

11. DEPARTMENT OF AGRICULTURAL MARKETING AND AGRI BUSINESS

1. Introduction

Agricultural marketing system is the critical link between farm and non-farm sector. Agricultural marketing adds value to the produce in terms of time, place and farm utilities as it encompasses all the steps involved from the producer to the consumer including various post harvest operations such as assembling, grading, storage, transportation and distribution. Apart from performing physical and facilitating functions of transferring the goods from producers to consumers, the marketing system also performs the function of discovering the prices at different stages of marketing and transmitting the price signals in the marketing chain.

The prime objective of the Department of Agricultural Marketing and Agri Business is to help the farmers in marketing their agricultural produce at a fair price and to ensure remunerative returns to them. The Department of Agricultural Marketing, functioning since 1977 was renamed in the year 2001 as “Department of Agricultural Marketing and Agri Business” to focus on other activities like Agri Export, Post Harvest Management and Food Processing besides regulating the agricultural marketing.

2. Activities of the Department of Agricultural Marketing and Agri Business

- i. Ensuring fair price to agricultural produce through Regulated markets and thereby benefitting the farmers.
- ii. Creation of marketing infrastructures, formation of commodity groups and market linkage.

- iii. Creating awareness on grading, storage and value addition of agricultural produce in Regulated markets by providing training, publicity and propaganda.
- iv. Agmark grading of agricultural, animal husbandry and forestry products.
- v. Promoting the export of agricultural produce through Agri Export Zones by increasing the area under export quality crops and providing necessary post harvest management support and infrastructure facilities.
- vi. Disseminating market price information of Regulated markets and Farmers' market through media and internet on daily basis for the benefit of farmers.
- vii. Promoting the establishment of food processing industries to minimize the wastage of agricultural produce and to increase the employment opportunities.
- viii. Maintenance of Farmers' market for the benefit of farmers as well as consumers.

3. Market Committees and Regulated Markets

Regulated Markets are established for better regulation of buying and selling of agricultural produce. Regulated Markets act as a common forum to farmers and traders on equal footing for marketing of agricultural produce eliminating middlemen. There are 21 Market Committees under which 277 Regulated Markets are functioning. These Market Committees are functioning with members nominated by the Government and Chairpersons elected by the Members. No fee is collected from farmers for the services rendered. One percent of the sale value of the produce is collected as market fee from traders. Besides, license fee is also collected from traders and weighmen. Facilities like electronic weigh bridges, weighing balances, godowns, immediate payment after auction, daily price information, rest sheds for farmers, drinking water, cattle sheds, free medical aid to farmers and input shops are also provided in the Regulated Markets.

The information on commodity price prevailing in various markets is made available to farmers to get better price by moving their produce at right time to the market. For dissemination of market price information among the farmers, 184 regulated markets and 21 market committees have been provided with computers. During 2010-2011, about 16.89 lakh MT of agricultural produce have been sold by farmers through Regulated markets. Market committees have collected a revenue of ` 72.27 crores as receipts from traders.

3.1. Uniform Notification

Uniform notification nullifies the disparity in the sale price of agricultural produce prevailing in the notified and non notified market areas of Market Committees. Market Committees shall levy market fee for any notified agricultural produce bought or sold in the notified market area. In this context, preliminary notification has been issued for enforcing uniform notification of 40 agricultural commodities throughout Tamil Nadu. Good response and high appreciation is received from the Public for uniform notification. Based on the suggestions and objections received on preliminary notification, confirmation proposal for uniform notification prepared is under scrutiny of the Government.

3.2. Pledge loan

During distress sale in glut season, farmers can store their produce in the godowns of the Regulated Markets and avail pledge loan for a period of six months without any charge. Pledge loan is provided upto a maximum of ` 1,00,000. The rate of interest for pledge loan is 5% for farmers and 9% for traders.

3.3. Construction of drying yards in villages

Improper post harvest handling resulted in 5-10 % loss in the total cereals and pulses production. In order to minimize the post harvest losses, agricultural commodities have to be stored at optimum moisture content. For that purpose, drying yards are being constructed since 1997. So far, 1305 drying yards have been constructed at a total cost of ` 26.09 crores for the benefit of farmers.

3.4. Modern godowns in Regulated markets

Most of the small and marginal farmers sell their produce to square off their debts soon after harvesting. Providing access to safe and scientific storage and easy marketing credit are the remedial measures for the above problems. Storage godowns help to stabilize the prices of produce by maintaining a balance between excess production and supply of goods. Modern Godowns with durable scientific storage structures viz., weigh bridges, weighing machines, dunnages and fire fighting arrangements are essential to protect goods from loss or damage due to heat, dust, wind, moisture and also from rodents. The pledge loan facilities will also go up as more number of farmers can store their produce. At present modern godowns are not available in the Regulated Markets, hence it is proposed to establish 50 Modern Godowns in Regulated Markets at a total cost of ` 82 crores with financial assistance from NABARD under Rural Infrastructure Development Fund (RIDF).

3.5. Model Act and Rules - 2011

The Government of India had sent its Model Act 2003 and Rules 2007 for adoption. An in-house committee has been appointed to consider the adoption of Model Act amending the existing Tamil Nadu Agricultural Produce Marketing Regulation Act 1987 and Rules 1991.

The committee suggested that, this Model Act emphasizes the establishment of private markets / yards, Direct purchase centers, consumers / farmers' market, promotion of public private partnership, contract farming. Therefore, it is vital to incorporate these provisions in the Act.

Hence a new Tamil Nadu Agricultural Produce Marketing (Development and Regulation) Act 2011 and Rules 2011 are formulated based on the salient features of Model Act. Implementation of this TNAPM (Development and Regulation) Act 2011 and Rules 2011 facilitates emergence of competitive agricultural markets in private and cooperative sectors, creates conducive environment for massive investment in marketing related infrastructures and leads to modernization and strengthening of existing markets.

3.6. Market Complex for paddy

A Market Complex has been established exclusively for paddy at Mattuthavani in Madurai district in an extent of 9.85 acres at a total cost of ` 17.06 crores. In this complex, 314 shops have been allotted for the traders of paddy, agricultural inputs and flowers.

3.7. Velanvilaiporul perangadi (Mega Market)

A Velanvilaiporul perangadi has been established at a total cost of ` 3.08 crores at Oddanchatram of Dindigul District for fruits and vegetables. In this Mega market, 50 shops, 216 floor space rental shops, grading hall and transaction shed facilities are available.

4. Establishment of Terminal Markets

Modern Terminal Markets with all value addition facilities like processing, storage and marketing are to be established in Public Private Partnership (PPP) mode near metro areas of Chennai, Madurai and Coimbatore as per the revised guidelines of the Government of India for fruits and

vegetables. The Industrial and Technical Consultancy Organization of Tamil Nadu Ltd (ITCOT) has been appointed as consultant for the above projects.

For Coimbatore region Terminal Market Complex, 40 acres of land has been selected at SIPCOT Industrial Growth Centre in Perundurai of Erode District. The total project cost is ` 120.63 Crores. M/s.SPAC Tapioca Products (India) Ltd has been selected for establishment of Terminal Market Complex with a subsidy of ` 28.99 Crores sanctioned by the Government of India. Now preparation of master plan for establishment of Terminal Market Complex is in progress. For Chennai Terminal Market Complex, 33 acres of land has been selected at Navalur Village of Sriperumputhur Taluk in Kancheepuram District. Total project cost is ` 113.85 Crores. Global Tender notification has been floated and four bidders have submitted Request for Qualification (RFQ) documents. Similarly for Madurai Terminal Market Complex, 50 acres of land has been selected at Mukkampatti (35 acres) and Thiruvathavur (15 acres). Total project cost is ` 105.05 Crores. Global Tender notification has been floated and three bidders have submitted Request for Qualification (RFQ) documents. Now evaluation of RFQ documents by ITCOT Consultant is in progress for both of the complexes.

5. Agri Export Zones

Agri Export Zones have been established at 4 places by private anchor promoters with modern infrastructure facilities like cold storage, grading and sorting yard, pack house, processing units and reefer vans for the direct export of value added agricultural produce, at the production centres.

An Agri Export Zone for cut-flowers has been established at Hosur in Krishnagiri district by a joint venture company of Tamil Nadu Industrial Development Corporation

Limited (TIDCO) and private promoter M/s.TANFLORA at a cost of ` 24.85 crores. An Agri Export Zone for flowers at Udhagamandalam in the Nilgiris district has been established with the participation by M/s.Nilflora – a private promoter at a project cost of ` 15.89 crores. An Agri Export Zone for Mango at Nilakkotai in Dindigul District has been established by an anchor promoter M/s.Maagrita Export Ltd., at a cost of ` 21 Crores. Similarly, an Agri Export Zone for cashew at Panruti in Cuddalore district has been established by M/s.Sattva Agro Export Pvt. Ltd., at a project cost of ` 16.54 crores.

The anchor promoters of these Agri Export Zones have created modern nursery and necessary processing and storage infrastructures in their respective zones and started commercial production. During 2010-2011, the firm M/s.Tanflora has done a turnover of ` 3.20 crores worth cut-flowers, M/s.Nilflora has done a turnover of ` 1.60 crores worth flowers, M/s. Maagrita Exports Ltd. has done a turnover of ` 1.56 crores worth mango and mango pulp and M/s.Sattva Agro Export Pvt. Ltd., has done a turnover of ` 1.03 crores worth cashew.

6. Specialized Market complexes

Value addition to agricultural produces fetch good price to farmers. This requires infrastructure like storage godowns, grading and sorting yard, pack house, drying yards, transaction sheds, auction halls and cold storage units.

Market complexes with cold storage facility at a cost of ` 1 crore each for Mango at Krishnagiri (Krishnagiri District), for Onion at Pongalur (Coimbatore District), for Grapes at Odaipatti (Theni District) and for Tomato at Palacode (Dharmapuri District) have been established for

the welfare of small and marginal farmers. Facilities created in market complexes are grading and packing hall, electronic weighing balances, input shops, traders shop and cold storage units of 50 MT capacity.

For the benefit of coconut growers in Thanjavur district a coconut market complex has been established at Ponnaravayankottai Ukkadai village in Pattukottai taluk of Thanjavur District at a cost of ` 4 crores. The facilities created in the market complex are transaction shed, godown, drying yard, solar drier for copra, grading and sorting hall, input shops, electronic weighing balances and coconut oil mill unit with automatic oil packing facility.

7. Food Processing Industries

Food processing minimizes the wastage of agricultural produce to a greater extent. Food processing is now gaining momentum as food-processing industries ensure steady and better price to the farming community as well as availability of commodities in processed form to the consumer throughout the year. Farmers will get better returns and also employment opportunity by cultivation of good quality processable agricultural produce. At present, the Department of Agricultural Marketing and Agri Business is the state nodal agency to Ministry of Food Processing Industries, Government of India. The applications received upto 2007 for the establishment of food processing industries were scrutinized, recommended and forwarded by the state nodal agency to Ministry of Food Processing Industries, Government of India. The applications received after the year 2007 are being recommended by Nationalized Banks.

8. Agmark grading

Agmark grading is a symbol, for quality food products. In Tamil Nadu, 30 State Agmark grading laboratories and one Principal Agmark grading laboratory at Chennai are functioning to protect the consumers from harmful effects of adulterated food products and also to ensure quality. Agmark Grading is done for centralized and decentralized commodities. Agmark labels are issued to the authorized packers under direct supervision of the staff to certify the quality and purity of food products. During 2010-2011, 13.71 lakh quintals of food products have been graded by Agmark grading laboratories.

9. Flower Auction Centre

A Flower auction centre at Kavalkinaru in Thirunelveli district has been established for the benefit of flower growers at a cost of ` 163.40 lakhs. During 2010-2011, on an average 753 kg of flowers worth ` 83,256 have been sold by 64 farmers per day.

10. Farmers' markets

Farmers' market functions with the object to ensure the farmers to get fair price for their produce and to enable the consumers to get fresh fruits and vegetables at a lesser price without middlemen. At present, 179 Farmers' markets are functioning in Tamil Nadu. These Farmers' markets are being run at the expenses of the Market Committees.

During 2010-2011, an average of 2428 MT of fruits and vegetables worth ` 3.85 crores have been sold by 9760 farmers and thereby 4.36 lakh consumers were benefitted. Computers have been provided to 25 Farmers' markets. Cold storages with capacity of 2 MT have been established at a cost of ` 133.10 lakhs to prevent deterioration of fruits and vegetables in 22 Farmers' markets.

11. Tamil Nadu-Irrigated Agriculture Modernization and Water Bodies Restoration and Management (TN-IAMWARM)

The World Bank assisted TN-IAMWARM Project is being implemented in 60 sub basins of Tamil Nadu in phased manner over a period of 6 years from 2007-2008 to 2012-2013 at a total cost of ` 24.84 Crores. An amount of ` 24.39 Crores have been utilized for 3 phases of sub basins upto 2010-2011.

As infrastructure are essential for executing the marketing activities, the Department of Agricultural Marketing and Agri Business has created so far, 258 infrastructures as per the World Bank guidelines viz., 19-Agri Business Centers, 87-storage godowns, 138-drying yards, 13-collection centers and one pack house. The supporting equipments such as 52-moisture meters, 118-electronic weighing scales, 522-tarpaulins, 1985-dunnages, 19-computers with internet connection, 575-plastic crates, 8-goods auto and one mini lorry for logistics are provided and they are utilized by Commodity group farmers. Farmers realized additional income for their produce.

Interface workshop is considered to be a platform for linking the farmers directly to the traders with face to face market orientation. In the sub basin area, formation of commodity groups and Memorandum of Understanding between farmers and traders are the major activity for realization of additional income by farmers. So far 1,108 commodity groups have been formed covering 14 major commodities and 677 Memorandum of Understanding have been made between farmers and traders. Under Information, Education, Communication and Capacity Building 670 trainings were conducted

viz., 218-technical trainings, 186-interface workshops and 266 exposure visits (169 exposure visits inside the state and 97-exposure visits outside the state).

During 2011-2012, the project will be implemented in phase III and phase IV sub basins with a financial outlay of ` 459.28 lakhs for creation of various market infrastructure including collection centers, storage sheds, drying yards and dunnages for post harvest and value addition of major agricultural commodities like paddy, maize, chillies, pulses and oilseeds. Capacity Building activities and MoU will be formed between the commodity group farmers and traders to realize additional income by utilizing the above infrastructure.

12. National Agriculture Development Programme (NADP / RKVY)

The National Agriculture Development Programme, a 100% centrally sponsored programme aims at achieving 4% annual growth in agriculture and allied sectors during 11th five year plan period. In this project, Department of Agricultural Marketing and Agri Business is focusing on aspects of Strengthening Market Infrastructure and Marketing development.

12.1. Strengthening of Regulated Markets

Rural Business Hubs (RBH) have been established in ten regulated markets at a cost of ` 150 lakhs. This hub envisages development of opportunities through which farmers have increased access to markets through forward linkages. Rural Business Hub aims to achieve higher income for farmers by aggregating products and helps larger buyers and processors to make direct purchase from farmers. Each RBH will link-up with farmers' groups formed in villages. RBH will provide infrastructure facilities and also serve as a Technical information Centre.

In 2010-2011, 20 Rural godowns and 150 Drying yards were established at a total cost of ` 770 lakhs to enable farmers to store their produce during distress sale period and sell when the price is favourable, avail pledge loan facility and reduce post harvest losses. Further to facilitate easy disposal and correct weighment to farmer's produce, automatic weighing and bagging machines at two places have been installed at a cost of ` 11.25 lakhs. Automization of Regulated Markets in 4 places with facilities like grading and sorting hall, hand held device for data collection, electronic display boards at a cost of ` 163.10 lakhs is being done for the farmers to know the latest technologies, prevailing price trend and export opportunities.

12.2. Strengthening of Farmers' market

In 2010-2011, 25 new Farmers' markets have been opened and existing Farmers' markets were strengthened and provided with Computers and accessories at a total cost of ` 675.60 lakhs.

12.3. Specialized Market Complexes

Tomato cold storage at Mecheri in Salem District with 100 MT capacity has been established at a cost of ` 100 lakhs as tomato is being a highly perishable produce subjected to frequent and large price fluctuations. The facilities provided in the cold storage are pre-cooling room, cold storage room, grading and packing hall. Similarly a Coconut Market Complex at Pethappampatti in Tiruppur District at a cost of ` 100 lakhs has been established. The facilities being provided in the market complex are 3000 MT capacity rural godown, Transaction shed, Copra dryer, Copra cutter and Coconut climber machine.

Besides this, establishment of Ripening Chambers for Banana at Tiruchirapalli, Mohanur, Srivaikundam and Chinnamanur at a cost of ` 200 lakhs, Market Complex with Cold Storage for Hill vegetables at Karamadai Regulated Market in Coimbatore District at a cost of ` 100 lakhs, Cold Storage for Chillies at Paramakudi Regulated Market in Ramanathapuram District at a cost of ` 99.50 lakhs, Market Complex with storage facilities for Onion and other vegetables at Perambalur District at a cost of ` 114.90 lakhs and strengthening of Paddy Market Complex in Madurai by providing additional shops at a cost of ` 36 lakhs are in progress.

13. Tamil Nadu Small Farmers Agri-business Consortium (TNSFAC)

Tamil Nadu Small Farmers Agri-business Consortium is functioning in association with Government, private, co-operative and service sectors with the objective of linking small farmers to technologies and to markets by providing both forward and backward linkages through assured purchase at reasonable price for their produce by making formal / informal arrangement. This scheme is being implemented in coordination with Nationalized Banks, State Bank of India and its subsidiary banks. Agri business development in Tamil Nadu is achieved by sanctioning venture capital assistance of 10% of the project cost or 26% equity and providing project development facilities. So far a venture capital assistance of ` 1326.36 lakhs for 37 Agri-Business projects has been sanctioned by Tamil Nadu Small Farmers Agri-business Consortium.