

Lecture 28

GOVERNMENT POLICIES AND REGULATIONS FOR AGRIBUSINESS

Green Revolution initiatives have to achieve self sufficiency by increasing food grains production. Simultaneously, several initiatives have been taken to promote agricultural marketing in the state. Marketing infrastructure plays a pivotal role in fostering and sustaining the tempo of rural economic development. Marketing is as critical to better performance in agriculture as farming itself. According to the National Commission on Agriculture (XII report), Agricultural Marketing is a process, which starts with a decision to produce a saleable farm commodity and it involves all the aspects relating to pre and post-harvest operations including assembling, grading, storage, transportation and distribution. These operations add value to farm produce.

In order to create the needed infrastructure, promote institutions and also to regulate the marketing practices, Government of Tamil Nadu enacted the ' Tamil Nadu Agricultural Produce Marketing (Regulation) Act 1987 and Rules 1991 ' replacing the earlier Act 1959.

The Department of Agricultural Marketing, which is functioning since 1977, with the main objective of Regulation of Agricultural Marketing, was renamed in the year 2001 as Department of Agricultural Marketing and Agri. Business in order to focus on other activities like Agri Export, Post Harvest Management, Food Processing, etc.

The main activities of the Department of Agricultural Marketing and Agri. Business are as follows:

1. Establishment and maintenance of regulated markets in order to facilitate buying and selling of agricultural produce for the benefit of the farming community.
2. To create awareness among the farmers about the benefits of marketing their produce through regulated markets by taking up publicity and propaganda.
3. Commercial grading of agricultural produce in the regulated markets and at farm holdings to help the producers to get remunerative price for their produce.
4. To take up Agmark grading of agricultural, animal husbandry and forestry products for the benefit of the consumers.
5. To set up Agriculture Export Zones for promoting export of agricultural produce by increasing the area under exportable crops, providing necessary post harvest management and other infrastructure required and information on prices prevailing at international markets as an integrated approach.
6. To set up modern cold storage facilities to enable the farmers to store and sell their produce at favourable price level (Cold chain from farm to market).
7. To promote Food Processing Industries.

Market Committees

At present 20 Market committees are functioning in Tamil Nadu covering various districts except Chennai and the Nilgiris. Now, these Market Committees are functioning with nominated Members and Chairperson elected by the members from January 2003.

Regulated Markets

There are 273 Regulated Markets, 15 Sub Markets, 15 Check Posts, 108 Rural Godowns and 108 Grading Centres functioning under the 20 Market Committees. A new Regulated Market was opened on 30.08.2003 at Sathankulam in Thoothukudi District based on the announcement made by the Hon'ble Chief Minister at Sathankulam.

Competitive and remunerative prices are ensured for the produce sold by the farmers through closed tender system in the Regulated Markets. Free Grading facilities for agricultural commodities are also made available in the Regulated Markets.

The Market Committees are collecting 1% of the value of the produce transacted as market fee from the traders. Licence fee is also collected from the traders and weighment. No fee is collected from producers / sellers for any service rendered in the Regulated Markets.

Services Rendered in the Regulated Markets

These include correct weighment, godown facilities, banking facilities, immediate payment, price information, rest sheds, drinking water facility, cattle sheds, free medical aid to farmers, input shops, payment counter for easy disbursement, phone and fax facilities, etc.

Notification of produce

So far, 40 agricultural commodities like cereals, pulses, oilseeds, cotton, turmeric, etc. have been notified.

Commercial Grading

To help the producers to get better prices for their produce according to their grades, 96 Commercial Grading Centres, 11 Kapas Grading Centers and one Tobacco Grading Centre are functioning in the Regulated Markets. Commercial grading of agricultural produce is done in the villages also. These centers are now renamed as "Post Harvest Technology Information Centers". The farmers are educated in adopting post harvest technologies on agricultural commodities by the technically qualified staff working in the above centers.

Pledge Loan Facilities to Farmers

In order to avoid distress sales by the small and marginal farmers in the peak season, Regulated Markets are issuing pledge loan to farmers. Under this scheme, the farmers can store their agricultural produce in the godowns of Regulated Markets for a maximum period of 6 months and take pledge loan of 75% of the total value of the produce upto a maximum of Rs.50, 000.

Pledge Loan Facilities to Traders

As an incentive to the traders and to help them to make immediate payment to the farmers, pledge loan is given to the licensed traders in the Regulated Markets. Pledge loan of 50% of the total value of the purchased produce or Rs. 1.00 lakh, whichever is less, is made available to the traders. The maximum stocking period is 3 months for the traders.

Tamil Nadu Farmers Development and Welfare Scheme

Under this scheme, the farmers / tenants who sell their agricultural produce of one metric tonne or more through Regulated Markets every year are eligible for a grant of a lumpsum amount upto Rs.75, 000, in case of death/permanent disability occurring due to accident. In the event of death/ disability the nominee of the farmer / tenant and in the absence of nominee, the legal heir of the family will be eligible for the lumpsum grant. The farmers need not pay any premium for this fund. The Market Committee concerned and the Tamil Nadu State Agricultural Marketing Board will bear the premium amount of Rs.10 per individual per year equally.

Agmark Grading

Grading under AGMARK has already become a symbol of quality. In order to help the consumer to get quality food products, 30 State Agmark Grading Laboratories, 15 Agricultural Officer (Marketing) Centers and one Principal Laboratory are functioning in the State. Agmark grading is done for centralised and de-centralised commodities by the technically qualified staff. Agmark labels are issued to the authorised packers under the direct supervision of the staff for certifying the quality and purity of the food products.

Construction of Drying Yards in the Villages

In order to minimise the post harvest losses in grains, the department has taken up construction of drying yards at village level. Under this scheme, so far 580 drying yards have been constructed at a total cost of Rs.10.24 crores. Construction of 150 drying yards at a total cost of Rs.3.00 crores for the year 2003-2004 is in progress due to spill over work.

Construction Of Market Complex

Paddy Market Complex

At Madurai, a market complex is being established exclusively for paddy at a total cost of Rs.12.60 crores. This market complex will cater to the marketing needs of paddy growing farmers and traders.

Agricultural Production And Marketing Information Centre

Market intelligence plays a vital role in marketing of agricultural produce. If information on commodity prices in various markets is made available, the farmers would get better price for their produce. Taking this objective into consideration, establishment of Agricultural Production and Marketing Information Centre is in progress in fourteen Regulated Markets at a cost of Rs.45.00 lakhs and another five Regulated Markets would also get this facility at a cost of Rs.20.00 lakhs during 2004-05 based on order issued in 2003-04. Based on the success and usefulness of the facility to the farmers, this scheme will be further expanded.

Agri Export Zones

Agri Export Zones Established

To promote Agricultural Exports from Tamil Nadu, three Agri Export Zones for specific commodities have been established as detailed below.

Export Zone for Cut Flowers in Dharmapuri District

An Agri Export Zone has been established by the Department of Agricultural Marketing and Agri Business exclusively for cut flowers at Hosur in Dharmapuri district at a project cost of Rs.24.85 crores. TANFLORA, a Joint venture company of TIDCO provides infrastructure facilities like common processing unit, common marketing and leasing the lands for floriculture units. This Agri Export Zone is expected to be ready with all the facilities shortly.

Export Zone for Flowers in Nilgiris District

An Agri Export Zone for flowers in The Nilgiris has been established with the participation by private sector at a project cost of Rs. 15.89 crores through the Department of Agricultural Marketing and Agri. Business. A memorandum of understanding (MoU) has been signed between APEDA and Government of Tamil Nadu - Agriculture Department on 6.2.2003. Infrastructure facilities like cold storage, refrigerated vans, common marketing facility, etc., would be created shortly.

Export Zone for Mango in Theni District

An Agri Export Zone exclusively for mango has been established in Theni and five other districts with private sector participation at a project cost of Rs.24.60 crores through the Department of Agricultural Marketing and Agri Business. A memorandum of understanding (MoU) has been signed between APEDA and Government of Tamil Nadu - Agriculture Department on 6.2.2003. Facilities like collection centres, processing units, cold storage, etc., would be completed shortly

Agri Export Zones Proposed

Export Zone for Cashew in Cuddalore District

It is proposed to establish an Agri Export Zone exclusively for cashew at Cuddalore district through private sector participation at a project cost of Rs. 10.36 crores. Necessary proposal has been sent through Government of Tamil Nadu to APEDA, Government of India for approval.

Export Zone for Banana in Tiruchirappalli District

It is proposed to establish an Agri Export Zone exclusively for banana in Tiruchirappalli District through private sector participation at a project cost of Rs. 10.00 crores. Necessary proposal has been sent through Government of Tamil Nadu to APEDA, Government of India for approval.

Establishment of Cold Chain Units

To minimise post harvest losses of agricultural produces, especially fruits and vegetables, it is proposed to set up Cold Storage Units through private sector in the following places: -

1. Oddanchatram of Dindigul district.

2. Tiruchirappalli.
3. Vellore.
4. Thalavasal of Salem district.
5. Udumalpet of Coimbatore district.
6. Batlagundu of Dindigul district.
7. Virudhunagar.
8. Vilathikulam of Thoothukudi district.
9. Chinnamanur of Theni district.

Of these 9 places, this department has already selected private entrepreneurs for setting.

The details on prices of major commodities at international markets of the past and present will be collected and analysed and future export prices will be forecast based on the analysis. The possible countries to which exports can be made would also be forecast by the cell. Visit to select markets at national and international level will be undertaken whenever needed. The information generated by the Domestic and Export Market Intelligence Cell will help to forecast the prices of the commodities in the forthcoming months and the same will be transmitted to the regulated markets and the farmers. Apart from this, the prices prevailing in nearby states will also be announced to the farmers so that they will be able to get better prices for their crops which will help them in planning crop pattern and the right time of sale of their crop output.

The cell will also guide prospective exporters on whom to approach, where to approach etc i.e. the agencies dealing with the export item so that their problems are sorted out. This is proposed to be set up at a cost of Rs. 20.00 lakhs in the first year, Rs.12.00 lakhs in the 2nd and 3rd years respectively. After that it is expected that the cell would be able to attract alternative funding/ payment for its services to ensure its continued survival and growth.

Turmeric Market Complex

A new Turmeric Market Complex will be established at Nasianur and Villarasampatti Village near Erode at a cost of Rs. 36.32 Crores. In this complex, infrastructure facilities will be provided viz., Information Centre, Conference Hall, Bank, Agmark Lab, Farmers Retiring Room etc. The State Agricultural Marketing Board and Erode Market Committee will invest a sum of Rs. 11.32 crores.