
THE TWISTING TALE OF APMC. . .

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In India, wholesale agricultural produce trading activities are restricted within the notified area of market yard under Agricultural Produce Market Committee Act. Majority of the market-yards are established at the Taluka place covering geographically respective Talukas as a notified area. To abolish the monopolistic and restricted trade practices government of India has introduced Model APMC Act which has abolished all restriction and encouraging private participation. This has posed the challenges to the existing practices at market yard and raised the concern for reviving the existing business model to create competitive advantages. The case is about the Unjha APMC – largest APMC in the country, which is well known for its transparent trading activities. The management team is reviewing the upcoming challenges of Model APMC act and looking forward to devise the strategies to build and sustain competitive advantage.

Key words: Model APMC Act, Unjha APMC, Innovative and Sustainable business mode

It was 12 noon and all the 17 members of governing body¹ of the APMC Unjha were gathered in the conference room. The Chairman, Mr. Manohar Patel broke the news of Model Act Resolution being passed by Government of Gujarat. This was a big shock to them. Everybody showed their concern and was worried about the future of APMC Unjha. The entire team wanted to ensure the sustainability of their APMC and was ready to cope up with the upcoming challenges. Mr. Patel wanted the members to have a food for thought on the same issue and called up for the next meeting after three days. The members dispersed leaving Mr. Patel in despair. He was visualizing the entire journey of APMC Unjha down the lane...

In early days, the farmers were selling their agricultural produce to moneylenders, who were exploiting them by quoting lesser prices of their produce and charging higher interest rates. So the farmers always lived under a heavy debt burden. Realizing the need to improve the situation of farmers, Bombay Agricultural Produce Act came into existence in 1939, under the recommendation of the Royal Commission. The main objectives of this Act were to protect the interest of farmers, to eliminate the unhealthy market practices, to facilitate the buyers and sellers on the same ground and to increase the transparency in trading as well as to discover the prices through Open Auction mechanism.

APMC Unjha

The Agricultural Produce Market Committee (APMC), Unjha was established in 1954 under the Bombay Agricultural Produce Act -1939 for the better regulation of purchase and sale of agricultural commodities in the market area. Unjha Market Yard was one of the biggest regulated market and well known commercial center throughout India for its trade of Jeera (Cumin), Variali (fennel), Isabgol and Raido (Mustard Seeds). The growers from North Gujarat, Saurashtra, Kutch, Rajasthan and Madhya Pradesh were the major sellers of APMC Unjha.

¹ The Market Committee: 8 (Eight) Agriculturists, 2 (Two) Member from Co. Op. Sale Society, 4 (Four) Traders, 1 (One) Local authority and 2 (Two) Government nominees.

Facilities Provided

- The area of APMC Unjha is 36.37 acres having surrounding layout.
- Full furnished 470 buildings for traders and commission agents.
- Audio sound system for giving public announcement in the entire market.
- 176 plots each of 105 ' x 18 ' for Office – Cum- Godowns.
- 52 plots of Godowns each of 65 ' x 16 '.
- 54 plots for office- Cum – Godowns each of different size for the licensed traders to construct Office-Cum-Godowns at their own cost.
- 133 Office- Cum- Godowns at the cost of Rs. 75 lacs had been given to licensed traders at the reasonable rent.
- Well equipped quality-testing laboratory sponsored by Spices Board of India, Cochin

Working model of APMC Unjha

Before the application of the Act, Unjha Market was unregulated and it was running on own accord of traders. Facilities of open auction (Sale), standard weightment, cash payment protection from malpractices and amenities were not provided to sellers.

➤ **Method of Sale: -**

The Agricultural Commodities brought for the sale in the Market Yard were arranged in open heaps in the plots allotted to general commission agents and heaps were sold through open auction conducted by the paid auctioneers of the Committee. Auction clerks used to note the details of the sale on the same time, which was used to solve the disputes.

➤ **Sieving & Delivery: -**

After auction all the produce were sieved for minimizing adulteration and for improving Agricultural Commodities. According to the serial order, the delivery of the produce was taken in the Market Yard on the place of auction by standard weights and was standardized on the spot.

➤ **Cash Payment: -**

After taking the delivery of the produce, a cash memo was prepared by the general commission agent or purchaser and one copy of memo was given to the seller with cash payment, another to Market Committee and a copy was kept for his own record. Thus, cash

payment was introduced in all the work of sales; delivery and payment were finished on the same day of arrival and the value of sale was recovered from the purchaser the next day with market fee (cess) of 0.5% of the total sales value.

➤ **Market Charges: -**

The Market Committee prescribed Market charges for the purchasers and sellers; no charges from the farmers. On every sale the buyer (pakka artiyah) had to pay 1% commission charges to the commission agent (kachha artiyah) and 0.5% market fee (cess) to the APMC. It was mandatory for the traders to have the license for trading through APMC by paying annual license fee of Rs. 100/-.

Provision of open trade management for both traders and farmers was very much useful to rural and surrounding areas of Gujarat. Due to extensive steps taken by APMC Unjha, farmers were getting quick cash payment and complete revenue for their agriculture products. Open auction, perfect and true weight and cash payment for agricultural goods were the main characteristics of APMC Unjha. In addition to this, several steps were taken to promote integration of rural development activities through experimental and innovative efforts. Year-round schedule of conducting social welfare activities were organized on continuous basis in the fields of agriculture, health, education, security, natural calamities etc.

MODEL ACT

Agricultural Markets in most parts of the Country were established and regulated under the State APMC Acts. If agricultural markets were to be developed in private and cooperative sectors and to be provided a level competitive environment vis-à-vis regulated markets, the working model of State APMC Acts had to undergo a change. The State was required to facilitate varying models of ownership of markets to accelerate investment in the area. It enables private investment in owning, establishing and operating markets. Working of Government regulated markets was to be made professional by promoting Public Private Partnership in their management. Appropriate legal framework was required to promote direct marketing and contract farming arrangements as alternative marketing mechanism. Therefore, there was a need to formulate a new model law for agricultural market.

Ministry of Agriculture, Government of India, appointed an Expert Committee to review the present system of agricultural marketing in the country and to recommend measures to make the system more efficient and competitive. The Committee had drafted the Model Legislation and finalized in September 2003. Government of Gujarat passed the bill on May 1, 2007 and accepted it as the Gujarat Agricultural Produce Markets Act 2007.

Mr. Patel reviewed the Model Act and summarized the salient features (Appendix I). Closing his eyes, he was trying to evolve an innovative and sustainable Marketing Model that would enable efficient integration of the Agri-Value Chain of APMC.

Appendix I

Silent features of Model Act:

- Legal persons, growers and local authorities permitted to establish new markets in any area.
- No compulsion on growers to sell their produce through existing regulated markets.
- Establishment of direct purchase centers, Consumers / Farmers Markets for direct sell.
- Promotion of public private partnership in the management and development of agricultural markets.
- Separate constitution for special markets for commodities like onions, fruits, vegetables and flowers.
- A separate chapter to regulate and promote contract-farming arrangements in the country.
- Prohibition of commission agency in any transaction of agricultural commodities with the producers.
- Market committee to promote alternative marketing system, contract farming, direct marketing and Farmers/ Consumers markets.
- State marketing boards to promote standardization, grading, quality certification, market led extension and training of farmers and market functionaries in marketing related areas.
- Constitution of State Marketing Standards Bureau for promotion of grading, standardization and quality certification of agricultural produce.

Questions:

1. Analyze the existing working model of APMC Unjha.
2. Based on the salient features offered by the Model Act, try to evolve a marketing model that would enable efficient integration of the Agri-Value Chain of APMC