

CHAPTER - XI

AGRICULTURAL MARKETING AND AGRI BUSINESS

Introduction

Agriculture sector needs 'well-functioning Market' to drive growth, employment and economic prosperity. The prime objective of the Department of Agricultural Marketing and Agri Business is to help the farmers in marketing their agricultural produce to fair price and to ensure remunerative returns to them. The foremost aim of the Department is regulating trade of agricultural produce most effectively and also by devising and implementing new technologies to reduce post harvest losses through appropriate post-harvest operations including grading, value addition, packaging, processing and transportation so as to get remunerative price to the farmers.

Though Green Revolution initiatives achieved self-sufficiency by increasing food grains production the farmers have not achieved the desired level in marketing front. Agricultural 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. Agri Business is a process, which starts with a decision to produce a saleable farm commodity.

The Department of Agricultural Marketing, which is functioning since 1977, with the main role 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 agricultural marketing activities like Agri Export, Post Harvest Management, Food Processing, etc. Market fee of 1% is collected from the traders by the Market Committee and the fund is being used for developmental activities of Market Committees.

Agro and Agro Processing Industry Policy -2007 is focusing on increasing returns to farmers, while maximizing value addition of agro products.

Activities of the Department of Agricultural Marketing and Agri Business

1. Establishment and maintenance of Uzhavar Sandhais for the benefit of farmers as well as consumers.
2. Establishment and maintenance of regulated markets to facilitate marketing of agricultural produce for the benefit of the farming community.
3. Creating awareness among the farmers about the benefits of grading, marketing, value addition and processing their produce through regulated markets by taking up training, publicity and propaganda.
4. Agmark grading of agricultural, animal husbandry and forestry products for the benefit of the consumers.
5. Setting up Agriculture Export Zones for promoting export of agricultural produce by increasing the area under exportable crops and also providing necessary post harvest management and other infrastructure required and information on prices prevailing at international markets as an integrated approach. Dissemination of market price information of various districts through media and internet on a daily basis for the benefit of farming community.
6. Promotion of Food Processing to minimize wastage of agricultural products and to increase employment opportunities.

Uzhavar Sandhais (Farmers Market)

Uzhavar Sandhais scheme was formulated for direct selling of fruits and vegetables at a fair price by the farmers to consumers without any intermediaries. First Uzhavar Sandhai was inaugurated by Hon'ble Chief Minister of Tamil Nadu on 14.11.1999 at Madurai. 103 Uzhavar Sandhais were opened in the state during the year 1999-2000.

Based on the success of 103 Uzhavar sandhais and good patronage of public, 50 more new Uzhavar sandhais were announced in 2007-08 at a cost of Rs.11.25 crores. Among the 50 new Uzhavar sandhais, 38 Uzhavar sandhais were opened and at present 141 Uzhavar sandhais are functioning. Construction works have been completed in 4 Uzhavar sandhais and are ready for inauguration. Construction works are in progress for the remaining 6 Uzhavar sandhais and for others necessary action is being taken. So far 25 computers have been provided to Uzhavar Sandhais. Cold storage with 2 MT capacity has been constructed at a cost of Rs.133.10 lakhs in 22 Uzhavar Sandhais where sale of fruits and vegetables exceeding 15 tonnes per day.

Everyday, on an average, 1609 MT of fruits and vegetable worth Rs.191.77 lakhs are sold by 7526 farmers. 2,71,685 consumers per day benefited through Uzhavar Sandhais in 2008-09. The details of district-wise Uzhavar Sandhais are shown in Table annexed.

Market Committees and Regulated Markets

There are 21 Market Committees, functioning in Tamil Nadu covering various districts except Chennai. Market Committees are functioning with nominated Members and Chairperson elected by the Members. 277 Regulated Markets and 144 Rural godowns are functioning under Market Committees. A common forum is provided for the producers and traders on an equal footing for marketing of agricultural produce in the regulated markets. 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 Regulated Markets. No fee is collected from farmers for any service rendered in the Regulated Markets. The Market Committees collect 1% of the value of the Agricultural Produce transacted as Market fee from the traders. License fee is also collected from the traders and weighmen. 15 Check posts existing under Market Committees have been abolished. The details of Market Committee-wise Regulated Markets and Rural Godowns are given in Table annexed.

Regulated Markets provide facilities such as correct weighment by using electronic weigh bridges and weighing balances, godown facilities, immediate payment, daily price information, rest sheds, drinking water facility, cattle sheds, free medical aid to farmers, input shops, phone and fax facilities etc.

In Tamil Nadu under "Agmarknet" centrally sponsored scheme 184 regulated markets and 21 Market Committees have been provided with computer and Internet connectivity for effective price dissemination among farmers through Agmarknet website. 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 which pays higher price. In the year 2008-09, due to extensive publicity and propaganda done by the Department on the activities of Regulated Markets, 17.73 lakh MT of agricultural produce worth Rs.6427 crores were sold by the farmers through Regulated Markets. Market Committees have collected revenue of Rs.64.27 Crores as market fee in the year 2008-09 which is the highest amount collected so far. The Market Committee-wise infrastructure facilities provided in the Regulated Markets are shown in Table annexed.

Uniform Notification

Based on the jurisdiction of Market Committees / Regulated Markets, so far 40 Agricultural Commodities have been notified. Now, preliminary notification for the uniform notification throughout the State has been issued. Good response is received from the public for Uniform notification. No fee is collected from the farmers. Market fee of 1% is collected from the traders by the Market Committee and the fund is being utilized for developmental activities of Regulated Markets.

Pledge loan

In order to avoid distress sales by the small and marginal farmers due to price fall, 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 period of 6 months without any fee and avail pledge loan of 75% of the total value of the produce upto a maximum of Rs.1,00,000. Likewise Pledge Loan facilities are extended to traders also with the rate of interest specified from time to time. Interest at the rate 5% for farmers and 9% for traders is charged for pledge loan facilities. Pledge loan of Rs.1670.48 lakhs has been issued to 2611 farmers and Rs. 554.55 lakhs to 172 traders in 2008-09.

Tamil Nadu Farmers Development and Welfare Scheme

Under this scheme, the farmers / tenants who sell one or more than one MT, of their agricultural produce through Regulated Markets every year will be enrolled and are eligible for a grant of a lumpsum amount up to Rs.1,00,000, in case of death/ permanent disability occurring due to accident / death due to snake bite. In case the eligible farmer or tenant loses both the hands / legs / eyes due to accident, is eligible for a grant of Rs.75,000/-. In case of losing one hand / leg /eye or hip disability due to accident the farmer or tenant is eligible for a grant of Rs.50,000/-. Farmers need not pay any premium for the scheme. 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.

Construction of drying yards in villages

About 5 – 10% of post harvest losses are occurring in grains. In order to minimize the post harvest losses in grains, the Department has started construction of drying yards at village level from 1997. Under this scheme, so far 1228 drying yards have been constructed at a total cost of Rs.23.20 crores. During the year 2007-08, Rs.2.50 crores has been allotted for construction of 100 drying yards so far, 82 drying yards have been completed and in remaining 18 places construction works are under progress.

Market Complex for paddy

A Market Complex has been established exclusively for paddy at Madurai at a total cost of Rs.17.59 crores, and is being utilized by traders. In 2008-09, Madurai Market Committee collected market fee to the tune of Rs.23 lakhs from this market complex.

Velan Vilaiporul Perangadi (Mega Market)

A Velan vilaiporul perangadi with 50 shops, 216 floor space rental shops, grading hall, transaction shed etc. for fruits and vegetables at a cost of Rs.3.08 crores has been completed at Oddanchatram of Dindigul district and is being utilized by the farmers and traders.

Establishment of Terminal Markets

As per the guidelines of the central Government, three Terminal Markets with all value addition facilities would be established near metro areas of Chennai, Madurai and Coimbatore for processing, storage and marketing of perishables like fruits and vegetables at a total cost of Rs.200 crores. M/s.Darashaw and Company private Ltd., Mumbai and

ITCOT, selected as a consultancy agencies for implementing the Terminal Market scheme in Tamil Nadu. The private entrepreneurs M/s. RAMKY Infrastructure Ltd. & M/s. Jain Irrigation systems Ltd (Consortium) Hyderabad and M/s.Subash Project and Marketing Ltd., Bangalore & M/s. LMJ International Ltd., New Delhi (Consortium) have been selected for this project. Government of India has instructed to implement the project on subsidy basis instead of equity basis. Processing of final revised guidelines by Government of India is under active consideration. After the receipt of revised guidelines from Government of India, action will be taken to call for RFP and related documents from the eligible private entrepreneurs.

Dissemination of Agricultural Production and Marketing Information

Market intelligence plays a vital role in marketing of agricultural produce. If the information on commodity prices prevailing in various markets is made available, the farmers would be able to get better price to their produce by moving their produce to the market which pays higher price. In this context, Agricultural Production and Marketing Information Centres have been established in 14 Regulated Markets in the first phase. These centres were provided with computer and accessories with internet facility and electronic display boards. Agricultural Produce arrival, price details and post harvest management practices in the regulated markets are flashed in the Electronic display boards, for the benefit of farmers. In addition, an exclusive software has been developed for price and arrival data transfer from Uzhavar sandhais and Regulated markets on daily basis. The price and arrival data are made available in the Department website for the benefit of farmers.

Agri Export Zone for Cut Flowers at Hosur

In Tamil Nadu, Agri Export Zone for cut flowers has been approved and Memorandum of Understanding was signed with Agricultural and Processed food products Export Development Authority (APEDA). In 198.73 acres of land "TANFLORA", a joint venture company of TIDCO and private promoter established infrastructural facilities like Central Packing House comprising of sorting, grading, packaging, cold storage and marketing facilities at Hosur at a cost of Rs.24.85 crores. During the year 2008-09, the firm M/s.TANFLORA has done a turn over of Rs.7.27 crores profitably.

Agri Export Zone for Flowers in Nilgris District

An Agri Export Zone for flowers at Ooty covering the Nilgiris district is being established with the participation by private promoter at a project cost of Rs.15.89 crores. Memorandum of Understanding has been signed with APEDA. Infrastructure facilities like auction centre, mother plant nursery, common pre-cooling and cold storage, demonstration farm, Agri clinic exclusively for floriculture have been established at Ooty in the 1st phase. Infrastructure facilities like collection centre, grading and packing centre, cold storage, Agri lab etc. are being established at Kothagiri. An information centre for providing technical consultancy and other horticultural information to the growers established at Ooty in the 2nd phase. An Electronic Flower Auction centre at a cost of Rs.11 lakhs has also been opened in the Nilgiris. During the year 2008-09, the firm M/s.Nilflora has done a turn over of Rs.1.91 crores.

Agri Export Zone for Cashew in Cuddalore District

Agri Export Zone for cashew at a project cost of Rs.17 crores at Cuddalore district has been approved. Memorandum of Understanding has been signed with APEDA. M/s Sattva Agro Export Pvt. Ltd., has been selected as the anchor promoter for cashew Agri

Export Zone through private participation. The Detailed Project Report for the construction of common infrastructure facilities was prepared by M/s.Sattva Exports and handed over to TIDCO. An amount of Rs.4 Crore was allotted under ASIDE scheme to TIDCO. In turn TIDCO has released an amount of Rs. 2 Crores to Sattva Agro Export Ltd.

The TIDCO has approved to release an amount of Rs.49.00 lakhs as State equity to M/s.Sattva Agro Export Pvt. Ltd. The Agri Export Zone work has been commenced in the year 2006-07 with the construction of infrastructure facilities. Modern nursery is established for providing quality seedlings to the farmers. Construction of processing unit completed and production started. Civil work of Common processing and pack house has been completed. A survey conducted by the Firm for the procurement of cashew from 120 farmers through contract farming. The company has formed 8 Organic Farmer Self Help Groups at 5 villages with co-ordination of Gandhi Rural Education and Development Society (GREDS). During the year 2008-09, M/s.Sattva Agro Export Pvt. Ltd. has done a turn over of Rs. 2.80 crores.

Flower auction centre

A flower auction centre at Kavalkinaru in Tirunelveli district is being established at a cost of Rs.163.40 lakhs, for which construction works are under progress.

Market Complex with Cold Storage

No private entrepreneurs were found eligible for the establishment of Market Complexes with Cold Storage. Therefore, for the benefit of farmers it is proposed to establish Market Complex with Cold storage for Onion at Pongalur in Coimbatore District, for Tomato at Hosur and for Mango at Krishnagiri in Krishnagiri District, for Coconut at Pattukottai in Thanjavur District and for Grape at Odaipatti in Theni District each at a cost of Rs.1 crore from the Tamil Nadu State Agricultural Marketing Board / Committee fund. This fund will be utilized for operation and maintenance of infrastructure facilities by the concerned Market Committee.

Agro and Agro Processing Industrial Policy

Support for Agro Industry would focus on increasing returns to farmers, while maximizing value addition of agro products.

In Tamil Nadu as per the new Agro and Agro Processing Policy the Department of Agricultural Marketing and Agri-Business shall serve as a single window clearance agency for agro processing industry in the state. An Export Promotion Cell is being created in the Department of Agricultural Marketing and Agri-Business.

Agro processing clusters will be promoted in industrial parks and special economic zone keeping in view of value-addition of turmeric (Erode), Sago (Salem), Banana (Trichy), Mango (Krishnagiri), Cashew (Panruti), and Grape (Theni).

Incentives:

- All incentives available for manufacturing industries under the Industrial Policy shall be applicable to agro-industries and manufacturing of agri-machinery and micro-irrigation equipments
- Efforts shall be taken to fully utilize the benefits available under the schemes of Government of India as well as enable agro units to access such Government of India funding support.
- All concessions under the State Policy shall be available in addition to the concessions offered by Government of India in the agro-processing sector, subject to both Government of India and Government of Tamil Nadu subsidies not exceeding 50% of project cost.
- Standalone SME cold storages for agro processing shall be provided power tariff subsidy of 30%, 20% and 10% in the first, second and third year of commercial operation.

- 100% exemption from payment of Electricity Tax shall be provided for all new agro-processing units for a period of 5 year from the date of commercial production.
- SMEs exemption in Agro and Food Processing shall be provided support for getting HACCP and other international safety related certification for export purposes of at 50% of the cost incurred for obtaining quality certification mark from a certifying agency recognized by State Government/ Central Government subject to ceiling of Rs.5 lakhs.
- Vehicles transporting perishables shall be labeled “Green transport” and shall be given speedy clearances at check posts.
- Primary producers who commit to install micro-irrigation systems shall be given priority in provision of free electricity connections. Overriding priority for free electricity connection shall be given to small and marginal farmers if they join together to form a cluster of 20 hectares and above and undertake to jointly set up, own and manage the common irrigation systems using micro-irrigation technology.
- 50% subsidy shall be given on planting material for Jatropha and other bio-fuel crops and the subsidy available to agro-processing industry shall be extended to bio-fuel and bio-diesel extraction plants.
- Jatropha seed shall be exempted from purchase tax and Jatropha oil shall be exempted from VAT for a period of 10 years from the date of commercial production.

Processing of food eliminates wastage of agricultural produce to a greater extent. Food processing is gaining momentum as food-processing industries ensure steady and better price to the farming community as well as availability of the commodities in processed form to the consumer throughout the year. By cultivation of good quality processable agricultural produce the farmers stand to gain better returns and employment opportunity. The Department of Agricultural Marketing and Agri Business is a Nodal agency for Ministry of Food Processing Industries, Government of India. As a state nodal agency, applications for grant for conducting Entrepreneurs Development Programmes, food processing training centres, etc. are being recommended and forwarded to Ministry of Food Processing Industries, Government of India.

Agmark grading

Agmark grading is a symbol, for quality food products. In order to help the consumer to get quality and unadulterated food products, 30 State Agmark Grading Laboratories and one Principal Laboratory at Chennai are functioning in the state. Agmark Grading is done for centralized and decentralized commodities. Agmark labels are issued to the authorized packers under the direct supervision of the staff for certifying the quality and purity of the food products. About 14.34 lakh quintals of commodities graded in the year 2008-09. District-wise Agmark grading laboratories are shown in Table annexed.

Irrigated Agriculture Modernization and Water Bodies Restoration and Management

The World Bank assisted IAMWARM Project is being implemented in 63 sub-basins of Tamil Nadu for a period of 6 years from 2007-08 to 2012-13. In 2008-09, Phase II of the project was implemented in 16 sub basins including second year Phase-I work of 9 sub-basins with a project out lay of Rs.846.45 lakhs.

During the year 2008-09, so far, 77 Nos. of marketing infrastructures *i.e.* storage shed -34, drying yard -35, Agri Business Centre-4, Collection centre-3, Pack house - 1 were constructed and the facilities are being utilised by the farmers for marketing farm produce. A total of 105 trainings, regarding post harvest technology (25 Nos.) and interface workshops (25 Nos.) were conducted for the benefit of sub-basin farmers. Exposure visits (within the state-30 Nos., outside the state -25 Nos.) for the farmers to Agro Industries have been undertaken.

In phase I and Phase II sub-basins, 422 Nos. of commodity groups were formed and 207 Nos. of MoUs have been signed between commodity groups and private firms to ensure better price for their farm produce. For the year 2009-10 the project will be implemented in 38 new sub-basins in addition to the Phase I and Phase II sub basins with an out lay of Rs. 410.58 lakhs.

National Agricultural Development Programme (NADP)

In 2008-09, to increase the capacity building of precision farming farmers on marketing, exposure visit to markets undertaken at a cost of Rs.66.48 lakhs. Community Post Harvest Marketing Infrastructure like grading and sorting yards, smoke-house, cleaning machine for vegetables and fruits, collection vehicles etc. will be established at Kavunchi village of Dindigul district at a cost of Rs.92 lakhs. Works are under progress for construction of smoke-house and grading and sorting yards.

Tamil Nadu State Agricultural Marketing Board

1. Training to farmers and staff

The training centre of Tamil Nadu State Agricultural Marketing Board Chennai is functioning at Salem. The Training Centre caters to the training needs of the Market Committee employees and the farmers. Four different training programmes, viz, Graders Training, Market Committee Employees Refresher Training, Personal Contact Programme and *Kharif* and *Rabi* Training to Officers and Secretaries of Department of Agricultural Marketing and Agri Business are conducted by this Training Centre.

The graders' training is conducted for the employees of the market committee for 30 days duration in 2 batches / year, comprising of 40 employees. The refresher training of 20 days duration is conducted for the Staff working in market committees @ 1 batch/year comprising of 20 persons. The Personal contact programme of 3 days duration is conducted for the farmers in 5 batches (20 farmers / batch) for 100 farmers. In the year 2007-08 and 2008-09, at a cost of Rs. 52.50 lakhs 10010 farmers have been trained on post harvest technologies, value addition, food processing, etc.

2. Construction works

The Engineering wing of the Department executes civil works such as construction of office buildings, rural godowns, auction platform, shopping complex, agricultural input shops, payment counters, rest sheds, water supply, toilet facilities, internal roads, godowns, compound wall, etc. in the Regulated Markets.

- (a) Construction of drying yards at 100 places is under progress at a cost of Rs.2.50 crores (Rs.2.50 lakhs /drying yard) in Market Committee areas of Tamil Nadu.
- (b) Electronic weighing balances with allied equipments are being provided to the new 50 Uzhavar sandhais at a cost of Rs.1.45 crores.

3. Marketing Endowment Chair at Tamil Nadu Agricultural University

Tamil Nadu State Agricultural Marketing Board has created an Endowment Chair at the Centre for Agricultural and Rural Development Studies, TNAU, Coimbatore, with a corpus fund of Rs.50 lakhs. 29 research studies and 19 training programmes have been conducted for the Department Officers and farmers, utilizing the interest accrued from corpus fund deposit.

4. Publicity and Propaganda

Tamil Nadu State Agricultural Marketing Board is carrying out publicity and propaganda work highlighting the advantages of selling agricultural produce through

Regulated Markets through publicity wing at Chennai, Madurai, Coimbatore and Thiruchirapalli.

5. Market Development Fund

The Tamil Nadu State Agricultural Marketing Board derives its fund resource from the Market Committees. The Market Committees contribute 15% of their receipts to the Board. Fifty percent of this amount is set apart as Market Development Fund, from which expenditure towards market developmental activities including training / publicity and propaganda are met.

6. Domestic and Export Market Intelligence and Guidance Cell (DEMIC)

Domestic and Export Market Intelligence and Guidance Cell has been established in Tamil Nadu Agricultural University at a cost of Rs.44 lakhs financial assistance from the Tamil Nadu State Agricultural Marketing Board. The Cell collects details on prices of major commodities at domestic and international markets and then analysis them to forecast future domestic and export prices. The Cell transmits the forecast prices prevailing in other states and in the forthcoming months to the regulated markets and farmers. The Cell by providing this information helps the farmers to plan the cropping pattern and the right time and right market to sell their produce. This cell has been linked with the Agricultural Production and Marketing Information Centres established in regulated markets to disseminate price information to farmers and traders.

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

The main objective of TNSFAC is to link the small farmers to technologies and to the markets in association with Government, private, co-operative and service sectors by providing both forward and backward linkages to the farmers. This provide assured purchase and reasonable price to the farmers for their produce by making formal / informal arrangements. The Scheme is being implemented in association with Nationalized Banks, State Bank of India and its subsidiary Banks. This scheme enables setting of Agri-Business enterprises in Tamil Nadu by sanctioning Venture Capital assistance and by creating project development facilities. The venture capital assistance of Rs.1136.48 lakhs for 27 Agri-Business projects with project costs of Rs.12505.65 lakhs has been sanctioned by Small Farmers Agri-business Consortium.