

# AGRICULTURAL MARKETING

## Cultivator Loses 15 Per cent Through Levies

(By Mr. Charan Singh, M.L.A.)

I

The agriculturist is the mainstay of a nation. He is the most essential link in the economy of a nation. It is he who has to toil most, give away his yield to his fellow-countrymen in order to feed and clothe them, and content himself only with the smallest share. In Europe and other foreign countries, the Governments have, at least since the Great War, paid the greatest attention to the amelioration of the condition of their peasants. The Governments of Western countries have assumed dictatorial powers in order to be able to help the agriculturist according to the changing circumstances of the world market without loss of time, and decrees and orders-in-council have been passed without number. The result has been that the agriculturist in the Western countries has successfully tided over the depression. But what of the Indian kisan? His income has, according to statistics published by Government agency, gone down by more than 53% since 1930. But his burden remains what it was; rather, with the lapse of time, it has increased owing to his inability to pay up interest on his crushing indebtedness. The Government dues remain the same. The currency and exchange have been manipulated against him; the foreign markets have been closed to him. In short, the dice is so heavily loaded against him that he is sinking, and, unless very drastic measures are adopted, we will soon hear his funeral march. Or, we may be prepared for the greatest social upheaval of history.

### CONDITION OF MARKETS

In this and the succeeding article, we propose to deal only with one aspect of the agricultural organization of India, viz., the regulation of the internal markets. It is the function of the State to provide places where persons may assemble for the purpose of selling and purchasing articles intended for satisfying human wants, and to see that such places are honestly managed and that the primary producer gets adequate return for his produce. Our markets are in a hopeless way, and it is extremely necessary that some immediate steps be taken to remove the evils and mal-practices prevalent therein, which, besides causing economic loss to the cultivator, bring us bad name in foreign markets, and, thus, are a cause of fall in our foreign trade. We will begin with the various charges that the culti-

vator taking his produce to the market has to pay.

### MUNICIPAL TAXES

Before he reaches the market the cultivator has to pay, in almost all cases, octroi, toll or terminal tax for the upkeep of roads and other amenities of the town or notified area wherein the market may be situate. Being realized directly these tolls or taxes are a source of much irritation to the cultivator; they are also inequitable inasmuch as they are levied arbitrarily and not on value. Moreover, it is usual for the municipal post staff in several places to extract gratification known as *Mamool* from the simple village.

Our economic experts have up till now told us that these taxes are ultimately payable not by the grower, but by the consumer in the form of enhanced prices. In actual fact, however, this is not the case. The more important of our produce are these days either themselves articles of international trade or their price is regulated by international factors. The price that rules in our markets is, therefore, competitive and its upper limit definitely fixed. The author of the "Report on the Marketing of Wheat in India" says: "Owing to the fact that these taxes (sic) are in the first instance paid by the cultivator-seller who has no alternative outlet, the charge comes altogether out of his pocket." We find that the municipalities in British India alone collect over Rs. 1½ crores from octroi. This huge amount comes from the pocket of the starving cultivator as the incidence of the octroi falls mainly on agricultural produce. That the octroi is frequently "more than the traffic can bear" is clear from the fact that in quite a number of cases, e.g., Meerut in the U.P. and Bahadurgarh and Sonapat in the Punjab, markets have, in order to avoid the payment of octroi, shifted to sites outside municipal boundaries. It is a matter for serious consideration by the Provincial Governments whether the townsmen should not be forced to tax themselves for their own comforts. Perhaps, the best remedy would be to compel municipalities to levy duty not on arrivals, but on the produce exported from the wholesale market, as is the case in Okara, Montgomery and other markets in the Canal Colony area of the Punjab. If the duty is levied on the produce leaving the assembling

centre, then the incidence will fall on the consumer, and the poor cultivator will gain to the tune of more than a crore.

### MARKET CHARGES

In the market itself, the cultivator meets with the *arhatiya*, the *rola* who dresses his produce, the weighman, the *ota* who holds open the mouth of the bag and the *palledar* who handles the bags. They are all of them almost invariably paid by the cultivator-seller. In markets having trade associations or market *panchayats*, such as Ghaziabad, which have fixed market charges, petty functionaries such as *Munim*, waterman, sweeper, watchman, cook, etc., are paid by the *arhatiya*. In the large majority of other markets, however, in which organized trading does not exist, deductions are made from the sellers, often in quite considerable amount, for the purposes of their remuneration. No beggar, whatsoever, also goes disappointed. In almost all places, the cultivator has further to pay, by way of *Dharmada* and *Gau-shala*, etc., for educating the urban children and for maintaining other charitable institutions from which he himself derives no direct benefit. The strangest part of the matter, however, is that in many cases the charges on account of charities never find their way to the institutions for which they have been realized, but are retained by the *arhatiya* who finances his pilgrimages to Gaya and Hardwar out of them. There are other miscellaneous charges as well, levied in most markets, which include bazar *Chaudhari*, *Shagirdi* (fee to cover the wages of *arhatiya's* apprentice), *batta* (discount or exchange fee), *muddat* (charge to cover interest since the *arhatiya* pays the seller immediately, but does not receive payment from the buyer for several days), etc. Many of the above charges are paid in kind and in taking them the *arhatiya* is generous to himself and to the other functionaries with whom he has to deal every day. After the bargain is complete, the seller in a large number of markets in the U.P., is, further, subject to a customary deduction (*karda*) on account of impurities (refraction) which may or may not be present. This deduction is a fixed item in many markets, e.g., at Hathras; in others it is elastic. Comment is needless.

(Continued on page 9, column 1.)



this practice clearly encourages adulteration. In most of the markets of the U. P. it is also customary for the buyer to be credited with *dane* at the rate of from  $\frac{1}{4}$  to  $\frac{1}{2}$  seer per maund, and also with weight made to compensate the buyer for the loss in weighing out in small lots what is purchased by larger weight units.

#### DIFFER WIDELY

The great objection to these market charges lies not only in their multiplicity, but also in the fact that they are not clearly defined and specified. They differ widely from market to market and may be variously payable by the seller in some instances and by the buyer in others. In the western districts of the U. P. the admitted minimum total charges on the average, including the octroi, are Rs. 3-8 per Rs. 100 of produce, of which Rs. 2 are payable by the seller and Re. 1-8 by the buyer. In the central and eastern markets of the U. P., the total charges average Rs. 6-13 per Rs. 100, of which Rs. 5-10-3 are payable by the seller and Re. 1-2-9 by the buyer. These figures have been taken from the Wheat Report; we understand that the charges and reductions in the case of *gur* are still higher. If you take account of wrong weighment and other malpractices as well, to which we shall presently refer, we will find that in most cases, at least in the central and eastern parts of the U. P., the cultivator returns with only Rs. 85 per cent. of the market price actually prevalent in the market; the balance of Rs. 15 has been wrested from him clandestinely or openly on one excuse or another. Apart from these charges at the assembling centre, there is the cost of distribution that has to be taken into account. This cost includes the expenses of transportation and handling from the point of delivery to the buyer's premises, the cost of the containers, twine for sewing the mouths of the bags, brokerage and sundry charges such as for correspondence, clearing charges, etc. When purchases for buyers in outside markets are made, the railway freight, cartage from the station to the buyer's godown, handling and stacking, octroi and *dharmada* charges over again have also to be added. Some of the expenses, as we have seen above, are charged to the account of the seller and others against the buyer who, along with the final consumer, ultimately bears his share of the numerous charges, but as the "Wheat Marketing Report" says: "All the octroi duties, terminal taxes, tolls, market charges, and charities paid on the wheat between the cultivator and the consumer are inevitably forced back on to the cultivator who is willy-nilly compelled to pay....." At another place the same report finds that "at present the cultivator in some cases gets only about 9 annas 3 pies out of each rupee paid by the consumer." It means that 42 per cent. of the price of wheat, paid by the consumer, goes to the middle-man. The condition of the fruit mar-

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ket is still worse. According to the fruit market report recently issued in Bombay, out of Rs. 100 paid by the consumer as the price of fruits and vegetables less than Rs. 12 only go to the producer, the rest to others and in some cases the producer does not even get the charges of transport. What wonder then if the peasantry of India has sunk to the abysmal depths of poverty? The Wheat Marketing Report goes on to say: "The cultivator pays everybody's interest and carries all the risks of marketing by way of reduced price for his produce. All those who have any control over these charges and have the interest of the cultivator at heart should use their influence in having these charges reduced or eliminated. In the absence of action of this kind expressions of interest in the welfare of the cultivator may be regarded with scepticism." Let us hope that the responsible Governments now functioning in the provinces will realize their duty by the cultivator.

#### MALPRACTICES

The practice of *dara* sales by which heaps of varying quality are sold together at one flat rate prevails in some western districts of the U. P. While this practice is advantageous from the buyer's and *arhatiya*'s view-point as it is rapid and saves a good deal of clerical labour on both sides, it is a distinct deterrent to any effort by the cultivator to improve the quality of his produce and amounts to giving a premium to the bad producer for his inefficiency. Then there is another method of sale in which the buyer or his broker clasps the hand of the *arhatiya* under cover of a cloth, usually a small towel or a *dhoti*, and by pressing the fingers indicates the rate he is prepared to pay. It is needless to add that this method of secret bidding affords a scope for malpractices, usually to the disadvantage of the cultivator-seller. Further, a bid or an acceptance is never

binding on the buyer. If weighing is not completed the same day and produce is left for weighment the following day, and the market goes down meanwhile, the buyer claims, on one pretext or another, a further allowance from the seller. Also, it is very common for the buyer to complain of excessive *karda* as the weighment proceeds. Eventually when about half of the cart has been taken delivery of, the buyer stops delivery until such time as the poor cultivator-seller, who has no alternative but to refill his cart and take it away, agrees to an extra discount off the price originally settled. In such cases, the grower is entirely helpless; in the whole market there is nobody to put in a word on his behalf. The other party has it all his own way.

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#### WRONG WEIGHMENT

The cultivator's tale of woe, however, is not yet complete. Wrong weighment is yet another most common malpractice by which he is robbed of another 5 per cent. of his produce or even more. More is weighed in at the time of purchase from the villager and less weighed out to him at the time of sale. The marketing of *gur* in the shape of *bhelis* is a very common instance in point. If by chance one of the *bhelis* is short by a *chhatank*, then a deduction of two *chhatanks* is made from all the *bhelis* of the seller, irrespective of the fact that all the rest of them may weigh even more than the required quantity. Experience has therefore, compelled the grower to put 4 *chhatanks* to every *bheli*, for which he gets no discount whatsoever from the buyer. Thus he gets only the price of 40 seers for every 42 seers that are taken from him. The readers will be surprised to learn that, according to a recent official survey in the Punjab, only about half the weights in use are correct and two out of every three scales used for weighing are defective. The same is true of the United Provinces. Further, the variance in the different methods of weighing and systems of weights and measures in vogue is simply bewildering. They vary enormously from district to district and sometimes within the district itself. This state of affairs leads to dishonest practices by the less reputable traders and, what is worse, has imposed a great handicap on the development of organized trading. Model by-laws prescribing the use of standard weights framed by the Local Governments have been adopted by most municipal and district boards, but in actual practice they have remained a dead letter. There can, therefore, be no two opinions on the necessity of the standardization of weights and measures and the use of correct scales for the improvement of agricultural marketing and on that of the Provincial Governments taking a hand in the matter.

The numerous market charges, whose number and incidence is nowhere specified, the complicated market practices, the shabby treatment that he and his bullocks receive—these and a host of other difficulties induce the grower to part with his produce in the village at a cheaper rate than himself risk the consequences of taking it to the market.

#### STORAGE ACCOMMODATION

Storage accommodation is also a great desideratum in our markets. Ch. Mukhtar Singh, the well-known authority on agriculture, in his recently-published book, "Agrarian Reliefs in Foreign Countries," says: "No storage facilities are provided in the markets and a seller, if he is not willing to sell at the rate offered, has either to bring the article back and pay again all the expenses of transport or has to sell at the rate offered." At present there is also no agency for dissemination of market news to the growers. They depend very largely on hearsay and on reports received from the local village merchant and their neighbours or others who have been to the market.

(To be concluded)



dara method should be strictly prohibited. <sup>ued)</sup>

#### THE MARKET COMMITTEE

The Market Committee which shall be a body corporate and have a fund of its own shall regulate business in the market, provide for improved storage accommodation, maintain and improve the market, construct and repair buildings and roads necessary for the market, keep a set of authorized weights, improve market conditions generally by having better shelter, watering and sanitary arrangements for men, cattle and produce entering the market, obtain and post up in the market the daily prices, not only of that market but also of the larger wholesale market or markets with which it is directly connected, have its own officers and servants, and so on.

#### ARBITRATION

Any dispute arising out of business transactions effected within the market should be settled through arbitration by the Market Committee or its Sub-Committee and the contract should provide that in the event of the purchaser's refusal to take the seller's produce at the price agreed upon, when it comes to him to be unloaded, the matter shall be referred to the Market Committee whose direction shall be binding on him.

In order that the Market Committees may work efficiently, the State, as the ultimate guardian of public interest, should be empowered to supersede an incompetent market committee and take over the administration in its own hands. There is a similar provision in the Food and Drugs Act, 1928, of Britain.

As a result of such a measure, the market charges will be reduced and regulated and the trade practices controlled, scales and weights will be standardized and malpractices eliminated, the interest of the cultivator-seller will be protected and he will be able to receive the whole of the market price of his produce after deduction of reasonable market charges and the present system of commission selling will be improved by requiring commission agents to take out licences. This measure, which would ensure a fair deal to the cultivator, will also encourage him to improve the quality of his produce and remove one of the stigmas attaching to Indian raw material in foreign markets. As an incidental advantage, the fund so obtained by the receipt of licensing fees would make it possible to allot funds to the Provincial Marketing Staff for the establishment of grading and marking centres for agricultural produce, such as fruits, ghee, etc.

As is obvious, this legislation in itself will not relieve the burden of municipal taxes, nor will it eliminate entirely the middleman's charges. For the attainment of these ends, other far-reaching and drastic laws will have to be enacted. It is simply a measure designed to remove only certain evils of our marketing system and improve only certain aspects thereof.

(Concluded.)

42



DRAFT—(continued)

# AGRICULTURAL MARKETING

## Proposed Legislation For Regulation

(By Mr. Charan Singh, M.L.A.)

## II

It was in view of this chaotic state of affairs which prevails in all our markets, save a few like Ghaziabad, Hapur and Muzaffarnagar, where the local trade associations have, to a certain extent, standardized the market charges and practices, that the Royal Commission on Agriculture, the Central Banking Enquiry Committee and the Marketing Staff have recommended and pressed on the urgent attention of the Provincial Governments the necessity of reducing and regulating the market charges and controlling the trade practices at present obtaining in the various agricultural markets. In Berar and Bombay legislation regulating and controlling certain markets, known as Berar Cotton and Grain Markets Law, 1897, and Bombay Cotton Markets Act, 1927, was already in force before the Royal Commission began its labour. The Commission recommended legislation on the above lines to be introduced in the other provinces also. The Hyderabad States, the Madras and Central Provinces Governments, taking the hint from the Commission, enacted legislation on similar lines in 1929, 1933 and 1935, respectively. This legislation has done immense good to the cultivators and, although the unscrupulous action of traders raised a hue and cry in the beginning, they have also gradually come round to appreciate the good effect thereof. That the above legislation has been a great success will be clear from the fact that the above Governments have applied the provisions of their respective Acts to an increasing number of markets within their charge, and though much time has not elapsed since their enactment, the Provincial and Central Marketing Staff have, in their recent meetings, expressed satisfaction at the beneficial results so far achieved. That clean and honest methods of trading and marketing are in the interest of the trader as well in the long run is further proved by the fact that the Indian Central Jute Committee at its annual meeting held in Calcutta from February 28 to March 2, 1938, decided to recommend to the Bengal Government to institute two regulated markets and also prepare suitable legislation on the lines of the Bombay Cotton Mar-

kets Act and the Madras Agricultural Crops Market Act to control marketing of jutes. The Committee further advised the Bengal Government to take early action for standardization of weights and measures. Sir Chhotu Ram, the Minister for Development, Punjab, has, very properly, declared his intention of introducing similar legislation in the Punjab Legislative Assembly. The regulation and control of agricultural markets is indeed so essential that no Government really solicitous of the interest of the kisans can afford to be negligent in the matter. I have every hope that our own Congress Government in the U.P. which is at present too engrossed in the preparation of tenancy, local self-government and debt redemption laws, and is undoubtedly over-worked, will soon justify its claims to be a government of the masses by enacting necessary legislation in this behalf.

### BILL FOR CONTROL

I will now, in a brief outline, give the broad points of the legislation that is proposed. Up till now the management of markets, with the exception of some, e.g., Basti and Nawgarh in the U.P. which are owned by zamindars, who charge a fee ranging from 3 to 6 annas per cart of 16 maunds, was vested in local boards, such as municipalities, which have grievously failed to discharge their duties. The cultivator whose interest is most affected has had up till now no say in the management of markets. It is now proposed, therefore, to supersede the present management by Market Committees by a better one upon which the cultivator also should be represented. How that representation is to be brought about is a matter of detail into which we need not go here. The Act should not *ipso facto* apply to all markets in the province, but only to those which are so notified by the Government. The Provincial Government should make rules providing for, amongst other things,

- (i) The grant of licences to traders, brokers, weighmen, and other persons using a market, and fixing the fees leviable by them, the conditions under which

such licences shall be granted and the fees to be charged for such licences. Nobody shall be allowed to work as trader, broker or weighman, etc., or charge any fee, unless he has been licensed by the Market Committee.

- (ii) The description and periodical inspection, verification, correction, regulation and confiscation of scales, weights and measures in use in a market. The responsibility for correct weighing will lie upon the trader who will forfeit his licence if he is found guilty of wrong weighing.
- (iii) The trade allowances, charges or deductions which may be made or received by any person in any transaction in a market and the posting up of a list of such allowances, etc., in a conspicuous place in the market. In the event of any one taking more than his legitimate fee or share, the licence should be suspended.
- (iv) The issue of proper receipts and statements of accounts to buyers and sellers. With a view to facilitate transactions and to avoid disputes, a system of written contracts between buyers and sellers should be introduced.
- (v) The uniform fixation of quality standards of various agricultural produce so that the price may be uniform for the same quality of produce, higher for better quality and be speedily determined.

Customary charges like *Karda*, *Dhatta* and *Dane* should be declared illegal, and no fee and contribution on account of charity or for any religious purpose should be leviable on, or paid by, any grower of agricultural produce except with the sanction of the Market Committee. Settlement of transactions by secret signs and sales by

(Continued on page 11, column 7.)