton without any processing. In the case of groundnut it is brought as unshelled nuts, the nuts after drying are shelled in a decorticating factory and then sold to oil millers usually through a broker.

### Vellore.

92. Vellore is an important centre where paddy, groundnut, jaggery, pulses and fruits get assembled every year. The total quantity of groundnut and paddy assembled every year amounts to about 3,000 and 8,000 tons. The sales in this centre are also predominantly through commission agents. There are more than 60 commission merchants functioning in the town. These commission merchants practically command almost the entire trade in the centre.

93. The *modus operandi* of these commission agents is similar as in other centres. The malpractices prevalent in other centres are also common here. In respect of groundnut, Vellore being a non-producing area, the produce is mostly assembled in the form of shelled nuts, brought mainly by village merchants and brokers. The produce thus assembled is sold directly to oil millers of the area or exported to Madras City, brokers intervening frequently in every such transaction. In the case of paddy, Vellore assumes importance more as a transmitting centre than a consuming centre, the produce being mostly exported either to Madras or West Coast areas. In such transactions the commission agent himself contacts purchasers in their areas and arranges for the sale, brokers also intervening in such transactions. In fact both in respect of paddy as well as groundnut or any other commodity assembled in this centre the sales transactions are finalised only through the agency of brokers.

### Method of sales and marketing practices.

94. From the method of sales prevailing in the few important markets referred to, it is seen that in spite of slight differences in the practices adopted at each centre, there is one common feature, namely, that the sale transactions are effected by the commission merchant himself on behalf of the producer and generally in his absence.

95. The commodities are entrusted to or taken charge by the commission merchant either by himself or through petty dealers. The sales effected thereafter by these commission merchants cannot be to the interests of the producer. As the producer is invariably indebted to the commission merchant by the advances, which he takes both before and after harvest as he is entirely at the mercy of the commission merchant, it is not unreasonable to infer that the commission merchant could exploit the situation for his benefit rather than look to the interest of the producer. There is always the inclination of the commission merchant, to help the purchaser who is a trader than the producer, to whom the commodities belong. There are therefore several charges which the producer has to bear, which if examined will show that such charges take away a good slice from the price which the producer might expect to get. From the evidence given before the Committee, the nature of the charges or deductions made from the price in sale transactions are explained below :—

(i) In most cases the producer gets loans or advances from the commission merchant through the petty dealers employed by the commission agents who visit his farm. Sometimes he has to pay interest twice over, interest to the commission merchant who advances the loan and interest by way of remuneration to the petty dealer, who distributes the loans as the agents of the commission merchant.

(ii) A portion of the produce brought for sale to commission merchants mundies' is taken away as sample, which is not eventually taken into account when the commodities are weighed and the producer loses this quantity. For instance, in the case of cotton, it is stated that the loss to the producer on this account is 5 to 7 lb. per pothi of 280 lb. cotton kapas.

(iii) A portion of the price is taken as charity for temples and in the case of cotton, it ranges from Re. 1 to Re. 1-8-0 per pothi.

(iv) Growers are stated to lose in weightment for instance in the case of cotton there is always a deduction of 1 to 2 lb. per pothi for allowances in errors arising out of weighments. This is apart from loss due to any fraud in weightment as weightment is effected mostly in the absence of the grower.

(v) Godown rent is collected from the producer by the commission merchant at one anna per bag, if the produce is allowed to remain for more than three days.

(vi) Commission charges are deducted and they are never uniform in any place or for any class of commodity. On an average about 1 to 2 per cent of the value of the goods is taken away on this account.

(vii) Deductions like mahimai chargeable for purposes like poor feeding, education, etc., vary from place to place, the average being 3 pies per bag.

(vii) Brokerage is also deducted from the price, since brokers are invariably employed in transactions between the commission merchant and the buyer and the brokerage paid is debited against the producer in the price. The rates of brokerage also vary from place to place.

(ix) Charges for stitching the gunnies or packing material which are torn open for sampling by the commission merchant himself are deducted at about 6 pies per stitching.

(x) In deductions from the weight of the produce, the weight of the gunny used for packing is also made, which reduces the weight, but the actual weight of the gunny is not deducted but an approximate fixed weight is computed as the weight of the gunny and the producer sustains a loss on this account over and above the actual weight of the gunny.

(xi) The open auction system not being adopted in any of these markets, the producer even in cases where he is present at the time of the conclusion of the transaction between the commission merchant and the buyer is unable to know the price agreed upon as code language is used in the transaction of the business. In some places merchants adopt the system of closing transactions under the cover of a cloth by the counting of fingers.

(xii) Since the produce is left with the commission merchants some of them purchase the produce themselves at lower rates and sell them at higher prices, the producer not being made aware of such transactions. In cases where the prices in the market are on the decline, even after the commission agent purchases the lot, the loss by decline in prices is eventually debited against the grower. The producer therefore is not sure of getting the best price. It is only a few of the deductions that find a place in the bill. The various items of deductions referred to establish beyond any doubt, that the commission merchant employs methods which are ultimately beneficial to himself and the grower therefore cannot be expected in this state of affairs to secure the full value of his produce.

96. In this connexion the evidence of a grower, with a few token bills to substantiate the thirteen kinds of deductions, tendered at the Madurai sittings of the Committee is given below, as it is interesting :—

(i) Loans are not paid direct. The commission agent gives loans to their agents who again loan it to growers. By this means a grower is made to pay interest twice.

(ii) A large amount of produce brought for sale is lost by way of sampling repeatedly which is not paid for. It comes to about 5 to 7 lb. per pothi of cotton.

(iii) A certain amount is collected as koil mahimai for use in such temples maintained by merchants.

(iv) Growers also lose in price of produce. The produce is usually left by growers in the hands of commission agents, who taking advantage of this, purchase it themselves and later sell it at higher prices, without the knowledge of the grower. But on the other hand if the market declines, any loss by way of decline in prices is entirely thrown on the growers, since in such times the commission merchants always say the produce could not be sold for want of good prices.

(v) Growers also do not know how much they lose in weighments, as weighments are generally done in the absence of growers.

(vi) The growers are also made to bear the cost of wastage that might occur in transport or handling, that may be done by the purchasers.

(vii) Godown rent is collected by commission merchants at the rate of one anna per day per bag after the first three days.

(viii) The commission charges incurred is Rs. 2 for every Rs. 100 or Re. 1 per bag of cotton and nine pies per bag of chillies.

(ix) 'Mahimai' deductions are made at the rate of three pies per bag.

(x) Brokerage is also deducted from the value of produce since brokers are compulsorily employed for transactions between commission merchants and buyers.

(xi) Growers are also forced to pay the charges for stitching the gunnies, etc., used for packing, which are torn open by merchants themselves for taking samples.

(xii) Tare by way of weight of gunny is also deducted at 8 lb. per pothi which is also excessive.

(xiii) Growers also do not understand the bids or the demand since the commission agents and merchants who are hand in hand with each other use code languages while transacting business.

### **Need for market regulation.**

97. The object of the Act is to regulate marketing, avoid malpractices and secure the grower the best prevailing price for the agricultural produce by strengthening his bargaining power. If one examines the relationship between the producer and the merchant or the commission agent in any particular place, it will be evident that their contact must have been hereditary. For ages therefore

the producer must have been taking financial help from the commission agent or 'mundy' merchant or the trader and a running account of these financial transactions may be seen between the respective families. It is in this helpless or handicapped position that the grower places himself and when he decides or chooses to take his produce to the trader or commission agent, he is not in a position either to dictate his own terms or bargain to his own advantage and as such is rather forced to abide by the terms offered by the merchant or commission agent, which as can normally be expected, could not be to the advantage of the grower.

98. The further object in regulation is to free the grower from the risk of his sale transactions being subjected to the malpractices existing in the trade, such malpractices being mainly prevalent in respect of weighment measuring, sampling and other processes incidental to every transaction. The grower should also be in a position to know the highest price prevailing in the market for the day, for the particular commodity. It is to render it impossible for the prevalence of any malpractices and to make the sale of agricultural produce free and unfettered from such practices that regulated markets are quite essential.

99. In the regulated markets of this State the market charges, which a producer has to bear are only those involved in his having to take his produce to the market, besides any charges for storing and processing prior to marketing. All the market charges at the regulated market as weighment charges, handling charges, etc., are borne by the buyer. These are not however shown in the relative invoices or other sale/purchase documents as separate items. The object is that these market charges should figure in the dealer-buyer's price structure with which however neither the producer (seller) nor the regulated market need be concerned. As the actual charges payable for the different market services in a regulated market unlike the existing practice, are fixed and rigid, the buyers are able to work on a safe formula and their price quotation includes the price he paid and the market charges he incurred and these are what really count in the market. In this process the petty dealers who act as agents of the commission merchant in a regulated market are unnecessary middlemen get elbowed out by well-established traders.

100. If the regulated markets increase in number and the system of sales prevailing in these markets progressively apply to sale transactions in general, there is every possibility of these petty dealers, the commission merchants and the middlemen being eliminated from the trade. The opposition against the extension of the marketing legislation to all agricultural products and to the entire State therefore emanates from and is engineered by the above-mentioned trading interests who fear gradual elimination, since the system of regulation will have the ultimate effect of bringing the

consumer of raw produce in direct contact with primary seller or producer, the consumer being the miller or a merchant or an actual consumer.

101. There have come into existence in important trading centres like Virudhunagar, Salem, Erode, Koilpatti and other places certain voluntary associations of traders who are running markets in all commodities including commercial crops and they purport to adopt some of the methods in vogue in regulated markets like open auction, etc. But on a careful examination of the working of these markets it is found that they are primarily conducted in the interest of the trader, members and not in any way concerned with the growers' interest and that therefore such markets could not be expected to be free from exploitation.

#### **Assembling markets.**

102. 'Market' is a term which according to Oxford Dictionary means 'gathering for sale of provisions or livestock, space or building used for it, seat of or facilities for trade'. For the purposes of this Act market means a market established by the market committee under section 4-A. The term 'market' really means a place where traders gather together or concentrate and where the bulk of the produce around the locality of the market is brought in or assembled for trade purposes.

103. Markets may be of different types according to the needs they cater as primary market, secondary market, terminal market and retail market. A primary market is one where produce from the agriculturists changes hands by sale. The secondary market is one where the produce of primary markets gets moved for retail distribution. The terminal market is one from where the produce gets exported outside. The retail market is one where the produce gets sold to consumers. But there can be no clear demarcation of the functions of any one market as primary, secondary or retail market as in most cases these are interchangeable and in fact in most of the places all kinds of transactions occur in one and the same market. It is the predominance of any particular type of sale in any one place that characterises a particular market as a primary or secondary or terminal market. Since the object of the Act is to benefit or render the grower assistance in obtaining reasonable prevailing price for his produce without any unwarranted deductions, we are concerned primarily with assembling markets only, though the regulation may benefit other interests as well.

104. The Act as at present seems to lay emphasis more on the area to be covered under regulation rather than on the practical aspect of how to effectively enforce the Act by proper regulation. The notification of areas under section 4 now covers an entire district and it is left to the discretion of the market committee set up under section 4-A to establish markets in such places within the

area as it may deem fit for the proper implementation of the provisions of the Act. The main object of the Act however is to regulate the method of sales which could be implemented only in regulated markets established at important centres by bringing the entire volume of transactions under the direct supervision of market committees.

105. The normal practice followed before notifying an area, is to survey the area to assess the need for regulation of trade over particular commodities and also to fix up centres which are considered to be important for establishing regulated markets to implement effectively the provisions of the Act and achieve the objects of regulation. In our enquiries we observed that, in spite of all this work done so far, the progress achieved is very little even in respect of the few commodities already notified, since in most of the notified areas, the number of regulated markets established are a few, compared to the needs of such markets in those areas except perhaps in South Arcot district, where alone one regulated market is functioning at least for every taluk, covering nearly 94 per cent of the total marketable surplus of groundnut in that district.

106. A perusal of the reports furnished by the State Marketing Officer who is the secretary of the committee, shows that there are at least 110 assembling markets in the State for various agricultural commodities. A statement showing the list of assembling markets in the State district-wise is furnished in Appendix VIII. If any real progress is to be made in carrying out the objects of the Act to confer benefits on the producers, it is essential that regulated markets function in almost every such assembling centre in the State. The bulk of the evidence before us was directed towards this question and the consensus of opinion was that before any question of regulation of trade is raised, there must be regulated markets functioning at convenient centres, covering the entire notified area.

107. There is considerable force in the view taken by a majority of the witnesses, both growers and traders, that before any regulation of trade is attempted, there should be a well-equipped market run by the committee in every marketing centre. Then only will there be an inducement to the grower to bring his produce to the market. If the grower finds it advantageous to him to take his produce to the regulated market, the question of distance from his farm to the regulated market cannot be a dissuading factor excepting for very small growers producing limited quantities. In the study tour of the Committee it was found that in the Vridhachalam Regulated Market (South Arcot district) there were groundnut arrivals from villages 40 miles away in the Tiruchirappalli district which did not have any regulated market. The necessity therefore for the construction of a market as a first step towards regulation becomes paramount. Ordinarily it may require one lakh of rupees or so to construct a market. To implement effectively the provision of the Act throughout the State, the minimum that would be necessary would be to

have one regulated market at least in every trading or marketing centres. Such spacing of regulated markets would fulfil the needs of regulation and this is evident from the experience gained in the working of South Arcot Market Committee which has nine regulated markets distributed throughout the district.

108. If a market is established in a trading centre the question arises as to whether the particular market should cover all notified commodities or whether there should be separate markets for different commodities. Whether there is one market for all commodities or different markets, it would be conducive to the efficiency of the market if all regulated commodities are subjected to the control of one and the same market committee. There are commodities in respect of which such separate treatment may be necessary. Thus, for instance, the problem of regulation of a cattle market or a vegetable market is not the same, as the one in respect of foodgrains and cash crops. We however wish to record here that the market established under the Act is a market for particular commodities which are notified for the purpose of regulation. In that sense it is a market with functions restricted to specific commodities.

109. Where a market committee has jurisdiction over an entire revenue district there should be no objection to group as many commodities as can be conveniently done under the control of one market committee. Similarly the regulated markets set up by the market committees also regulate trade in respect of all such commodities, as are under the control of the market committee. But on this ground there could be no objection to a market committee establishing more than one regulated market in the same area, if necessity arises to provide facilities adequately to different commodities, under regulation in that area.

110. With the notification of an area and the constitution of a market committee the establishment of a market has first to be made. Establishment of a regulated market in rented premises is not possible or suitable, as no buildings will be available to house a market requiring godown accommodation, market yard and other facilities. It is therefore necessary and also desirable that a market should be constructed on well-laid plans making provision for every requirement of a model market. It is here the problem finding finances faces the committee and the question of finance therefore assumes importance and requires to be tackled. The South Arcot Market Committee started with an advantage in getting certain godowns constructed out of the cess fund on groundnut collected by the Indian Central Oil-Seeds Committee and handed over to the State Government for maintenance. So much so with this advantageous start it improved and extended the markets out of the reserve fund which it was able to accumulate from the surplus income,

### Finance.

111. The cost of land and the construction of required buildings for a fairly well-equipped regulated market would be about one lakh of rupees. If an entire district is to be covered, about ten markets would be necessary which would mean that the market committee in charge of the district would require about ten lakhs of rupees. We do not think that it would be either reasonable to suggest or possible to secure such a large sum before any district is notified and a market committee is constituted. But it appears to be necessary as already observed that the notification of an area and the constitution of a market committee should be immediately followed by the construction of a market in at least one important marketing centre in the district as the first step towards the implementation of the provisions of the Act, and by working the regulated market properly and especially with more crops notified, there is every likelihood of the market committee securing a surplus, which with the further help from the Government can be utilised in constructing other markets in other important marketing centres of the district.

112. The South Arcot Market Committee has proceeded on this basis and claims to its credit five regulated markets. With the limited notification of groundnut, gingelly and cotton alone the South Arcot Market Committee has been able to show a good account of its work. With the bringing within the scope of the Act every agricultural product in course of time, there will be every scope for an increase in income and consequently the committee can expect larger surplus.

113. In considering the question of finance our attention is drawn to large amounts that have been spent on elections to the committee. One of the terms of reference to the committee is to enquire into the question of replacing the present system of election to the market committee by any other less expensive system with a view to minimise the huge expenditure. The Act at present provides that members of the market committee should be elected from among the growers and traders and each market committee consist of five grower-members and four trader-members, both by election and two members by nomination by Government and one ex-officio member. It is found that elections involve a huge recurring expenditure to the market committee once in three years. The preparation of the electoral rolls of growers comprising the entire body of growers in the notified area alone costs well over Rs. 10,000. The actual elections cost more if there is to be contest. The expenditure on account of elections in such cases has gone up even to Rs. 50,000. Sometimes the market committees are unable to meet this heavy expenditure and even well-conducted market committees like the South Arcot Market Committee had very often to draw from its reserve funds for expenses of elections.

Apart from other considerations the continuance of the constitution of the committee by election requires careful consideration. Unless elections are absolutely necessary and there is no other method of securing due representation of the respective interest in the committee, there is no reason why this huge expenditure from and out of the income of the market committee should be continued to be incurred.

### **Economic condition of the producers.**

114. The producers are as a class people without resources. Excepting larger land owners almost every producer requires advances for cultivation purposes and for his family necessities and he resorts to taking short-term loans with interest or otherwise. The usual agencies who finance the growers with loans for various purposes are the following :—

- (i) Government.
- (ii) Co-operative Societies.
- (iii) Commercial banks.
- (iv) Professional money-lenders.
- (v) Relatives.
- (vi) Traders and commission agents.
- (vii) Landlords.

115. In a recent survey conducted by the Reserve Bank of India, on rural credit facilities it has been reported that of the total amount borrowed by cultivators only 3.3 per cent was from government, 3.1 per cent from co-operatives, 0.9 per cent from commercial banks, 1.5 per cent from landlords, 5.5 per cent from traders and commission agents, 14.2 per cent from relatives, 24.9 per cent from the agriculturists and 44.8 per cent from the professional money-lenders. The agriculturist money-lender is a relatively more important credit agency for small cultivators. Thirty-nine per cent of the total credit obtained for long-term agricultural purposes and 50 per cent of the total credit obtained for repayment of old debts are supplied by the agriculturist money-lenders. The relative importance of long-term loans for agricultural purposes in the case of borrowings from this agency is next only to that in the case of borrowings from Government and landlords.

116. Thus it is found that quite a number of agencies are financing the agriculturists for agricultural purposes. The Government loans are given both on long-term basis for agricultural purposes and also on short-term basis for purchase of manures, seeds, etc. The co-operatives also furnish loans to cultivators for agricultural purposes, for purchase of implements, seeds, manures, etc., on the pledge of produce, etc. In addition to these two agencies

there are other agencies as landlords, village money-lenders, relatives, commercial banks, etc., to provide loans to cultivators for several purposes.

### Commission agents.

117. We are here concerned with the question as to how far agricultural indebtedness affects the proper marketing in relation to regulation of trade. The extent of agricultural indebtedness that affects the agriculturist would have to be examined. It has already been indicated how the commission merchant has secured a hold over the agricultural producer by making advances mostly on commodities received by him for sale, and also advances made even before harvest. The system of advances has been in existence for a long time with the result that the producer is bound to give his produce to the commission merchant from whom he has taken advances or to the petty merchant through whom the advances are made. It is this unfortunate position in which the producer has placed himself that has been responsible for his not getting the proper return for his labours. This is also responsible for enabling the commission merchant in making so many unauthorised deductions from and out of the price of the commodities entrusted to him for sale.

118. The steps taken by the Government in the respective departments for relieving the agriculturists from rural indebtedness are already there, and with all these facilities, we find that in so far as the commission merchant is concerned he has not yet released his hold over a substantial section of the agricultural producers. The helplessness of the producer in this regard has been graphically and pathetically described by witness after witness with an appeal that the market committee should take the place of this commission merchant and provide advances to the producer, when alone they feel they will be free from the clutches of these commission merchants. This is no doubt an important aspect which requires to be tackled if regulation of trade through market committees has to be successful and the question is whether it would be desirable or expedient for the market committee, to also function as lending agencies. We consider that to the functions already exercised by the market committee the functions of advancing loans should not be added. The relief, i.e., necessary to the agricultural producer who is indebted to the commission merchant can only be tackled by other departments of Government especially Co-operative department and by the methods that are being considered and suggested by the Government for reducing the rural indebtedness in general.

119. It appears to us that in so far as the necessity for the advances and for the compulsion or obligation to entrust the commodities are concerned, the producer and the commission agent

are going round a vicious circle. Once the grower decides to sell his commodities in a regulated market, as the growers of groundnut and gingelly have realised in South Arcot district, he will surely get out of the clutches of the commission merchant. Notwithstanding any initial difficulties he might experience he would go to the regulated market and obtain the best price without the necessity or the aid of the commission merchant. Thus there can be a gradual process of elimination of this dependance on the commission agent as has been substantiated by the results of the working of the South Arcot Market Committee, especially when the transactions in groundnuts and gingelly which are the notified crops are examined. But this result has been achieved in South Arcot, after nearly 12 years of the establishment of regulated markets. We are confident that if regulated markets are established and the Act is worked in the spirit in which it is being done in South Arcot the dependance of the producer on the commission merchant for getting advances will get gradually eliminated. This confirms our opinion that the remedy to relieve the producer from the commission merchant, to a great extent lies in the proper implementation of the objects of the Act by establishing regulated markets in important trading or marketing centres.

### Storage and warehousing.

120. Another facility to the producer who brings his commodities demanded by the witnesses is the provision for storage and warehousing for which arrangements are asked to be made by the market committee.

121. There is no doubt that storage forms an integral part of efficient marketing and wherever the seller has facilities for storage he will be in a better position to bargain. The members of the market committee, with whom we came in contact, as also the growers and traders, have stressed that storage facilities should necessarily be provided by the market committee in every regulated market. There is however no such responsibility placed on the committee as there is no reference to storage either in the Act or under the rules framed thereunder.

122. Storage may be of different categories—

(i) When goods begin to arrive in a market in large quantities, which could not be sold away in a single day, storage for a temporary period is required, i.e., till such time as the produce could be disposed of.

(ii) Storage becomes necessary to tide over such period of economic crisis arising out of a falling market.

(iii) Storage is also done as part of speculation on prices.

At present the regulated markets in South Arcot do provide storage of the first category and to a certain extent, the second category

also. The producers' commodities are allowed to remain in the sheds and godowns provided in the regulated market to enable the producer to wait for a short time to secure the best price. These two categories of storage appear to be necessary and would require to be provided in any regulated market. But the producer should not be allowed to store his produce for a considerable length of time in order to speculate in prices. The Act being essentially a piece of legislation conceived in the interest of the agriculturist storage facilities that require to be given could only be provided to the extent absolutely necessary to secure the good price to the producer and not to enable him to speculate nor in any event allow the trader who purchases the commodities to store his goods within the market to enable him to find a suitable purchaser. The market committee cannot therefore undertake to allow the produce after the purchase, to remain in the market for any length of time, except for a temporary storage of a period not exceeding three days which may be conceded.

123. Storage is however distinct from warehousing. Warehousing could not be a part of the function of the regulated market in the sense of keeping the produce for long periods. Warehousing therefore does not fall strictly within the obligatory functions of a regulated market.

#### **Processing.**

124. Processing forms a part of the method of preparation of the produce, intended for sale. In many commodities, the produce is sold in markets in the unprocessed form only up to a certain stage, and later the transactions get themselves confined only to processed produce. The advantage of processing the produce before sale, has of late been realized by many producers, and as such sale after processing, is becoming more popular. Many producers who have tendered evidence have stated that they process the produce before sale. Processing may be simple like converting paddy into rice, groundnut pods into kernels, cotton kapas into cotton lint. It may be much complicated in other cases as in processing of turmeric or tobacco.

125. The by-laws of the market committees afford scope for giving processing facilities inside regulated markets, but so far, no market committee has provided any processing facility such as installing a decorticator or ginning machine, in any of the regulated markets in the State. Even if the market committee wants to provide such processing facilities it will cover only a fringe of the requirements, in any particular area. Of late, co-operative societies are also providing processing facilities in many places. The view of majority of the witnesses examined is also in favour of the market committee making arrangements to provide processing facilities and in view of the advantages secured by the producer in selling the processed commodities, the necessity for providing processing facilities in a regulated market appears to be justified.

### Agency for marketing.

126. Agricultural marketing is a peculiarly delicate and difficult system and requires specialized knowledge and careful and efficient handling. At present marketing of agricultural produce is undertaken by three different agencies, viz., the market committees established under the Act, the co-operative marketing societies and markets and shandies maintained or licensed by the district boards, municipalities and panchayats. We have already discussed in detail how market committees function in the State under Chapter III. The position regarding the other marketing agencies may briefly be examined.

### Co-operative marketing of agricultural produce.

127. Co-operative societies in some centres in the State are undertaking the sale of agricultural produce belonging to members, but in the majority of cases the co-operative societies stop with advancing loans and providing other amenities as supplying farm equipment, seeds, manures, etc. Though co-operative marketing societies have come into existence, they have not yet covered an appreciable volume of the trade in agricultural marketing, excepting in a few cases where societies have successfully undertaken marketing of produce for example the Salem, Rasipuram and Tiruchengode Co-operative Marketing Society, the Nilgiris Co-operative Marketing Society, the Gobichettipalayam Co-operative Sales Society, Koilpatti and Sathur Co-operative Marketing Society and Theni Marketing Society. But on the whole co-operative marketing of agricultural produce has yet to make headway in so far as the marketing aspect is concerned. There is a fundamental difference in the *modus operandi* in respect of the transactions by co-operatives and by regulated markets. The regulated markets try to concentrate on the rationalization of trade practices in a marketing centre by providing and creating the conditions suitable for such transactions and thus aim at rendering the maximum benefit to the producer in selling his produce for the best available price. The co-operatives on the other hand while trying to benefit the producer sellers by arranging for sale under fair conditions, also try to achieve this object by providing facilities in the shape of finance and storage to tide over interim periods of difficulties, to enable the producer seller to hold back the stocks over a period of time in anticipation of better prices, etc. Thus both co-operatives and regulated markets aim at rendering better marketing facilities though the approach to the problem is from different angles. i.e., the regulated markets aim only at improving conditions in the spot market transactions, while co-operatives render facilities to grower to take advantage of a future market by improving staying capacity.

128. In any system of marketing, it is essential that the flow of produce should be normal and uniform as far as possible and also steady. This necessarily means that in the case of agricultural produce, after harvest, for healthy trading and assured supply and demand position, a portion of the produce harvested should enter the market for immediate sales, leaving another portion which the producer is in a position to withhold for sales at a later date, when it is convenient and more advantageous to him.

129. Thus in any planned economy both these types of sales, should occupy their relative places. In such an economy, it is considered necessary to have a separate organization to deal with the spot market sales for which the regulated markets are best suited. The co-operatives can in their own sphere assist the producers in rendering facilities by finance and storage and enabling him to hold back the stocks for sale at a later date, long after the harvest of such produce. It may be indicated that market committees are equipped or provided with sufficient powers to systematise or regulate the market practices and also to compel the traders to confine all their transactions inside a regulated market, which power and facilities have not been provided to the co-operatives.

130. Proper and efficient agricultural marketing cannot be successful especially in a situation where traders are well organized and adopt an obstructive attitude to regulation. To get over this positive legislation would be necessary to put down such opposition and regulate the trade of agricultural produce in the interest of growers. That compulsion can only be provided in a special legislation governing agricultural marketing as in the present Act, with the proposed changes. These however do not form part of the duties of the co-operative societies, whose functions are wider in scope and not confined to one aspect of agricultural economy, namely, agricultural marketing. The co-operatives by themselves cannot tackle this problem and that there is need therefore for a separate organization to regulate and control trade in agricultural produce is obvious. It is pointed out that the co-operative societies could contribute in achieving this end of helping the agricultural producer in getting best prices by other facilities which they are empowered to provide. So much so in order to achieve the ultimate object of securing best returns for the labours of the agriculturist in the matter of disposal of their produce, there must be a close co-ordination between the co-operative societies and market committees in every respect and it would be advantageous to function side by side in any area, complementary to each other, rather than function as two independent units with any spirit of rivalry. It may be useful if the co-operative societies could concentrate on all aspects and create the necessary conditions for successful marketing by granting facilities by way of advances, storage, etc. The opinion of those who tendered evidence has been unanimous that these two organizations must work in co-ordination and it is therefore advisable to have the location of the regulated markets and

co-operative marketing societies near each other, which would facilitate the functioning of these two agencies with greater benefit to the agriculturist. The co-operative marketing society may in particular lay emphasis in their activities towards financing, the processing, storage and transport of agricultural produce which they receive from their members.

### Marketing by local bodies.

131. In Madras State, three classes of local bodies maintain markets. They are District Boards, Municipalities and Panchayats.

132. The district boards may open and maintain markets in any non-panchayat area and with the sanction of the Government open and maintain such markets in panchayat area also. The markets so opened are classified as 'District' or 'Panchayat' according to their importance by the Inspector of Municipal Councils and Local Boards. The district board may levy fees for any or more of the five purposes specified in section 168 (2) of the District Boards Act. The fees in each market may be collected either departmentarily or farmed out, and while farming out, the district board call for tenders and then accept the highest bid. The district board may also recognize any private market in non-panchayat area and collect a licence fee of not exceeding 15 per cent of the gross income of the owner, from the private market, in the preceding year. All markets established by district boards or recognized by district boards should provide the amenities listed out in section 176 of the District Boards Act. The district boards have also power under Land Acquisition Act, 1894, to acquire the rights of any person to hold a private market in any place in any non-panchayat area or to hold a private market classified as a district market in a panchayat area.

133. Municipalities and panchayats can also open and maintain public markets and licence private markets. All the powers of district board markets are also given in regard to the establishment of the municipal and panchayat markets also, except that a municipality cannot open and maintain a market in a non-municipal area and a panchayat in a non-panchayat area.

134. The markets established by the market committees are deemed to be public markets and are generally exempted from the purview of district boards or municipalities and panchayats and are not liable to pay any licence fees. Market committees, however, in the respective areas, are liable to pay the property tax and other local taxes for their own buildings levied by municipalities or panchayats or district boards for building in their respective jurisdictions.

135. Briefly the system of functioning of a market established by a local body is as follows: The district board or municipality or panchayat establishes a market in any locality mentioned providing space for setting up shops, for leaving carts and bullocks and for other amenities. The right of collecting the fees on produce entering the market, is usually farmed out, by leasing out the right by open auction once in a year. The person who obtains the lease, has the right to collect fees on all produce entering the market at specific rates, depending on the mode of transport, for every head-load, cart-load, lorry-load, etc. The market may be an open space as in many places or may consist of well-constructed shops as in some municipal centres. If the market provides building facilities rent is also collected for the use of such buildings by the local body. The market of course provides some space for cart-stands and provided sanitary conveniences and other facilities. The functions of the local bodies stop with providing the above facilities and collecting fees or rent for building and they are not concerned with the method of sale or the trade practices prevailing in each market.

136. The transactions inside many such markets cover all varieties of goods as agricultural produce, predominantly vegetables and fruits, consumer goods, manufactured articles, textiles and other miscellaneous articles. A study of the transactions in such markets reveals that sales are mainly retail in nature and it is only on rare occasions that wholesale transactions are entered into by users in such markets. There is usually a separate area in almost every centre where such local board markets function for the assembly of wholesale merchants and commission agents. The position of the markets owned and maintained by district boards, municipalities and panchayats is not in any way different from that of any private market owned and maintained by any individual or trade organization. The problems facing solution in marketing of agricultural produce, which have been tackled by the regulated markets, are in no way dealt with by any of these markets.

137. The presence of these markets would not in any way affect the work of the market committee in establishing regulated markets in such areas. It will be necessary however that a regulated market should be established in such areas, as the markets established by local bodies concentrate mostly in retail trade, which however is not the main sphere of the functions of the regulated markets. In that sphere we consider, that there can be no conflict between such retail markets established by local bodies and regulated markets maintained by the market committee. The three agencies (viz.) the co-operative societies which are expected to make a substantial contribution in affording facilities for advantageous marketing of agricultural produce, the markets established by local bodies, confining their attention to retail trade and the regulated markets established by market committees exist complementary to one another in any kind of marketing economy so long

as they concentrate their activities to the particular scope indicated above. Such co-existence and co-ordination will contribute to the success of the scheme of profitable agricultural marketing.

### Market information.

138. The efficiency of the conduct of business in any market depends largely on the availability of information on supply and demand and price data, not only for the local markets but other markets in the State but also to other States and the world over. Such information might serve very useful purpose both to the sellers as well as the buyers in the market. The information to be furnished should range from acreage, production and any changes in the same, harvesting periods, expected arrivals, Government policies, market trends, prices, etc., and other economic activities. The utility of any market information lies in its accuracy, quickness of availability and the area it covers and the proper interpretation of such information to local conditions. The regulated markets have therefore a very notable part to play in the supply of market information. The responsibilities of the market committees in providing adequate market information has been fully recognized in the Act under section 13 (viii), which empowers the market committees to incur expenditure for the collection and dissemination of information regarding all matters relating to crop statistics and marketing.

139. Out of the five market committees which are functioning in the State, it is seen that two market committees are already furnishing market information in the form of 'Bulletins' issued daily and weekly. In South Arcot district the market committee furnishes daily market information from each of the regulated markets in that district. The Coimbatore Market Committee furnishes such information at weekly intervals by publishing them in leading dailies.

140. The responsibility for collection of reliable price data is at present vested with the Director of Statistics. Though he has fairly large sanctioned staff at different levels he needs assistance of other departments like the Revenue, Agriculture and Veterinary and also the State Banks. No non-official agencies are made use of for furnishing price data.

141. The market committees can therefore be considered as the most competent bodies to collect and supply market news information. The market committees are also in a better position to collect reliable and complete market information covering all aspects of agricultural statistics as acreage, production, arrivals, stocks, prices in local markets and in other market centres with their intimate knowledge over the transactions in each centre and also with the facilities to collect such information. They are further in a position to collect and disseminate such market information at frequent intervals.

142. The information collected by market committees should be disseminated not only in their regulated markets but also in other areas through the medium of radio and newspapers. We are therefore of the opinion that no efforts should be spared by market committees in the matter of collection and dissemination of market information and that every market yard requires to be provided with phones, radio sets, amplifier, etc., for the purpose.

#### **Conclusion.**

143. Thus there is real necessity for the development of regulated markets in the State, care being taken to employ proper methods on which development programmes can be based. Further there should be a clear definition of the different roles to be played by the various agencies engaged in agricultural marketing for any organized development in the sphere of efficient and successful agricultural marketing.

## CHAPTER V.

### RECOMMENDATIONS.

#### Introduction.

144. Fair and orderly marketing has been found to be a necessary preliminary to provide a real incentive for increased agricultural production. The object is to relieve the producer from the exploitation to which he was long exposed, and unless a fair return is assured to the producer, there cannot be any incentive on his part for increasing the production. Fair price to the producer and increased production are mutually dependant. The object of those interested in the progressive growth of agricultural production is to see in what manner the agriculturist could be persuaded to help in increased production, and experience has shown, that concentration has to be made on proper marketing of the produce. Regulation of buying and selling of agricultural produce necessarily requires control over trade and such control was found to be possible only by suitable legislation. Such legislation is what is contained in the marketing Acts of the several States.

145. The system of regulation, actually in vogue, however varies from State to State and regulated marketing in Madras slightly differs from most other States like Hyderabad, Mysore and Bombay. The regulated markets in some of the States are not on the same lines as those of our State. In some there are no regulated markets established or directly conducted by market committees, but there is however regulation of marketing, which is achieved by licensing traders and controlling the sale and purchase by imposing conditions as to the amount that could be charged for commission, amount that could be collected for weighing the licensing weighmen and conduct of sales by some kind of open auction. In our view, such regulation though, to some extent, may put an end to the unfair practices that have been prevailing, e.g., in the matter of weights and unauthorized and excessive deductions and charges resulting in reducing the money value to the agriculturist, could not however tackle effectively the problem of agricultural marketing. But the system, which has been introduced in Madras State, is one which takes charge of marketing directly instead of leaving the marketing to third parties and the market committee itself directly regulating the transactions of sales and purchases. To appreciate this distinction, one may examine the system prevailing here and elsewhere. In the regulated markets established in our State, for instance, in South Arcot, where groundnut, cotton and gingelly have been notified, the market committee has established markets in nine important marketing centres, where the notified commodities are brought for sale and the sale is put through under the direct supervision

of the officials of the market committee. The sales are not allowed to be effected by any commission agent or by third parties. The seller and the purchaser are the only two parties that are concerned with the sale, the weighing, the auction by close-bid system and the payment of the price being done under the very nose of the market committee. There is therefore no scope for any of the unauthorized trade practices to crop in and no charges other than those permitted are allowed to be deducted out of the price. This system assures to the seller the actual prevailing price, for which his consent is taken and the producer therefore is not placed in a position to be exploited by the traders. Though the function of the market committee under the Act is to regulate the purchase and sale of the notified crop, the market committee undertakes to run the regulated market and helps to bring the two parties to the sale together and sees to the conclusion of a fair and just bargain, satisfactory to both, care being taken to protect the interest of the agricultural producer.

146. The regulation that is being adopted in some States is different as the market committees do not undertake the function of marketing the produce, but lay down certain conditions governing the sale of agricultural produce and provide the minimum charges that are allowable in the case of transactions of purchase and sale of agricultural produce and insist that sale should be by public auction or other recognized method and providing for weighing being done by licensed weighmen. That system therefore is not direct marketing, but supervising markets and unless the supervising staff is sufficient and commensurate with the magnitude of the transactions taking place in the markets, the supervision could not be expected to be effective.

#### Scope and extent of the Act.

147. We have dealt with these distinctions between the system of marketing adopted by the market committee in this State and the system that is prevailing in some of the neighbouring States not with a view to comment upon the work that is being done by the market committees in other States, but to emphasise on the suitability of and the advantages resulting under the system adopted in our State, which in our view, if pursued properly, would be an ideal system capable of achieving the ultimate object which all agricultural marketing legislation contemplates, namely, to secure to the agriculturist the best available price and free him from exploitation. The initial question to be considered is, as to whether the present legislation, which is confined to commercial crops would be sufficient and whether there is any need or whether circumstances have arisen to justify the extension of the provision of the Act to all agricultural products. "Commercial crops" are defined in the present Act as "Cotton, groundnut or tobacco including any other crop or product notified in the *Fort St. George Gazette* as a 'Commercial crop' for the purposes of this Act".

It was initially contemplated that buying and selling of cotton, groundnut or tobacco only required control and regulation, but power was however conferred by a later amendment to the Act, made in 1945 to declare any crop or product as a "Commercial crop". In 1945 it was felt that the benefits of the Act should not be confined to the three crops mentioned in the Act and not strictly to any commercial crop in the sense of 'cash crops' or crops not ordinarily retained by the agriculturist for his consumption so as to provide means for him to convert into cash for his necessities. After the amendment of 1945, other products and crops were also notified from time to time, namely, coconut, arecanut, gingelly, potato, turmeric, etc. Here again, the principle behind the legislation, as it was introduced in 1933 seems to have been kept in view, i.e., the object being to control the buying and selling of commercial crops and not crops which will be ordinarily used for consumption.

148. There has been a demand in places in the State where regulated markets have been established particularly from the agriculturists, for notification of other crops especially paddy and other foodgrains. In Tanjore the committee visited paddy producing centres like Kumbakonam and Kuttalam and there has been a unanimous demand from the producers, who met the committee, comprising the land-owners of the district, for inclusion of paddy and starting of regulated markets in the several marketing centres in Tanjore. Similar demand was made for inclusion of paddy from the agriculturists of South Arcot and North Arcot. With the progressive establishment of regulated markets, it is necessary to notify such agricultural commodities as are available or grown in a particular area and in particular such commodities which yield a marketable surplus. It is not necessary however to notify the agricultural commodities in a place only where there is large marketable surplus. But in the interest of successful marketing, it will be advisable for any market committee to recommend notification of only agricultural commodities, which yield large quantities of marketable surplus though notification of crops which do not yield any appreciable amount of marketable surplus may also be in the interests of the agriculturist. As to what crops should be notified in particular areas would however depend upon the particular conditions prevailing in any area as to the nature of the crops grown, the demand for local consumption, the availability of surplus and its extent. But that is a matter which might be left to the discretion of the Government in consultation with the local market committee as to whether any particular crop could be notified in any particular area. But our purpose is to examine as to whether the Act should continue to exist as a commercial Crops Act or whether this State should not fall in line with the other States in bringing within the scope of marketing regulation all agricultural products.

### Title of the Act.

149. In view of the increase in production of agricultural commodities, it becomes necessary to take steps to regulate the buying and selling of all agricultural crops in the interest of the producer. The committee therefore is of opinion that it is necessary to make the Act more comprehensive as to bring within its scope all agricultural products. The title of the Act therefore requires to be changed as "Madras Agricultural Produce Markets Act". The committee also considered as to what should comprise the term 'agricultural produce' and is of the opinion that it is not merely the crops alone that could be considered as agricultural produce for instance paddy, millets, pulses, groundnut, sugarcane, etc., but also products of such crops arrived at by any simple processing and conversion like paddy into rice, groundnut into kernal, sugarcane into jaggery and so on.

### Definition of "Agricultural Produce".

150. To define "commercial crops" as agricultural commodities which yield a marketable surplus may not be correct. Agricultural commodity which is mainly an article of consumption, may not be commercial in nature, but the marketable surplus in any agricultural commodity can be the subject of commercial transactions. For instance, paddy converted into rice or otherwise after meeting the requirements of local consumption and if a surplus, sufficient to be marketed is left over, can be the subject of a commercial transaction and in that sense paddy may be an article of daily consumption but yet be a commercial crop in certain circumstances. The object of marketing legislation in relation to the agriculturist is to secure for him a fair dealing and a proper prevailing price for what is produced as a result of his labour. In that view, if the purpose for which agricultural marketing legislation was intended, is to be fulfilled, there is no reason why it should be confined to commercial crops of the nature of cotton, groundnut or tobacco and not to every other agricultural commodity. If the history of agricultural marketing legislation in India is examined, regulation of marketing commenced only in 1927 first with cotton in Bombay, in Central Provinces and Berar. Hyderabad State was responsible for introducing legislation applicable to all agricultural products even as early as in 1930. In all other States except in Madras, the legislation relating to marketing was more comprehensive and was made to apply to all agricultural products. In our State, only the Act remains as "Commercial Crops Markets Act". It was therefore felt necessary that a comprehensive definition for 'agricultural produce' should be given. It is not that only agricultural crops and the processed products of such crops that require regulation in the matter of sale and purchase, but also other products like fruits, forest produce, cattle, milk, eggs, etc., should be brought under regulation as all these products are associated with farming. It is therefore

reasonable that the products of horticulture or forest as also cattle and their yield should be clubbed with the agricultural crops. The definition of 'agricultural produce' in the view of the Committee, should include not only the produce of agriculture, but also horticulture, forest and animal husbandry. It may be mentioned that this definition of agricultural produce has been adopted in the Acts of some of the other States of the country.

### Definition of "Producer".

151. As a consequent of the change in the title of the Act and its intended application to all products of agriculture, horticulture, forest and animal husbandry the word 'grower', whose interest, this legislation seeks to protect should also be considered. In view of the extended definition to the words 'agricultural produce' the grower of any agricultural produce need not necessarily be a person who actually tills or cultivates the land or who grows or rears, but should also include others who may be responsible for the produce and who have interest in the produce. The agriculturist is generally referred to in the present enactment as a grower of the commercial crop. Since the Act becomes an Agricultural Produce Act, he can no longer be termed a 'grower' but can only be called a 'producer' and instead of the word 'grower', it is recommended the word 'producer' may be substituted. 'Grower' is now defined as one who is not a dealer or broker in the crop although he may grow that crop. This definition has created some difficulty in interpretation as no positive definition of the word is given. 'Producer' may therefore be defined as 'a person who grows, rears or produces by himself or by tenants or by hired labour or otherwise as the case may be, but shall not include a dealer or broker even though he may be a producer of such produce'. We have however retained that the authority to settle any dispute as to whether a person is a producer or not, should be the Collector of the district, whose decision shall be final.

### Licensing.

152. Under the present Act, the State Government are empowered by notification in the official gazette to declare the purchase and sale of such commercial crop or crops in such area as may be specified in the notification, subject to the provisions of the Act. The effect of such notification would be, that no person would be allowed within the notified area to set up, establish or use or continue or allow to be continued any place for the purchase or sale of any notified commercial crop, except under and in accordance with the conditions of a licence granted to him by the Collector. The result would be that every trader carrying on business in the purchase or sale of a notified commercial crop would be liable to obtain a licence from the Collector.

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### Exemptions.

153. There are certain exemptions provided as in the case of persons carrying on business of purchasing and selling of any commercial crop in quantities not exceeding those prescribed by the rules made under this Act.

154. So also a co-operative society registered under the Madras Co-operative Societies Act of 1932 is exempted if the society sells a commercial crop grown by its members or a commercial crop grown by an individual, but such exemption may be withdrawn by the State Government at any time. The purchase for one's private use of a commercial crop in quantities not exceeding those prescribed by the rules is also exempted.

155. The licence contemplated under the Act, provides that the licensee shall carry on the business of sale and purchase of a notified commercial crop only in accordance with the provisions of the Act and the rules and by-laws made thereunder. The rules and by-laws make provision for employment of licensed weighmen, use of standard weights and measures, fixing of commission, brokerage and other charges, which the licensee is bound to observe in respect of transactions relating to any notified commercial crop. Over and above the licence fee collected for the issue of licences, the market committee is also empowered under the Act to levy a cess by way of sales tax on any commercial crop bought and sold in the notified area, at such rates as the Government may by notification determine. The rates of cess are also fixed under the rules. A trader, therefore, dealing in notified commercial crops within a notified area has to obtain a licence for which he has to pay a fee and in respect of every sale of a commercial crop he is also liable to pay the cess.

### Procedure for regulation.

156. The market committee constituted under the Act for every notified area is empowered to enforce the provisions of the Act and rules and by-laws made thereunder in such notified area and every market committee is enjoined upon establishing in the notified area such number of markets providing for such facilities as the State Government may from time to time direct for the purchase and sale of the commercial crop or crops concerned.

157. In pursuance of this provision the Government usually, while nominating the first members of the market committee and notifying a particular area and the commercial crops, also direct the market committee to establish markets in specified important centres and it is one of the obligatory functions of the market committee which enters on its duty to establish markets. Such markets have been established in South Arcot, North Arcot, Coimbatore, Ramanathapuram and Tirunelveli districts.

158. In respect of transactions of notified commercial crops, which take place within 'regulated market' established by a market committee, purchasers need not necessarily be licensed

traders in notified commercial crops while they are required to obtain licences to trade in any other place within the notified area. But however, the purchaser of a commercial crop within the regulated market has to pay a cess to the market committee under the Act.

### Cess on crops.

159. There has been continued opposition by traders to the collection of cess in respect of transactions taking place outside the regulated market. The ground of objection is that the market committee is not rendering any service either to the grower or the trader in respect of sales taking place outside the market and it would not be legal or just that cess should be collected by the market committee. This objection was the main point of attack against the validity of the Madras Commercial Crops Markets Act in the proceedings taken by certain traders in Writ Petition Nos. 75, 87 and 135 of 1953 and the judgment of the High Court in the writ petition was passed on 10th July 1953. The High Court however held in favour of the general validity of the Act.

160. One of the contentions of the traders in those proceedings was that the insistence of a licence interfered with the constitutional right of freedom of trade and was therefore repugnant to rights guaranteed under the Indian Constitution Act. But the High Court held against that contention observed that the licensing of trade and a consequent levy of fee is necessary in the interests of the regulation of marketing of commercial crops, as the system of licensing is a part of the scheme to carry out such regulations. But with regard to the fees leviable as cess by way of sales tax several objections were raised that the imposition was in the nature of sales tax and that there was already an enactment in the Madras General Sales Tax Act where the maximum rate payable as sales tax is fixed and that there was no reason for a separate enactment imposing sales tax and that the levy of cess could not be supported as legal. The High Court however did not examine the point raised as to whether the cess really was sales tax and an unauthorised and illegal collection and did not choose to give any findings on the point as the question of levy of cess was not directly in point in the said writ petitions, observing however that even assuming that the provision empowering levy of sales tax is void, the Act as such will be legal.

161. There were other contentions raised before the High Court and dealt with in the judgment, which however need not be referred to in detail. The writ petitions were dismissed and the Act was upheld as a valid piece of legislation. The petitioners in the writ petitions preferred an appeal to the Supreme Court which is pending disposal.

162. With regard to the contention raised on behalf of the traders by the petitioners in the writ petitions that the restrictions imposed by the Act were excessive and unreasonable, since under the proviso to section 5 (1) it may be open to the State Government to declare that after the establishment of a market within a notified area for the purchase and sale of a notified commercial crop no licence for purchase or sale of such commercial crop will be granted in respect of any place situated within such distance of the market as may from time to time be fixed by the State Government. This provision was relied upon as an unreasonable restriction imposed on traders since if a market is established no licence could be granted to any person to carry on business within the notified area. The High Court examined this contention and observed that it was difficult to see any particular unreasonableness in the restriction that business should be done at a market established for the purpose and held that it was reasonable as it was being made only in the interests of the growers as they could get competing prices in the market and they would not have to pay the middlemen, that sales in markets are likely to be ready cash transactions and therefore advantageous to the seller and that the user of a standard weights must eliminate the possibility of his being victimised by sharp practice.

163. In view of these advantages it was further observed that it was to secure such advantages to the seller that a provision is made that all business should be carried on in a market, if there is one, and with reference to an area around the market to which the restriction should extend, it was observed, that the area around the market which is notified as included therein must be reasonable and regard must be had to facilities for transporting commodities to the market and a radius of 5 miles around the market building and occasionally 10 was considered to be not unreasonable.

164. The main ground of objection of traders, was directed against the continuance of the levy of cess on transactions of sales and purchases of notified commercial crops outside a regulated market but within a notified area. This aspect required therefore careful consideration, and the committee examined the evidence on this part of the subject and also considered the objections including legal, if any that have been urged against the continuance of the levy of cess in respect of transactions taking outside a regulated market.

165. It is necessary to examine therefore whether the market committees are in fact rendering any service to the trader or to the grower in the sales and purchases of transactions of notified commercial crops which take place outside a regulated market. The kind of service that is expected to be rendered to the traders and the growers in respect of those transactions, is the supervision which the market committees purport to exercise over such transactions. While within a regulated market every sale of a commercial

crop is put through under the direct control and supervision of the officials of the market committee no such supervision and control can possibly be exercised in respect of transactions taking place outside a regulated market. What the market committees at present have provided is, that they have appointed certain supervisors who tour in the notified area, visit licensed traders and see whether the sale and purchase of the commercial crops are made in accordance with the provisions of the Act.

166. We may take for example the South Arcot Market Committee which is the most efficient market committee working the Act. It has appointed 13 supervisors for the entire district. There are over 3,000 licensed traders for the area notified and spread throughout the district and could it be considered that the supervision of 13 supervisors over 3,000 traders could be said to be effective or thorough. We are unable to see what other services are rendered by the market committee to the growers or traders who deal in commercial crops outside a regulated market. Could this service be considered to be sufficient justification for collection of cess on every sale and purchase of a notified commercial crop taking place within the district? We are mentioning this only to appreciate the force of the objection raised by the traders to this levy of cess over transactions taking place outside a regulated market. But the position within a regulated market is altogether different as the market committee officials as soon as the produce is brought into the market take charge, assort, rebag, if necessary, have it weighed and then conduct the sales by close bid system and put through the sales eventually and also see to the payment of the price by the trader to the grower. These services however cannot be rendered in respect of every transaction of sale and purchase of notified commercial crop taking place outside a regulated market, and would it therefore be fair and reasonable to continue to levy cess even in respect of transactions taking place outside a regulated market? The committee is therefore of opinion that it is not proper or reasonable that cess on crops by way of sales tax or otherwise should be collected from persons to whom no real or effective service could be rendered by the market committee in view of the distribution of the large number of licensed traders throughout a notified area which is ordinarily a district in our State.

#### **Need for licensing.**

167. The licensing of traders in commercial crop could however be supported as the object of the Act is to regulate agricultural marketing. The agency to so regulate being the market committees in every notified area and in order to have some kind of control and supervision in respect of transactions relating to notified commercial crops, it becomes necessary to have some machinery by which that general supervision can be exercised, the cost of the

maintenance of that machinery being met out of the licence fees. The only way to have that control and supervision is by insisting upon the traders in notified commercial crop complying with the provisions of the Act, rules and by-laws made thereunder and it is for this purpose primarily licensing of traders must have been intended. The licensing, therefore, of traders is necessary and requires to be maintained as under the terms of the licence granted to each trader, they bind themselves to comply with the provision of the Act and rules and by-laws made thereunder, and any contravention of the conditions of the licence would render the traders liable to be prosecuted. The supervisors appointed by each market committee can make surprise inspection of the traders' accounts relating to commercial crops and any contravention by way of charging excessive brokerage or violation of any of the market committees rules and by-laws would be detected by them. The licensing of traders and the inspection by supervisors would to a large extent regulate the sales though not as effectively as is being done within a regulated market.

168. The Committee is, therefore, of opinion that the licensing of all traders within a notified area is essential, which will be conducive to fair and equitable marketing and will help the elimination of the unhealthy trade practices and the exploitation of the growers by traders and commission merchants.

#### **Authority for issuing licences.**

169. The Committee therefore recommends the continuance of the present system of licensing as is now prevailing except regarding the authority who is to grant the licence. The Committee's view is that instead of the Collector being empowered to issue the licence it may be better if the market committee is empowered to grant the licence. Even now the Collector grants the licence only on the recommendation of the market committees. To avoid delays and to see to the expeditious disposal of application for licences, the market committee may take up the grant of licences. Any refusal of a licence may be taken up by the aggrieved party to the Director of Agriculture instead of the Revenue Board and to the Government by way of appeal and revision.

#### **Nature of licences.**

170. Even in respect of grant of licences under section 5 (1) of the present Act a person is prohibited from using any place for the purchase or sale of a notified commercial crop except under a licence obtained by him, section 5 (3) provides that no person shall, within a notified area, set up, establish or use or continue or allow to be continued, any place for the storage, weighment, pressing or processing of any notified commercial crop except and in accordance with the conditions of a licence granted to him by the Collector. The Act therefore now contemplates two kinds of licences, one licence under section 5 (1) for a person who uses

a place for purchase and sale of a notified crop and another licence under section 5 (3) for using the place for a person for storage, weighment, pressing or processing of sale of any notified commercial crop.

171. We are unable to find any necessity for these two sets of provisions in the Act as the processing before sale, storage and weighment prior to sale cannot be independent of each other, as without weighment there cannot be a sale, and in many cases without storage also a sale cannot be effected for however temporary period storing is necessary before sale is effected. In most cases pressing and processing also form one of the elements of a sale. Agricultural produce may be pressed and processed and then stored, but must be subsequently weighed and afterwards sold.

172. We, therefore, consider that where a single place is utilized for purchase and sale and also for storage, weighment, pressing and processing or a place is utilized for purchase and sale, storage and weighment alone and another place utilized for pressing and processing of the notified crop, a licence would be necessary in every case as the licence is to be issued to the person using a place for the said purposes. It is enough if there is a comprehensive provision which may provide that no person shall within a notified area, set up, establish or use or continue or allow to be continued any place for storage, weighment, pressing, processing, purchase or sale of notified agricultural produce except under and in accordance with the conditions of a licence granted by the Committee which would be sufficient to meet the requirements of any situation.

#### Rate of licence fees.

173. The Committee also examined the reasonableness of the present licence fees. The rates of licence fees under the present rules vary in regard to each commercial crop. In view of the enlargement of the scope of the Act and its application to all agricultural products the system of imposing different scales of licence fees for different products may become cumbersome, as difficulties may arise in fixing a reasonable fee for different categories of crops. It is, therefore, considered expedient to fix an uniform scale of fee irrespective of the nature of the crop. The licence fee payable in respect of a dealer of one crop may be Rs. 25 and in the case of crops not exceeding three Rs. 50 and in respect of crops exceeding three Rs. 100. The uniform scales would be reasonable and may not be an undue burden on traders who especially deal in several commodities.

#### Collection of cess.

174. As regards cess it has so far contributed to the bulk of the income of the market committee and naturally strong objection was raised on behalf of the Agricultural Marketing Department

and the market committee officials to the doing away with the collection of cess on transactions outside the market. If it is realized that the market committees are not provided with any funds initially by the Government or any other authority and it is from the collection of cess alone that they have to build up markets, cess could be the main source of income. If cess is taken away, the market committees would not be in a position to establish markets by constructing their own buildings and opening market yards at important centres. There would be no doubt a difficulty in the matter of finding out the finances for the market committees to build markets if the cess is not collected on all transactions taking place in a notified area. The question of finding out the initial finances for a market committee to start and build up markets is a question which the committee has to examine separately. But that could not be a justification to continue to impose a fee by way of cess or sales tax, which in the circumstances already explained, could not be considered to be just or reasonable, and any collection in such a position is of doubtful legality.

#### **Area of collection.**

175. Since we consider that the imposition of cess in respect of sales outside the regulated market cannot be permitted, the question arises as to whether cess at all could be levied, and if so, in respect of what transactions. The cess could be collected only in respect of transactions taking place directly under the supervision of the officials of the market committee which is only possible within a regulated market and we are therefore of opinion that cess could be imposed and collected only in respect of sales taking place within a regulated market. The system of licensing of traders in the entire notified area will however be continued subject to the modifications as to the rates of licence fees and to the authority to grant the licences, etc., recommended by us.

#### **Cess, sales tax or market fees.**

176. The cess that is now collected by way of sales tax is provided under section 11 of the Act. Section 11 of the Madras Commercial Crops Markets Act, 1933, prior to the amendment by Madras Act XXXIII of 1955 stated that the market committee shall, subject to such rules made on this behalf, levy fees on a notified commercial crop bought and sold in the notified area as determined by the Government. The term "fee" implies a charge by way of collection for certain services rendered. After the objection was taken in the writ proceedings in the High Court to such collection of fees in respect of transactions outside the regulated market for which services cannot be effectively rendered by the market committee by the amending Act XXXIII of 1955, the word "fee" was deleted, and in its place the words "a cess by way of sales tax" were substituted. The committee does not think it necessary to examine or give any opinion as to whether,

even after the amendment the collection of cess by way of sales tax would meet the legal objection raised in the writ petitions, since we recommend that no cess need be collected in respect of the transactions of commercial crops taking place outside a regulated market or outside any area notified as market area around the market. There could now be no objection to retain the word "fees" as it originally stood prior to the amendment by Act XXXIII of 1955. The word "fee" may therefore remain, since however, the fee collected is for services rendered in a regulated market. Section 11 which deals with the levy of cess, may be suitably amended as to read that the fee that is levied is "market fees" and not "cess" by way of sales tax. This should also avoid the objection raised as to whether it would be competent to levy sales tax in addition to the sales tax already levied under Madras General Sales Tax Act where the maximum rates of sales tax are specified and any other taxes or cess by way of sales tax would be varying the maximum fixed in Madras General Sales Tax Act.

#### Notified area.

177: At present an entire district is declared as notified area under section 4 though in the beginning when the Act came into force the notification was in respect of taluks and municipalities alone. A market committee which is being placed in charge of regulation of marketing in the entire notified area can successfully discharge its functions of regulation only if such transactions of sale are effected in the presence of its officials, which is possible only in the regulated markets established at different centres of the district. For an effective and proper regulation, direct supervision of sales is necessary and it is only then that the staff of regulated market can see to the transactions being put through, not permitting any malpractices which are found to exist generally in the trade. Such regulated markets have necessarily to be established in important marketing centres in the district where there is a large extent of wholesale trade in particular commodities, which may be notified. If a regulated market is established in a trading or marketing centre then the agriculturist producer may be induced to bring his commodity to the regulated market, such sales have been proved to be satisfactory and profitable to the grower.

178. If the progress which the South Arcot Market Committee has achieved is examined, we find there has been gradual increase of the arrivals of the notified crops like groundnut and gingelly in the regulated markets, with the result that the bulk of the notified crops comes directly into the regulated markets, notwithstanding that there are traders who are licensed and could also purchase the same notified crops outside the regulated market. The benefit that is assured to the grower and which is realized by him in

South Arcot are still to be understood by the grower in other districts. The reason is twofold, lack of sufficient propaganda of the advantages that result to the growers in resorting to the regulated market and the capture of the trade by the local commission merchants who have secured a hold over the growers by the advances which they have been giving to him in some cases, even before harvest, and in other cases when the commodity is brought to the commission merchants.

179. In North Arcot there are five regulated markets, one of which is at Vellore. In Vellore, which is an important marketing centre, the arrivals in the regulated market are poor. The groundnut which is declared as notified crop in that district is brought to Vellore town but a very small proportion reaches the regulated market for being sold there. The commission merchants at Vellore are doing extensive business in all agricultural commodities and the grower who has been accustomed to sell his commodity to the commission merchant is disinclined to take his produce to the regulated market more out of compulsion, though the grower knows that he has to pay a commission to the commission merchant besides other charges which reduce the price which he ultimately might get and which by resorting to the regulated market he could avoid and get a better price. Similar would be the position in Virudunagar and Koilpatti, even if the Act was allowed to be enforced from the inception, and for a long time the Act was not even allowed to be enforced by the stay orders granted by the High Court and later by the Government. We are satisfied that the system now adopted in the working of regulated markets in this State is approaching the ideal one, endeavouring to confer the utmost benefit to the grower, which benefit the grower of groundnut in South Arcot has fully realized and is taking advantage of it. Once it is seen that it is a great advantage to the grower to bring his commodity to a regulated market it is necessary that the grower should be made to bring his produce to a regulated market where one is available. Till now the popularity of these regulated markets grew to a certain extent as a result of the propaganda organized and conducted by the market committees especially in South Arcot but mostly due to voluntary effort on the part of the grower who sought the regulated markets after being satisfied about the advantages he would be obtaining by taking his commodities to the regulated markets. So far, therefore the arrivals of notified crops in regulated markets have been the result of not only propaganda but mainly the voluntary efforts of the grower. If the progress of regulated markets and their capture of the bulk of the trade in any particular notified commodity, if allowed to depend upon only on propaganda and voluntary efforts, the progress would be rather slow, and a long time would elapse by the time the system of regulation and purchase of agricultural commodities could be successfully controlled. The question is whether any sort of compulsion should be tried to compel the grower to bring the notified commodity to the nearest regulated market and not allow him to have the

produce sold to a licensed trader outside the market though he is a licensed one. It is not, as if as the Act stands, it has not contemplated the compulsory enforcement of the beneficial provisions of the Act and it must be with that view, the proviso to section 5 (1) has been added which states that after the establishment of a market in a notified area, no licence for the purchase and sale of a notified crop could be granted in respect of any place situated within such distance of the markets as may from time to time be fixed by the State Government.

180. For instance in the important marketing centres like Vellore, Virudhunagar, Koilpatti, Tiruppur, Pollachi, Tiruvannamalai, Erode and Gobichettipalayam where regulated markets are established by the respective market committees, if a reasonable distance around the market is fixed as the area within which no licence could be issued for the purchase or sale of any commercial commodity, the entire agricultural produce which is notified should have necessarily to be brought into the regulated markets and the grower will then have the benefit of sales in such regulated markets.

181. It looks as if under the circumstances prevailing in these important marketing centres, unless there is an enforcement of the proviso to section 5 (1) the object in bringing the piece of legislation would be frustrated and the grower may not be able to obtain any benefit under the Act. It is surprising that the benefit of the proviso to section 5 (1) has not been so far not availed of by any of the market committees duly. We understand that efforts made to enforce the Act prohibiting licences being granted to traders within a reasonable distance round the market have not proved successful due to the opposition of traders and the absence of any orders from Government on the request of market committees for introducing the restriction.

182. The area around a regulated market where the restriction to licensing of traders in the particular notified crop is to be prohibited, must be a reasonable distance taking into account the transport facilities available to the grower, etc. Normally 5 to 10 miles around the market may be reasonable, but each case would depend upon the particular situation and other circumstances. The distance notified where the restriction is to apply could be decided in each case by the State Government on the recommendation of the market committee. If a grower could bring his produce to a trader or a commission merchant carrying on business in a marketing centre like Vellore for instance, it would not be difficult for him nor an undue hardship on him to compel him to bring that commodity to the regulated market which is situated within the municipal limits of the Vellore town. If he could have transport facilities to bring the produce within the limits of the municipality, there can be no difficulty for him to take it to any

place within the municipality where the regulated market is situated. The distance therefore in certain cases might be the municipal limits as in Mysore town, or it may even extend one or two miles beyond the limits of the municipality. But whatever may be the distance that may eventually be fixed it should depend on factors as the availability of transport facilities, the place from which the commodity comes from and other circumstances.

183. The Committee is convinced that unless the restriction of licensing of traders which is already contemplated and provided under section 5 (1) of the Act is enforced there is no chance of regulated markets becoming popular and the agriculturists securing benefits intended under the legislation. The committee therefore suggests that the proviso to section 5 (1) should suitably be altered in order to bring it in line with the corresponding provisions in the Mysore and Bombay Acts.

184. These decisions of the Committee on cess and notified area involve the creation of three classes of areas to be brought under the control of a market committee under particular conditions. The notified area would be as at present an entire district controlled by a market committee in respect of the crops that may be notified in that district. The jurisdiction of the market committee in respect of the entire notified area would continue, and the committee can insist upon the licensing of traders in the notified commodities and the exercise of the supervision by their staff on the observance by the licensed traders of the conditions of the licence and the rules and regulations in the Act under which the sales are to be conducted. Then the next category would be the "regulated market proper" together with its buildings and the market yard where transactions of sale and purchase of notified commodities would actually take place under the direct supervision of the market committees staff. Thirdly, there is the area around the market where sales and purchases of notified commodities are to be prohibited, which would form the "Notified market area". It should include the market proper, and the area around the regulated market, that may be declared as such by the Government in respect of each regulated market. The result would be that all sales and purchases of notified agricultural produce shall only take place within the regulated market in a notified market area and that no such sales and purchase could take place in the notified market area outside the regulated market. All traders carrying on business in the sale and purchase of notified agricultural produce in the notified area like a district shall be liable to obtain licences and shall conform to the rules and regulations that may be prescribed under the Act and by the market committee. The jurisdiction of the market committee over such traders is to supervise and control the correct and proper observance of the conditions of the licences.

185. In view of the recommendation that all sales and purchases of notified agricultural produce shall take place only within the regulated market established in a notified area, and the prohibition of such sales anywhere in the notified market area, there will be always a tendency on the part of the trader to evade this restriction. Such evasion is usually attempted by traders opening temporary shops just outside the limits of a notified market area and do business in the purchase and sale of notified agricultural produce and thus effectively preventing the flow of that produce into the regulated market. Past experience has shown that such evasions are likely to recur, since in Tiruppur and Tindivanam the merchants opened shops outside the three miles limit which was fixed in the early stages. Only subsequent to this the entire district was notified and cess was collected on transactions taking place even outside the regulated market and the notified area. But now since our recommendation is that no cess, which will hereafter be called "market fee", could be levied on transactions outside the notified market area, there must be found some means to put down the apprehended evasion. The only way that is possible is that the market committee should refuse licences to traders who open business places for such purchase of notified agricultural produce, if in the opinion of the committee, the opening of such shops are with a view to evade the restorative provision under the Act, confining all sales to take place within a regulated market. The Committee will be justified in holding in such circumstances that there are sufficient grounds for refusal or cancellation of licence.

186. Those who purchase or sell any commercial crop in quantities not exceeding certain limits prescribed by the Act and also persons purchasing commercial crop for their house or domestic consumption will be exempted from the operation of section 5 of the Act requiring licences to be obtained. In view of the recommended extension of the Act to all agricultural commodities, it will be difficult for the market committee to fix the quantitative limits of each crop for purposes of exemption as at present provided. What was intended is, that any person purchasing a notified crop for his own purposes or his private consumption, should not be considered to be a trader in that commodity requiring a licence to be obtained. It will therefore be enough to bring out the purposes of such exemption by confining the exemption only to cases of persons purchasing for their house or domestic consumption any notified agricultural produce and not for any other purpose. The result would be to exempt the consumer for house or domestic purposes and the retail trader up to certain limits of the quantities of the crops concerned. The second proviso to section 5 may be suitably altered and the rules correspondingly be amended.

### Rate of market fees.

187. Another point which was discussed was about the rate of cess that may be levied by the market committee in respect of sales effected within a regulated market. The present rules provide for different rates in respect of different commodities, the cess being paid on the quantitative basis. This would lead to difficulties not only in fixing the rates for any commodity but also in ascertaining the amount and it will be more feasible and also beneficial to grower, if a fixed rate on *ad valorem* basis is adopted as is prevailing in Hyderabad and Bombay. The committee is of opinion that the basis of levy of fees on agricultural produce sold in the market should be not on the quantitative basis but on an *ad valorem* one, and that a uniform rate of four annas for 100 rupees worth of produce may be fixed as the market fee, irrespective of the nature and the variety of the commodity, such fee to be collected from the buyer. At present the cess is collected from the purchaser. In other States like Hyderabad and Mysore it is collected from the grower, their reasoning being that the services are rendered to the grower since regulation of trade is for the benefit of the grower that therefore the grower alone has to pay the fee. It cannot be said that in any regulated market, where the sales are effected under the direct supervision of the market committee staff, the services that are rendered could only be said to be to one individual, namely, the grower and not the purchaser. The services are rendered to both the parties as the transaction of sale is effected at their instance and under the supervision of the officials of the market committee. There is no reason why any change should be effected as to the person from whom the market fee is to be collected. The existing system may continue and it will be more convenient to collect the fee from the trader as ultimately he has to pay the price of the commodity.

### Constitution of market committees.

188. The provisions in the Act relating to the constitution of the market committees stipulate that every market committee shall consist of such number of members not exceeding 12 as may be fixed by the State Government and that the District Agricultural Officer shall be an ex-officio member, and the number of members representing the growers and the licensed traders shall be fixed by the Government, and the grower members shall be elected by the entire body of growers in a notified area and the trade members by persons licensed under section 5. In addition, the Government is empowered to nominate such number of members as they may deem fit but not exceeding the number of members elected. But in all cases where a market committee is constituted for the first time, the Government appoints all the members for a period of one year after which the members have to be elected by their respective constituencies. Since the representatives of the growers

and the traders have to be elected, rules have been framed for the preparation of the electoral rolls, for the conduct of elections and to govern other procedure for the holding of elections.

189. One of the terms of reference to the committee is as to whether the present costly system of election should be continued. The evidence on this question was varied, the preponderance of opinion of the growers being that the system of election does not in practice secure to them proper representation. Elections are costly not only to the candidate but also from the point of view of the market committees. The impression left on the members of the committee from the evidence is that the real representative of the grower does not find a place in the market committee as the elections even for the growers, are to a certain extent, manipulated and conducted by the wealthy traders.

190. It is seen that the elections are taking away a good slice of the income of the market committees and the amount so spent could be saved and utilised for providing amenities and for the construction of regulated markets. Since election does not serve the purpose for which it is intended, namely, having the real representatives of the growers, it is suggested that the members of the committee may be nominated.

191. The system of selecting members by election has been shown to be costly and also been found to be not quite satisfactory, as it does not serve the purpose of securing the real representation of the growers, in particular. In this connection, it is necessary to consider whether the maximum strength of 12 members for the committee would be sufficient to represent all interests in view of the recommendations for enlarging the scope of the Act and bringing within its scope all agricultural commodities which may be notified from time to time. A larger body seems to be necessary as the growers and traders of the several commodities would like to be represented in the committee, when such commodities are notified. It is therefore suggested that instead of the present maximum strength of 12, the market committee may consist of 15 members, of whom one shall be the District Agricultural Officer as at present. As for the remaining members, it is found by experience of the working of the market committee that unless there is a substantial majority of growers in the committee their interests are likely to suffer. At present there are five grower members and four trader members. Of the remaining three, out of the total of twelve members one is the District Agricultural Officer and the other two being nominated by the Government. This narrow majority of the growers has been found not to have worked in the interest of the growers and it is therefore suggested that there shall be nine grower members and four trader members, the District Agricultural Officer and one representing co-operative interests. The member who is representing co-operative interest

may be an official or non-official nominated on the recommendation of the Registrar of Co-operative Societies. The other nomination of the grower and trader members may be made on the recommendation of the Director of Agriculture from among the growers and licensed traders residing in the respective areas. Care however should be taken in nominating the grower members that only growers who are not grower-cum-traders are nominated. The nomination also should satisfy the requirement that the growers and traders of the particular commodities that are notified are properly represented. There is no provision at present in the Act as to the qualifications of the chairman or vice-chairman and in an organisation, which is primarily intended for the benefit of the agriculturist grower, it appears to be anomalous that the position of the chairman, which is an important one should be allowed to be occupied by a trader, in fact some of the chairman of the market committees are traders. There is an impression which to a great extent may be justifiable, that at present regulated markets are dominated by the traders and that there could not be any real benefit accruing to the growers. In the report of the committee of All-India Rural Credit Survey, it is suggested that the management of the regulated markets may be entrusted to State Warehousing Corporation, the reason urged by the committee being, that the management of the regulated market is dominated by the influence of private trade, and that the executive official of the committee, who is the secretary, and who is responsible for ensuring that there is fair play between the buyers and sellers is in many instances merely a tool of the local trade interests and in the circumstances, the interests of the real producer cannot be safeguarded. It therefore becomes all the more necessary that there should be a clear majority of grower representatives and we have therefore not only provided, but also recommended that the chairman should always be elected from growers' representatives and must always be a grower, whoever the vice-chairman may be.

192. The period of office of the committee is now three years, but for the first committee, which is nominated by Government, the period is only one year, which may be extended for another year, if the Government think it necessary. One or two years will normally be the period for a committee, which is nominated by the Government and being the first committee it has to start business and set up a market yard and otherwise take such other steps as may be necessary for regulation of marketing. The first committee which is constituted by the Government may consist of persons nominated from among the growers and traders. For the traders representatives in the first committee the nomination has to be made from traders as there cannot be any licensed traders. The period of the first committee shall be three years and after the expiry of the period of three years the Government may constitute the committee in accordance with the provisions of the Act. Even

as regards the constitution of the first committee, the proportion of the grower and trader-members and the representation of the Agricultural department and the Co-operative should be kept in view. After the expiry of the period of members of the market committee, the same committee may continue to function until a fresh committee is constituted instead of the Collector taking charge as is provided in the present Act.

### Trade allowances.

193. There are certain trade allowances, which are permitted under the rules, the scales of which are however fixed by respective market committees, taking into account local conditions. In so far as transactions that take place within a regulated market except the weighment charges and the cess no other charges are allowed to be imposed or collected. There is no question of any payment of commission or brokerage in respect of such transactions in a regulated market as apart from the buyer and the seller there is no other person who is recognised within the market. And even if an agent of a merchant purchases in the regulated market, no commission is allowed to be deducted from the price, as the agency commission payable to him for his services rendered to his principal has to be settled with him, though the rates of such commission are fixed by the committee. But the question as to whether licensed traders in notified agricultural products carrying on business outside the notified market area would not be permitted to pay the broker or commission agent has been examined. Our opinion is that it is not possible to declare wholesale brokerage or commission as illegal deductions, so long as the broker or the commission agent renders service in putting through the deal of a notified agricultural product with a licensed trader. A reasonable fee has therefore to be paid which would necessarily be a deduction out of the price, the rate of fee payable to the broker or to a commission agent, the market committee of the district has to fix under its by-laws and it would not be open to any licensed trader to pay the broker or the commission agent more than the fee so fixed and any violation will be considered as a contravention of the provisions of the Act and will be dealt with under its penal provisions.

194. The licensed traders would therefore be entitled to deduct such trade allowances the nature and the rates of which as are recognised and provided for by each market committee under its rules and by-laws. For the purpose of scrutinizing whether the traders comply with these conditions, which are the conditions of the licence, the market committee engage supervisors for detection of any unlawful deductions. The position of regulation in other States, for instance, in Mysore, is that even within the regulated market the commission agent is allowed to function and the commission which is fixed by the market committee authorities is

being paid to him even though the transactions are within the regulated market. But in our State there is no such deduction by way of commission permissible within the regulated market as no other party comes into the bargain in the transactions taking place within the regulated market. The brokers and the commission agents cannot therefore be completely eliminated and so long as there are no available regulated markets easily accessible to the producer at every important centre, the profession of brokers and commission agents will continue to exist. The legislation and the rules and by-laws could however put an end to the extravagant and excessive rates of commission charged by them.

### **Adulteration and quality.**

195. One of the objects of regulation of marketing being to see that the commodity of correct quality without any adulteration is brought into the market and sold, it appears to be necessary that the market committee may also introduce such measures as would be necessary to prevent adulteration of agricultural produce in the market area and no licensed traders doing business in the market area shall be permitted to adulterate agricultural produce, the committee staff particularly looking into the prevention of adulteration and mixing of inferior quality with superior quality within the market itself. It is therefore considered desirable that a rule on the lines of the rules framed under the Bombay Act may be framed to secure the prevention of adulteration of agricultural products.

196. In order to ensure proper quality of the commodities, the market committee would do well to make arrangements to maintain sample of different crops of the commodities for information of the sellers and buyers. In the Bombay Act provision is made in the rules making it obligatory on the market committee to maintain for the use of buyers and sellers of such samples of standard crops of agricultural produce sold at the market and keeping the samples together with the information as to prices prevailing in terminal, local and key markets, for information of sellers and buyers. Such maintenance of samples would also help in the solution of disputes arising between the buyer and seller when a buyer purchases in accordance with standard samples where sale is by standard samples.

### **Weighment.**

197. The weighment of the produce in regulated markets is now done by weighmen who are licensed by the market committee. The charges payable to them are being fixed and recovered from the buyer out of the price and paid over to the licensed weighmen. Every licensed trader dealing in notified products has to employ only the licensed weighmen for weighment of the notified product. The market committee has introduced the system of licensing

weighmen and the payment of the weighmen for their services is made by these licensed traders who engaged them from time to time.

198. At a conference on marketing and co-operation held in Hyderabad in November 1955 it was recommended that in the interest of the growers the persons employed for weighing should either be employees of the market committee or paid through the market committee. We do not think it necessary for the market committees to take the additional responsibility of maintaining a large body of weighmen as paid employees, since the weighing is not done exclusively within the regulated market. But the weighmen are distributed throughout the district and employed by licensed traders as well. The provision for licensed weighmen and insistence of notified crops being weighed only through licensed weighmen even outside the regulated market would be sufficient to ensure fair and correct weighing. The licensed weighmen are being guided from time to time by the standard weights and measures maintained by each market committee and stamping of weights and measures is also done by the staff of the market committee. The existing system of licensing weighmen and employing only licensed weighmen for notified crops may be continued.

#### Penal provision.

199. The Act now provides under section 17 that any contravention of the provision of section 5, which is the licensing provision, shall be punishable. Similarly the rules provided penalty for contravention in respect of non-payment of cess and violation of other conditions of the licences. It is not necessary to increase the fine or the penalty provided under the Act and the rules. There is one difficulty in the present enactment, which requires to be rectified as no provision is made for the collection of cess, which will hereafter be called market fees in cases where a trader purchases a notified agricultural produce within the notified market area but outside a regulated market he would be contravening the proposed provision in substitution of the present section 5. Such a purchase deprives the market committee of the market fees, which it would be entitled to, if the transactions had taken place in the regulated market as it ought to have been. For that purpose, it is necessary to make due provision for empowering the magistrate not only to impose the fine, if a trader is found guilty, but also direct him to pay the market fees to market committee. Cases might also arise whether the trader carried on a business without obtaining a licence and in that case the licence fee should be directed to be paid to the market committee. In the Act a provision corresponding to section 212 (9) of the District Boards Act requires therefore to be incorporated.

### Control of market committees.

200. It is suggested that there must be some control over the market committee in respect of its funds by the Government to enable the Government to see, that the expenditure of these funds are directed towards its legitimate object and in particular the reserves built up by the committee are utilised for undertaking capital works. The importance and the necessity of providing markets and market yards and other amenities has been noted by the Government consequent on the observation of the judgment of High Court in Writ Petitions Nos. 75, 87 and 135 of 1953 were the need for establishing markets in important centres easily accessible to the producers was emphasised. The Government therefore rightly observed that there should not be any dissipation of the funds of the committee, especially the reserve funds.

201. At present safeguards against unnecessary expenditure are provided by the provision as to scrutiny by the Government of the annual budget prepared by the market committee under rule 74 of the rules. Proposed expenditure is therefore subject to the scrutiny of the Director of Agriculture and the budget is not only scrutinized but has to be approved by the Government and it is open to Government, to see whether any unnecessary expenditure is contemplated or any necessary provision has not been made. As regards surplus funds, it is specified in rule 76 that all the unspent balance shall be invested within three months after the close of that year in banks or in securities or in any such manner as may be approved by the Director of Agriculture and any amount so invested with interest accrued thereon, shall be withdrawn only with the prior sanction of the Director of Agriculture. This is sufficient safeguard for securing the surplus funds properly and utilising it in a legitimate manner. The accounts of the market committee are further audited by the local fund audit. These requirements appear to us to be sufficient safeguards in ensuring the proper utilization of its funds. No doubt there are provisions in other enactments like Village Panchayats Act for the Inspector of Municipal Councils and Local Boards to intervene and call upon the panchayat to undertake any work which is obligatory and failing which it will be open to the Inspector of Municipal Councils and Local Board to have the same executed from and out of the panchayat funds. Such contingencies cannot arise in the working of the market committee, in view of the existing provisions relating to the passing of the budget, investment of the surplus and audit.

202. With a view to prevent any unauthorized expenses or misapplication of funds arising by the members, there must be some provision imposing on member or members personal responsibility for such misapplication. Every member of the market committee shall be held personally liable for misapplication of any fund to which he shall have been a party or if such misapplication

may arise out of the neglect of his duties, and there must be a provision for recovery of the amount from such member or members so responsible. A provision corresponding to section 18 (A) of the Bombay Act may therefore be incorporated.

### **The Director of Agriculture.**

203. The Director of Agriculture has been substituted for the Collector to discharge some of the functions arising out of the Act and the Director of Agriculture therefore must be posted with the day-to-day working of the market committee and their progress and it is for the Agricultural Department to watch how far each market committee carries out responsibilities and to what extent they further the work implementing the provisions of the Act. He should therefore be posted with the affairs of the market committee and it should be the duty of the market committee to furnish information regarding proceedings of the committee and furnish such information as may be required by the Director of Agriculture either by him or any officer so authorized on his behalf. There should be a provision in the rules empowering the Director of Agriculture to call for such information. When the Director of Agriculture is mentioned as the authority to perform the functions till now allotted to the Collector, it is really the Marketing Section of the Department of Agriculture, the head of which is the State Marketing Officer who is really concerned with the work of these market committees. The State Marketing Officer is a person who is directly responsible for such of the duties and powers conferred on the Director of Agriculture and with a view to avoid delay and overlapping of functions, it is suggested wherever the Director of Agriculture is mentioned, it might refer to the Director of Agriculture or the State Marketing Officer. The State Marketing Officer is primarily the person who is conversant and who is expected to be posted with all information as to markets and who is the head of the Marketing Section in the office of the Director of Agriculture.

### **Emergency meetings of the market committees.**

204. Occasions may arise, when there may be a deadlock created in the working of the market committees in view of any differences between the members of the committee, and such situations may arise when in the interest of the regulated markets an emergency meeting of the market committee would be necessary. The Director of Agriculture should also be empowered to call for a meeting of the committee to discuss any subject that may be of any urgent nature or a meeting may be called for at the instance of the Director of Agriculture, who may like any subject to be considered by the Committee. It is therefore desirable to have a provision in the rules to enable the Director of Agriculture to call for a meeting of the market committee either at the instance of the members or by himself, and a rule analogous to the one in the Bombay Act may be introduced.

### **Revisional powers.**

205. In the present Act, there is no provision for any forum to which a person aggrieved by any act of the market committee to approach for redressal of any grievance and a superior authority must therefore be provided with revisional powers, such revisional powers as are being vested in the Government in analogous enactments. In the Bombay Act there is section 27 which confers revisional powers to the State Government or the Director of Agriculture. Revision being the final remedy, powers of revision could only be exercised by the ultimate authority and not by a intermediate authority like the Director of Agriculture. The Committee is therefore of opinion that the Government should be vested with the revisional powers and the provision for the same should be made, empowering the State Government, at any time, to call for and examine the proceedings of any market committee for the purpose of satisfying themselves as to the legality or propriety of any decision or order passed by the market committee, and if in any case, it appears to the State Government that any decision or order or proceedings so-called for should be modified, amended or reversed, the State Government may pass such orders as it may deem fit.

### **District boards, municipalities and village panchayats.**

206. The prohibition against any transactions of sales within the notified area is intended for the purpose of ensuring that sales of notified agricultural produce shall take place within the regulated market, as sales by traders outside the regulated market but within the notified market area, would interfere with sales in the regulated market. The question arises as to whether any market within a notified market area established or licensed by local bodies like the village panchayat, municipalities and district boards should also be so prohibited from dealing in such commodities since the position of markets established by local bodies or licensed by local bodies have been found to be of the same nature as owned by any trader, individual or association. The position of the local bodies in relation to the markets within their jurisdiction do not extend to the regulation of the methods of sales inside the market, but only to establish markets or license markets or providing necessary civic amenities to such places. In the circumstances there is no reason why there should be any exemption with reference to any market run or licensed by any local body. In the Bombay Act, a specific provision is incorporated as section 4 (b) which bring the cases of markets established by these local bodies under the same category as any market run by individual or an association. It is therefore suggested to avoid any doubt, due provision may be made in the Act, that on and after the date on which an area is declared to be a notified market area, no municipality or district board or village panchayat or any other local authority or association of traders or otherwise, notwithstanding anything contained in any enactment relating to such municipality or authority shall be competent to

establish or allow to be established any place in such area for the purchase or sale of any agricultural produce specified in the notification. Any market establishment within the municipal areas and village panchayats and any place over which the district boards have control under the provisions of the respective enactments, should be licensed by the respective local bodies. Since regulated markets have been conceived in the interest of the public, it was found necessary to exempt regulated markets from the licensing provision of the respective Act governing local bodies. The Government passed an order in G.O. No. 993, Food and Agriculture, dated 24th May 1950, granting this exemption and in the Panchayat Act, section 97 recognized this exemption. But there is no corresponding provision either in the District Boards Act or Municipalities Act. A Government Order exempting regulated market does not appear to be sufficient and it is necessary therefore to incorporate a provision in the Act itself recognizing this exemption.

#### **Co-operative marketing societies and regulated markets.**

207. At present the third proviso to section 5 (1) exempts, among others, the co-operative societies registered or deemed to be registered under the Madras Co-operative Societies Act of 1932, selling a commercial crop, which has been grown by any of its members from the provision of sub-section 5 (1). But, the State Government may withdraw such exemption in respect of such co-operative societies. Our recommendation for modification of section 5 (1) whereby, if the State Government notified under sub-section (3) of section 4 (A) any area, as a "notified market area" no person or municipality or any other local authority notwithstanding anything contained in any enactment relating to such municipality or authority shall be competent to set up, establish or allow to be continued, any place in the said area, for the purchase or sale of any notified agricultural produce. There will hereafter be three classes of notified areas, an entire district or taluk, which is a "notified area" where every trader carrying on business in the purchase and sale of a notified produce shall be liable to obtain a licence from the market committee and abide by the terms and conditions of the licence, which impose on him, the observance of the provisions, rules and bylaws of the Act. The second category is a "notified market area" which means an area roundabout a regulated market, the distance of which is fixed by the market committee, within which there should be no sale or purchase of notified produce, such sales and purchases taking place only within the regulated market proper, which comprises the market buildings and the marketyard including the godowns, etc. Then thirdly there is the regulated market which consists of the market buildings and the market yard:

208. The position of co-operative marketing societies, in relation to regulated markets, requires to be clarified. A co-operative society under the present Act is exempted under the third proviso of section 5 (1). The result is that a co-operative marketing society though

it might deal in the purchase and sale of a notified crop is not obliged to obtain a licence, the consequence of which is that the sales conducted by them of a notified crop are not controlled or governed by any of the conditions of a licence issued by the market committees under section 5 (1) and the marketing society is therefore not under any obligation to take notice or comply with any of the conditions imposed, and which govern sales and purchase of notified crops and specified in the provisions of the Act and the rules and bylaws made thereunder. The usual conditions that should govern sales and purchase of notified crops as are imposed on licensed traders at present by the market committees are, that no trade allowances or charges other than weighment charges, handling charges and any commission or brokerage payable to a commission agent or a broker, if one is engaged and at such rates as are fixed by the committees, shall be deducted out of the price. The observance or otherwise of these conditions by the licensed traders is checked by the supervisors employed by the market committee, who are expected to go round the district, inspect the licensed traders' books and ascertain the commission paid out by them and find out whether they otherwise comply with the conditions of the licence. Any violation or non-compliance will have to be brought to the notice of the market committee and the licensed traders who contravene conditions of the licence would be penally liable. Co-operative marketing societies at least, in most of the places, in which they have been started are reported to have been conducting sales themselves of the growers' produce brought to them for pledge and for sale subsequently. The unhealthy trade practices that have been prevailing in the trade, have to a great extent been put down by the co-operative marketing societies which permit deductions of the charges only for weighing, handling, godown rent, insurance fee and commission. The co-operative marketing societies therefore must be considered to, a certain extent, be helpful in the proper regulation of trade and putting down vagaries prevailing in the open market.

209. The question, however, still remains as to whether, in view of a separate agency that has been provided under an independent enactment like the Madras Commercial Crops Markets Act, which is to be made applicable to all agricultural produce called the Madras Agricultural Produce Act, where the sole purpose and object is to regulate sales and purchase of agricultural products, there would be any necessity for another body with concurrent powers to discharge the same functions. Whether, therefore, it would be advisable to allow another agency like the co-operative marketing society to discharge the same functions as are contemplated by the regulated markets under the Act? On this question, opinion is divided, one view being, that if agricultural marketing should be placed on a sound rational basis and the growers should get the utmost benefit for their agricultural products which may be notified from time to time and should be sold only in a regulated market,

if one is available, there should not be any other agency or organization that should compete with the work of these regulated markets. The other view is that since marketing societies have already been formed and discharging among other functions helpful to the agriculturist as and by way of advances to them have also undertaken the sales of such commodities and have been successfully conducting the sales, it does not seem proper nor is it in the interest of the agriculturist to put a ban on such societies from completing their functions finally in selling the produce brought to them by the grower members for pledge and for other purposes.

210. The committee after detailed and careful consideration have come to the conclusion that the co-operative marketing societies registered under Madras Co-operative Societies Act of 1932 that may exist within any "notified market area" shall continue to be allowed to sell any notified product brought to them by their grower members in their societies yard, notwithstanding that it may be situated within the "notified market area". The restricting clauses now sought to be incorporated in section 5 (3) would not therefore be applicable to a co-operative marketing society.

211. We wish, however, to observe that agricultural marketing is a separate and distinct phase in agricultural economy, which requires to be separately treated and approached from a different angle, and which has been recognized and declared from time to time ever since the report of the Royal Commission on agriculture, emphasised recently by the Planning Commission. The progress and the implementation of legislation on agricultural marketing would depend on the freedom that should be allowed to the market committee to function and the absence of any competition in so far as marketing is concerned.

212. The further point that arises, is as to whether the sales so conducted by the co-operative marketing society are to be free and not subject to the general conditions pertaining to sales of notified products that may be prescribed from time to time by a market committee having jurisdiction over the place. If a co-operative marketing society is situated in a district which is notified under the Act and if all sales and purchases in the said district should be governed by the conditions imposed on sales by the provisions of the Act and rules and bylaws made thereunder, should the sales conducted by the co-operative marketing society alone be free from such conditions? It must be remembered that the conditions which have been specified relating to the method of sale and the charges that could be reasonably deducted from the price and which are imposed by the market committee, having jurisdiction, are arrived at after careful consideration by market committee on what is just and reasonable and are also stipulated in pursuance of the ultimate object of the proper regulation of sale and the putting down of unhealthy trade practices that are now prevailing. Taking a

concrete example, if suppose a market committee fixes a particular rate of commission that has to be charged and paid to a commission agent or to a broker and which rate is, has to be adopted by every licenced trader in the district would it be open to a marketing society to charge higher rates? In the interest of the grower and the proper maintenance of correct trade practices, all sales taking place in a district of notified crops must be governed by uniform conditions and as such the sales conducted by a co-operative marketing society also should adopt and be governed by the methods and conditions of such sales prescribed by the market committee having jurisdiction.

213. To achieve this end, it was suggested that it would be necessary to bring the co-operative marketing society also within the licensing provisions of the Act and they should also take licences from the market committees when they will get posted with information as to the trade practices, methods of sale and allowances that are prescribed by a market committee, and which they would also adopt in respect of their sales. The co-operative marketing society being an institution constituted under another legislative enactment, the Madras Co-operative Societies Act of 1932, subject to the control and supervision of Co-operative Department and such societies being manned by responsible persons, should not be placed on the same par with the private traders engaged in the purchase and sale of notified crops, who will be obliged to obtain licence under the Act. The Committee is therefore of opinion that it would be enough if a provision relating to regulation under the Act and the methods of sale, the trade practices and the allowances permissible and stipulated by a market committee are observed and adopted by co-operative marketing society situated in any notified market area, is made to ensure such compliance, the object of obtaining uniformity in the trade methods and practices would be achieved. The Committee is therefore of opinion that co-operative marketing societies need not be obliged to obtain licence from the market committee having jurisdiction and that therefore, the present exemption provided under the third proviso under section 5 (1) of the Madras Commercial Crops Markets Act may continue. Suitable provisions to carry out these recommendations may be incorporated in the Act and in the rules.

214. By allowing co-operative marketing societies to function within a notified market area, the transactions in a regulated market would naturally be affected as the notified crops that would ordinarily be diverted by a grower to a regulated market will go to marketing societies, if the grower becomes a member of the society and avails himself of the advantages offered by way of advances, etc. It was therefore suggested that the market fee that is collected in respect of sales taking place within the regulated market, may also be charged and collected from the marketing societies in respect of sales undertaken by them. But the question would arise

as to whether it would be reasonable or proper that market fees, which are collected as fee for services rendered by the market committee officials to the transactions taking place in a regulated market can be collected from the co-operative marketing society over their sales to which no services are expected to be rendered by the market committee officials. We are therefore of opinion that market fees cannot be collected from the co-operative marketing societies in respect of their sales conducted by them of a notified product.

### **Tobacco.**

215. A number of tobacco merchants made representations to the Committee against notifying tobacco and bringing it for sale in the regulated market. Tobacco has been notified as a commercial crop in Coimbatore and Tiruchirappalli districts, but in Tiruchirappalli the notification was recent and no market has yet been established. In Coimbatore district, tobacco is one of the notified commercial crops in the regulated markets of Tiruppur, Erode and Gobichettipalayam, but no transactions of sales have taken place in those markets so far. The objection by the merchants is, that tobacco after its harvests as green leaves has to undergo a delegate and specialised process of curing and it will not be practicable to have the curing done within the regulated market. It was further represented that under the Central Excise and Salt Act, licences have to be obtained for storing and selling, and excise duty is collected on tobacco. It is stated that it is not likely that any malpractices in weightment will take place. The burden of the payment of excise duty is emphasised as one of the grounds for exempting tobacco merchants from the scope of the Act and that they should not be compelled to pay another cess to the market committee. Traders in tobacco have no objection to obtain licences from market committees, but their objection is both to the payment of cess, and also for bringing the produce to the regulated market for sale, where facilities required for curing and storing are not available.

216. There are two varieties of tobacco grown in the State, viz., the chewing variety and the cheroot variety required for making cigars, the chewing variety occupying the bulk of the production. For the former, pit curing is necessary and for the latter rack curing. The curing is for the purpose of drying the leaves and these processes could only be done by the grower or by persons trained in the line. After they are cured initially the tobacco is tied in bundles circular or rectangular and they are then placed under weight and during that period attention is necessary to observe the extent of the loss of moisture, when artificial wetting is adopted. In the bulking stage it is to be turned or bulked at different intervals. The curing gets completed at the end of two months, if the leaves are good. It is normally after the curing process is completed, tobacco is sold either in the farm stead itself or in the

nearby shandy and sold directly to merchants through brokers and further bundling and curing is undertaken by the dealers, which the growers are not concerned. No doubt the nature of this commodity requires certain processing at different stages and it may be difficult to compel the growers to bring tobacco to the regulated market and have the same sold, unless sufficient storage facilities are provided in a regulated market to which access has to be given to the growers to attend to the tobacco and keep it in good condition until the sales.

217. There is therefore some justification to have tobacco also directly brought into the regulated market and sold, but that does not mean that at no time could tobacco be notified and brought for sale within the regulated market. In any event, after notification of the crop, licences may continue to be issued to the dealers, but the notification of these commodities for sale within the regulated market and in a notified market area could, however, be put off and taken up when the regulated markets are well established and are able to provide the required facilities for enabling the grower who brings the tobacco to the market to attend to the further curing, storing and bundling of the tobacco according to its requirements. As regards cess, which was the main objection of the majority of the merchants so long as it is not brought for sale within the regulated market, there is no cess payable under our recommendations and therefore this question does not arise. Though we are convinced that the compulsory restriction of sales of tobacco within a notified market area shall be deferred till well equipped regulated markets are established, we do not agree tobacco should be totally exempted from the scope of the Act.

#### **Banking facilities.**

218. The market committees have so far been endeavouring to provide facilities to the growers and traders to resort to the regulated market by providing market yards and a compound for their carts and cattle as also providing drinking water and making other sanitary arrangements. The traders represented that in all cases, when there are peak sales in the regulated markets, they have to pay large sums as prices which they would not keep in cash or very often by the time transactions close, it is late in the evening and it is not possible for them to go to banks and cash their cheques, and bring money and pay to growers before taking delivery from the regulated market. It would therefore be convenient for them if banking facilities are offered where they could transact their business by depositing their moneys and cash cheques.

219. The market committee cannot however undertake banking and take up the responsibility of keeping large amounts of cash either on behalf of the trader or on behalf of grower, but the opening of a bank in or near the regulated market appears to be necessary. Banking concerns may therefore be persuaded to

open banks in or near regulated markets and the market committees may offer facilities to them by accommodating such banks in a portion of their premises on a rental basis. Other public amenities like the Posts and Telegraphs office near the regulated market will help quick transactions of business. These facilities will become more important and necessary with the extension of these markets and when more agricultural products are notified.

### **Vegetables and fruits.**

220. With reference to fruits and vegetables and other perishable commodities it was considered whether they could be taken up for being sold in regulated markets established by market committees. In the case of potatoes a number of merchants representing themselves to be growers and planters of Nilgiris appeared before the committee and placed the difficulties that might arise, if potato has to be notified. Their contention is that they are perishable commodities and large extent of storage accommodation should be provided and nearly a lakh of bags are assembled every day for sale at Mettupalayam during the season in their 205 muddies, and since the entire quantity could not be sold, storage facilities have to be provided and market committees cannot undertake the task. Moreover, the incentive for the potato growers to bring to Mettupalayam would depend upon the availability of railway wagons, since almost the entire quantity of potatoes are being sent to North Indian States. There might arise practical difficulty for a market committee to handle such commodities, but there could be no ground to hold that potato might be exempted from the operation of this Act. Potato like other fruits or vegetables may be brought under the regulation and sold in a regulated market, but a separate market should be established for such kind of perishables including vegetables and fruits in places where large quantities of these products are assembled.

221. As to the trade practices, which require control and regulation they apply equally to vegetables and other perishables and to regulate the trade in these commodities and bring it in line with other agricultural products, these commodities are also required to be taken over by the regulated markets, but as already observed unless facilities by way of storage or otherwise and for quick transport are made available, market committees should not venture in bringing these commodities to ordinary regulated markets. But separate markets have to be established for these products with suitable and required facilities.

### **Phased programme for the development of regulated markets.**

222. The Government in G.O. Ms. No. 432, Food and Agriculture, dated 11th February 1957, referred to the consideration of the Committee, the draft scheme for the extension of regulated

markets in the State as prepared by the Director of Agriculture. We have in the earlier chapter dealt in detail the necessity in pushing through with the enlargement of the scope of the present Act, and also the need for extending the work of the Act to more areas so as to cover the entire State.

223. The scheme for development of regulated markets covers nearly 17 commodities, which include principal commercial crops and foodgrains as also cattle during a period of three years. The Committee considered in detail the schemes for the development of regulated markets in the State and is of the opinion that even if there be any delay in the passing of an Act, embodying the Committee's recommendations, the question of extending the provisions of the Madras Commercial Crops Markets Act, 1933, to new areas and bringing new crops under the existing Act, as commercial crops, as suggested by the Director of Agriculture need not be delayed but may be implemented early.

224. While referring the scheme the Government have made several proposals regarding the notification of new crops or produce under the scheme—

(1) This Committee entirely agrees with the suggestion to bring paddy under regulation and recommends that steps may be taken to implement the above suggestion even if there is delay in bringing into force the Act, as amended.

(2) and (3) The Committee recommends that while bringing paddy under regulation, the following order of priority may be followed :—

(i) Districts where the Act is already in force.

(ii) surplus districts where the Act is proposed to be extended.

(iii) Deficit districts where the Act is proposed to be extended.

225. The Committee agrees with the suggestion that potatoes need not be notified immediately under the Act as potatoes are perishable and further the predominance of opinion of both growers and traders in that crop is against regulation. The question of including potato under the Act has been separately dealt with. The Committee is also of the opinion that crops like tobacco, or cattle or any other animal husbandry produce be deferred until such time as a comprehensive Act as suggested is brought into force, and the market committees established are in a position to provide the necessary facilities in their regulated markets for such produce which require special treatment.

226. The Committee therefore recommends the following programme for the extension of regulation in the State :—

| <i>District.</i>        | <i>Name of crop<br/>(according to<br/>priority)</i>               |
|-------------------------|-------------------------------------------------------------------|
| (1)                     | (2)                                                               |
| 1 Chingleput .. ..      | Paddy.                                                            |
| 2 South Arcot .. ..     | Paddy.<br>Jaggery.<br>Cashnewnuts.<br>Cattle.                     |
| 3 North Arcot .. ..     | Paddy.<br>Jaggery.<br>Chillies.                                   |
| 4 Salem .. ..           | Cotton.<br>Groundnut.<br>Gingelly.<br>Paddy.<br>Tobacco.          |
| 5 Coimbatore .. ..      | Cumbu.<br>Ragi.<br>Jaggery.<br>Paddy.<br>Cattle.                  |
| 6 Tiruchirappalli .. .. | Groundnut<br>Chillies.<br>Paddy.<br>Tobacco.                      |
| 7 Tanjore .. ..         | Paddy.<br>Coconuts.                                               |
| 8 Madurai .. ..         | Cotton.<br>Chillies.<br>Cardamom.<br>Onions.<br>Cholam.<br>Paddy. |
| 9 Ramanathapuram .. ..  | Chillies.<br>Cumbu.<br>Paddy.                                     |
| 10 Tirunelveli .. ..    | Onions.<br>Chillies.<br>Paddy.                                    |
| 11 Nilgiris .. ..       | Potatoes                                                          |
| 12 Kanyakumari .. ..    | Coconut.<br>Arecanut.<br>Tapioca.<br>Paddy.                       |

#### Extension of the Act to Kanyakumari district.

227. The Government in their letter No. 82171-A.IV/56-12, Food and Agriculture, dated 26th February 1957, referred to the Committee the question of extending the scope of the Act to the transferred territories of Kanyakumari district and Shencottah taluk for consideration.

228. The Committee desires that pending the passing of the proposed legislation amending and extending the scope of the Madras Commercial Crops Markets Act, it is open to the Government in introducing the necessary legislation to bring in the territories of Kanyakumari district and Shencottah taluk in Tirunelveli district within the scope of the Act, when it will be possible to issue the notification under sections 3 and 4 of the Act. The Committee is of the opinion that should there be any delay in the passing of this new legislation it is desirable to extend the existing Act, so as to bring the Kanyakumari district and Shencottah taluk in Tirunelveli district under the Act.

**Declaration of paddy, cashewnut and jaggery as commercial crops in South Arcot district.**

229. These proposals were referred to the Committee for consideration in their Memorandum No. 83865-A-IV/56-1, dated 26th February 1957. The Committee is of the opinion that pending the enactment of the legislation as recommended enlarging the scope of the Act over all commodities there is no objection of declaring the crops of paddy, cashewnuts and jaggery as commercial crops under the present Act, in so far as South Arcot district is concerned.

**Upgrading the status of the State Marketing Officer.**

230. All-India Conference on Marketing and Co-operation held at Hyderabad in November 1955 recommended, that in view of the expanded programme for development of marketing in the State and for proper execution of schemes, the State Marketing department should be strengthened. In the conference of State Ministers of Agriculture and Co-operation held at New Delhi in September 1953, the development of agricultural marketing and strengthening of staff with suitable status was also stressed. The Planning Commission also has emphasised the necessity for extending the operation of the Markets Act in every sphere. In accordance with the above recommendations this Committee has suggested the extension of the Act to new areas and to more number of crops than at present. This is likely to involve heavy work and responsibility on the State Marketing Officer who is now the technical authority to the Director of Agriculture on all matters relating to working of market regulation and market committees besides his other subjects like—

- 1 Market surveys.
- 2 Propagation of agmark standards.
- 3 Review of market conditions.
- 4 Assessing of marketable surplus of agricultural produce
- 5 Market intelligence, etc.

To cope up with the increased work on market regulation as per phased programme, etc., there is need to strengthen the marketing staff.

231. The marketing organization for agricultural produce should continue to be with the Agricultural Department as at present. But the status of State Marketing Officer should be raised to that of a Joint Director of Agriculture (Marketing) on a par with the other Joint Directors. Even in the Co-operative Department, as well as the Industries Department, analogous posts are held by Joint Registrars or Joint Directors. In most of the Part "A" States, the status of (Chief) Marketing Officer is higher than that in Madras with additional staff. In Hyderabad State the Marketing department is a separate department of the Government of which the Chief Marketing Officer is the head.

#### Financial aid.

232. The establishment of a market soon after constitution of the market committee is the concrete manifestation of the activities of the committee which establishment should ordinarily coincide with the constitution. The necessity for a fairly well-equipped suitable regulated market with buildings, yards, etc., has been emphasised more than once, in order to enable the market committee to commence its activities. However much well intentioned the members of the market committee may be to implement the objects of the Act something tangible has to be done and that could be only by having a proper and suitable market. The need for such a market is based on practicable considerations. This has been pointed out not only by the growers and traders but also referred to in the judgment of the High Court in Writ Petition Nos. 75, 87 and 135 of 1953 as the possible justification for enforcement of provisions of the Act regarding the collection of cess or "market fee". If the Government should make up its mind to notify an area the mere constitution of the market committee would not be any substantial compliance of the requirements of the Act. The Government should also be prepared to advance the necessary amounts by subsidy or loan, part of which by subsidy and part of it by loan or otherwise and see to the construction of a market. In this view we consider that the problem of financial aid to market committee assume primary importance. The committee expresses its strong and convinced opinion about the need for such financial aid is paramount, if really the benefit contemplated under the Act is to accrue to the agriculturist. While discussing the question of construction of required buildings for a fairly well-equipped regulated market, one view is, that there is every likelihood of the market committee securing a surplus which may be utilized together with the further help from Government in constructing market yards, godowns, etc. It may not be

possible for any market committee in its initial stages to set up necessary yards, etc., at the different centres where Government would direct the market committee to establish regulated market. To tide over this difficulty the Government have been in the past granting liberally loans to the market committees for construction of godowns, office buildings, etc., repayable in easy annual instalments, say, in twenty years or for lesser period as the case may be. It may be seen from the statement (Appendix VII) showing the loans granted by Government to the several market committees so far established, that some committees had the privilege of getting loans to the tune of one lakh of rupees and more.

The committees have been liquidating the loan by annual payments. A watch over the recovery of the yearly payment of loan instalments with interest is being made by the State Marketing Officer, Madras, under the immediate control of the Director of Agriculture, Madras. The Coimbatore Market Committee has constructed rat-proof godowns and also provided other amenities in the market yard at Tiruppur. The South Arcot Market Committee has purchased four of the ground godowns constructed out of the funds created for the relief of groundnut cultivators at half the book value of the godowns. The North Arcot Market Committee which received a loan of Rs. 10,000 to meet initial expenditure when it was first set up is now repaying this loan on an easy ten annual instalments basis. A further loan of Rs. 20,000 sanctioned by Government to this Committee has been liquidated in two instalments. All these would only go to show that the market committees when properly worked without any legal obstacles, will be assured of a sizeable surplus not only sufficient to manage the affairs of the committee, but also to repay the annual loan instalments with ease. These facts would support the continuance of the policy of the Government in granting liberal loans to the market committees when they are initially set up. The Committee is therefore of opinion that this responsibility should be assumed by Government and recommend for the consideration of Government that they should come forward to meet the situation by providing a liberal subsidy and loan to enable them to set up the required buildings, yards, etc., as would normally require to transact business in the regulated market. The Government may, thereafter, grant subsidies and loans for undertaking capital works, etc., apart from establishment of market initially to render the market yards at the different centres more ideal and perfect without giving room for dissatisfaction from the trade quarters. The grant of subsidy or loan would therefore seem inevitable, as this Committee has recommended in earlier paragraph that it appears to be necessary that the notification of an area and the constitution of a market committee should be immediately followed by the construction of markets. Hence it is suggested that Government may grant at the rate of one lakh of rupees being the approximate cost of constructing a market for each market, half as subsidy and half as

loan. It is also recommended that the pay and allowances of the secretary may be met by the Government for three years when a new committee is set up.

### Conclusion.

233. We have in our recommendations examined the several aspects of agricultural marketing with particular reference to the working of the Madras Commercial Crops Markets Act, 1933. The main object of the recommendations is to make the Act and rules not only comprehensive, but also simple and effective. We have also given in Appendix IX a draft Bill of the proposed Act bringing all kinds of agricultural produce including products of horticulture, forestry and animal husbandry within its scope. The defects found in the working of the Act and the lacunae in the Act which have been taken advantage of with a view to evade and nullify the Act have also been examined and rectified. Some of our recommendations relate to the working of even the present Act, which recommendations may be given immediate effect, irrespective of the passing of a new enactment on the lines suggested in our recommendations and in the terms of the proposed Bill given in the Appendix. In making these recommendations, we have taken into account not only the interest of the agriculturist, but also of the trade in general. We have tried to avoid any conflict between the trader and the agriculturist or between market committees and other organizations interested in the successful marketing of agricultural produce. We need hardly emphasise that the object with which the legislation relating to agricultural market is introduced, namely, relieving the agriculturist from exploitation conceding to him the full money value for his produce and thus encourage increased agricultural production could best be achieved by not merely conforming to the terms of the enactment recommended to be introduced, but much more by the sincerity with which the Act is worked, appreciating and understanding the spirit of it and not its mere letter.

## CHAPTER VI.

### SUMMARY OF RECOMMENDATIONS.

1. *Market in every assembling centre.*—The Committee is of opinion that before any regulation of trade is attempted there must be a well-equipped market run by the market committee. The minimum that would be necessary would be to have one regulated market at least in every trading or marketing centre. (Paragraph 107.)

2. *Separate markets for particular commodities.*—Where a market committee has jurisdiction over the entire revenue district there should be no objection to group as many commodities as are notified under the control of one market committee. But to meet the particular requirements of certain commodities more than one regulated market may be established in the same area if it is felt necessary. (Paragraph 108.)

3. *Need for construction of markets and market yards on notification.*—It is necessary that the notification of an area and the constitution of a market committee should be immediately followed by the construction of a market in at least one important marketing centre in the district as the first step towards the implementation of the provisions of the Act. (Paragraph 111.)

4. *Provision for processing facilities.*—The by-laws of the market committees make provision for establishing processing facilities inside regulated markets, but so far no market committee has provided any processing facility such as installation of a decorticator or ginning machine in any of the regulated markets in the State. In view of the advantages secured by the producers in selling processed commodities and the demand for them, the necessity for providing processing facilities in a regulated market may be taken up by market committees. (Paragraph 125.)

5. *Co-ordination of the activities of the co-operative marketing societies and the regulated markets.*—These two organisations must work in co-ordination. The Committee is of opinion that unless there is close co-ordination and effective discharge of the respective functions between the co-operative societies and market committee the progress of agricultural marketing is likely to be hampered. It is considered advisable to have the location of the regulated markets and co-operative marketing societies near each other. (Paragraph 130.)

6. *Collection and dissemination of market information and market news.*—The market committees can be considered as the most competent bodies to collect and supply market news as they are in a better position to collect reliable and complete market information covering all aspects of agricultural statistics which they

can collect and disseminate at frequent intervals. We are therefore of opinion that Governments should help market committees in the matter of collection of statistics and dissemination of market information. Every market yard requires to be provided with phones, radio sets, amplifiers, etc., for this purpose. (Paragraph 142.)

7. *Extension of the Act to other agricultural produce and change in the title of the Act.*—In view of the demand in such places where regulated markets exist, particularly from the agriculturists for notification of more crops like paddy and other foodgrains the Committee is of the opinion that the Act may be extended to all agricultural commodities. It is not merely crops alone that could be considered as agricultural produce, but also other products like fruits, forest produce, cattle, milk, etc., must be brought under legislation. To implement the above recommendation, the present Act may be revised and made more comprehensive as to bring within its scope all agricultural products. The title of the Act therefore requires to be changed as “Madras Agricultural Produce Markets Act.” The Committee also considered as to what should comprise the term “agricultural produce” and is of opinion that it is not merely the crops alone that could be considered as agricultural produce, for instance, paddy, millets, pulses, groundnut, sugarcane, etc., but also products of such crops arrived at by any simple processing and conversion like paddy into rice, groundnut into kernels, sugarcane into jaggery and so on. (Paragraphs 148 to 151.)

8. *Cess and licensing.*—The Committee is of the view that it is not proper or reasonable that cess on crops by way of sales tax or otherwise should be collected from persons to whom no real or effective service could be rendered by the market committee in view of the distribution of the large number of licensed traders throughout a notified area which is ordinarily a district. The Committee is therefore of opinion that, while the licensing of traders within the notified area is essential, collection of cess should be confined in respect of transactions taking place within a notified market area. The Committee must also be empowered to put down evasion by refusing licences to persons who intend to open shops or business premises for purchase and sale of notified agricultural produces just outside the notified market area. (Paragraphs 150 to 166.)

9. *Authority for the issue of licences.*—While the Committee recommends the continuance of licensing system as is now prevailing it is considered desirable that the market committees may be empowered to issue licences instead of the Collector. (Paragraph 169.)

10. *Appellate authority against refusal or cancellation of licences.*—Any refusal of a licence may be taken up by the aggrieved

party instead of to the Board of Revenue to the Director of Agriculture and to the Government by way of appeal and revision. (Paragraph 169.)

11. *Nature of licences.*—The Committee has considered that where a single place is utilised for purchase and sale as also for storage, weighment, pressing and processing or a place is utilised for purchase and sale, storage and weighment alone and another place is utilised for pressing and processing of the notified crop a licence would be necessary in every case as the licence is to be issued to the person using a place for the said purposes. It is enough, if there is a comprehensive provision which may provide that no person shall within a notified area, set up, establish or use or continue or allow to be continued any place for storage, weighment, pressing, processing, purchase or sale of notified agricultural produce except under and in accordance with the conditions of a licence granted by the committee which would be sufficient to meet the requirements of any situation. (Paragraph 172.)

12. *Rates of licence fees.*—In view of the expansion of the scope of the Act and its application to all agricultural products, the system of imposing different scales of licence fees for different products may become cumbersome, as difficulties may arise in fixing a reasonable fee for different categories of crops and therefore it is considered expedient to fix a uniform scale of fees as shown below irrespective of the nature of crop for which licence fee is payable :—

(i) Rs. 25 for one crop.

(ii) Rs. 50 for not exceeding three crops.

(iii) Rs. 100 exceeding three crops. (Paragraph 173.)

13. *Cess, sales tax or market fees.*—The cess that is now collected by way of sales tax is provided under section 11 of the Act, as a result of the amending Act XXXIII of 1955. According to the amending Act the word 'fee' as it originally stood was deleted and in its place the words 'a cess by way of sales tax' were substituted. There could now be no objection to retain the word 'fee' as it originally stood since the fee collected is in respect of sales within a regulated market and for services rendered. Section 11 which deals with the levy of cess may therefore be suitably amended as to read that the fee that is levied is 'market fee' and not 'cess' by way of sales tax. (Paragraph 176.)

14. *Notified market area.*—At present an entire district is notified under section 4-A of the Act. For an effective and proper regulation direct supervision of sales is necessary and it is only then that the staff of regulated market can personally see to the transactions being put through and not allowing any malpractices which are found to exist generally in the trade. (Paragraph 177.)

15. *The area around the market, where sales and purchases of notified commodities outside the regulated market are to be prohibited would form the 'notified market area'.*—It should include the market proper and such area around a regulated market, that may be declared as such by the Government in respect of each regulated market. The result then would be that all sales and purchases of notified agricultural produce shall only take place within the regulated market in a notified market area and no such sales and purchases could take place in the notified market area outside the regulated market. (Paragraphs 177 to 184.)

16. *Exemptions from taking out licences.*—Those who purchase or sell any commercial crop in quantities not exceeding certain limits prescribed by the Act and also persons purchasing commercial crops for their house and domestic consumption will be exempted from the operation of section 5 of the Act requiring licences to be obtained. (Paragraph 186.)

17. *Rate of market fees.*—The Committee is of opinion that the basis of levy of fees on agricultural produce sold in the market should be not on the quantitative basis but on an *ad valorem* one and a uniform rate of four annas for 100 rupees worth of produce may be fixed as the market fee, irrespective of the nature and variety of the commodity, such fee to be collected from the buyer. (Paragraph 187.)

18. *Constitution of market committees.*—The system of election does not in practice secure to the producer proper representation and the elections being also costly not only to the market committee but from the point of view of the candidates, the Committee is of opinion that—

(i) the present system of election be replaced by nomination of producers and traders;

(ii) the strength of the committee may be raised to 15, instead of 12 as at present, nine to represent producers, four for traders, one District Agricultural Officer and the remaining one to represent co-operative interests;

(iii) the market committee shall elect the chairman, vice-chairman from among its members, the chairman being elected from among the producer members;

(iv) the period of the first committee also shall be three years and after the expiry of the period of three years, the Government may constitute the committee in accordance with the provisions of the Act; and

(v) after the expiry of the period of members of the market committee the same committee may continue to function until a fresh committee is constituted instead of the Collector taking charge as is provided in the present Act. (Paragraphs 188 to 192.)

19. *Trade allowances.*—Our opinion is, that it is not possible to declare wholesale brokerage or commission as illegal deductions as long as the broker or commission agent renders some service in putting through the deal of a notified agricultural product with a licensed trader. A reasonable fee has therefore to be paid which would be a deduction out of the price, the rate of fee payable to the broker or to a commission agent to be fixed by the market committee under its by-laws. It would not be open to any one to claim or to pay the broker or the commission agent more than the fee so fixed and any violation will be dealt with under the penal provisions. (Paragraph 193.)

20. *Prevention of adulteration, maintenance of quality and standards and of samples.*—(i) It appears to be necessary that the market committee may also introduce such measures as would be necessary to prevent adulteration of agricultural produce in the market area and no licensed trader doing business in the market area shall be permitted to adulterate agricultural produce; and

(ii) in order to ensure proper quality of the commodities the market committees would do well to maintain sample of different crops of the commodities for the information of the sellers and buyers. (Paragraphs 195 and 196.)

21. *Licensing of weighmen.*—The question of licensing weighmen and whether they should be employees of market committees or paid through market committees was examined. The Committee is of opinion that the existing system of licensing weighmen and employment by traders of only licensed weighmen for notified crops may be continued. (Paragraph 197.)

22. *Penal provisions.*—It is necessary to make due provision for empowering the magistrates not only to impose the fine but also to direct the offender to pay the market or other fees payable to the market committee. (Paragraph 199.)

23. *Misapplication of funds.*—With a view to prevent any unauthorised expenses or misapplication of funds arising by the members there must be some provision imposing on members of a market committee, personal responsibility for such misapplication and for the recovery of the amount from such members. (Paragraph 202.)

24. *Control over market committees.*—The proper agency to exercise control and overall check over the affairs of the market committee is the Agriculture department and it is therefore incumbent on the part of the Director of Agriculture or his nominee, the State Marketing Officer, who is really concerned with the work of the market committees to exercise such supervisory powers and provision to this extent is necessary. (Paragraph 203.)

25. *Calling of emergency meetings of the committee.*—It is considered necessary to have a provision under the rules to enable the Director of Agriculture to call for a meeting of the market committee either at the instance of the members or by himself. (Paragraph 204.)

26. *Revisional powers.*—The Committee is of opinion that the Government should be vested with the revisional powers in respect of the acts of the market committee, and provision for the same should be made, empowering the State Government at any time, to call for and examine the proceedings of any of the market committees, and pass, if necessary, any revisional orders as may be considered necessary. (Paragraph 205.)

27. *District boards, municipalities and panchayats.*—Since regulated markets have been conceived in the interest of the public, it was found necessary to exempt regulated markets from the licensing provisions of the respective enactments governing local bodies. Mere Government Orders exempting regulated market do not appear to be sufficient and it is necessary therefore to incorporate a provision in the Act itself recognising this exemption. (Paragraph 206.)

28. *Co-operative marketing societies and regulated markets.*—The Committee is of opinion that the co-operative marketing societies need not be obliged to obtain licences and that they may be given exemption under section 5 (1). It would be enough if necessary provision is made under the rules that co-operatives have also to conform to the provisions of the Act and the rules and regulations made thereunder governing sales of notified crops and the co-operative marketing societies may be exempted from the payment of market fees in respect of sale of members produce of notified crops effected by them. (Paragraphs 207 to 214.)

29. *Tobacco.*—Though the Committee is convinced that the compulsory prohibition of sales of tobacco within a notified market area shall be delayed till well-equipped regulated markets are established, there is no reason to totally exempt tobacco from the scope of the Act. (Paragraph 217.)

30. *Banking facilities.*—It would be convenient for the traders, who purchase at the market yards, if banking facilities are provided. This could be done if banking concerns are persuaded to open their branches within the market yard or close to its proximity where the traders would operate their accounts and disburse the amounts due to sellers without much delay. (Paragraphs 218 and 219.)

31. *Other amenities.*—Other public amenities like the posts and telegraph office near the regulated market will help quick transactions of business. (Paragraph 219.)

32. *Marketing of perishables like potatoes, vegetables and fruits.*—As already observed unless facilities by way of storage, etc., and for quick transport are made available, market committees should not venture in bringing these commodities to ordinary regulated markets. Separate markets may be established for these products including potatoes with suitable and required facilities. (Paragraphs 220 and 221.)

33. *Extension of the Act to Kanyakumari district.*—The Committee desires that pending the passing of the proposed legislation extending the scope of the Madras Commercial Crops Markets Act, it is open to the Government in introducing the necessary legislation to bring in the territories of Kanyakumari district and Shencottah taluk in Tirunelveli district within the scope of the Act, when it will be possible to issue the notifications under sections 3 and 4 of the Act. (Paragraph 228.)

34. *Declaration of paddy, cashewnut and jaggery as commercial crops in South Arcot district.*—This Committee is of opinion that pending the enactment of comprehensive legislation, paddy, cashewnuts and jaggery may be declared as commercial crops under the present Act, in so far as South Arcot district is concerned. (Paragraph 229.)

35. *Upgrading the status of the State Marketing Officer.*—In view of the several recommendations made in the past for the strengthening of the marketing section and in view of the expanded programmes for development of marketing in the State, this Committee is convinced that there will be need to strengthen the marketing section as also to raise the status of the State Marketing Officer to that of a Joint Director of Agriculture (Marketing) on a par with the other Joint Directors of Agriculture. (Paragraph 230.)

36. *Financial aid.*—The need for financial aid to a market committee for establishment of markets is strongly emphasised and recommended. Such aid may be in the form of subsidy or loan or both, the loan being repayable in annual instalments spread over a period of twenty years. (Paragraph 232.)

## APPENDIX I.

(Vide paragraph 5.)

### QUESTIONNAIRE SENT BY THE EXPERT COMMITTEE.

#### To Producers.

- 1 What are the most important agricultural produce in your area?  
If possible give extent, production, marketable surplus.
- 2 Where do you and your co-farmers market the produce (e.g.)—
  - (a) At the farm or house of the farmer.
  - (b) At a common place in the village of the farmer.
  - (c) At a local shandy (mention place and address also).
  - (d) At a nearby marketing centre (mention place and distance also).
  - (e) At the houses of consumers in the village and nearby villages or towns (mention place and distance also).
  - (f) At the regulated market yard, if any.
- N.B.—If different kinds of produce are sold in different ways, give a classified list of that kind.
- 3 If the sale is at the farm or the village—Do you sell direct to the merchant or do you sell through a broker or through a commission agent?
- 4 Do you send for them or do they come to you?
- 5 When selling at a shandy or at a marketing centre, is the sale made direct to the buyer. Is the buyer a merchant or a consumer? Or do you seek or utilize the services of a broker or a commission agent?
- 6 Do the brokers/commission agents come to you or do you seek them or do you have an established customary broker/commission agent?
- 7 What is the brokerage/commission you pay to the broker/commission agent? Is the brokerage paid in cash or in kind of both? Give clear details of the rates for a specified unit.
- 8 What are the allowances and deductions, if any, which you agree to or which are forced on you? Give clear details specifying also the units.
- 9 When you sell direct to the merchant or consumer, do you allow or agree to any allowance for this kind of deduction either in cash or in kind? Give clear details.
- 10 Do you get any advances or loans from the commission agents/merchants long ahead of the actual sale and delivery of your produce? If so, what are the terms on which such advances and/or loans are paid to you?

- 11 When you sell your produce does the buyer give you cash on the spot or does he defer the payment?
- 12 Do you at any time follow the system of delivering produce for sale without settling price? If so, when is the price settled and when is the value paid? Give clear details of the manner of transaction.
- 13 When payment is deferred does he give you any interest for the amount due? Or does he make any deduction for paying ready cash? Does he give you a receipt for the produce delivered specifying the actual quantity and the price agreed to?
- 14 Are the advances/loans taken from the merchant/commission agent adjusted out of the value due to you for the produce sold? If so, do you get a clear statement of account in the form of a bill or other document for the settlement?
- 15 Do you sell your harvest as produced on the farm or do you sell it after a little processing? If processed, give details of processing done before sale (e.g.) milling or pounding paddy and selling as price, and shelling or decorticating groundnut and selling as kernels, ginning cotton kapas and selling as lint and seed, milling sugarcane and selling as jaggery, selling tobacco as a standing crop/after katcha curing/after pucca curing, selling of fruits raw/after ripening, selling vegetables raw or after drying as a vathal, selling coconuts with husk, after husking or kernels as copra, selling arecanuts, raw or after curing.
- 16 Do you sort and grade the produce before selling or do you sell in a mixed lot?
- 17 When you sell at the village shandy or market centre, how do you make sure that the best price obtaining in the market is paid to you. Do you enquire from different merchants (buyers) and different farmers (sellers) and bargain for the best price? Or does the broker/commission agent guide you and determine the price for you?
- 18 Are you able to know the current prices of agricultural commodities? If so, what is the medium by which you get the information (newspapers, radio, daily news sheets of commercial concerns or the market committee)?
- 19 When the broker/commission agent bargains the sale for you, are you also present before the buyer or does he do it aside or when you are absent? If the bargaining is in your presence, is it done openly or is it done secretly by codes, signs or other means?
- 20 Who measures/weights your produce when sold? Do you pay anything separately for the weighment/measuring in kind/cash?
- 21 How do you satisfy yourself, that the scales and weights/measures used are genuine and authentic? Do you check the correctness of weights/measures, independently by a separate weighment/measuring either by yourself or your own regular employees?
- 22 Have you experienced any fraud or deceit played on you in weights/measures of produce sold by you?

- 23 Are you satisfied with the weighments in your place? If not, what are the malpractices adopted?
- 24 When is the weighment/measuring done (at the time of delivery/ after time of actual sale or settlement of transaction)?
- 25 Do you have a co-operative society in your area? Does it finance cultivation by giving loans? Does it undertake pooling and marketing of agricultural produce? Give details.
- 26 Are you a member of the co-operative society? Have you taken crop loans and produce loans? If you are not a member, give reasons.
- 27 Are you selling your entire produce through the co-operative society? If not, give reasons?
- 28 Have you derived any benefit by being a member of the co-operative society?
- 29 Do you get credit facilities for raising the crop from the co-operative society?
- 30 Do you get advances on your produce from the co-operative sales society? If so, do you suggest Market Committee also advancing of money for short periods? Give reasons.
- 31 Can you suggest ways and means of co-ordinated work by the co-operative sales society and the market committee in your area?
- 32 Is the market committee in your area well-known?
- 33 What are the advantages of the market committee experienced—
  - (i) by the ryots in your area?
  - (ii) by the middlemen like commission mundies and brokers?
  - (iii) by the traders?
  - (iv) by the consumers like mills or exporters?
- 34 Suggest improvements necessary to make the market committee more useful to—
  - (a) the agriculturists;
  - (b) the middlemen;
  - (c) the traders;
  - (d) the consumers.
- 35 What are your grievances regarding the Madras Commercial Crops Markets Act, if any? Do you want the market committee to enlarge its activities to the other agricultural crops besides the commercial crops like cotton, tobacco, groundnut, gingelly and turmeric and to livestock and horticultural products?
- 36 Do the Madras Commercial Crops Markets Act and Rules need any modification to achieve the objectives of its legislation? Is the authority invested in it sufficient for its implementation, offer remarks and suggest remedies necessary?

37 As a grower, are you making the best use of the regulated markets? If not, what are your difficulties? Suggest any changes to the existing system, if necessary.

38 As it has been found by experience that the present system of election of members to the market committee involves considerable expenditure amounting in some cases up to Rs. 50,000, it is suggested whether the present costly system of election be not substitute by filing the committee with the representatives of producers and traders by nomination by the Government.

### **To Traders and Commission Agents.**

39 What are the most important agricultural produce in your area? If possible give extent of production and marketable surplus.

40 What are the different kinds of agricultural produce you deal in? If possible give a rough idea of the total volume and value in a year.

41 What is your total investment in the business? Give details thereof classified as follows:—

(i) Buildings and premises.

(ii) Equipment.

(iii) Capital—(a) on hand, (b) set out on loans, advances, etc., among prospective clients (traders, brokers, producers).

(iv) Capital borrowed indicating source and interest paid, etc. What are your banking arrangements for securing business capital?

42 What is the area over which your marketing operations are spread out (i) for purchases; (ii) for sales?

43 How many godowns and other business premises do you have? Where are they situated?

44 What is the establishment you maintain for the business—

(i) Relatives, partners and dependants who get a share of your earnings either directly or indirectly.

(ii) Paid employees receiving a regular salary.

(iii) Employees who get paid on the actual work or turnover (e.g., broker, commission agent, piecework labourers, etc.).

45 What is the total turnover of your business in each agricultural produce per year in term of quantity of produce handled and value thereof?

46 What are the trading methods, you adopt—

(i) buy outright and sell for better prices;

(ii) accept produce on consignment account for sale on commission?

If you adopt both methods give an indication of the relative size of the business under each category.

- 47 Do you finance producers by extending credit for cultivation and/or on pledge of produce? Do you also finance traders by extending credit facilities to them on their purchases from you? Give broad details of the extent and terms of credit you allow in both cases indicating specifically the security taken, if any?
- 48 Indicate the extent of bad debts you incur and how you cover them.
- 49 Indicate in broad outline the price structure you follow in your business—
- (a) In outright purchases and sales;
  - (b) in purchase/sale or commission under the following heads:  
Per unit (to be specified) or for which year in each produce—
    - (a) (i) Purchase price agreed upon;
    - (ii) deductions—in kind—in cash; classified;
    - (iii) payments made, if any, out of the deduction;
    - (iv) price at which you sell;
    - (v) allowances you add to the purchase price in cash and in kind;
    - (vi) expenditure you incur out of the allowances in cash or in kind, give clear details;
    - (vii) allowances exacted of you, by buyer including loss of interest, if any, for deferred payment;
    - (viii) loss of value of produce to the producer through the inability of the buyer to pay for the produce.
- 50 Indicate roughly the relative quantities and value of the produce you buy under the following categories. In respect of each show separately the quantities and values that you buy direct or through salaried employees or through Brokers/Commission agents:—
- (i) In the houses or farms of individual farmers;
  - (ii) in the trading premises of other traders;
  - (iii) in the trading premises of commission agents;
  - (iv) in shandies;
  - (v) in regulated markets set up by market committees;
  - (vi) at the trading premises set up by private market associations;
  - (vii) at rail/road stations from consignments booked from other centres by—(a) farmers and (b) other traders.
- 51 Do you find it convenient to purchase in the regulated market? Do you have the facility to purchase your requirements satisfying both quality and quantity?
- 52 Is the present Constitution of the Committee working satisfactorily? If not, suggest any alterations or modifications in respect of various constituencies\* (i.e.), agriculturists, traders, etc. Is there need to represent separately retail dealers, co-operatives, brokers and other functionaries.

- 53 Is the present system of notifying an area on a district basis under one market committee and dealing in all notified crops in the market yards under its guidance, working satisfactorily? If not, suggest improvements, if any.
- 54 Do you favour the collection of cess on quantity basis or on *ad valorem* basis? Give reasons.
- 55 What is your view regarding the method of collection of cess required to meet the expenditure for the development of market yard for the provision of amenities and facilities to buyers and sellers and supervisory charges? Suggest easy methods.
- 56 Have you anything to say about the working of the Act, rules and by-laws? Please point out defects, if any, and suggest improvements for orderly marketing.
- 57 As it has been found by experience that the present system of election of members to the market committee involves considerable expenditure amounting in some cases up to Rs. 50,000, it is suggested whether the present costly system of election be not substituted by filling the committee with the representatives of producers and traders by nomination by the Government.

**To Merchants' Associations—Co-operative Institutions—**

**Economists—Collectors and Local Bodies.**

- 58 Are you satisfied with the present marketing conditions pertaining to agricultural produce in rural areas in shandies, in fairs, in mundies, in regulated markets, etc.? Please suggest measures for improvement.
- 59 Besides the crops of cotton, groundnut, gingelly and tobacco already regulated under the Madras Commercial Crops Markets Act in your area what other agricultural produce you desire to include?
- 60 Have you anything to say about the working of the Regulated Markets under the Madras Act in respect of provisions relating to—
- (a) method of sale, open auction or tender system at the yard;
  - (b) ensuring correct weighments;
  - (c) quality improvement;
  - (d) fixing reasonable market charges—handling and commission;
  - (e) warehousing facility;
  - (f) settlement of disputes;
  - (g) dissemination of information of prices;
  - (h) payment of value on the spot;
  - (i) amenities and facilities at the yard;
  - (j) stamping of weights, etc.
- Please offer suggestions, if any, for improving the same.

- 61 Does the Madras Commercial Crops Markets Act and Rules need any modification to achieve the object of its legislation? Are the market committees invested with sufficient provision under the Act to effectively carry out the objects. If any of the provisions of the Act and rules are ambiguous or ineffective point them out giving suggestion to make them more effective.
- 62 What is your view to the suggestion that market committee can advance loans to attract produce to the Committee's Market Yard?
- 63 Do you think the existence of co-operative marketing obviate the need for market regulation under the Act? If so, please give reasons.
- 64 What is the percentage of business dealt with by co-operative marketing societies out of the marketable surplus in respect of each commodity? How is the produce held by the society disposed of, whether through market committee or otherwise?
- 65 In what respects could there be co-ordination of work between market committees on one hand and warehousing corporations and co-operatives on the other hand?
- 66 Whether the location of licensed warehouse and godowns of co-operatives (marketing societies) within the same compound or in close proximity of regulated market yards will be highly helpful to ryots?
- 67 How many shandies and fairs are there in your taluk or district? Are steps taken to ensure the following in pursuance of any provisions in other enactments applicable to these shandies and markets—
- (i) correct weightment—fixation of reasonable market or commission charges—prevention of free deductions,
  - (ii) settlement of disputes,
  - (iii) sufficient amenities like stalls, sheds, roads, lighting, sanitation, etc.,
  - (iv) dissemination of information as to market prices.
- 68 Are any of the provisions of the Madras Commercial Crops Markets Act, rules and by-laws impracticable or in conflict with any of the provisions of the Panchayat, Municipal or other local enactments governing local bodies? Give instances, if any, and suggest remedies to obviate the possibility of any local body objecting to the opening of market yard in any suitable centre under this Act or demanding octroi from the Market Committee?
- 69 As it has been found by experience that the present system of election of members to the Market Committee involves considerable expenditure amounting in some cases up to Rs. 50,000, it is suggested whether the present costly system of election be not substituted by filling the committee with the representative of producers and traders by nomination by the Government.
- 70 Whether the Collectors should be continued to be invested with the powers assigned in the Act? If not, to what extent these powers be transferred to the Department of Agriculture?

- 71 Whether it will not be convenient to have the licences issued by the Market Committee itself, instead of the Collector as at present?

**To the Market Committee Members—Past and present.**

- 72 Do you feel that your committee is functioning efficiently? If not, what are the defects? Are there provisions for storing, exhibition of price list, grading, etc.?
- 73 Can you suggest ways to improve the methods of marketing in the regulated markets?
- 74 Would you desire the system of elections to the committee to continue?
- 75 In view of the expenses involved to the committee would you like the elections to be replaced by nominations?
- 76 If nomination system is to be adopted the kind of persons to be nominated to the committee may be suggested?
- 77 Can a single committee manage the regulation of trade, if all agricultural produce is to be brought under the Act?
- 78 Do you suggest having a separate committee for each commodity or one for a group of commodities like millets, cereals, oilseeds, etc., or one for all the crops?
- 79 Can you suggest ways of improving the efficiency of the regulated markets?
- 80 What do you think are the difficulties of (a) the growers, (b) the middlemen, (c) the traders and (d) the consumer in making use of the regulated markets?
- 81 How best can the Market Committee co-ordinate with co-operative societies?
- 82 Can you suggest ways of bringing down the expenses of the Market Committees?
- 83 Is there any opposition to the Act in your area? If so, on what account?
- 84 What are your views regarding the opposition to the Act?
- 85 Can the Act be remodelled to render the working of the committee, smooth? If so, suggestions for the same may be given?
- 86 Do the agriculturists get good prices in the regulated markets? Are not the traders benefitted by the pooling of produce in one place?
- 87 To make the regulated markets more popular, what are the amenities and facilities required by the agriculturists and traders?
- 88 Is the weighment of produce coming to the committees market yard done by the licensed weighment under the supervision of the Market Superintendent? Are all sales effected in the approved manner and payment secured to the seller? If not, suggest remedial measures?

- 89 What are your suggestions to prevent evasion of cess and trading without licence? What is the nature of such evasions?
- 90 Can legal proceedings against offenders under the Act, be simplified?

**To the Secretaries of Market Committees and Marketing Officers.**

**CONSTITUTION.**

- 91 When was your market committee started? How many regulated markets have been established so far? Of these how many are owned by the committee and how many are rented? Is there need for more market yards and for providing further amenities at the market yard for efficient functioning? Suggest ways and means to meet the requirements.
- 92 What are the difficulties experienced (a) in acquiring land and in constructing buildings or purchasing suitable buildings? (b) In providing money therefore? Suggest solution.
- 93 What is your committee's income and expenditure for the year 1956? Furnish committees balance sheet giving investments and debts as it stood on 31st December 1956.
- 94 What are your suggestions to improve the finances of the market committee to enable it to establish more markets with necessary amenities and facilities? What is the estimated cost of constructing one model market yard?

**GENERAL WORKING.**

- 95 How are the sales transacted in the market yard; by auction or by tender system? Does not the Market Superintendent conduct weighments, sales, etc., of ryot's produce on its arrivals to the market yard or issue weighment slip on his behalf? If not, suggest measures?
- 96 Is the agricultural produce brought in good condition, cleaned and unadulterated? Is there improvement as a result of sales at the market yard? Suggest measures to encourage quality improvement, sorting and grading.
- 97 Can the market regulation be extended to all agricultural commodities including livestock and horticultural and forest products? List out the produce to be brought under the regulation in the order of priority. If not, give reasons.
- 98 What should be the status of the market committee—a Government or a local self-governing institution? Give reasons.
- 99 How many shandies, municipal markets and fairs are in your district? Have they all come under the orbit of regulation? Are there provisions in the Acts relating to local authorities, for the following, and, if so, how are they enforced?
- (i) Prevention of malpractices.
  - (ii) Settlement of disputes.

(iii) Provision of minimum amenities like stalls, sheds, scavenging facilities, water, roads, etc.

(iv) Market intelligence, etc.

- 100 How many co-operative marketing societies are there in your district? What is the percentage of agricultural produce marketed through all these societies in the district to the total marketable surplus? Do co-operative societies dispose of the members produce through the regulated market and, if so, what is the percentage of such transaction? If not, how is it disposed of?

#### CESS FEES AND MARKET CHARGES.

- 101 Do you favour the system of collection of cess on an *ad valorem* or quantity basis? Give reasons.
- 102 Should not every person using a common premises obtain a separate licence under section 5 (3) of the Act?
- 103 Should not a person using a place for any of the purposes mentioned under section 5 (3) obtain separate licences for each of such place?
- 104 Have you any suggestion to improve the procedure for collection of cess and licence fees with a view to prevent evasion?

#### MARKETING LEGISLATION (ACT AND RULES).

- 105 Furnish a statement of the contested cases arising out of prosecutions for violation of the provisions of the Act or rule giving the following particulars:—
- (i) the gist of the order of the court;
  - (ii) the duration taken for the disposal of the case; and
  - (iii) the amount of fine, if any, imposed.
- 106 What are your suggestions to make the existing provisions of the Madras Act and Rules more effective, comprehensive and simple? Is the validity of any provision of the Act or rule questioned or challenged in the court? If so, furnish particulars of such cases.
- 107 Examine the practical aspects of all provisions in particular to—
- (i) Sections 1 (1), 2, 5 (1), 5 (3), 5 (4), 6, 11 (1), 11 (3), 13 (a) and 18 (2).
  - (ii) Rules 10 (3), 10 (4), 37 and 42.
- 108 In establishing regulated markets under the Act, is there any conflict of interest between the market committees and district boards, municipalities and panchayats? If so, in what respect? Suggest any solution for resolving the conflict.
- 109 Whether you suggest any change in the title of the Act (as Agricultural Produce Markets Act) in order to include all agricultural, horticultural, livestock products, etc.

## MARKET FUNCTIONARIES.

- 110 Who should be the authority for the issue of licences—market committees or Collectors? Is it necessary to continue the existing administrative control of the Collector over the market committees? Why not the Collectors be relieved of the above duties?
- 111 Give your comments on the suggestion that employees of market committee of and above the rank of Superintendents among the executive staff and of or above the rank of upper division clerk must be provincialised for promotion and transfer from committee to committee by the controlling authority.
- 112 Should not the post of a Market Secretary be filled by a Government official?
- 113 Whether it would not facilitate payment to sellers, if a bank or pay office is provided within the market yard or close by to ensure safety of cash.

## ELECTION.

- 114 As it has been found by experience that the present system of election of members to the market committee involves considerable expenditure amounting in some cases up to Rs. 50,000, it is suggested whether the present costly system of election be not substituted by filling the committee with the representative or producers and traders by nomination by the Government.
- 115 Can the members or at least producer members be nominated as in the case of first committee? Suggest simple methods.
- (i) If the system of election should be retained, comment on the suggestion that the electorate of grower members should consist of growers who are selected by members of village panchayats, district boards, municipalities, Members of Legislative Assembly, Members of Legislative Council, Members of Parliament, President and Secretaries of recognized village association of each constituency.
- (ii) If by nomination comment on the suggestion that the members may be—
- One District Board President.
  - One from among Municipal Chairmen.
  - One from among Panchayats.
  - Three from among leading agriculturists.
  - Three from among members of trade association and Chambers of Commerce.
  - One from Co-operative Marketing Societies.
  - One District Agricultural Officer or Assistant Marketing Officer.
  - One from among Members of Legislative Assembly, Members of Legislative Council and Members of Parliament.
- Total twelve.
- (iii) May be nominated by the Government as in the case of first committee.
- (iv) Any other simple method.

## APPENDIX II.

(Vide paragraph 7.)

### VISITS TO VILLUPURAM, VRIDDHACHALAM AND TINDIVANAM MARKETS (SOUTH ARCOT DISTRICT).

[By Chairman and Secretary.]

#### VILLUPURAM REGULATED MARKET.

I inspected this market along with the Secretary of the Committee. Since we went there in the evening, I could not see the transactions actually being put through, but I was taken around. This market has two extensive godowns and a big market yard with compound walls on all sides. There is also a party shed for the use of the producers and traders. Facilities to the agriculturists in the matter of providing water and sanitary arrangements are found to be sufficient. There are separate buildings for the office of the Supervisor. The Secretary of the South Arcot Market Committee, Mr. K. V. Natesan, was present and explained to us the several charts which shows the business done, since the institution of the market. The major portion of the marketable surplus of the commercial crops, which are brought for sale here, namely, groundnut, gingelly, cotton, is being dealt with in these markets. It is seen that 95 per cent of the marketable surplus in groundnut available in these districts is being dealt with in all the nine regulated markets of the district, Vriddhachalam market having the leading business. This market has one Superintendent and two Supervisors and a small staff. The duties of the supervisor are stated to be to visit neighbouring villages and see to the proper compliance of the conditions by the traders to whom licences have been granted, in the notified area under the Act. Mr. Subba Reddi, Chairman of the Agriculturists' Association, Mr. S. Rangaswamy Nadar, oil miller, Mr. A. Natesan Chetty, oil miller, Mr. A. D. L. M. Arumanayagam, merchant in groundnut, paddy and other grains met me and I placed before them the proposal for the extension of Commercial Crops Act to all agricultural products and they all favoured the proposal.

On the 22nd, I visited the Vriddhachalam regulated market and witnessed the procedure adopted in the sales. Groundnut and gingelly were the only products that were brought for sale. What is called "the close bid system" is adopted. The producers bring their respective products and place them in separate lots. The Market Yard Superintendent gives each lot a number and keeps the commodity open for inspection of the traders. The traders after inspection, mention the prices for which they are willing to purchase the particular lot and a printed form is given wherein they enter the prices and put it in a closed box and after all the bids are closed, it is indicated by ringing a bell. The market committee clerks open the bids in the presence of the traders and find out the highest bid and declare the highest offer for each bid. The producer may accept these bids or even reject them and wait for proper prices, another day. Ordinarily this does not happen and after the purchases for the

several bids are declared they make arrangements to pay the producers direct. The close bid method appears to have worked very successfully in this district. There is no complaint about weighing since the weighing is conducted by licensed weighmen to whom licences are granted by the market committee. Various malpractices, which are stated to prevail in the trade are avoided in the regulated markets.

#### VRIDDHACHALAM MARKET.

At Vriddhachalam the following representatives of traders and producers, Rao Sahib Sri Krishna Rau, Sri A. Muthukumaraswami, oil mill owner and member of the market committee and ex-chairman, Mr. N. A. Sabapathy, mirasdar and member of the market committee, Mr. D. Rangaswami Reddi and Sri R. Narayanaswamy, Honorary Presidency Magistrate, met me, with whom I have discussion about the proposal to extend the Act to all agricultural commodities. The proposal was welcomed.

#### TINDIVANAM MARKET.

On the 23rd I visited the Tindivanam regulated market. The transactions were in progress and only groundnut and gingelly that were brought for sale. Here again the following representatives of the traders and producers, Mr. Navanitham Chettiar, mill owner and member of the market committee, Mr. Tiruppalaswami Nayudu, member of the market committee and rice mill owner and Sri S. V. Kanniah Gounder, vice-chairman of the market committee met me. They all favoured the proposal to the extension of the Act to agricultural commodities in particular paddy.

My impression after the visit of these regulated markets in these important centres of the South Arcot district is that the markets are functioning properly and are serving the object with which they were started, i.e., to enabling the agriculturist producer to get the best prices available for his products. I contacted a group of these agriculturists, who brought their goods most of whom were illiterate and they expressed to me their satisfaction of the sales effected in the regulated markets. They had absolute confidence that there are no malpractices adopted and that the weighing of their products was correct. One villager told me that even a child could be sent to market with his goods with the confidence of getting their commodities, correctly weighed and the highest prices available for that quality of goods being obtained.

There is one complaint and that was only in Tindivanam regarding payment by the traders, which is said to be somewhat delayed and was not paid at the regulated market yard and the producer was asked to take the money in the business place of the trader far away from the market yard. Excepting that the market committee cannot secure to the producers immediate payment, nothing could be said against the other aspects of the business carried on in the regulated markets.

The question of providing facilities to the traders to have their office and cash in a portion of the regulated market building requires to be examined as also the question of providing banking facilities to

the traders. This is one of the matters which has to be considered by the Committee.

As regards the proposal to extend the Act to other agricultural products there is unanimous acceptance from the producers. The other agricultural products, which yield sufficient marketable surplus after requirements of the producers for his own purposes in South Arcot Market Committee, are paddy, cashewnut, jaggery, ragi, cholam, blackgram, greengram and horsegram. Paddy is grown in 34 per cent of the total area, while groundnut in about 25 per cent. About two lakhs of tons of paddy is estimated to be the marketable surplus of paddy that will be available in the area. (1 ton : 13.6 bags). Kallakurichi, Tindivanam and Chinnasalem are stated to be large paddy producing area, cashewnut being the prevalent crop in Panrutti taluk.

The question arises as to whether additional accommodation by way of godowns and other facilities will be necessary, if paddy is introduced as one of the crops. Separate godown for paddy may be necessary in some places. The paddy harvesting season in some areas is different from the groundnut harvesting season. The regulated markets can manage with one or two additional godowns. Out of the nine regulated markets in the South Arcot only five have their own buildings and others are located in rented godowns. The existing godowns should however be made rat proof, if paddy has to be stored. There is therefore not only a favourable reaction, but there is a demand for extending the Act to other agricultural products specially paddy, cashewnut, jaggery, etc.

In so far as groundnut and gingelly are concerned, the producers are mostly big oil mill owners and their complaint is that they are unable to offer high prices as in respect of big oil mills, excise duty is imposed on production of oil of more than 120 tons per annum and it leaves them a very small margin of profit and that accounts for prices not been very attractive to the producers. The ruling prices of groundnut range between 150 and 160 rupees per candy for three bags of groundnut which is stated to be a very good price for groundnut.

But this does not affect the small mills whose outturn per annum would not exceed 120 tons. It is doubtful, whether it is possible to tackle this question of excise duty on manufactured oil by the Expert Committee. But this aspect has to be examined in the interest of producers and for giving any possible relief to the oil mill owners especially the bigger mill owners, this may be considered by the Committee.

#### VISIT TO TIRUVOTTIYUR CATTLE MARKET.

(By Chairman and Secretary.)

I visited this market accompanied by the Secretary, Technical Assistant and Mr. Sriraman, Secretary of the Coimbatore Market Committee at Tiruppur, on the 1st of March 1957. I went there in the afternoon. The market is situated in an extensive piece of

ground, which is separated by a road. A number of thatched sheds are put up intended for tethering the cattle and for providing living accommodation for the owners of the cattle, who bring them for sale in the market. The Tiruvotttiur market is neither of a weekly or periodical type, but permanent market, where there are daily sales. The ground on which the market is situated is leased to a certain individual, who collects amounts as and by way of rent depending upon the number of cattle brought into the yard. Most of the cattle, viz., cows and buffaloes are brought for sale from the Andhra districts of Nellore, Guntur and Krishna, either by train, in wagons or in lorries. The owners and their families accompanying the cattle stay in the huts until they effect the sales. Certain families appear to have permanently put up sheds, where they bring in periodically their cattle for sale. The lessee charges, Rs. 2-8-0 for every eight cattle which is said to comprise a wagon load. On a rough estimate there must have been at least 200 cattle awaiting sales on the day of my visit. We were informed that there are heavy sales only between 10th and 20th of every month. Apart from the ground-rent of Rs. 2-8-0, the lessee is entitled to the manure which must provide a fruitful source of income to the lessee. There are a few wells which does not appear to be sufficient to meet the needs and in the circumstances the water facilities and the sanitary arrangements provided do not appear to be satisfactory.

The sales are effected between the seller and the purchaser. The purchasers being those who come from Madras City mostly milkmen to purchase these cattle for milking purposes. There are also brokers and commission agents who put through their transactions of sale, but it is not incumbent on any purchaser or seller that the transactions have to be put through a broker or commission agent. If the sale is through a broker or commission agent, the brokerage ranges from 2 per cent onwards depending upon the agreement between the parties. There does not appear to be any systematic sales. The market yard functioning only as a place where the cattle could be kept to enable the seller and purchaser meet and settle their transactions.

As regards the number of cattle that are ordinarily brought for sale every month, I have not been able to get any correct information from those who were present. I am informed that there are statistics available in the Department as to the probable sales. Market committees can very well take up and control the sale and purchase of cattle, thus ensuring to the seller a proper price, facilities for him to provide accommodation for himself and the cattle, to enable him to sell to the best advantage. The market committees can also provide technical assistance by engaging a Veterinary Officer to check the health of the cattle and also furnish information to the intended purchasers.

Villagers who brought the cattle from the Andhra district, when informed of the purpose of the visit showed favourable re-action to the market committees and for controlling the sales and purchase of the cattle.

## VISIT TO ARCOT AND VELLORE (NORTH ARCOT DISTRICT).

[By Chairman and Secretary.]

## ARCOT.

I visited the marketing yard at Arcot on the 12th of March 1957. The market is located in a rented building, which has got a drying yard and a compound and some accommodation for godown purposes. It is stated that the monthly rent is Rs. 75. This market was opened only in October 1956. Naturally the arrivals of groundnut are poor. Moreover, this area is mainly a paddy producing centre. Some of the oil mill owners and some traders were present. Their point of view is that the grower, who brings the produce must be compelled to accept the highest ruling price on the day when the bids are received and should not be allowed the option to refuse and permitted to wait and take his chance, the next day or the day after. The highest price per candy which was offered on that day was Rs. 157. The grower who brought the produce refused to accept it with the result the transaction could not be put through. But there is no reason why the traders point of view should be accepted. The grower must be allowed to have his final sale as regards the price and he cannot be compelled to accept the highest ruling price, since it is likely the traders may join together and keep the prices low.

One of the growers who was also present was in favour of paddy and rice to be included in the agricultural products to be sold in the regulated markets. He spoke about how the traders adopted dubious methods in weighment and in the price and how other mal-practices are prevalent in the trade. He particularly emphasised that paddy or rice should not be allowed to be measured, but only be weighed. The traders had their own grievances and complained about the multiplicity of the taxes, namely, the sales tax, excise tax and the cess. They said that they found it difficult to maintain a number of accounts and submit several returns, apart from the difficulty in meeting heavy demand from all sources.

Besides the regulated market, for the Wallajah taluk, about 250 licences have been granted under section 5 (i) and also under section 5 (3) of the Act. The cess is also collected from the licensees.

## VELLORE.

On 13th March 1957, I was at Vellore with the Secretary. He took us to the mundy bazaar. We visited three business places of commission agents doing business in jaggery and groundnut, rice and fruits. There is extensive trade in all these commodities by these mundy merchants, who are mostly commission agents. They receive these commodities from the producers and keep them in their godowns, selling the same to third parties and earning commission in such sales. Their income is only the commission earned in such transactions. They have ill-ventilated and small godowns and there is no provision for accommodation of the producers, carts and cattle. But in spite of all these drawbacks extensive business is being done even in groundnut, which is a notified crop though there is a regulated market in the town itself.

I also visited the regulated market, which is located in a rented building, the monthly rent being Rs. 150. The headquarters office of the North Arcot Market Committee is also housed in the same building. Here again, there is a compound and a drying yard and some godown accommodation. The arrivals are however poor when compared with the marketable surplus. The reason is obvious since the commission agents and traders in groundnut though licensed, capture most of the trade. The one advantage which the producer has in taking these goods to the mundy merchants is the facility which he has in getting advances even long before the harvest and even at the time of sowing. The agriculturist is unfortunately under the grip of these mundy merchants, with whom they have running account of advances received, for the purpose of their agricultural operations and in the circumstances they are obliged to sell the produce only to those merchants whatever may be the disadvantages resulting in such a course. The secretary of the marketing society is hopeful that the arrivals in the market would improve, but I am not sure, whether there will be any such improvement. The only course open to the marketing society in order to secure the entire marketable surplus to pass through the regulated market would be to declare market as market yard when it will not be permissible for any trader or commission agent to deal with the same notified commodity. I am informed that the Collector was approached on this subject, but in view of the possible objection that may be raised by the traders, no final decision has been taken. Moreover, the market committee as such is not functioning as the nominations have not been made to complete the constitution of the committee. Here again, I met a number of merchants including middlemen and commission agents, naturally they do not wholeheartedly support the proposal to extend the Act to all agricultural products, which is intended to benefit the agricultural producers. The commission agents will be losing their entire business, if the sales are to be effected in the regulated markets. The traders who purchase the produce for export or for oil mills could not be seriously prejudiced, since they would be able to get the required quantities in the regulated markets. In fact, one of those who was present, who was the agent of Messrs. Lowies Dreyfus and Company, expressed his satisfaction about market regulation, through the mundy merchants or the commission agents that will be affected. But there can be no doubt that they are exploiting the agriculturists to their own advantage, knowing that the agriculturists cannot expect to carry on without advances from these markets.

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## APPENDIX III.

(Vide paragraph 7.)

### CHAIRMAN'S VISIT TO MYSORE STATE.

I contacted the Secretary of the Regulated Market at Mysore on the 16th of May 1957. I was informed that the transactions were over that day and that it would be better if I visited the market at 9 a.m. the next day. On the 17th May 1957 I visited the market and was taken round by Mr. C. J. Madhavaraj, Senior Marketing Officer, and Mr. Mirza Inayath Hussain, Secretary of the Market. The regulated market at Mysore was opened on 1st May 1950. The extent of the market area is about 8 miles round Mysore comprising the city municipal limits. The notified area was therefore confined to only the city municipal limits. A number of commodities have been notified including coconuts, jaggery, tobacco, chillies, till seeds, niger, greengram, groundnuts, tamarind, horsegram and castor seeds, urd, avare, soapnut, cowpea, hongeseed,\* tamarind seed, sunnhemp seed, bengalgram, dhaniya, cotton, paddy, rice, ragi, jola, cumbu, navane and sajje.

The market yard is situated on the main trunk road. There are long zinc sheds constructed on raised paved platforms, where the growers bring their commodities and offer for sale. There is also accommodation for growers and carts. Water and other facilities are provided for those who resort to the market. The sales are by public auction. I witnessed sales of paddy and ragi and each lot is knocked down to the highest bidder. The auction is conducted by the market officials assisted by the commission agents. The commission agent has not disappeared from the scene in the regulated markets in Mysore State. The cess is collected at the toll gate by the municipality and it is only on the production of the receipt for payment of cess at the toll gate, the agricultural product is allowed for being sold in the regulated market. The practice seems to be that the growers bring the produce, pay the cess at the toll gate and the produce is taken to the commission agent, who in most cases advance money to the growers, and the produce is brought by the commission agent into the regulated market for being sold, the sale being entirely under the direction of the market officials. Notwithstanding the payments of a small percentage to the commission agent, the sales are effected only at the regulated market and nowhere outside the market premises. There is prohibition of sales outside the market. I was informed that there are about 49 regulated markets in the present Mysore State and important markets are those of Mysore, Devangere and Bellary. The prohibition against sales outside the market area is strictly enforced under section 17 of the Mysore Agricultural Product Act. Of the 49 markets the notified areas, unlike in our State, are restricted only to a few miles round the market. There is no system of licensing traders outside the market area, but all traders who transact business within the market area have to obtain licences.

In so far as the Mysore regulated market is concerned arrivals come from the entire taluk and even from outside the taluk. The grower has to pay at the toll gate six pies per bag, which is the cess, three pies per rupee in the market which is the commission agent fee and nine pies per bag for weighing and measuring. Cooli charges have to be paid extra. All these have to be borne by the grower. The weighment charges in particular are paid by the grower. This is to ensure the possibility of the weighmen not being influenced by the trader.

In our State the weighment charges and the cess is collected from the trader. The system prevailing in Mysore of the payment being paid by the grower is said to ensure fair weighment. Whether this could be adopted by our State can be considered by the committee.

In respect of unsold commodities, godown charges have to be paid at three pies per bag per day. In Mysore, tobacco is exempted consequent on the representation made by the traders. But tobacco is sold in the regulated market at Sira, which is about 32 miles from Tumkur. In Tumkur there is a regulated market, where the main produce brought for sale are soapnut and arecanut.

The members of the market committee are elected except the chairman, who is ex-officio, the Deputy Commissioner being the chairman. Two-thirds of the members are elected by the producers and one-third by the traders. The secretary is invariably a Government official and the secretary of the Mysore Regulated Market is a permanent official of the Government Marketing Department, he being the District Marketing Inspector. There is a separate department in Mysore for marketing and it is not attached to the Director of Agriculture. There are four Senior Marketing Officers, State having been divided into four divisions. Government have been advancing the loans for improvement purposes for construction of market yards and has so far advanced a sum of Rs. 1,50,000. I was informed that there is another regulated market at Chennapatna, on the way to Bangalore and it was a small market. I could not visit it as it was closed on the 19th, which was a Sunday. In Bangalore City there is no regulated market.

The officers took me round and also handed over a resume of the work of the market committee from May 1950.

#### CHAIRMAN'S VISIT TO HYDERABAD MARKET.

After previous appointment I visited a regulated market in Hyderabad, the market known as 'Osmanganj'. Mr. Venkataramiah, Assistant Marketing Officer (Inspection) and Mr. Rahimuddin Ali Khan, Key Marketing Superintendent and some members of the market committee were present and took me round the 'Osmanganj' market. I later visited the market office situated near by at Nizam Shah Road.

The 'Osmanganj' market is situated in a small piece of land wherein shops are built on all sides with an open space in the middle something like the godowns in our regulated markets at Tirupur. The shops and godowns are owned neither by the market committee nor by any other public body, but by individual merchants and

commission agents, who carry on business in several commodities. The land on which the market is built belongs to the municipality and is not owned by the market committee. Of the cess collected, it was stated that 50 per cent is paid to the municipality for maintenance of the market and the remaining income utilised for the establishment and providing facilities in the markets. It was early in 1955 Hyderabad City was notified. There are four other markets besides 'Osmanganj' in Hyderabad City, which are all similar to the markets I visited. At the time when I visited, the open space was being cement floored, which was said to have been done by the municipality and the market committee proposes to electrify the place and construct urinals.

Unlike the system prevailing in our State for instance in South Arcot and North Arcot, no market is owned in Hyderabad City by the market committee. The markets are run by the municipality and are owned by the merchants themselves. The committee only provides facilities to the traders and the growers by licensing traders and regulating the sale. The committee has appointed eight khamgars to supervise the sales. The sales are by open auction in each shop, the traders are expected to maintain a register giving particulars of sales, the prices, etc. It is on the basis of particulars contained in these registers that the cess is collected. It is doubtful whether by the eight khamgars supervising the five markets in the Hyderabad City the sales could be effectively controlled. It appears to me that the system prevailing in Hyderabad City is different from what is in vogue in the regulated markets of this State. In so far as the markets in Hyderabad City are concerned, most of the commodities are brought by traders and the markets where growers bring the commodities are stated to be outside the city, which I was asked to visit one of the markets being at Warangal and the other at Badepalli, which is about 60 miles from Hyderabad City. The Superintendent of the market committee has prepared a full report of the working of the market committee in Hyderabad City, which I was informed will be sent to the State Marketing Officer for information. I do not think so far as the markets in Hyderabad City are concerned and the manner in which the transactions are run, there is much to be gained except it may be added that cess is collected from the growers and not from the trader and fixed commission of Rs. 2-4-0 per cent is allowed to the commission agent.

#### CHAIRMAN'S VISIT TO SECUNDERABAD MARKET.

I visited the Secunderabad Market on 8th August 1957. Mr. M. Prakash Rao, Superintendent, Market Committee, took us around. There are 67 shops out of which only about five belong to commission agents. Most of these shops purchase commodities from outside and sell in retail. These five commission agents alone deal in purchasing wholesale by auction. I witnessed an auction conducted of rice bags. The auctions were conducted by the market committee official known as khamgar and the commission agent cries the bids and it is knocked down by the highest bidder. The market belongs to the municipality and the shop-keepers pay rent for keeping the stalls. I am informed that rice, jaggery and sometimes

onions, wheat and jowar are brought for being sold to these commission agents. Main business is in rice and jaggery is also sold by auction. Unlike in Osmanganj in Hyderabad, I find the auction is conducted by market committee officials. Here it is possible apparently as there are very few commission agents in Osmanganj as I have already remarked about there are large quantities of stock and the staff of the market committee is not sufficient to directly conduct the auctions or supervise every transaction of sale. On the whole the Secunderabad market appears to follow the principles of proper marketing procedure as open auction is conducted under the direct supervision of the market committee officials though unlike in Madras State the entire transaction is not put through market officials, but there is this redeeming feature that the market committee official is in direct charge of auctions. There is a uniform rate of Rs. 2-4-0 per cent allowed as commission charges for commission agents excepting for onions where 3 per cent is chargeable. The market committee office is also in a rented portion of the municipal building. The staff consists of superintendent (Rs. 105-4-170) and two clerks on (Rs. 50-2-105) and four khamgars on (Rs. 38-50). Secunderabad market was started on March 1st, 1956, and the volume of business on the whole is not very high. Rice alone weighing 19,078 palls is transacted. Value Rs. 10,54,690. Market cess is 4 annas per cent. Grower has to pay 12 annas per bag as cooly charges and sweeping charges six pies per bag. A voluntary payment of one anna per every Rs. 100 is paid towards charity purposes which is not compulsory.

## APPENDIX IV.

(Vide paragraph 8.)

## STATEMENT SHOWING THE NUMBER OF REPLIES RECEIVED BY THE EXPERT COMMITTEE FROM VARIOUS DISTRICTS ON THE QUESTIONNAIRE ISSUED.

| <i>Districts.</i>                     | <i>Producers.</i> | <i>Traders and Commission agents.</i> | <i>Merchants' Association Co-operative institution, economists and localbodies and Collectors.</i> | <i>Members of market committee.</i> | <i>Secretaries of market committees and marketing Officers.</i> | <i>Total.</i> |
|---------------------------------------|-------------------|---------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------|---------------|
| Chingleput .. .. .                    | 12                | 1                                     | 3                                                                                                  | ..                                  | 1                                                               | 17            |
| Madras City .. .. .                   | ..                | ..                                    | ..                                                                                                 | 1                                   | 1                                                               | 2             |
| South Arcot .. .. .                   | 27                | 8                                     | 6                                                                                                  | 6                                   | 8                                                               | 55            |
| North Arcot .. .. .                   | 22                | 26                                    | 10                                                                                                 | 5                                   | 6                                                               | 69            |
| Salem .. .. .                         | 4                 | 1                                     | 5                                                                                                  | ..                                  | ..                                                              | 10            |
| Coimbatore .. .. .                    | 19                | 8                                     | 25                                                                                                 | 4                                   | 3                                                               | 59            |
| Tiruchirapalli .. .. .                | 13                | 3                                     | 6                                                                                                  | ..                                  | ..                                                              | 22            |
| Tanjore .. .. .                       | 14                | 3                                     | 11                                                                                                 | 1                                   | ..                                                              | 29            |
| Madurai .. .. .                       | 5                 | 5                                     | 10                                                                                                 | ..                                  | 1                                                               | 21            |
| Ramanathapuram .. .. .                | 116               | 58                                    | 12                                                                                                 | 2                                   | 2                                                               | 19            |
| Tirunelveli .. .. .                   | 25                | 15                                    | 4                                                                                                  | ..                                  | ..                                                              | 44            |
| Nilgiris .. .. .                      | 2                 | ..                                    | 3                                                                                                  | ..                                  | ..                                                              | 5             |
| Kanyakumari .. .. .                   | ..                | ..                                    | 2                                                                                                  | ..                                  | ..                                                              | 2             |
| Other States (Andhra Pradesh) .. .. . | ..                | ..                                    | ..                                                                                                 | ..                                  | 9                                                               | 9             |
| <b>Total ..</b>                       | <b>259</b>        | <b>128</b>                            | <b>97</b>                                                                                          | <b>19</b>                           | <b>31</b>                                                       | <b>534</b>    |

## APPENDIX V.

(Vide paragraph 8.)

### LIST OF PERSONS INTERVIEWED BY THE COMMITTEE DURING THE ENQUIRY.

DURING ITS ENQUIRY.

*Villupuram (South Arcot district)—24th April 1957.*

1. Sri L. Krishnan, B.A., B.Sc. (Ag.), Assistant Marketing Officer, Cuddalore.
2. Sri T. S. Dakshinamoorthy, B.Sc. (Ag.), District Agricultural Officer, Cuddalore.
3. Sri M. Shanmuga Udayar, Agriculturist, Ex-Chairman, South Arcot Market Committee, Cuddalore.
4. Sri O. M. Lakshminarayanan Reddiar, Agriculturist, Omandur, Tindivanam.
5. Sri S. K. Subba Reddiar, President, Taluk Agriculturists' Association, Villupuram.
6. Sri R. V. R. Kanniah Naidu, Trader, Chairman, South Arcot Market Committee, Cuddalore.
7. Sri Pavadai Gounder, Agriculturist, Member, South Arcot Market Committee, Cuddalore.
8. Sri C. K. N. S. Nagarajan, Agriculturist, Valavanur.
9. Sri C. M. Balu Reddiar, Merchant, Villupuram.
10. Sri S. Rangaswamy Nadar, Secretary, South Arcot Groundnut Merchants' and Oil Mill Owners' Association, Villupuram.
11. Sri Pachiyappa Mudaliar, President, Co-operative Marketing Society, Anniyur.
12. Sri V. Kanniah Gounder, Vice-Chairman, South Arcot Market Committee, Cuddalore.
13. Sri Duraiswamy Chettiar, Proprietor, Dhanalakshmi Rice and Oil Mills, Tiruppattur.
14. Sri T. S. Badrachalam Pillai, Merchant, Tiruvannamalai.
15. Sri A. Jayarama Reddiar, Merchant, Tiruvannamalai.
16. Sri S. Soundararajan, Agriculturist, Ambur.
17. Sri Krishna Kanth, President, Panchayat Board, Polur, North Arcot district.
18. Sri Subbraya Pillai, President, Paddy Merchants' Association, Tindivanam.
19. Commissioner, Villupuram Municipality.
20. Sri N. Navaneetham Chettiar, Member, South Arcot Market Committee.
21. Sri Krishnaswamy Rao, Oil Mill Owner, Vriddhachalam.
22. Sri Kuppu Narasa Reddiar, Agriculturist, Melpattampakkam.

23. Sri Sankarapandian Nadar, Merchant, Vriddhachalam.
24. Sri S. S. Varadaraja Mudaliar, Secretary, Groundnut Merchants' Association, Tirukoilur.
25. Sri T. S. Sundaram, B.A., B.L., Agriculturist, Kuttalam.
26. Sri V. P. R. Raju Chettiar, Oil Mill Owner, Kallakurichi.
27. Sri Abdul Hamid, Trader, Tindivanam.
28. Sri Shanmugha Gounder, M.P., Tindivanam.
29. Sri Vellappa Gounder, M.L.A., Tindivanam.
30. Sri Jagannathan, B.A., M.L.A., Tindivanam.

*25th April 1957.*

31. Sri K. A. Shaukat Ali, B.Sc. (Ag.), Secretary, North Arcot Market Committee, Vellore.
32. Sri K. V. Natesan, B.Sc. (Ag.), Secretary, South Arcot Market Committee, Cuddalore.
33. Sri K. Narasimha Iyengar, B.A., B.L., President, Tanjore Co-operative Cotton Marketing Society, Kumbakonam.

*Coimbatore—13th May 1957.*

1. Sri Angappa Gounder, Director, Salem Co-operative Marketing Society.
2. Sri M. Subbiah Gounder, Agriculturist, Veerakeralam, Coimbatore district.
3. Sri Manikkam, Tobacco Merchant, Dindigul.
4. Sri K. P. Natchimuthu Gounder, Agriculturist, Bhavani.
5. Sri Meenakshisundaram Pillai, Director, Co-operative Sale Society, Vettaikaranpudur.
6. Sri M. A. Aye Gounder, Agriculturist, Gobichettipalayam.
7. Sri T. R. Srinivasan, B.A., B.L., Advocate, Madras (on behalf of tobacco traders).
8. Sri P. M. Devasikamani, Merchant, Gobichettipalayam.
9. Sri P. K. Gounda Goundan, Merchant, Gobichettipalayam.
10. Sri A. V. Subramania Chettiar, President, Tobacco Merchants' Association, Coimbatore.
11. Sri T. R. Subbiah Chettiar, Secretary, Tobacco Merchants' Association, Coimbatore.
12. Sri A. Rangiah Gounder, Director, Tobacco Merchants' Association, Coimbatore.
13. Sri V. Kandaswamy Chettiar, President, Tobacco Merchants' Association, Bhavani.
14. Sri S. R. Venkatachalam, Tobacco Merchant, Dindigul.
15. Sri R. Srinivasan, Secretary, Dindigul Tobacco and Cigar Manufacturers' Association, Dindigul.
16. Sri V. Chinnappa Pillai, Tobacco Merchant, Dindigul.
17. Sri K. R. Palaniswamy, Tobacco Merchant, Nambiyur.
18. Sri R. K. Manthrachalam, Tobacco Merchant, Chettipalayam,

19. Sri N. S. Subramaniam, Secretary, Tobacco Merchant's Association, Palladam.
20. Sri S. Krishna Rao, Secretary, Kurumandur Tobacco Merchants' Association, Gobichettipalayam.
21. Sri O. T. Kaliappa Gounder, Agriculturist, Gobichettipalayam.
22. Sri Angappa Naicker, Agriculturist, Gobichettipalayam.
23. Sri Kuttimuthu Gounder, Agriculturist, Pollachi.
24. Sri N. Palaniswamy Gounder, Agriculturist, Perundurai.
25. Sri G. V. Ramaswamy Naidu, Mill-owner, Coimbatore.
26. Sri Govindarajulu Naidu, Vice-President, Tirupur Co-operative Sales Society, Tirupur.
27. Sri V. C. Subbiah Gounder, Agriculturist, Vellaikinar.
28. Sri M. S. Palaniappa Mudaliar, Secretary, Tamilnad Co-operative Federation, Coimbatore.

*14th May 1957.*

29. Sri A. H. Subramania Iyer, B.Sc. (Ag.), District Agricultural Officer, Cuddalore.
30. Sri E. R. Kandaswamy Gounder, Chairman, Coimbatore Market Committee, Tirupur.
31. Sri R. Krishnaswamy Gounder, Agriculturist, Ganapathy.
32. Sri K. Natchimuthu Gounder, Agriculturist, Ganapathy.
33. Sri N. Kaliappa Gounder, Agriculturist, Ganapathy.
34. Dr. A. Srinivasan, Lecturer in Agricultural Economics, Agricultural College and Research Institute, Coimbatore.
35. Sri K. Sriraman, B.Sc. (Ag.), M.Sc., Assistant Marketing Officer, Madurai.
36. Sri Y. K. Siva Gounder, Agriculturist, Yedapatti, Nilgiris.
37. Sri M. K. Nanja Gounder, Agriculturist, Ketti, Nilgiris.
38. Sri S. Bella Gounder, Agriculturist, Ketti, Nilgiris.
39. Sri Moyya Gounder, Village Munsif, Ketti, Nilgiris.
40. Sri Tholiahollooti, Agriculturist, Ketti, Nilgiris.
41. Sri C. P. Rajan, President, Nilgiris District Board.
42. Sri M. Lakka Gounder, Municipal Councillor, Ootacamund.
43. Sri M. Boriah Gounder, Agriculturist, Ootacamund.
44. Sri N. Sanchiah, Planter, Ootacamund.
45. Sri T. B. Jollen, Planter, Ootacamund.
46. Sri B. Nanjundiah Gounder, Agriculturist, Ootacamund.
47. Sri K. Ramaswamy Nayudu, Merchant, Coimbatore.
48. Sri R. Venkateswaralu, Oil Mill Owner, Coimbatore.
49. Sri R. Subbiah, Ginning Factory Owner, Coimbatore.

*Madurai—6th June 1957.*

1. Sri A. M. Nabi, B.A., Revenue Divisional Officer, Sivakasi.
2. Sri Virabhadra Pillai, Retired Collector, Madurai.

3. Sri Thangamani, Secretary, Madura-Ramnad Chamber of Commerce, Madurai.
4. Sri Venkatarama Naidu, President, Co-operative Sales Society, Koilpatti.
5. Sri S. Viswanathan, Agriculturist, Madurai.
6. Sri N. K. M. Khader Sahib, Agriculturist, Mudukulathur.
7. Sri M. Abdullah, Agriculturist, Mudukulathur.
8. Sri P. K. Iyappa Raja, Treasurer, Theni Merchants' Association, Theni.
9. Sri M. V. Senthappa Nadar, Trader, Theni.
10. Sri M. Mariappa Nadar, Trader, Theni.
11. Sri C. A. Abdul Azeez, Vice-President, Cardamom Planters' Association, Bodinaickanur.
12. Sri K. M. Subbiah, Member, Cardamom Planters' Association, Bodinaickanur.
13. Sri S. T. Thimmalaiswamy Pillai, Member, Cardamom Planters' Association.
14. Sri K. Venkatarama Iyer, Agent, Madura Mills Company, Limited, Virudhunagar.
15. Sri P. S. Rangaswamy, President, Co-operative Sales Society, Aruppukottai.
16. Sri T. P. Rathinaswamy, Agriculturist, Usilampatti.
17. Sri C. V. R. Rangachari, representing Meenakshi Mills, Limited, Madurai.
18. Sri K. Thalaimalaiswamy Nadar, Supervisor, Lakshmi Mills, Limited, Virudhunagar.
19. Sri K. P. P. E. Pandara Nadar, Secretary, Theni Merchants' Association, Theni.
20. Sri S. V. P. S. T. Rathinavel, B.A., President, Tamilnad Tobacco Merchants' Association, Madurai.
21. Sri P. N. Lingam, M.A., Secretary, Tamilnad Tobacco Merchants' Association, Madurai.
22. Sri V. S. A. Raja Jayaprakash, B.A., Joint Secretary, Tamilnad Tobacco Merchants' Association, Madurai.
23. Sri S. N. R. Siranga Raja Cotton Trader, Rajapalayam.
24. Sri N. V. Perumalswamy Naicker, Secretary, Merchants' Association, Rajapalayam.
25. Sri N. R. Krishna Raja, Cotton Trader, Rajapalayam.
26. Sri N. Thangaraj, Cotton Trader, Rajapalayam.
27. Sri P. A. V. K. Nataraja Nadar, Trader, Virudhunagar.
28. Sri P. N. V. Rathinaswamy Nadar, Trader, Virudhunagar.
29. Sri K. N. Venkataswamy Naidu, Trader, Virudhunagar.
30. Sri D. A. K. Chinnaraju Naidu, Trader, Virudhunagar.
31. Sri N. V. K. S. Mariappa Nadar, Trader, Virudhunagar.
32. Sri V. V. Shanmuga Nadar, Trader, Virudhunagar.

- 33. Sri W. P. S. Bhaskaran, Agriculturist, Pattiveeranpatti.
- 34. Sri Muthuramanuja Thevar, Agriculturist, Sivakasi.
- 35. Sri K. C. Thomas, B.Sc. (Ag.), District Agricultural Officer, Madurai.

*7th June 1957.*

- 36. Sri A. K. D. Balarama Raja, Agriculturist, Rajapalayam.
- 37. Sri A. T. Ramaswamy Naicker, Agriculturist, Alangulam.
- 38. Sri R. Madhavachari, B.Sc. (Ag.), Technical Assistant to the Expert Committee.
- 39. Sri P. V. Kottaswamy Thevar, Agriculturist, Gudalur.
- 40. Sri Mohamed Abbas, B.Sc. (Ag.), Deputy Director of Agriculture, Madurai.
- 41. Sri K. K. Rajangam, Agriculturist, Nilakottai.

## APPENDIX VI.

(Vide paragraph 20.)

## STATEMENT SHOWING THE POSITION OF REGULATED MARKETS IN MADRAS STATE AS ON 1ST JULY 1957.

| <i>Serial number and district.</i> | <i>Name of market committee.</i> | <i>Year of constitution.</i> | <i>Commodities regulated.</i>                                      | <i>Regulated markets established at</i>                                                                                                                                             | <i>Date of establishing the regulated markets.</i>                                                                                                                                            |
|------------------------------------|----------------------------------|------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1)                                | (2)                              | (3)                          | (4)                                                                | (5)                                                                                                                                                                                 | (6)                                                                                                                                                                                           |
| 1 South Arcot .. ..                | South Arcot Market Committee.    | 1939                         | Cotton .. ..<br>Ground nut .. ..<br>Gingelly .. ..                 | Cuddalore .. ..<br>Villupuram .. ..<br>Vriddhaachalam .. ..<br>Tindivanam .. ..<br>Chinnasalem .. ..<br>Ulundurpet .. ..<br>Kallakurichi .. ..<br>Tirukoilur .. ..<br>Panruti .. .. | 3rd March 1940.<br>10th July 1940.<br>25th January 1940.<br>12th December 1939.<br>17th September 1945.<br>9th February 1940.<br>15th December 1955.<br>29th January 1940.<br>26th July 1945. |
| 2 Coimbatore .. ..                 | Coimbatore Market Committee.     | 1935                         | Cotton .. ..<br>Groundnut .. ..<br>Tobacco .. ..<br>Turmeric .. .. | Tirupur .. ..<br>Gobichettipalayam .. ..<br>Pollachi .. ..<br>Erode .. ..                                                                                                           | 1st April 1936.<br>15th January 1953.<br>1st November 1952.<br>21st August 1955.                                                                                                              |
| 3 North Arcot .. ..                | North Arcot Market Committee.    | 1953                         | Groundnut .. ..                                                    | Vellore .. ..<br>Tiruvannamalai .. ..<br>Arni .. ..<br>Arcot .. ..                                                                                                                  | 30th December 1953.<br>25th November 1953.<br>1st October 1956.<br>1st October 1956.                                                                                                          |
| 4 Ramanathapuram .. ..             | Ramanathapuram Market Committee. | 1952                         | Cotton .. ..<br>Groundnut .. ..                                    | ....<br>....                                                                                                                                                                        | These two market committees have not been able to function from inception, due to legal difficulties and a writ petition still pending before Supreme Court.                                  |
| 5 Tirunelveli .. ..                | Tirunelveli Market Committee.    | 1952                         | Cotton .. ..                                                       | Koilpatti .. ..                                                                                                                                                                     |                                                                                                                                                                                               |

## APPENDIX VII.

(Vide paragraph 21.)

### STATEMENT SHOWING THE GRANT OF LOANS TO MARKET COMMITTEES IN MADRAS STATE.

| <i>Serial number and year of sanction.</i> | <i>Amount of loan sanctioned.</i> | <i>Name of market committee which has received the Government loan.</i> | <i>Purpose for which the loan is sanctioned.</i>                         | <i>Amount of loan recovered so far.</i>                | <i>Balance outstanding as on 30th June 1957.</i> |
|--------------------------------------------|-----------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------|
| (1)                                        | (2)<br>RS.                        | (3)                                                                     | (4)                                                                      | (5)<br>RS.                                             | (6)<br>RS.                                       |
| 1 3rd April 1939 .. ..                     | 60,000                            | Coimbatore Market Committee.                                            | For acquisition of market premises and offices at Tirupur.               | 51,000                                                 | 9,000                                            |
| 2 2nd July 1948 .. ..                      | 1,40,000                          | Do.                                                                     | For the construction of rat proof godowns in the market yard at Tirupur. | 45,563                                                 | 94,437                                           |
| 3 15th September 1943 ..                   | 27,500                            | Do.                                                                     | Do.                                                                      | 27,500                                                 |                                                  |
| 4 15th September 1943 ..                   | 27,500                            | Do.                                                                     | Do.                                                                      | Amount sanctioned as subsidy by the Madras Government. |                                                  |
| 5 15th April 1939 .. ..                    | 7,700                             | South Arcot Market Committee.                                           | To meet initial expenditure                                              | 7,700                                                  | ..                                               |
| 6 14th September 1953 ..                   | 10,000                            | North Arcot Market Committee.                                           | Do.                                                                      | 3,000                                                  | 7,000                                            |
| 7 31st May 1954 .. ..                      | 20,000                            | Do.                                                                     | To meet current expenditure                                              | 20,000                                                 | ..                                               |
| 8 2nd December 1952 ..                     | 10,000                            | Ramanathapuram Market Committee.                                        | To meet initial expenditure                                              | 3,000                                                  | 7,000                                            |
| 9 14th February 1957 ..                    | 3,000                             | Do.                                                                     | To meet current expenditure                                              | ..                                                     | 3,000                                            |
| 10 18th August 1952 ..                     | 10,000                            | Tirunelveli Market Committee.                                           | To meet initial expenditure                                              | 2,000                                                  | 8,000                                            |
| 11 24th March 1955 .. ..                   | 3,000                             | Do.                                                                     | To meet current expenditure                                              | ..                                                     | 3,000                                            |
| 12 8th September 1956 ..                   | 3,800                             | Do.                                                                     | Do.                                                                      | ..                                                     | 3,800                                            |
| 13 21st March 1956 .. ..                   | 5,000                             | Do.                                                                     | Do.                                                                      | ..                                                     | 5,000                                            |
| 14 11th February 1957 ..                   | 3,000                             | Do.                                                                     | Do.                                                                      | ..                                                     | 3,000                                            |
| Grand total .. ..                          | 3,30,500                          |                                                                         |                                                                          |                                                        |                                                  |

*N.B.*—The loans indicated against items 8 to 14 have all been withheld repayment under orders of Government, in view of the poor finances of the respective market committees due to legal difficulties.

## APPENDIX VIII.

(Vide paragraph 106 of Chapter IV.)

### STATEMENT SHOWING THE IMPORTANT ASSEMBLING MARKET CENTRES FOR AGRICULTURAL COMMODITIES IN MADRAS STATE.

| <i>Serial number and name<br/>of market centre.</i> | <i>District.</i>   | <i>Commodities<br/>assembled.</i> | <i>Quantity<br/>assembled<br/>annually.</i> |
|-----------------------------------------------------|--------------------|-----------------------------------|---------------------------------------------|
| (1)                                                 | (2)                | (3)                               | (4)                                         |
|                                                     |                    |                                   | TONS.                                       |
| 1 Madras City ..                                    | Madras ..          | Groundnut ..                      | 3,000                                       |
|                                                     |                    | Jaggery (lumps and powder).       | 2,000                                       |
|                                                     |                    | Sugar ..                          | 3,000                                       |
|                                                     |                    | Gingelly ..                       | 2,500                                       |
|                                                     |                    | Tobacco ..                        | 2,000                                       |
|                                                     |                    | Paddy and rice ..                 | 120,000                                     |
| 2 Cuddalore ..                                      | South Arcot ..     | Groundnuts ..                     | 15,000                                      |
|                                                     |                    | Jaggery and sugarcane.            | 500                                         |
| 3 Tindivanam ..                                     | Do. ..             | Groundnut ..                      | 15,000                                      |
|                                                     |                    | Jaggery and sugarcane.            | 1,000                                       |
| 4 Tirukoilur ..                                     | Do. ..             | Groundnut ..                      | 10,000                                      |
|                                                     |                    | Jaggery and sugarcane.            | 1,000                                       |
| 5 Ulundurpet ..                                     | Do. ..             | Groundnut ..                      | 1,000                                       |
| 6 Villupuram ..                                     | Do. ..             | Do. ..                            | 20,000                                      |
|                                                     |                    | Jaggery ..                        | 1,000                                       |
| 7 Vriddhachalam ..                                  | Do. ..             | Groundnut ..                      | 15,000                                      |
|                                                     |                    | Jaggery ..                        | 2,000                                       |
| 8 Panruti ..                                        | Do. ..             | Groundnut ..                      | 10,000                                      |
| 9 Chinnasalem ..                                    | Do. ..             | Do. ..                            | 3,000                                       |
| 10 Alangudi ..                                      | Tiruchirappalli .. | Do. ..                            | 12,000                                      |
| 11 Manaparai ..                                     | Do. ..             | Do. ..                            | 10,000                                      |
| 12 Perambalur ..                                    | Do. ..             | Do. ..                            | 8,000                                       |
| 13 Karur ..                                         | Do. ..             | Do. ..                            | 12,000                                      |
|                                                     |                    | Jaggery (lumps and cane).         | 6,000                                       |
| 14 Ariyalur ..                                      | Do. ..             | Groundnut ..                      | 1,000                                       |
| 15 Dindigul ..                                      | Madurai ..         | Do. ..                            | 15,000                                      |
|                                                     |                    | Cotton (kapas and lint).          | 6,000 bales of 400 lbs.                     |
|                                                     |                    | Onions ..                         | 20,000                                      |
|                                                     |                    | Castor seed ..                    | 4,000                                       |
| 16 Nilakottai ..                                    | Do. ..             | Groundnut ..                      | 10,000                                      |
| 17 Palani ..                                        | Do. ..             | Do. ..                            | 6,000                                       |
|                                                     |                    | Cotton ..                         | 3,000 bales of 400 lbs.                     |
| 18 Melur ..                                         | Do. ..             | Groundnut ..                      | 500                                         |
| 19 Vellore ..                                       | North Arcot ..     | Do. ..                            | 8,000                                       |
|                                                     |                    | Jaggery (lumps and powder).       | 6,000                                       |
|                                                     |                    | Gingelly ..                       | 1,000                                       |
| 20 Gudiattham ..                                    | Do. ..             | Groundnut ..                      | 8,000                                       |
|                                                     |                    | Jaggery (lumps).                  | 1,000                                       |
| 21 Tiruvannamalai ..                                | Do. ..             | Groundnut ..                      | 8,000                                       |
|                                                     |                    | Paddy ..                          | 12,000                                      |
|                                                     |                    | Gingelly ..                       | 1,000                                       |
| 22 Polur ..                                         | Do. ..             | Groundnut ..                      | 5,000                                       |
| 23 Arni ..                                          | Do. ..             | Do. ..                            | 5,000                                       |
|                                                     |                    | Jaggery (lumps).                  | 500                                         |

| <i>Serial number and name<br/>of market centre.</i> | <i>District.</i> | <i>Commodities<br/>assembled.</i>         | <i>Quantity<br/>assembled<br/>annually.</i> |
|-----------------------------------------------------|------------------|-------------------------------------------|---------------------------------------------|
| (1)                                                 | (2)              | (3)                                       | (4)                                         |
|                                                     |                  |                                           | TONS.                                       |
| 24 Tirupathur ..                                    | North Arcot ..   | Groundnut ..                              | 4,000                                       |
|                                                     |                  | Jaggery (lumps).                          | 1,000                                       |
|                                                     |                  | Castor seed ..                            | 600                                         |
| 25 Wandiwash ..                                     | Do. ..           | Groundnut ..                              | 10,000                                      |
| 26 Mukkurai ..                                      | Mathurai ..      | Do. ..                                    | 600                                         |
| 27 Thirumangalam ..                                 | Do. ..           | Cotton (kapas and<br>lint).               | 1,000                                       |
|                                                     |                  | Groundnut ..                              | 1,000                                       |
| 28 Virudhunagar ..                                  | Ramanathapuram.  | Do. ..                                    | 15,000                                      |
|                                                     |                  | Chillies ..                               | 2,000                                       |
|                                                     |                  | Cotton (kapas and<br>lint).               | 30,000                                      |
|                                                     |                  |                                           | bales of<br>400 lbs.                        |
|                                                     |                  | Gingelly ..                               | 6,000                                       |
| 29 Sathur ..                                        | Do. ..           | Groundnut ..                              | 3,000                                       |
|                                                     |                  | Cotton (kapas and<br>lint).               | 15,000                                      |
|                                                     |                  |                                           | bales of<br>400 lbs.                        |
| 30 Paramakudi ..                                    | Do. ..           | Groundnut ..                              | 500                                         |
|                                                     |                  | Gingelly ..                               | 1,000                                       |
| 31 Rajapalayam ..                                   | Do. ..           | Groundnut ..                              | 1,000                                       |
|                                                     |                  | Cotton (kapas and<br>lint).               | 20,000                                      |
|                                                     |                  |                                           | bales of<br>400 lbs.                        |
| 32 Srivilliputhur ..                                | Do. ..           | Groundnut ..                              | 1,000                                       |
|                                                     |                  | Cotton (kapas and<br>lint).               | 5,000                                       |
|                                                     |                  |                                           | bales of<br>400 lbs.                        |
| 33 Sivaganga ..                                     | Do. ..           | Gingelly ..                               | 1,000                                       |
| 34 Karaikudi ..                                     | Do. ..           | Groundnut ..                              | 2,000                                       |
|                                                     |                  | Do. ..                                    | 1,000                                       |
|                                                     |                  | Gingelly ..                               | 3,000                                       |
| 35 Aruppukottai ..                                  | Do. ..           | Groundnut ..                              | 3,000                                       |
| 36 Tirupathur ..                                    | Do. ..           | Do. ..                                    | 600                                         |
| 37 Tirupur ..                                       | Coimbatore ..    | Groundnut ..                              | 5,000                                       |
|                                                     |                  | Cotton (kapas and<br>lint).               | 150,000                                     |
|                                                     |                  |                                           | to 200,000                                  |
|                                                     |                  |                                           | bales of<br>400 lbs.                        |
| 38 Pollachi ..                                      | Do. ..           | Tobacco (chewing)                         | 1,000                                       |
|                                                     |                  | Groundnut ..                              | 30,000                                      |
|                                                     |                  | Jaggery (lumps).                          | 2,000                                       |
|                                                     |                  | Castor seed ..                            | 100                                         |
|                                                     |                  | Onions ..                                 | ..                                          |
| 39 Erode ..                                         | Do. ..           | Groundnut ..                              | 12,000                                      |
|                                                     |                  | Turmeric ..                               | 3,000                                       |
|                                                     |                  |                                           | to 4,000                                    |
|                                                     |                  | Cotton (kapas and<br>lint).               | 3,000                                       |
|                                                     |                  |                                           | bales of<br>400 lbs.                        |
|                                                     |                  | Chewing tobacco<br>and tobacco<br>stalks. | 1,500                                       |
| 40 Vallam ..                                        | Tanjore ..       | Rice and paddy.                           | 10,000                                      |
|                                                     |                  | Groundnut ..                              | 1,000                                       |
| 41 Gandaravakottai ..                               | Do. ..           | Do. ..                                    | 1,500                                       |
| 42 Tanjore ..                                       | Do. ..           | Do. ..                                    | 5,000                                       |
|                                                     |                  | Rice and paddy                            | 10,000                                      |
| 43 Athur ..                                         | Salem ..         | Groundnut ..                              | 1,000                                       |
|                                                     |                  | Tobacco (chewing)                         | 700                                         |
|                                                     |                  | Rice and paddy.                           | 10,000                                      |

| <i>Serial number and name<br/>of market centre.</i> | <i>District.</i>   | <i>Commodities<br/>assembled.</i>   | <i>Quantity<br/>assembled<br/>annually.</i> |
|-----------------------------------------------------|--------------------|-------------------------------------|---------------------------------------------|
| (1)                                                 | (2)                | (3)                                 | (4)                                         |
|                                                     |                    |                                     | TONS:                                       |
| 44 Dharmapuri ..                                    | Salem. ..          | Groundnut ..                        | 3,000                                       |
|                                                     |                    | Castor seed ..                      | 7,000                                       |
|                                                     |                    | Gingelly ..                         | 4,000                                       |
| 45 Krishnagiri ..                                   | Do. ..             | Groundnut ..                        | 6,000                                       |
|                                                     |                    | Castor seed ..                      | 7,000                                       |
|                                                     |                    | Gingelly ..                         | 2,000                                       |
| 46 Namakkal ..                                      | Do. ..             | Groundnut ..                        | 5,000                                       |
|                                                     |                    | Rice ..                             | 8,000                                       |
| 47 Rasipuram ..                                     | Do. ..             | Groundnut ..                        | 5,000                                       |
| 48 Tiruchengode ..                                  | Do. ..             | Do. ..                              | 7,000                                       |
|                                                     |                    | Cotton (kapas and<br>lint). ..      | 3,000 bales<br>of 400 lbs.                  |
|                                                     |                    | Castor ..                           | 4,000                                       |
| 49 Tiruchirappalli ..                               | Tiruchirappalli .. | Jaggery (lumps<br>and cane). ..     | 10,000                                      |
|                                                     |                    | Gingelly ..                         | 700                                         |
|                                                     |                    | Tobacco (chewing<br>and cigar). ..  | 6,000                                       |
| 50 Pugalur ..                                       | Do. ..             | Sugar ..                            | 5,000                                       |
| 51 Gingee ..                                        | South Arcot ..     | Jaggery ..                          | 5,000                                       |
| 52 Chidambaram ..                                   | Do. ..             | Jaggery and<br>sugarcane. ..        | 600                                         |
|                                                     |                    | Rice and paddy. ..                  | 15,000                                      |
| 53 Nellikuppam ..                                   | Do. ..             | Sugar ..                            | 15,000                                      |
| 54 Ambur ..                                         | North Arcot ..     | Jaggery (lumps). ..                 | 1,000                                       |
| 55 Vaniambadi ..                                    | Do. ..             | Do. ..                              | 1,000                                       |
| 56 Kodumudi ..                                      | Coimbatore ..      | Do. ..                              | 2,000                                       |
|                                                     |                    | Tobacco (chewing<br>and stalks). .. | 800                                         |
| 57 Udumalpet ..                                     | Do. ..             | Jaggery (lumps). ..                 | 2,000                                       |
|                                                     |                    | Cotton (kapas and<br>lint). ..      | 8,000 bales<br>of 400 lbs.                  |
|                                                     |                    | Gingelly ..                         | 100                                         |
| 58 Coimbatore ..                                    | Do. ..             | Jaggery (lumps). ..                 | 1,000                                       |
|                                                     |                    | Cotton (kapas and<br>lint). ..      | 3,000 bales<br>of 400 lbs.                  |
|                                                     |                    | Castor seed ..                      | 200                                         |
| 59 Salem Town ..                                    | Salem ..           | Jaggery (balls and<br>cubes). ..    | 3,000                                       |
| (gaw)                                               |                    | Cotton (kapas and<br>lint). ..      | 5,000 bales<br>of 400 lbs.                  |
|                                                     |                    | Castor seed ..                      | 400                                         |
| 60 Mac Donald's<br>Choultry. ..                     | Do. ..             | Tobacco (stalks) ..                 | 200                                         |
| 61 Kumbakonam ..                                    | Tanjore ..         | Paddy and rice ..                   | 30,000                                      |
| 62 Theni ..                                         | Madurai ..         | Gingelly ..                         | 2,000                                       |
|                                                     |                    | Chillies ..                         | 3,000                                       |
| 63 Periyakulam..                                    | Do. ..             | Cotton (kapas and<br>lint). ..      | 500<br>candies.                             |
| 64 Tirunelveli Town and<br>Pettai. ..               | Tirunelveli ..     | Do. ..                              | 20,000<br>candies.                          |
|                                                     |                    | Gingelly ..                         | 6,000                                       |
| 65 Kovilpatti ..                                    | Do. ..             | Cotton (Kapas and<br>lint). ..      | 25,000<br>bales of<br>400 lbs.              |
| 66 Tuticorin ..                                     | Do. ..             | Chillies ..                         | 15,000                                      |
|                                                     |                    | Gingelly ..                         | 15,000                                      |
|                                                     |                    | Rice ..                             | 25,000                                      |
|                                                     |                    |                                     | to 50,000<br>imported<br>rice.]             |

| <i>Serial number and name<br/>of market centre.</i> | <i>District.</i> | <i>Commodities<br/>assembled.</i> | <i>Quantity<br/>assembled<br/>annually.</i> |
|-----------------------------------------------------|------------------|-----------------------------------|---------------------------------------------|
| (1)                                                 | (2)              | (3)                               | (4)                                         |
|                                                     |                  |                                   | TONS.                                       |
| 67 Sankarankoil ..                                  | Tirunelveli      | Cotton (kapas and lint).          | 300 bales                                   |
|                                                     |                  | Gingelly                          | of 400 lbs.                                 |
| 68 Srivaikuntam ..                                  | Do.              | Cotton (kapas and lint).          | 1,000                                       |
| 69 Nanguneri ..                                     | Do.              | Cotton (kapas and lint).          | 300 bales                                   |
|                                                     |                  | Gingelly                          | of 400 lbs.                                 |
| 70 Tenkasi ..                                       | Do.              | Cotton (kapas and lint).          | 500 bales                                   |
| 71 Palladam ..                                      | Coimbatore       | Cotton (kapas and lint).          | 1,000                                       |
|                                                     |                  | Tobacco (chewing).                | of 400 lbs.                                 |
| 72 Avanashi ..                                      | Do.              | Cotton (kapas and lint).          | 2,000 bales                                 |
| 73 Madurai ..                                       | Madurai          | Castor seed                       | of 400 lbs.                                 |
|                                                     |                  | Gingelly                          | 500                                         |
| 74 Edapadi ..                                       | Salem            | Castor seed                       | 7,000 bales                                 |
| 75 Kadangalur ..                                    | Tirunelveli      | Gingelly                          | of 400 lbs.                                 |
| 76 Ambasamudram ..                                  | Do.              | Do.                               |                                             |
| 77 Shiyali ..                                       | Tanjore          | Paddy and rice                    |                                             |
| 78 Kardachiri ..                                    | Do.              | Do.                               |                                             |
| 79 Mannargudi ..                                    | Do.              | Do.                               |                                             |
| 80 Satyamangalam ..                                 | Coimbatore       | Gingelly                          |                                             |
|                                                     |                  | Tobacco (chewing and beedi).      |                                             |
| 81 Kuttalam ..                                      | Tanjore          | Paddy and rice                    |                                             |
| 82 Arkonam ..                                       | North Arcot      | Gingelly                          |                                             |
| 83 Kaviripakkam ..                                  | Do.              | Do.                               |                                             |
| 84 Harur ..                                         | Salem            | Do.                               |                                             |
| 85 Omalur ..                                        | Do.              | Do.                               |                                             |
| 86 Hosur ..                                         | Do.              | Do.                               |                                             |
| 87 Mettupalayam ..                                  | Coimbatore       | Potatoes                          |                                             |
| 88 Kadambur ..                                      | Tirunelveli      | Chillies                          |                                             |
| 89 Tiruvellore ..                                   | Chingleput       | Gingelly                          |                                             |
| 90 Kurijipady ..                                    | South Arcot      | Millets                           |                                             |
| 91 Kallakurichi ..                                  | Do.              | Do.                               |                                             |
| 92 Dharapuram ..                                    | Coimbatore       | Gingelly                          |                                             |
| 93 Sankaridrug ..                                   | Salem            | Tobacco                           |                                             |
| 94 Pattukottai ..                                   | Tanjore          | Cocoanuts                         |                                             |
| 95 Adirampattinam ..                                | Do.              | Do.                               |                                             |
| 96 Sular ..                                         | Coimbatore       | Tobacco (chewing and stalks).     |                                             |
| 97 Singanallur ..                                   | Do.              | Tobacco (pit cured)               |                                             |
| 98 Sudakamuthur ..                                  | Do.              | Tobacco (chewing)                 |                                             |
| 99 Chettipalayam ..                                 | Do.              | Do.                               |                                             |
| 100 Pulampatti ..                                   | Do.              | Do.                               |                                             |
| 101 Karunanthur ..                                  | Do.              | Tobacco (chewing and beedi).      |                                             |
| 102 Karamadai ..                                    | Do.              | Do.                               |                                             |
| 103 Bhavani ..                                      | Do.              | Gingelly                          |                                             |
| 104 Kulitalai ..                                    | Tiruchirappalli  | Do.                               |                                             |
| 105 Vadaranyam ..                                   | Tanjore          | Tobacco (chewing).                |                                             |
| 106 Tiruvarur ..                                    | Do.              | Do.                               |                                             |
| 107 Elangakurichi ..                                | Tiruchirappalli  | Tobacco (chewing and cigar).      |                                             |
| 108 Oddanchatram ..                                 | Madurai          | Cigar                             |                                             |
| 109 Aravakurichi ..                                 | Tiruchirappalli  | Tobacco (chewing and cigar).      |                                             |
| 110 Vedasandur ..                                   | Madurai          | ....                              |                                             |

## APPENDIX IX.

(Vide paragraph 233.)

### Draft Bill.

#### MADRAS AGRICULTURAL PRODUCE MARKETS ACT, 1957.

An Act to provide for the better regulation of buying and selling of agricultural produce and the establishment of markets for agricultural produce in the State of Madras.

**Preamble.** WHEREAS it is expedient to provide for the better regulation of the buying and selling of agricultural produce in the State of Madras and for that purpose to establish markets and make rules for their proper administration;

AND WHEREAS the previous sanction of the President of India has been obtained to the passing of this Act; it is hereby enacted as follows:—

**Short title and extent.** 1. (1) This Act may be called the Madras Agricultural Produce Markets Act, 1957.

(2) It extends to the whole of the State of Madras.

**Definitions.** 2. In this Act, unless there is anything repugnant in the subject or context—

(i) “Collector” means the Collector of the district in which the notified area is situated or if such area is situated in two or more districts, the Collector of one of the districts designated by the State Government in that behalf;

(ii) “agricultural produce” means and includes produce of agriculture, horticulture, forest or animal husbandry and such other produce both processed and unprocessed and declared by the State Government by notification in the official Gazette to be agricultural produce, for the purposes of this Act;

(iii) “producer” means and includes a person who grows, rears or produces by himself or by hired labour or otherwise as the case may be, the agricultural produce, but shall not include a dealer or broker in such produce, although he may be a producer of such produce. If a question arises as to whether any person is a producer or not for the purposes of this Act, the decision of the Collector of the district where the person ordinarily resides shall be final;

(iv) “market” means a market established under section 5 (2);

(v) “notified area” means any area notified under section 4, as altered by the notification or notifications if any under section 7;

(vi) “notified market area” means any area declared to be a market area by the notification under section 5 (3), as altered by the notification or notifications if any under section 8;

(vii) “Director” means the Director of Agriculture or the State Marketing Officer;

(viii) "market committee" means a committee established under section 5;

(ix) "rule" means the rules made under section 24;

(x) "by-law" means the by-laws made under section 25;

(xi) "prescribed" means prescribed by rules or by-laws made under this Act.

3. The State Government may, by notification in the official gazette, declare their intention of exercising control over the purchase and sale of such agricultural produce and in such area as may be specified in the notification. Such notification shall state that any objections or suggestions which may be received by the State Government, within a period to be specified in the notification, will be considered by them.

Notification of intention of exercising control over purchase and sale of agricultural produce in the specified area.

A copy of the notification shall be published in the prescribed manner.

4. (1) After the expiry of the period specified in the notification under section 3 and after considering such objections and suggestions as may be received before such expiry, the State Government may, by notification published in the official gazette, declare the area specified in the notification under section 3 or any portion thereof to be notified area for the purposes of this Act in respect of such agricultural produce specified in the notification under that section or any of them.

Declaration of notified area.

A copy of the notification shall be published in the prescribed manner.

(2) For the removal of doubts, it is hereby declared that a notification published in the official gazette under section 3 or under sub-section (1) shall have full force and effect notwithstanding any omission to publish, or any irregularity or defect in the publication of, a copy of the notification under section 3 or under sub-section (1) as the case may be.

5. (1) The State Government shall establish a market committee for every notified area. It shall be the duty of the market committee to enforce the provisions of this Act and the rules and by-laws made thereunder in such notified area.

Establishment of market committee.

(2) Every market committee shall establish in the notified area such number of markets providing for such facilities, as the State Government may from time to time direct, for the purchase and sale of the agricultural produce concerned.

(3) Wherever a market committee has established a market under sub-section (2), the State Government may by a notification published in the official gazette, declare an area around the market to be specified in the notification as a notified market area.

6. (1) No person shall, within a notified area, set up, establish or use, or continue or allow to be continued, any place for the purchase or sale, storage, weighment, pressing or processing of any agricultural produce, except under and in accordance with the conditions of a licence granted to him by the market committee:

Provided that the market committee may exempt from the provisions of this sub-section any person who carries on the business of purchasing or selling any agricultural produce in quantities not exceeding those prescribed by rules under this Act:

Provided also that a person selling agricultural produce, which has been grown by him or a co-operative marketing society registered or deemed to be registered under the Madras Co-operative Societies Act, 1932, selling agricultural produce, which has been grown by any of its members, shall be exempt from the provisions of this sub-section, but the State Government may withdraw such exemption in respect of any such person or co-operative marketing society or all of them:

Provided however that every co-operative marketing society shall in selling agricultural produce shall observe the provisions of this Act and the rules and by-laws made thereunder, and the trade regulations that may be framed by the market committee from time to time and governing such sales.

(2) Nothing contained in sub-section (1) shall apply to a person purchasing agricultural produce for his own domestic consumption.

(3) On and after the date on which the State Government has by a notification under sub-section (3) of section (5) declared any area to be a notified market area, no person or municipality, district board, panchayat or any other local authority excepting a co-operative marketing society registered under the Madras Co-operative Societies Act, 1932, notwithstanding anything contained in any enactment relating to such municipality, district board, panchayat or authority shall be competent to set up, establish or continue or allow to be continued any place in the said area, for the purchase or sale, of any agricultural produce.

(4) (a) A licence under sub-section (1) may be refused to a person—

(i) whose licence was cancelled and three years have not elapsed, since the date of the cancellation;

(ii) who has been convicted of an offence or been guilty of misconduct, which in the opinion of the market committee, affects the said person's integrity as a man of business;

(iii) in regard to whom the market committee is satisfied after the enquiry as considered adequate that such a person is a benamidar for, or a partner with, any other person to whom a licence may be refused under clause (i) or (ii);

(iv) If in the opinion of the market committee the issue of a licence is likely to affect the transactions of sale and purchase in the regulated market and the levy of market fees.

(b) Subject to such rules as may be made by the State Government, the market committee may and after such enquiry as it deems fit cancel or suspend any licence granted under sub-section (1):

Provided that in all cases of refusal, suspension or cancellation the applicant shall be entitled to appeal to the Director and the State Government in the prescribed manner.

(5) Every person to whom a licence is granted under sub-section (1) shall comply with the provisions of this Act, the rules and by-laws and the conditions specified in the licence.

7. Subject to the provisions of section 3, the State Government may by notification—

Power of State Government to alter a notified area.

(a) exclude from a notified area, any area comprised therein and defined in such notification; or

(b) include in any notified area, any area defined in such notification.

8. Subject to the provisions of sub-section (3) of section 5, the State Government may by notification—

(a) exclude from a notified market area any area comprised therein and defined in such notification; or

(b) include in any notified market area, any area defined in such notification.

9. (1) Every market committee shall consist of fifteen members and be constituted in the following manner:—

Constitution of Committee.

(i) Nine shall be persons, appointed by the State Government on the recommendation of Director from among the producers of the agricultural produce, in the notified area.

(ii) Four shall be persons appointed by the State Government on the recommendation of Director from among the traders in the agricultural produce in the notified area and licensed under sub-section (1) of section 6.

(iii) One shall be a person either official or non-official from the notified area appointed by the State Government on the recommendation of the Registrar of Co-operative Societies, to represent co-operative interests.

(iv) One shall be District Agricultural Officer having jurisdiction over the notified area who shall ex-officio be a member.

*Explanation.*—Where there are two or more District Agricultural Officers, having jurisdiction over different portions of a notified area the State Government shall decide which of such officers shall be the District Agricultural Officer for the purposes of this clause:

Provided that where a market committee is established for any notified area for the first time, the State Government shall constitute the committee in the manner prescribed under this section excepting that in so far as the four trader members to be appointed under clause (2) they may be appointed from among the traders in the agricultural produce in the notified area, notwithstanding that they are not licensees under sub-section (1) of section 6.

(2) The term of office of the members appointed under sub-section (1) and the proviso to sub-section (1) shall be three years from the date of appointment or from the date of occurrence of the vacancy, whichever is later:

Provided that a member appointed under clause (ii) of sub-section (1) shall cease to hold his office, if he ceases to be a trader licensed under section 6:

Provided further that a member of the committee shall cease to hold his office if he absents himself from three consecutive meetings of the committee including meetings which for want of a quorum could not be held.

(3) When the seat of any member becomes vacant, the vacancy shall be filled up by appointment in accordance with the conditions laid down in sub-section (1):

Provided that no casual vacancy shall be filled up within three months before the expiry of the term of office of the member.

(4) The member appointed to fill up a vacancy under clause (3) shall hold office only so long as the member in whose place he is appointed would have been entitled to hold office if the vacancy did not occur.

(5) (a) For the purpose of the second proviso to sub-section (2) no meeting of the market committee from which a member absents himself shall be counted against him, if due notice of that meeting had not been given to him.

(b) Where a person ceases to be a member under the proviso aforesaid, the chairman shall at once intimate the fact in writing to such person and report the same to the committee at its next meeting. If such person applied for restoration *suo motu* to the committee on or before the date of its next meeting or within fifteen days of the receipt by him of such intimation, the committee may at the meeting next after the receipt of such application restore him to his office of member, provided that a member shall not be so restored more than twice during his term of office.

(6) Any member of a market committee may at any time be removed from office by the State Government for any of the reasons specified in the rules made under this Act.

(7) Every market committee shall elect one among the producer members appointed under sub-section (1) to be its chairman and elect one among the members to be its vice-chairman.

Special provision when there is delay in the reconstitution of a new committee.

10. When the term of office of the members of a market committee has expired and if, for any reason, there is delay in the reconstitution of the committee, the term of office of members of the committee whose term of office has expired, shall be deemed to be extended and they shall continue to function till such time, as the committee is reconstituted.

Incorporation of committee.

11. Every market committee shall be a body corporate by such name as the State Government may specify in the notification establishing it, shall have perpetual succession and a common seal,

may sue and be sued in its corporate name, and shall be competent to acquire and hold property both movable and immovable, to lease, sell or otherwise transfer any movable or immovable property which may have become vested in or been acquired by it, and to contract and to do all other things necessary for the purposes for which it is established.

12. The market committee may appoint one or more of its members to be a sub-committee or to a special committee for the conduct of any work or to report on any matter, and may delegate to any one or more of its members such of its own powers or duties as it may think fit. Sub-Committees and delegation of powers.

13. (1) Subject to such rules as may be made by the State Government in this behalf, a market committee may employ such officers and servants as may be necessary for the management of the market, may pay such officers and servants such salaries as it may think fit and shall have power to control and punish them. The committee may also provide for the payment to its officers and servants of such leave allowances, pensions, gratuities or compassionate allowances, as it deems proper; and may contribute to any provident fund which may be established for the benefit of such officers and servants. Appointments and salaries of officers and servants of market committee.

(2) The Committee shall in the case of any servant of the Government whom it employs, make such contributions towards his pension and leave allowances as may be required, by the conditions of his service under the Government, to be paid by him or on his behalf.

(3) The chairman, vice-chairman and every officer or servant of a market committee shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code. Central Act XLV of 1860

14. (1) Every contract entered into by the market committee shall be in writing and shall be signed on behalf of the market committee by the chairman and two other members of the committee or if the market committee has been superseded, by the person or persons appointed under sub-section (3) of section 21. Execution of contracts.

(2) No contract other than a contract executed as provided in sub-section (1) shall be binding on a market committee.

15. (1) The market committee shall subject to such rules as may be made in this behalf, levy a market fee on any agricultural produce bought or sold in the notified market area, at such rates, as it may determine. Levy of fees by market committee.

*Explanation.*—For the purposes of this sub-section all agricultural produce leaving a notified market area shall, unless the contrary is proved, be presumed to be bought or sold within such area.

(2) The market fees referred to in sub-section (1) shall be paid by the purchaser of the agricultural produce concerned.

(3) The market fees levied under sub-section (1) shall be subject to the provisions of Article 286 of the Constitution.

16. The market committee may, subject to such rules as may be made in this behalf, levy a subscription for collecting and disseminating among the subscribers, information as to any matter relating to statistics or marketing in respect of agricultural produce. Levy of subscription for market reports, etc.

Market  
committee  
fund.

17. (1) All moneys received by a market committee shall be paid into a fund to be called the "Market Committee Fund". All expenditure incurred by the market committee under or for the purposes of this Act shall be defrayed out of the said fund; and any surplus remaining after such expenditure has been met shall be invested in such manner as may be prescribed by rules.

(2) (a) Every market committee shall out of its fund pay to the State Government the cost of any special or additional staff employed by the State Government in consultation with the committee for giving effect to the provisions of this Act in the notified area.

(b) The State Government shall determine the cost of such special or additional staff and shall, where the staff is employed for the purposes of more than one market committee, apportion such cost among the committees concerned in such manner as they think fit. The decision of the State Government determining the amount payable by any market committee shall be final.

Purposes for  
which the  
fund may be  
expended.

18. Subject to the provisions of section 17 the market committee fund shall be expended for the following purposes only:—

- (i) the acquisition of a site or sites for the market;
- (ii) the maintenance and improvement of the market;
- (iii) the construction and repair of buildings which are necessary for the purposes of such market and for the health, convenience and safety of the persons using it;
- (iv) the provision and maintenance of standard weights and measures;
- (v) the pay, pensions, leave allowances, gratuities, compassionate allowances and contributions towards leave allowances, pensions or provident fund of officers and servants employed by the market committee;
- (vi) the payment of interest on loans that may be raised for purposes of the market and the provision of a sinking fund in respect of such loans;
- (vii) the collection and dissemination of information regarding all matters relating to crop statistics and marketing in respect of the agricultural produce;
- (viii) schemes for the extension or cultural improvement of the agricultural produce within the notified area, including the grant, subject to the approval of the State Government, of financial aid to the schemes for such extension or improvement within such area, undertaken by other bodies or individuals;
- (ix) propaganda in favour of agricultural improvement and thrift.
- (x) such other purposes as may be authorized by the Director or the State Government in this behalf by general or special order.

No trade  
allowance  
permissible  
except as  
prescribed by  
rules or by  
laws.

19. No trade allowance other than an allowance prescribed by rules or by-laws, shall be made or received in a notified area by any person in any transaction in respect of the agricultural produce and no Civil Court shall, in any suit or proceeding arising out of any such transaction, have regard to any trade allowance not so prescribed.

*Explanation.*—Every deduction other than deductions on account of deviation from sample, when the purchase is made by sample, or of deviation from standard, when the purchase is made by reference to a known standard, or on account of difference between the actual weight of the sacking and the standard weight, or on account of the admixture of foreign matter, shall be regarded as a trade allowance for the purposes of this Act.

20. (1) Every market committee may with the previous sanction of the State Government, raise money required for carrying out the purposes for which it is established on the security of any property vested in or belonging to the market committee and of any fee leviable by the market committee under this Act. The market committee may, for the purpose of meeting the initial expenditure on lands, buildings and equipment required for establishing the market, obtain a loan from the State Government. Power to borrow.

(2) The conditions under which such money or loan shall be raised and the time within which the same shall be repayable shall be subject to the previous sanction of the State Government.

21. (1) If, in their opinion, a market committee is not competent to perform or persistently makes default in performing the duties imposed on it by or under this Act, or abuses its powers, the State Government may, by notification in the official gazette supersede such committee for a period not exceeding two years in the first instance and may by order extend from time to time the period of supersession so however that the total period of supersession in the case of any market committee shall not exceed four years. Supersession of market committee.

Provided that before issuing a notification under this sub-section, the State Government shall give a reasonable opportunity to the market committee for showing cause against the proposal and shall consider the explanations and objections, if any, of the market committee.

(2) Upon the publication of a notification under sub-section (1) superseding a market committee, the following consequences shall ensue:—

(a) all the members as well as the chairman and vice-chairman of the market committee shall as from the date of such publication be deemed to have vacated their offices;

(b) all the assets vested in the market committee, shall subject to all its liabilities, vest in the State Government.

(3) When a market committee has been superseded—

(a) the State Government may, at their discretion, by order appoint a suitable person, or persons to carry out the functions of the committee and transfer to such person or persons the assets and liabilities of the superseded market committee as on the date of such transfer; and

(b) at any time before the expiry of the period of supersession, the State Government may constitute a new committee under section 5 and transfer thereto the assets and liabilities of the superseded committee as on the date of such transfer.

**Penalties.**

22. Whoever contravenes the provisions of section 6 shall be punishable with fine which may extend to five hundred rupees, and in the case of a continuing contravention with a further fine which may extend to one hundred rupees for every day during which the contravention is continued after conviction therefor.

23. Whenever any person is convicted of an offence under this Act, rules or by-laws, the magistrate shall in addition to any fine which may be imposed, recover summarily and pay over to the committee the amount of fee chargeable for the licence and other fees payable on the agricultural produce or otherwise.

**Rules.**

24. (1) The State Government may, either generally or specially for any notified area or areas, make rules consistent with this Act for carrying out all or any of the purposes thereof.

(2) In particular and without prejudice to the generality of the foregoing power such rules may provide for or regulate—

(i) the appointment and removal of members of a market committee;

(ii) the election of the chairman and vice-chairman of a market committee and their term of office;

(iii) the filling of casual vacancies in the office of the chairman, vice-chairman or member of a market committee;

(iv) the annual fees that may be levied by the market committee in respect of licences granted under section 6 and the recovery of such fees;

(v) the maximum rates of subscriptions which may be levied by the market committee under section 16 and the recovery of such subscriptions;

(vi) the issue by a market committee of licences to brokers, weighmen, measurers and surveyors, the form in which, and the conditions under which, such licences shall be issued or renewed, and the fees to be charged therefor;

(vii) the kind and description of the scales, weights and measures, which alone may be used in transactions in the agricultural produce concerned in a notified area;

(viii) the periodical inspection, verification and correction of all scales, weights and measures in use in a notified area and the seizure of scales, weights and measures found to be false;

(ix) the trade allowances which may be made or received by any person in any transaction in the agricultural produce concerned in a notified area;

(x) the provision of facilities for the settlement of any disputes between a buyer and seller of agricultural produce or their agents including disputes regarding the quality or weight of the article, the allowances for wrappings dirt or impurities or deductions from any cause;

(xi) the prohibition of brokers from acting in any transaction on behalf of both the buyer and seller of an agricultural produce;

(xii) the provision of accommodation for storing any agricultural produce brought into the market;

(xiii) the preparation of plans and estimates for works proposed to be constructed, partly or wholly at the expense of the market committee, and the grant of sanction to such plans and estimates;

(xiv) the procedure to be followed by a market committee in respect of financial matters generally including the manner in which and the restrictions and conditions subject to which expenditure may be incurred by it; and the responsibility of members of committee in such expenditure;

(xv) the form in which the accounts of a market committee shall be kept, the audit and publication of such accounts, and charges, if any, to be made for such audit;

(xvi) the powers of auditors and the Director of Agriculture to disallow and surcharge items and the recovery of sums so disallowed and surcharged;

(xvii) the institution or provident funds;

(xviii) the preparation and submission for sanction of an annual budget and the reports and returns to be furnished by a market committee;

(xix) the investment and disposal of the surplus funds of a market committee;

(xx) the prevention of adulteration of agricultural produce;

(xxi) the maintenance of standards of agricultural produce.

(3) Any rule made under this section may provide that any contravention thereof or of any of the conditions of any licence issued or renewed thereunder shall be punishable with fine which may extend to two hundred rupees.

(4) (a) The power to make rules conferred by this section is subject to the condition of the rules being made after previous publication.

(b) All rules made under this section shall be published in the official gazette and on such publication shall have effect as if enacted in this Act.

(c) All such rules shall be laid before both Houses of the State Legislature.

25. (1) Subject to any rules made by the State Government under section 24 and with the previous sanction of the Director, a market committee may in respect of the notified area for which it was established make by-laws for the regulation of the business and the condition of trading therein:

Provided that where a market committee fails to make by-laws under this sub-section within one month from the date of its establishment the Director, may make such by-laws as he thinks fit and the by-laws so made shall remain in operation. Any change in the by-laws, or addition to them shall be made with the approval of the Director of Agriculture or by him.

(2) Any by-law made under this section may provide that contravention thereof shall be punishable with fine which may extend to fifty rupees.

**Power to write off irrecoverable fees, etc.** 26. A market committee may write off any or other amount whatsoever due to it, whether under a contract or otherwise, or an amount or sum payable in connexion therewith, if in its opinion, such fee amount or sum is irrecoverable:

Provided that the sanction of the Director or the State Government shall be obtained for writing off any such fee, amount or sum exceeding one hundred rupees.

**Trial of offences.** 27. (1) No offence made punishable by this Act or any rule or by-law made thereunder shall be tried by a court inferior to that of Presidency Magistrate or a magistrate of the first-class.

(2) Prosecutions under this Act may be instituted by any person duly authorised in writing by the market committee in this behalf.

(3) All fines and arrears of licence fees, market fees, etc. recovered from an offender shall be credited to State revenues and grant equivalent to such fines shall be paid to the market committee

**Recovery of sums due to Government from market committee.** 28. All sums due from a market committee to the State Government may be recovered in the same manner as arrears of land revenue

**Power of Director of Agriculture or State Government to call for proceedings of market committee and to pass orders thereon.** 29. The Director of Agriculture or State Government may at any time call for and examine the proceedings of any market committee for the purpose of satisfying itself as to the legality or propriety of any decision or order passed by the committee under the rules. If in any case, it appears to the Director of Agriculture or State Government that any decision or order or proceeding so called for should be modified, annulled or reversed, the Director of Agriculture or State Government may pass such orders thereon, as it deems fit.

**Saving.** 30. Nothing in this Act shall apply to any place set up, established or continued by or on behalf of the Government for the purchase, sale, storage, weighment, pressing or processing of any agricultural produce or to the purchase or sale of any such produce by or on behalf of the Government.

**Exemptions from other Acts.** 31. Nothing contained in Madras Village Panchayats Act, 1950, Madras District Boards Act, 1920, Madras Municipalities Act, 1920, or in any law relating to the establishment, maintenance or regulation of a market shall apply to any market established under the Act or affect in any manner the powers of a committee, in respect of such markets.

**Registrations of documents executed on behalf of a market committee.** 32. (1) Notwithstanding anything contained in the Indian Registration Act, 1908, it shall not be necessary for the chairman or any member or officer of a market committee to appear in person or by agent at any registration office in any proceeding connected with the registration of any instrument executed by him in his official capacity or to sign as provided in section 58 of that Act.

(2) Where any instrument is so executed, the registering officer to whom such instrument is presented for registration may, if he thinks fit, refer to such chairman, member or officer or person referred to in section 14 (1) for information respecting the same and, on being satisfied of the execution thereof shall register the instrument.

33. Every member of the market committee shall be personally<sup>12</sup> liable for the misappropriation of any fund to which he shall have been a party or shall happen through or facilitated by gross neglect of his duty as a member, and may be sued for recovery of the moneys so misapplied, as if such moneys had been the property of the State Government. Members to be held responsible for misapplied funds.

34. The Madras Commercial Crops Markets Act, 1933 is hereby Repealed.

Provided that notwithstanding anything contained in section 4, any area declared to be a notified area under section 4 of the Madras Commercial Crops Markets Act, 1933, shall be deemed to be a notified area under this Act, and the market committee constituted for the said notified area under section 5 of the said Act and holding office immediately prior to the date on which this Act comes into force shall be deemed to be a market committee under this Act for the said notified area. All the members of such market committee shall be deemed to be members nominated by the State Government under sub-section (1) of section 9.

**MISCELLANEOUS.**



**FOOD AND AGRICULTURE DEPARTMENT**

**G.O. No. 2780, 13th September 1957**

**Committees—Expert Committee on Marketing Legislation—  
Report—Printing and publishing of—Orders.**

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**Read—the following papers :—**

G.O. No. 113, Food and Agriculture, dated  
17th January 1957.

G.O. No. 1286, Food and Agriculture, dated  
22nd April 1957.

G.O. No. 2203, Food and Agriculture, dated  
20th July 1957.

From the Secretary, Expert Committee on Marketing  
Legislation, dated 31st August 1957, No. C-5/2269/57.

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**Order—No. 2780, Food and Agriculture, dated 13th September 1957.**

In G.O. No. 113, Food and Agriculture, dated 17th January 1957, the Government appointed a Committee with Sri W. S. Krishnaswamy Naidu, Retired High Court Judge, as the Chairman to review the working of the Madras Commercial Crops Markets Act, 1933, with a view to remedy defects and making the marketing legislation more effective and beneficial to agriculturists and to consider the extension of the Act to all agricultural commodities.

2. The Expert Committee has now submitted its Report to Government. The Government direct that the Report be printed and published. The Controller of Stationery and Printing is requested to have the Report printed and fix the price for sale copies. Separate instructions will be issued as regards the number of copies to be printed.

3. The summary of the recommendations in the Report will be immediately published through the Director of Information and Publicity.

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No. 2780, FOOD AND AGRICULTURE, 13TH SEPTEMBER 1957

4. The Government desire to express their appreciation of the work of the Chairman and the Members of the Committee for their thorough report submitted within a short time.

(By order of the Governor of Madras)

N. MURUGESA MUDALIAR,  
*Deputy Secretary to Government.*

To the Chairman, Expert Committee on Marketing Legislation.

- „ all Members of the Committee.
- „ the Director of Agriculture.
- „ the Registrar of Co-operative Societies.
- „ the Director of Industries and Commerce.
- „ the Inspector of Municipal Councils and Local Boards.
- „ the Controller of Stationery and Printing (with copy of report for printing).
- „ the Director of Information and Publicity.
- „ the Accountant-General (through Finance Department).
- „ all Market Committees.
- „ the Public Works Department.
- „ the Industries, Labour, and Co-operation Department.
- „ the Finance Department.
- „ the Law Department.
- „ the Government of India, Ministry of Food and Agriculture, New Delhi.
- „ the Directorate of Marketing and Inspection, Government of India, Ministry of Food and Agriculture, New Delhi.