

Delhi Agricultural Marketing Board: Damn the DAMB

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In this paper, we propose to analyse the role of the Delhi Agricultural Marketing Board (DAMB) in the wholesale market of agricultural produce. This board is a classic example of how the government, once it decides to step in, can create mayhem in the relatively simple process of trading, which is between two parties and does not require third party intervention. Though the rationale behind the setting up of such a department can *perhaps* be justified on grounds of good intention, there is a huge difference, as usual, between what is intended and what is the outcome.

The Delhi Agricultural Marketing Board was set up in 1976 to promote the wholesale trade of agricultural produce. Its *raison d'être* was to fulfill certain objectives that were perceived by the government to be of importance, which are enumerated below:

1. To regulate the market of agricultural produce in order to safeguard the interests of producers, sellers, and consumers
2. To provide a transparent system of sale of all types of agricultural produce at the highest possible price.

To achieve its goals, the DAMB has, in turn, created nine committees that are autonomous government organisations. These committees are:

1. Agricultural Produce Marketing Committee, Azadpur
2. Agricultural Produce Marketing Committee, Keshopur
3. Agricultural Produce Marketing Committee, Nazabgarh
4. Agricultural Produce Marketing Committee, Narella
5. Agricultural Produce Marketing Committee, Shahadara
6. Flower Marketing Committee, Okhla
7. Khoya-Mawa Marketing Committee, ISBT
8. Fish, Poultry and Egg Marketing Committee, Ghazipur
9. Fodder Marketing Committee, Mangolpuri

The Delhi Agricultural Marketing Board and its nine committees function according to the Delhi Agricultural Produce Marketing (Regulation) Act, 1998; the Delhi Act Number 7, 1999; and the Delhi Agricultural Produce Marketing (Regulation) General Rules 2000.

Objectives

The Delhi Agricultural Marketing Board fulfils its objectives by the following measures, which it executes through the committees:

- It restricts the number of wholesale dealers and commission agents in the agricultural produce wholesale market.
- It restricts the number of wholesale markets.

In order to restrict the number of players in the market, the committees issue the following licenses:

Class A: for wholesale dealers

License fee: Rs 100

Requirements: Papers showing that you have premises, own or on rent, in the *mandi*.

Class B: for commission agents

License fee: Rs 100

Requirements: Papers showing that you have premises, own or on rent, in the *mandi*.

Class C: for brokers¹

License fee: Rs 100

Requirements: Papers showing that you have premises, own or on rent, in the *mandi*. At present, this license is not issued by any committee.

Class D: for retailers

License fee: Rs 50

Requirements: Papers showing that you have premises, own or on rent, in the *mandi*. At present, this license is not issued by any committee.

Class E: for weighmen² and surveyors³

License fee: Rs 25

Class F: for *palledaars*⁴

License fee: Rs 2

As of now, only Azadpur Committee issues a license for a *palledaar* and even that has issued only a couple of licenses till date.

All the above stated licenses are to be renewed every year.

Class H: for vehicles

License fee: This depends on the type of vehicle entering the market. It is a kind of monthly gate-pass⁵ that is issued to the commission agent.

The Fodder Marketing Committee is the only committee that we know, which issues this license.

For curbing the number of wholesale markets, the DAMB has legalised certain markets, which are the only places where wholesale trade is supposed to take place. These markets are the principal yard⁶ and the sub-yards.

The Rules

According to the rules, markets are walled structures. There is an entry and an exit, which are manned day and night. Gate-passes are issued to any vehicle, full or empty, that enters the market, for a certain amount of money. A gate-pass contains information about the amount and type of

¹ A broker is a person who, in consideration for a commission, fee or remuneration, contrives, makes and concludes a bargain or contracts on behalf of his principal, for the purchase or sale of agricultural produce, but does not receive, deliver, transport, or pay for the purchase or collect payment for the sale of the notified agricultural produce. *Source: The Delhi Agricultural Produce Marketing (Regulation) Act, 1998*

² A weigh-man is a person who manages a weighbridge.

³ A surveyor means a person who, on arrival of a consignment of notified agricultural produce for sale in any market area or market, surveys it for ascertaining the quality, refraction, adulteration and other like factors. *Source: The Delhi Agricultural Produce Marketing (Regulation) Act, 1998*

⁴ Palledars are coolies

⁵ A gate pass consists of the amount and type of produce brought and the name or names of the commission agents with whom the owner of the vehicle would deal.

⁶ Wholesale agricultural produce market-place

produce being brought in and the name or names of the commission agents with whom the owner of the vehicle would deal. At the exit, the gate-pass and the receipts of transactions conducted by the owner of the vehicle are checked. This is to ensure that the marketing committee knows about the amount of transactions conducted in the market.

Inside the market, the commission agent auctions the produce on behalf of the farmer, in the latter's presence. Whosoever bids the highest receives the produce. The purchaser must pay a fixed percent, (which is decided by the concerned committee as per their byelaws) of the bid price as commission to the commission agent. He must also pay an additional 1% of the bid price to the committee as the market tax through the commission agent. In order to ensure that auctions take place and to know the selling price of the produce, the marketing committee officials visit a certain number of commission agents, chosen randomly, at the time of auctions.

The committees are required to contribute 20% of their annual income to the DAMB.

Case Studies

However, as is the way with most government agencies, this too has failed to practice what it preaches, as can be easily seen from the following case studies:

- Agricultural Produce Marketing Committee (APMC), Azadpur
- Okhla Subzi Mandi
- Flower Marketing Committee, Okhla and Flower Market, Connaught Place
- Fodder Marketing Committee, Mangolpuri
- Fish, Poultry and Egg Marketing Committee, Ghazipur
- Khoya-Mawa Marketing Committee, ISBT

APMC, Azadpur

APMC, Azadpur was established in 1977. It has one principal yard, Chaudary Hira Singh Wholesale Fruit & Vegetable Market Azadpur, and two sub-yards, Okhla Fruit & Vegetable Market and Kela-Siding Azadpur. The principal yard is spread over an area of 160 acres⁷ and has separate entry and exit gates. It started functioning after the commission agents shifted, from a market near Hindurao Hospital at Barafkhana, to the market in Azadpur. The allotment of shops to the commission agents was made by the Delhi Development Authority (DDA) and initially the market was also maintained by them. The DDA withdrew its maintenance staff on December 1, 1979 and the market was handed over to APMC, Azadpur.

The motto of this organisation is, "*Open to give, open to receive*" and it follows the motto to the hilt, as can be seen through the following practices that we observed:

- Vehicles freely enter through the exit. The vehicles that leave the market are generally not checked for their gate-passes or trade receipts.
- Most of the vegetables and fruits are not auctioned openly. Their prices are mostly fixed by the commission agents.
- The farmer is usually never there when his produce is being sold.
- Commission agents take their commission from the farmers rather than the purchaser and it varies from 7% to 10%.
- Every year licenses are to be renewed between December 1 and December 31. To get this done, one is required to give an "ease amount" of Rs 500-Rs 1,000.

⁷ APMC, Azadpur's market area is the whole of National Capital Territory of Delhi "excluding the Area of East of Yamuna River forming Market Area of APMC, Shahdara and also excluding Area from junction point of Daya Basti and Sarai Rohilla, Railway Stations along Railway track going to Rohtak up to Delhi-Haryana Border at Tikri Kalan and from there upto Rewari line Railway track near Bijwasan and then again along Rewari Railway line up to junction point at Daya Basti and Sarai Rohilla Railway Stations forming market area of APMC Keshopur."

- There are three sets of figures regarding the number of commission agents functioning inside the market. One from the officials of the marketing committee office (2,236), one from the officials concerned with issuing of gate-passes (5,000-5,500), and one from the commission agents themselves (6,000+).

Okhla Subzi Mandi

This market place is a sub-yard of APMC Azadpur. It started operating in 1988. All the 238 commission agents in it are also wholesalers.

Previously, these commission agents were functioning in Daryaganj on the land of Waqf Board. In 1980, the DAMB decided to move this market to its present site. This place was chosen as it was close to a highway and had a railway station nearby and, thus, would have helped reduce transportation costs. Incidentally, the Okhla Railway Station has no railway yard and hence, goods cannot be taken off the trains.

A survey was conducted to estimate the number of agricultural produce commission agents and wholesale dealers in Daryaganj. Accordingly, the DDA was given a contract to construct the *mandi*. Shops were assigned by a draw of lots. However, it was found that traders, other than the original ones, had also been allotted shops in Okhla. The lots were then cancelled. All this took seven years and in 1987 when a survey was conducted again, there were about 40 more commission agents. The construction of the *mandi* was almost complete by then. So, when lots were drawn this time, 38 dealers did not get a shop. Surprisingly, all the people who were left behind, were the traders who had worked in Daryaganj for years. They are yet to be allotted a shop in any of the *mandis*. They still operate in Daryaganj. Meanwhile, new commission agents have come up in Daryaganj in the plots vacated by the ones who moved to Okhla. Thus, a full-fledged market goes on in Daryaganj. According to DAMB officials, this market has been denotified i.e., no trade takes place there and it no longer exists. The traders of this place say that each one of them pays a monthly *hafta* of an amount exceeding Rs 10,000 to operate in Daryaganj.

The Fish, Poultry and Egg Marketing Committee, Ghazipur

This committee oversees three markets: fish, egg and poultry.

1. The Fish Market

This market was previously located near the Jama Masjid, but because it created a traffic problem, it was shifted to its present location of Ghazipur in October 2001.

There are about 252 shops, which can be bought by a licensed commission agent for about Rs 20 lac. This money can be paid off in as many as 35 installments. Although there should be only one commission agent to a shop, we have reason to believe that more than one person is operating from a shop. For instance, in a shop numbered A-41, there are two firms "A K & Co." and "B K & Co." operating, which are run by two independent commission agents.

Another discrepancy in the information gathered, was in the figure quoted by officials at different levels. The secretary gave a figure of 246 commission agents whereas the official in charge of gate passes estimated the figure to be 326.

2. The Poultry Market

There are 86 commission agents in this market. According to unofficial sources, the fact has emerged that most of them are Muslims and are related to each other. Due to their cohesive group they are able to manipulate the commission rates since they have a monopoly in the market. The commission they charge is at times as high as 15%.

One of the aims of the DAMB is to provide a trader-friendly environment, but the DAMB fails in doing that since this market is closed to women as they are advised by the officials not to go inside this market for their own safety.

The Flower Market, Connaught Place

This market comes under the Flower Marketing Committee, Okhla. This committee is unlike others because it has not been able to fully exercise its control over the flower markets in Delhi, which are in Connaught Place (CP), Mehrauli and Fatehpuri.

The Flower Market, CP is quite dissimilar, from other markets, because of the presence of a number of associations. At present, there are three associations operating in the market in CP. One of the associations is the "All India Cut Flower Grower & Supplier Association" whose President (referred to as *pradhan*) is Brij Mohan Khaganwal. According to him, the market in CP was independent and was brought under the Flower Marketing Committee on his initiative. He further added that the other associations had entered later following a "me-too" policy.

The salient feature of this market is the fact that there are no hard and fast rules for anything and the existing routine does not conform to any rules per se. There are about 15 class A license holders, 40 B-class license holders, 80 people who are in the process of getting licenses and about 200-300 who have not even applied. The commission, which is between 7-15% (though he was quick to defend it by saying it covered all costs like transport fare etc.), is taken from the farmer (a practice, which we have now come to understand, is prevalent everywhere). The people without licenses are also allowed to sit and sell their wares. Everyone pays an amount of Rs 500 per month to the *pradhans* (it is unclear whether or not this money is remitted to the committee). The Flower Marketing Committee staff is able to collect just about Rs 500-1,000 per day, which is quite insignificant vis-à-vis, the collections of the markets under other committees. As a result of meagre collections, this committee borrows from APMC Azadpur to defray its expenses.

The land where the market is located belongs to NDMC (New Delhi Municipal Corporation) and the sellers are allowed to operate till about 9 am, which can be

extended to about 10 am. Another fact that emerged is that the license holders seem to be having some trouble with the allotment of shops in the recently constructed Okhla flower market. According to Brij Mohan Khaganwal (and he was extremely vehement about it!), the Mehrauli flower market license holders have been given preferential treatment (it seems that they have been allotted some shops).

There are a lot of agencies (government and otherwise) involved and after having been to this place one is left with the general impression that everyone has an axe of their own to grind. Certain agencies seem to be hand in glove and altogether the whole setup appears very complex, full of loopholes, and inefficient.

The Khoya Mawa Marketing Committee, ISBT

This committee was set up in 1998 and is thus still its nascent stage. Besides, a case was filed against it in the high court by the wholesalers soon after it was created.

This committee functions in pretty much the same way as any other committee. One difference is that here the commission agents take 8% commission from the farmers, of which 3% (we take that with a pinch of salt!) is kept by commission agents and 5% by the wholesaler as a buffer against losses related to sale and transfer of goods. The committee does not take action, on the request of the

farmers because if the “6% commission from purchaser” is enforced, the purchasers retaliate by simply making lower bids for the goods, in which event the farmer only loses.

Here we can see that the committee has failed to make the farmers better off. In fact, if we take a deeper look into the matter, we would perceive that the government has only abetted the commission agents and wholesalers through licensing. If the government had allowed any commission agent/wholesaler to enter the market, the commission rates would have gone down because of competition among a larger number of commission agents and the farmer would have ultimately benefited. Some farmers, who claim that the existing wholesalers do have some monopoly in the market, have reiterated this fact. This shortsightedness of the government has ironically hit the section that it set out to help.

The Fodder Marketing Committee, Mangolpuri

This committee has its office at Mangolpuri, which also happens to be the site of the principal yard of this committee. Its sub-yards are situated at Nazabgarh, Ashram Chowk and Sarai Pipalthala.

The principal yard used to be in Zakhira till 1991. This market existed even before the Delhi Agricultural Produce Marketing (Regulation) Act, 1976 came into existence and operated under the Bombay Act. However, the market had only five acres of land and was near a residential area, therefore the Delhi Agricultural Marketing Board shifted it to Tekrikelan. After the Board invested about ten crore in the project, the market ultimately failed to come about. The official reason given for this failure is that the commission agents refused to move to the market in Tekrikelan. We do not have enough information to confirm or refute this official account but the consequence of this has just been wastage of money. Finally, in 2000 the principal yard was shifted to Mangolpuri. The principal yard at Mangolpuri appears to be a very sleepy area tucked away out of sight, off the main road. There seems to be very good reason for its torpor, since hardly any trade is conducted here. One cannot help feeling that these eleven acres of sprawling land could have been put to better use. In fact the sub-yard at Nazabgarh is the hub of activity, as far as volume of, and revenue from trade is concerned.

In the fodder market the market tax is not collected as a 1% tax on goods sold. Instead, the market officials collect between Rs 25-40 from the farmers for each kilogram of fodder sold. The current price of fodder is between Rs 180-235. This means that even in the best-case scenario, the market officials are collecting a tax of over 10% on all fodder sold in the market.

Leakage of Money from the Market

With the following data the readers will perhaps begin to appreciate just how much money goes down the drain in this government undertaking. Since it has already been shown that the DAMB fails entirely to fulfil its objectives, it cannot even be exonerated from the charge of squandering money and resources on the plea of helping at least some section of society.

APMC Azadpur (2001-s02 data up to 31.12.2001) Rs (in Lacs)	
Market Fee	2090.15
Other Income	1579.07
Contribution to DAMB	442.28
To curb “unlawful” trading activities the fines collected are: Rs (in Lacs)	
Recovery of fine collected from the vehicles intercepted	4.8805
Penalty collected from the <i>challan</i> / without license traders	4.9910

Source: *Souvenir 2002, APMC Azadpur, Delhi.*

Fish, Poultry & Egg Marketing Committee, '00-'01 Rs (in Lacs)	
Market Tax	152
Contribution to DAMB	30.4

Source: Office of FPEMC Ghazipur

Khoya-Mawa Marketing Committee, '00-'01 Rs (in Lacs)	
Annual Income	32
Contribution to DAMB	6.4

Source: Office of KMMC ISBT

Fodder Marketing Committee, Mangolpuri, '00-'01 Rs (in Lacs)	
Annual Income	34
Contribution to DAMB	6.8

Source: Office of FMC Mangolpuri

Moreover, the DAMB adversely affects not only those concerned with the wholesale agricultural produce market, but also the taxpayer through the Delhi Government. The amount allotted to the DAMB by the Delhi Government in the financial year of 2001-2002 was Rs 40 lacs. This amount, though paltry in comparison to the amount of money it earns, is a burden on the Delhi taxpayer as he pays 92.8% of this sum i.e. Rs 37.12 lac.

Whose Land is it Anyway?

According to the present laws, no private party can set up a wholesale market in the city. The root cause of this problem is the Delhi Government's monopoly on land within the city that has allowed the government to tighten its control over the agricultural market. Since a market must have a physical presence on a plot of land, the government, which is the owner of the land, is free to regulate the commercial activities of the *mandis*. Added to this, is the presence of a number of government agencies which own land, like the Municipal Corporation of Delhi (MCD), Delhi Development Authority (DDA), New Delhi Municipal Corporation (NDMC), and the marketing committees of the DAMB. One of the reasons why markets are shifted so often to other sites is because the ownership of land lies in the hands of these different agencies and problems crop up over ownership, time and again. Due to this shifting, a lot of money is squandered. With strong, private ownership of land, the government would not have the ability to regulate *mandis* in the way it does now and the result would be a free market for agricultural produce as well as the services of commission agents.

Conclusion

All of the available evidence points towards the failure of the Delhi Agricultural Marketing Board in fulfilling its objectives of ensuring that farmers receive a fair price for their produce and ensuring a transparent agricultural market.

First, the Board distorts the trade scenario by controlling the number of commission agents and wholesalers. Besides, most of the commission agents are also licensed wholesale dealers. The market we are examining is, in fact, not the agricultural produce market but rather the market for produce-brokering services of the commission agents. So while the demand for these services is unregulated, i.e. the number of farmers is not restricted, the supply is, due to regulations on the number of commission agents. This situation, instead of helping the farmers get a fair price, works against them as now the farmer must pay a higher price to the commission agent.

Second, the very fact that we have more than one set of figures for the number of commission agents and wholesalers speaks volumes about the transparency of the system. Getting factual information about the operation of the markets was extremely difficult and the government officials, at times, contradicted each other in explaining the market. Also, in all of the markets we observed, when auctions took place if at all, they were conducted covertly. The reluctance of the commission agents and wholesalers to talk about the commission they charge also shows the hidden and closed manner in which business is conducted in these markets. It is obvious that transparency exists only in the law book.

The basic problem with the system is the farcical stand of the government that farmers are poor and cannot pay for the services they want. We need to understand that one must pay for the services one receives and, in reality it is the farmer who pays the commission agent for his services. So, the poor are already paying for these services.

The Delhi Agricultural Marketing Board has come to exist only to protect the monopoly that commission agents enjoy in the market and does nothing to help the farmers it claims to assist. In fact, the Board has made the position of commission agent so lucrative that the present chairman of APMC Azadpur has become a commission agent in the upcoming Tilaknagar Mandi. So, in the interest of the general public, especially the farmers, this Board should be done away with.

References

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We would like to thank the following people who were helpful in giving us information:

- Chaudhary Mukhtyar Singh, Chairman, DAMB
- Mahato, Vice Chairman, DAMB
- Chaudhary Raj Singh, Secretary Marketing, DAMB
- Rajendra Sharma, Chairman, APMC Azadpur
- S C Dabas, Head Clerk, APMC Azadpur
- V P Lakra, Secretary, FPEMC Ghazipur
- Narender, Gate Pass Official, Poultry Market, Ghazipur
- J P Thakur, Secretary, APMC Shahadara
- Gautam, Secretary, APMC Keshopur
- Ashok Kapur, Assistant Secretary, APMC Keshopur
- P S Maan, Chairman, APMC Narella
- R S Solanki, Secretary, APMC Nazabgarh
- Hansraj Bokolia, Assistant Secretary, FMC Mangolpuri
- Manjeet, Accountant, FMC Mangolpuri
- Hari Chand Verma, Chairman, KMMC ISBT
- M S Upadhyaya, Secretary, KMMC ISBT
- Rajendra Singh, Assistant Secretary, Okhla Sub-yard
- Virendra Kumar, Shop #25, Okhla Mandi
- Harish Kumar, Shop #B-234, Azadpur Mandi
- Sardarji, Shop #D-1275, Azadpur Mandi
- Brij Mohan Khaganwal, Pradhan, CP Flower Market

There were many other officials and traders who preferred not to disclose their names.