

## **CHAPTER - XI**

### **AGRICULTURAL MARKETING AND AGRI BUSINESS**

#### **Introduction**

Agricultural Marketing has become the key driver of the Agriculture sector today due to new market realities posed by the increasing accent on globalization, liberalization and privatization of the economy. The core 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 aim of this Department is regulating agricultural produce trade by enforcing Tamil Nadu Agricultural Produce Marketing (Regulation) Act 1987 most effectively and also implementing new technologies to minimize post harvest losses by adopting various cost effective post-harvest operations like value addition, storage, grading, packaging, processing and easy transportation. Market fee of 1% on the value of agricultural produce purchased by the traders is collected by the Market Committees and the fund is being utilized for developmental activities of Market Committees.

Agricultural marketing system primarily links the production and trade. Market-driven production approach and Agri-marketing facilitate shifting of agricultural system to commercial one. Agricultural Marketing infrastructure plays a pivotal role in fostering and sustaining the tempo of rural economic development.

The Department of Agricultural Marketing functioning since 1977 for regulating agricultural marketing, had been renamed as "Department of Agricultural Marketing and Agri. Business" to focus on other latest technologies like post

harvest management, grading, packaging, food processing and export. Agri Business is a process, which starts with a decision to produce a saleable farm commodity.

#### **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. Setting up of regulated markets for getting fair price to the produce and also for benefiting the farming community.
3. Creating awareness among the farmers about the benefits of grading, storage, value addition and processing of produce in regulated markets by giving training, publicity and propaganda.
4. Agmark grading of agricultural, animal husbandry and forestry products.
5. Setting up of Agri Export Zones for promoting export of agricultural produce by increasing the area under exportable crops and providing necessary post harvest management and other infrastructure facilities.
6. Disseminating market price information of Regulated markets and Uzhavar sandhais through media and internet on a daily basis for the benefit of farmers.
7. Promoting the establishment of food processing industries to minimize the wastage of agricultural produce and to increase employment opportunities.

#### **Uzhavar sandhais (Farmers' Markets)**

The innovative scheme – "Uzhavar sandhai" was introduced in 1999-2000 for direct selling of fruits and vegetables at a fair price by farmers to consumers without any intermediaries. The first Uzhavar sandhai at Madurai on 14.11.1999 and 100<sup>th</sup> Uzhavar sandhai at Pallavaram were

inaugurated by the Hon'ble Chief Minister of Tamil Nadu. Throughout Tamil Nadu 103 Uzhavar Sandhais were opened in the year 1999-2000.

During 2007-08, an announcement was made to open 50 more Uzhavar sandhais, besides the renovated 28 Uzhavar sandhais which were closed in the year 2001-02. Based on that, at present 151 Uzhavar sandhais are functioning. In 2009-10 (upto February), everyday on an average 1944 Metric tons of fruits and vegetables worth Rs.2.65 crores are being sold by 8,389 farmers and thereby 3.35 lakh consumers are being benefited. Computers have been provided to 25 Uzhavar sandhais. Cold storages with capacity of 2 Metric tons have been constructed at a cost of Rs.133.10 lakhs to prevent deterioration of fruits and vegetables in 22 Uzhavar sandhais, where sale of fruits and vegetables exceed 15 Metric tons per day. They have been well received by the farmers.

### **Market Committees and Regulated Markets**

In Tamil Nadu 277 Regulated markets and 144 rural godowns are functioning under 21 Market Committees. These Market Committees are functioning with Members nominated by Government and Chairpersons elected by the Members. Competitive and remunerative prices are ensured for the produce sold by the farmers through closed tender system in Regulated markets. Free grading facilities for agricultural commodities are also made available in Regulated Markets. No fee is collected from farmers for the services provided in Regulated Markets. Market Committees collect 1% as Market fee from the traders on the value of agricultural produce purchased by them. Besides that, license fee is also collected from traders and weighmen. 15 check-posts that functioned in the jurisdiction of Market Committees were abolished. Regulated markets provide various kinds of facilities like electronic weigh bridges,

weighing balances, godowns, immediate payment after auction, daily price information, rest sheds, drinking water, cattle sheds, free medical aid to farmers, input shops, phone, fax facilities etc.

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 getting better remuneration. For dissemination of market price information among the farmers, 184 regulated markets and 21 market committees have been provided with computers. During 2009-10 (upto February), about 16.02 lakh Metric ton of agricultural produce worth Rs.6228 crores has been sold by farmers through Regulated markets. In 2009-10 (upto February), Market committees have collected the revenue of Rs.62.28 crores as market fee.

### **Uniform Notification**

Based on the jurisdiction of Market committees / Regulated markets, so far 40 Agricultural Commodities have been notified. Now, preliminary notification for enforcing Uniform Notification throughout the State has been issued. Good response and high appreciation are 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 and construction of Uzhavar sandhais.

### **Pledge loan**

Regulated markets are issuing pledge loan to small and marginal farmers to avoid distress sales due to price fall. Under this scheme 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% on

total value of their produce upto a maximum of Rs.1,00,000 at 5% interest rate. Similarly pledge loan facilities are also extended to traders at 9% interest rate. During 2009-10 (upto February), Rs.1614.33 lakhs has been issued to 2305 farmers and Rs.89 lakhs to 98 traders as pledge loan.

### **Tamil Nadu Farmers Development and Welfare Scheme**

Farmers or tenants who sell one or more than one Metric ton of agricultural produce every year through Regulated markets are enrolled under this scheme and become eligible for a grant of Rs.1,00,000 in case of death/permanent disability 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 permanent hip disability due to accident the farmer or tenant is eligible for a grant of Rs.50,000/-. Farmers need not pay any premium to avail this facility in the scheme. The Market Committee concerned and the Tamil Nadu State Agricultural Marketing Board bear the premium amount of Rs.10 per individual per year equally.

### **Construction of drying yards in villages**

In post harvest stages of grains, maximum benefit can be achieved by following improved storage practices at optimum moisture content. About 5 to 10% of post harvest losses are occurring in cereals and pulses. In order to minimize the post harvest losses in grains, the Department of Agricultural Marketing and Agri Business has started construction of drying yards at villages from 1997. Under this scheme, so far 1228 drying yards have been constructed at a total cost of Rs.23.20 crores.

### **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 Rs.17.06 crores. In this complex, 314 shops have been allotted to traders of paddy, agricultural inputs and flowers for utilization.

### **Velanvilaiporul perangadi (Mega Market)**

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

### **Establishment of Terminal Markets**

Terminal Markets with all value addition facilities like processing, storage and marketing are to be established near metro areas of Chennai, Madurai and Coimbatore as per the revised guidelines of the Government of India for fruits, vegetables and other perishable commodities. The Industrial and Technical Consultancy Organization of Tamil Nadu Ltd (ITCOT) has been appointed as consultant for the above projects.

For establishment of terminal Market at Coimbatore region, 40 acres of land at SIPCOT, (State Industries Promotion Corporation of Tamil Nadu) Perundurai Industrial Estate has been identified and Global Tender has been floated for Request for Qualification (RFQ). Expression of Interest (EOI) has been received from nine private entrepreneurs. Preparation of evaluation report for identifying eligible entrepreneurs by ITCOT is under progress. Tender evaluation committee has been set up by the Government.

In case of Madurai region, 50 acres of land at Mukkampatti and Thiruvadhavur villages has been allotted. Revised feasibility report and Project Information Memorandum (PIM) have been sent to Government of India for 'in-principle' approval. For establishment of terminal market at Chennai region, 32 acres of land has been identified at Navalur village of Sriperumpudhur taluk in Kanchipuram district. Feasibility report and Project Information Memorandum (PIM) have been sent to Government of India for 'in-principle' approval.

### **Dissemination of Agricultural Production and Marketing Information**

Market intelligence is a prerequisite to promote marketing activities. Farmers can get better price by moving their produce to the market which pays higher price, when the information on commodity price prevailing in various markets is made available to them in advance. In this context, Agricultural Production and Marketing Information Centres were established in 14 Regulated markets during the first phase. These centres were provided with computers, internet facility and electronic display boards. Market price and arrival information of agricultural produce and post harvest management practices are flashed in the electronic display boards of regulated markets. Besides, a software has been developed for disseminating price and arrival information of fruits and vegetables in Uzhavar sandhais on daily basis.

### **Agri Export Zones**

Agri Export Zones for cut-flowers, flowers and cashew have been approved and Memorandums of Understanding were signed with Agricultural and Processed food products Export Development Authority (APEDA) and private entrepreneurs.

Agri Export Zone for cut-flowers has been established at Hosur in Krishnagiri district by the firm M/s.Tanflora -a joint venture company of Tamil Nadu Industrial Development Corporation Limited (TIDCO) and a private promoter at a cost of Rs.24.85 crores. An Agri Export Zone for flowers at Udthagamandalam in the Nilgiris district has been established with the participation by M/s.Nilflora – a private promoter at a project cost of Rs.15.89 crores. An electronic flower auction centre at a cost of Rs.11 lakhs has been opened and functioning in the Nilgiris. 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 Rs.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 have started commercial productions. During 2009-10 (upto February), the firm M/s.Tanflora has done a turn over of Rs.7.65 crores worth cut-flowers, M/s.Nilflora has done a turn over of Rs.1.60 crores worth flowers and M/s.Sattva Agro Export Pvt. Ltd., has done a turn over of 1.28 crores worth cashew.

### **Flower Auction Centre**

A Flower auction centre at Kavalkinaru in Tirunelveli district has been established for the benefit of flower growers at a cost of Rs.163.40 lakhs. In 2009-10 (upto February), on an average 1500 kg of flowers worth Rs.85,756 has been sold by 124 farmers per day.

### **Establishment of Market complexes with cold storage facility**

Market complexes with cold storage facility at a project cost of Rs.1 crore each for Mango at Krishnagiri in Krishnagiri district, for Onion at Pongalur in Coimbatore district, for Grapes at Odaipatti in Theni district, for Tomato

at Palacode in Dharmapuri district are being established in the available lands of Regulated markets by utilizing market development fund of Tamil Nadu State Agricultural Marketing Board for the welfare of small and marginal farmers. Tenders for the above projects have been called for and construction works have been started by the Engineering wing of Tamil Nadu State Agricultural Marketing Board.

For the benefit of coconut growers in Thanjavur and Thiruchirapalli districts Market Complex with cold storage facility for Coconut at Pattukottai in Thanjavur district at a cost of Rs.4 crores is being established by utilizing market development fund of Tamil Nadu State Agricultural Marketing Board. For the above project an area of 20.37 acres of land has been allotted at Ponnaravayankottai Ukkadai village in Pattukottai taluk of Thanjavur district. Tender has been called for and construction work is under progress.

#### **Agro and Agro Processing Industrial Policy**

As per the new Agro and Agro Processing Industrial Policy the Department of Agricultural Marketing and Agri-Business serves as a single window clearance agency for agro processing industries in the state. An Export Promotion Cell is to be created in Department of Agricultural Marketing and Agri Business.

Agro processing clusters shall be promoted in Industrial Parks and Special Economic Zones keeping in view of value-addition of turmeric (Erode), Sago (Salem), Banana (Thiruchirapalli), 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 to enable agro units to access 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.
- SMEs exemption in agro and food processing shall be provided to support for getting HACCP (Hazard Analysis and Critical Control Point) and other international safety related certification for export purposes 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 labelled "Green Transport" and 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.

Food processing eliminates 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 can obtain better returns and employment opportunity by cultivation of good quality processable agricultural produce. The Department of Agricultural Marketing and Agri Business is the State nodal agency to Ministry of Food Processing Industries, Government of India. Applications received upto 2007 for establishment of food processing industries are being scrutinized, recommended and forwarded by the Department of Agricultural Marketing and Agri Business to Ministry of Food Processing Industries, Government of India. Now the nationalized banks are recommending the applications, which were received after the year 2007.

### **Agmark grading**

Agmark grading is a symbol, for quality food products. Agmark grading protects the consumers from harmful effects of consuming adulterated food products and ensures quality of food products. In Tamil Nadu, 30 State Agmark grading laboratories and 1 principal Agmark grading laboratory at Chennai have been engaged in grading and certification. 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 2009-10 (upto February), 13.18 lakh quintals of agricultural

commodities have been graded by Agmark grading laboratories.

### **Tamil Nadu Irrigated Agriculture Modernization and Water Bodies Restoration and Management (TN-IAMWARM)**

The World Bank assisted TN-IAMWARM project is being implemented in 63 sub-basins of Tamil Nadu for a period of 6 years from 2007-08 to 2012-13 at a total cost of Rs.24.84 crores. In 2009-10 the project has been implemented in all the three phases with budgeted outlay of Rs.932.93 lakhs.

So far, 191 Marketing infrastructure like drying yards (94 Nos.), storage sheds (83 Nos.), collection centers (4 Nos.), pack house (1 No), Agri business centers (9 Nos.) and other facilities have been provided for the benefit of farmers. Trainings on post harvest technology, interface workshop and exposure visit have been conducted for the benefit of sub-basin farmers. Market linkage/ tie-up arrangement is established through Memorandum of Understanding (MoU) between commodity group farmers and private entrepreneurs to realize additional income to the farmers. So far, 542 commodity groups were formed and 456 MoUs have been signed between commodity groups and private entrepreneurs. In 2010-11 the project will be implemented in Phase II and Phase III sub basins with financial outlay of Rs.545.93 lakhs for creating market infrastructure and capacity building trainings (IEC/CB) to farmers.

### **National Agriculture Development Programme (NADP / RKVY)**

Under the 'Development of Kavunji village as Corporate village' scheme, construction of community post

harvest marketing infrastructure like smoke-house, grading and sorting yards have been completed and purchase of cleaning machine for fruits and vegetables, collection vehicles and crates are under progress at a total cost of Rs.92 lakhs for the benefit of precision farming farmers at Kavunji village of Dindigul district. Marketing infrastructure for specific commodities like cold storage for tomato at Maicheri in Salem district at a cost of Rs.100 lakhs, market complex for coconut at Pethappampatti in Tiruppur district at a cost of Rs.100 lakhs and rural business hub at 10 places at a cost of Rs.150 lakhs are being established. Construction for the above projects has been started by the Engineering wing of Tamil Nadu State Agricultural Marketing Board.

Purchase of agricultural farm implements at a cost of Rs.500 lakhs by Agricultural Engineering Department is under progress. After the purchase, these implements will be hired out through Regulated Markets and Agri Business Centres.

## **Tamil Nadu State Agricultural Marketing Board**

### **1. Training to farmers and staff**

The training centre of Tamil Nadu State Agricultural Marketing Board functioning at Salem caters to the training needs of farmers and employees of Department of Agricultural Marketing and Agri Business. Four types of training programmes, viz, graders' training, refresher training, farmers' personal contact programme and *kharif* and *rabi* training for the Department staff are being conducted by this Training Centre.

The graders' training is conducted for employees of market committee for 30 days in 2 batches / year,

comprising of 40 employees. The refresher training of 20 days programme is conducted for 20 staff of market committees. The Personal contact programme is conducted for 100 farmers in 5 batches (20 farmers / batch) for 3 days.

### **2. Construction works**

The Engineering wing of Tamil Nadu State Agricultural Marketing Board 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 Regulated Markets.

- (a) Construction of drying yards at 100 places of various villages at a cost of Rs.2.50 crores has been proposed (Rs.2.50 lakhs /drying yard) and so far construction has been completed in 97 places and in the remaining 3 places, works are under progress.
- (b) Electronic weighing balances with allied equipments have been provided to 50 new 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, Tamil Nadu Agricultural University, Coimbatore with a corpus fund of Rs.50 lakhs. For the benefit of farmers as well as staff of this Department 2 research studies and 4 training programmes have been conducted in 2009-10 (upto February), by 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 by highlighting the advantages of selling agricultural produce through Regulated Markets by publicity and propaganda wings at Chennai, Madurai, Coimbatore and Thiruchirapalli.

#### **5. Market Development Fund**

Tamil Nadu State Agricultural Marketing Board derives its fund resource from the Market Committees. These 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 developmental activities of market including publicity, propaganda and training 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 with financial assistance from Tamil Nadu State Agricultural Marketing Board. The Cell collect prices of major commodities from domestic and international markets then analyze and forecast future domestic and export prices. The Cell disseminates the forecast prices and price prevailing in other states to farmers and regulated markets through media. This information helps the farmers to plan the cropping pattern and to sell their produce at right time in right market. Further, this cell is networked with Agricultural Production and Marketing Information Centres established in regulated markets, thereby farmers and other stake holders can know the market price information of commodities.

#### **Tamil Nadu Small Farmers Agri-business Consortium (TNSFAC)**

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 as well as 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 and providing project development facilities. So far, venture capital assistance of Rs.1214.84 lakhs for 31 Agri-Business projects with a project cost of Rs.13262.73 lakhs has been sanctioned by Tamil Nadu Small Farmers Agri-business Consortium.