

Agricultural Marketing in India is handled both by private traders and government. Though, major part of the agricultural produce is handled by private traders. The objectives and form of government interventions, however, change over the time with the intention of protecting the interests of producers and consumers. A number of government organizations, such as Food Corporation of India, NAFED and other state agencies are involved in agricultural marketing mainly to procure agricultural commodities at Minimum Support Prices (MSPs) from the producers and maintain PDS. In course of time, the state governments introduced Agricultural Produce marketing Committee (APMC) Act, with a view to regulate the marketing of agricultural produces in market areas. The regulation of market had several positive features. Despite its advantages that the regulated markets had, there still existed several constraints. With the emergence of free market economy and fast expansion of agri-business activities in post -WTO period, the Government of India drafted a model APMC Act in 2003 circulated to states for amendments in their respective APMC Acts. Accordingly, some states have amended their APMC Act and some are under the process of revisions. In the meanwhile, several private players have entered in the marketing of agricultural produces, whereof presence is supposed to reduce the inefficiencies in the market.

The present study is an attempt to analyze the benefits and constraints for agents trading in traditional marketing channel (TMC) and emerging marketing channel (EMC) in Bihar & Jharkhand states. As of now, Bihar has no APMC Act as such, whereas that of amended in Jharkhand in the light of model APMC Act. The study is unique and, perhaps, first in its kind in both the states. It has measured the marketing efficiency of fruit (mango) in Bihar and vegetable (cauliflower) in Jharkhand on both the channels, which revealed that it is 1.892 and 1.858 for mango on TMC & EMC farms, whereas that of 0.91 and 0.98 for cauliflower on TMC & EMC farms respectively. It suggests that marketing conditions in selected crops in both the states are not efficient, which need due attention for development of marketing infrastructure matching with the developed regions of the country, otherwise benefits to the producers and consumers shall remain choked.

I thank Dr. Ranjan Kumar Sinha, Research Officer-Cum-Project Leader of the study and all the members of the Project Team for completing this study on behalf of the Centre. They all indeed deserve full appreciation.

It is hoped that the results of the study will be useful for the policy makers, researchers and other professionals.

**Basant Kumar Jha**

*Director*

Agro-Economic Research Centre for Bihar & Jharkhand

T M Bhagalpur University

Bhagalpur – 812 007

## Preface

---

Organized marketing of agricultural commodities is being promoted in the country through a network of regulated markets. Most of the states and UTs have enacted legislation, the Agricultural Produce marketing Committee (APMC) Act to provide for regulation of agricultural produce markets. In Bihar, after independence, a major breakthrough in the marketing of agricultural produce took place with the promulgation of Bihar State Agricultural Produce markets' Act, 1960. Subsequently, the Bihar State Agricultural marketing Board was created in the year 1972. Since then, 122 agricultural produce market committees have been set up to bring the entire state under the fold of market regulation. Out of these 122 market committees, 95 fell in residual Bihar, after carving out Jharkhand state in November, 2000; and remaining 27 in Jharkhand state.

After WTO regime, worldwide governments have recognized the importance of liberalized agricultural markets. Following the need, Government of India drafted a model law (2003) for agricultural market and suggested the states for amendments in the light of the Act in their respective APMC Act, so as to allow private players in marketing of agricultural produce. However, Government of Bihar repealed BAMPC Act in 2006 whereas government of Jharkhand amended its JAMPC Act in 2008 and, allowed contract farming etc. But, it is yet to be enforced in true sense. In the meanwhile, several channels have emerged in marketing of agricultural commodities. The present study relates to impact of those emerging marketing channels in agricultural marketing Bihar & Jharkhand states. It analyses the impact on fruit (mango) in Bihar and vegetable (cauliflower) in Jharkhand. It is hoped that the findings of the study will be useful for the policy planners, academia and all concerned.

In course of study we have received immense benefit from different scholars and officials belonging to various government departments. First of all, I am grateful to Dr. Ananda Vadivelu and Dr. Nilabja Ghosh, Co-ordinators of the study, Institute of Economic Growth, Delhi University for guiding in conduct of study and giving valuable comments on the draft report, which have been duly incorporated. I am also grateful to our Director Prof. (Dr.) Basant Kumar Jha for his overall supervision and guidance. I thankfully acknowledge the contribution of Prof. (Dr.) R K P Singh, Ex-Member Secretary, Bihar Farmer's Commission, Dr. Jagdish Prasad, Ex-Head, Division of Economics, A N Sinha Institute of Social Studies, Patna, Prof. (Dr.) R P Singh Chairman, Dept. of Agricultural Economics, Birsa Agricultural University, Ranchi (Jharkhand) and Shri Jata Shankar Choudhary, Director, SAMETI, Govt. of Jharkhand, Ranchi for valuable discussions on the theme. I thank the Manager, Pithoria (Ranchi) collection centre, Reliance Fresh for providing us secondary information and data. I would like to record my sincere thanks to all the government officials of both the states for their invaluable help.

I express my thankfulness to the respondents for providing us necessary information and sparing valuable time in collection of primary data. Last but not least, the present work is the outcome of the efforts made by the members of the project team, so I take this opportunity to thank all of them.

**Ranjan Kumar Sinha**  
*Project Leader*

## *List of Tables & Boxes*

<b>Table No.</b>	<b>Description of the Table</b>	<b>Page Nos.</b>
1.1	Distribution of Sample Farms and other Intermediaries in Bihar and Jharkhand	10
	<b>BIHAR</b>	
2.1	District wise Break-up of APMC in Bihar till 2006	17
	<b>JHARKHAND</b>	
2.2	District wise Break-up of APMC in Jharkhand	25
2.3	APMC wise Break-up of the Scheme of Rural Markets	26
	<b>BIHAR</b>	
3.1	Classification of Workers in Bhagalpur District	33
3.2	Selected Socio-Economic Indicators: Bhagalpur & Bihar	34
3.3	Land use Pattern in Bhagalpur District (2007-08)	35
3.4	Key Infrastructure Components in the District vis-à-vis Bihar	37
3.5	Distribution of Sample Households in Bhagalpur District	37
3.6	Socio-Economic Features of the Sample Households in Bihar	39
3.7	Household Annual Income in 2009-10	40
3.8	Major Crops Grown by the Sample Households in 2009-10	40
3.9	Area, Production and Yield of Mango Crop During 2006-07 to 2008-09	41
	<b>JHARKHAND</b>	
3.10	Classification of Workers in Ranchi District	46
3.11	Selected Socio-Economic Indicators of Ranchi District and Jharkhand	46
3.12	Land use Pattern in Ranchi District (2004-05)	47
3.13	Details of Water Resource in Ranchi District	47
3.14	Area, Production and Yield of Major Crops in Ranchi District (2004-05)	48
3.15	Key Infrastructure Components in the District vis-à-vis State	49
3.16	Distribution of Sample Households in Ranchi District	49
3.17	Socio-Economic Features of the Sample Households in Jharkhand	50
3.18	Household Annual Income in 2009-10	51
3.19	Major Crops Grown buy the Sample Households (2009-10)	52
3.20	District wise Area under Total Vegetables and Cauliflower 2009-10	53
	<b>BIHAR</b>	
4.1	Basic Data of Sample Households in Bihar	57
4.2	Per Hectare Operational Cost and Return of Cultivation of Mango in Bhagalpur District	60
4.3	Per Hectare Total Fixed Cost (In Rs.)	60
4.4	Per Hectare Costs and Returns (In Rs.)	60
4.5	Details about Information Costs (mango)	63
4.6	Details about Enforcement Costs (mango)	64
4.7	Cost of Marketing of the Produce (mango) for the Buyers (In Rs./Qtl.)	66
	<b>JHARKHAND</b>	
4.8	Basic Data of Sample Households in Bihar	70
4.9	Per hectare Cost of Cultivation, Production and Return of Cauliflower in Ranchi District	74
4.10	Per hectare Total Fixed Costs (In Rs.)	74

4.11	Per hectare Costs and Returns (In Rs.)	74
4.12	Availability of Cauliflower at Pithoria Collection Centre of Reliance Fresh	75
4.13	Details about Information Costs (Cauliflower)	78
4.14	Details of Enforcement Costs (Cauliflower)	79
4.15	Cost of Marketing of Cauliflower for the Buyers	80
<b>BIHAR</b>		
5.1	Farmer's Margin in Marketing of Mango in Bihar	84
5.2	Producer's Share and Price Spread of mango in Bihar	85
5.3	Measurement of market Efficiency	86
<b>JHARKHAND</b>		
5.4	Farmer's Margin in Marketing of Cauliflower in Jharkhand	88
5.5	Producer's Share and Price Spread of Cauliflower in Jharkhand	89
5.6	Measurement of Marketing Efficiency	90

<b>BOXES</b>		
Box-1	Traders in Emerging Marketing Channel	67
Box-2	Marketing of Vegetables through Emerging marketing Channel	82

## PROJECT TEAM

---

Overall Guidance & Supervision : Prof. (Dr.) Basant Kumar Jha  
Director

Project Leader : Dr. Ranjan Kumar Sinha  
Research Officer

Data Collection & Tabulation : Mr. Rambalak Choudhary  
Research Officer

Dr. Rajiv Kumar Sinha  
Research Associate

Dr Shambhu Deo Mishra  
Research Associate (Contact)

Computer Typing : Mr. Jai Shankar Choudhary  
Typist

Secretarial Assistance : Mr. Anil Kumar Saraf  
Accounts Assistant

Mr. Ganesh Pd. Vishwakarma

## Contents

---

Chapter	Particulars	Page Nos.
	<i>Foreword</i>	<i>i</i>
	<i>Preface</i>	<i>ii</i>
	<i>List of tables</i>	<i>iii-iv</i>
I.	INTRODUCTION	1-12
II.	A BACKGROUND ON AGRICULTURAL MARKET REFORMS: TRADITIONAL AND EMERGING MARKETING CHANNELS	13-30
III.	SAMPLING: METHODOLOGY AND SOCIO-ECONOMIC PROFILES	31-54
IV.	COMPARISON OF THE BENEFITS AND CONSTRAINTS FOR THE AGENTS TRADING IN THE <u>TMC</u> AND <u>EMC</u>	55-82
V.	MARKET EFFICIENCY: COMPARISON OF OF THE MARKETING CHANNELS	83-90
VI.	CONCLUSION AND POLICY IMPLICATIONS	91-103
	<i>Annexure – I:        Comments on the Draft Report</i>	<i>104-105</i>
	<i>Annexure- II :     Action Taken Report</i>	<i>106</i>