



Delhi Agricultural Marketing Board



Farmers at the mercy of the government's monopoly.



Delhi Agricultural Marketing Board

At a Glance

Functions

The Delhi Agricultural Marketing Board (DAMB) attempts to safeguard the interests of farmers and consumers by providing wholesale markets where farmers' produce is auctioned to licensed agents.

Findings

- The Azadpur Agricultural Produce Marketing Committee had an income of Rs 36.79 crore in 2001-02. It contributed Rs 4.42 crore to DAMB. The lowest income that year was of the Khoya-Mawa Marketing Committee amounting to Rs 32 lac. And it paid Rs 6.4 lac to DAMB.
- Farmers actually pay 7-15% of the sales as commission to licensed agents, on top of 1% transaction fee they give to the *mandi*.
- The rampant corruption in the marketing committees was brought to fore by the arrest of the Delhi Fodder Market Committee Chairman, Om Prakash Oman in May 2002 for allegedly demanding and accepting a bribe of Rs 50,000.

Reforms

- Remove the monopoly of the DAMB on wholesale markets. Let private parties set up competing markets. The Azadpur Agricultural Produce Marketing Committee alone pays about Rs 442 lac per year to DAMB which is in effect paid by the farmers. If we do away with the monopoly market, a large part of money could be saved for the farmers.
- Eliminate the licensing system for wholesalers and commission agents and create genuine competition for the purchase of farmers' produce. They will pay a much lower commission. The farmers are exploited by the monopoly of DAMB and by the restrictions on wholesalers.

- Those voluntary agencies that truly want to help farmers should start by providing space for wholesale trade and offer choice of markets so that free and fair trade can take place.

Two former Marketing Board officials held

Tribune News Service

New Delhi, June 20

The Anti-Corruption branch today arrested two former officials of the Delhi Agricultural Marketing Board for illegally issuing licences to the commission agents in Subzi Mandi three years ago. The anti-corruption authorities alleged that the officials had entered into a criminal conspiracy with the other officials, and issued

fresh licences, despite a notification order that the land was meant for the purpose of Delhi Metro project.

The officials, Dharmibir Singh, resident of Gazipur, the then Assistant Secretary of the board and Sagar Singh, resident of Azadpur, the then Supervisor tampered with the files by entering back dates.



Delhi Agricultural Marketing Board

The DAMB was established in 1976 to regulate the market of agricultural produce in order to safeguard the interests of producers, sellers, and consumers and to provide a transparent system of sale of all types of agricultural produce at the current market price. To achieve its goals, DAMB has created nine committees that are autonomous organisations.

1. Agricultural Produce Marketing Committee, Azadpur
2. Agricultural Produce Marketing Committee, Keshopur
3. Agricultural Produce Marketing Committee, Najafgarh
4. Agricultural Produce Marketing Committee, Narela
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.

Licenses

The Delhi Agricultural Marketing Board fulfils its objectives by restricting the number of wholesale markets and of wholesale dealers and commission agents in each wholesale market. To restrict the number of players in the market, the committees issue the following licenses:

Class A: Wholesale Dealers

License fee: Rs 100

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

Class B: Commission Agents

License fee: Rs 100

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

Class C: Brokers

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: 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: Weighmen and Surveyors

License fee: Rs 25

Class F: Palledaars

License fee: Rs 2

As of now, only Azadpur Committee issues license for a *palledaar* (*palledaars* are coolies) and even that has been issued only to a couple of *palledaars* till date.

All the above licenses are to be renewed every year.

Class H: Vehicles

License fee: This depends on the type of vehicle entering the market. It is a kind of monthly gate-pass (for entry in the market) that is issued to the commission agent.

The Fodder Marketing Committee is the only committee 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 in the principal yard and the sub-yards.

Significant Problems

Government Monopoly on Land

According to the present laws, no private party can set up a wholesale market in the city. The land owning agencies—Municipal Corporation of Delhi, Delhi Development Authority, and the New Delhi

Municipal Council—control the establishment and working of the wholesale markets.

Monopoly of the Markets

The *mandis* collect tax of about 1-3 percent on each sale of produce. Tables 1, 2, 3 and 4 present the amount of money that various wholesale markets collect from the market fees, the contributions they make to the DAMB, and the fines charged on the violating agents and vehicles.

Technically, commission agents pay the transaction tax, but ultimately farmers pay it through lower revenues they get from the commission agents. The data in the Tables shows the amount of money the farmers have to pay to the DAMB for its 'services.' Since each product has a separate market, the farmers have no choice of market to sell their goods. The high incomes of the *mandis* demonstrate the degree of monopoly power they have over farmers.

Despite large contributions by the nine committees, the DAMB receives funding from the Delhi government. In the financial year 2001-02, DAMB received Rs 40 lac from the Delhi government. Not only farmers but taxpayers of Delhi pay for the wholesale markets.

Monopoly of Wholesalers and Commission Agents

At the wholesale markets, the number of suppliers of the produce—the farmers—is unrestricted but the number of purchasers of the produce—wholesale and commission agents—is restricted. In this buyer's market, the farmers obviously get a lower price, compared to what they would have received in a genuinely competitive market for their produce.

Table 1: APMC Azadpur 2001-02 (upto 31 December 2001) (Rs in lac)

Market Fee	2,090.15
Other Income	1,579.07
Fines collected:	
Fines collected from the vehicles intercepted	4.88
Penalty collected from the <i>challaned/</i> without license traders	4.99
Total Income	3,679.09
Contribution to DAMB	442.28

Source: *Souvenir 2002, APMC Azadpur*

Table 2: Fish, Poultry and Egg Marketing Committee 2000-01 (Rs in lac)

Market Tax	152.00
Contribution to DAMB	30.40

Source: *Office of FPEMC Ghazipur*

Table 3: Khoya-Mawa Marketing Committee ISBT 2000-01 (Rs in lac)

Annual Income	32.00
Contribution to DAMB	6.40

Source: Office of KMMC ISBT

Table 4: Fodder Marketing Committee, Mangolpuri 2000-01 (Rs in lac)

Annual Income	34.00
Contribution to DAMB	6.80

Source: Office of FMC Mangolpuri

In fact the *mandi* is not an agricultural produce market but rather a market for produce-brokering services of commission agents. So while the demand for these services is unregulated—the number of farmers is not restricted—the supply is limited due to licensing 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 commission to these agents.

At the auction, hardly ever are more than two commission agents present. There is no real competition among the agents to purchase the produce. The auction is really in a very deplorable state.

Reforms

- Remove the monopoly of the DAMB on wholesale markets. Let private parties set up competing markets. The Azadpur Agricultural Produce Marketing Committee alone pays about Rs 442 lac per year to DAMB which is in effect paid by the farmers. If we do away with a regulated market, this huge sum of money could be saved for the farmers. With this money, farmers themselves will be able to organise markets that will provide better infrastructure and amenities.
- Eliminate the licensing system for wholesalers and commission agents and create genuine competition for the purchase of farmers' produce. They will pay a much lower commission. The farmers are exploited by the monopoly of DAMB and by the restrictions on wholesalers.
- Those voluntary agencies that truly want to help farmers should start by providing space for wholesale trade and offer choice of markets so that free and fair trade can take place.

—Prepared by Devika Johri and Neha Swetambari

References

- The Delhi Agricultural Produce Marketing (Regulation) Act, 1998.* New Delhi
Government of NCT Delhi. 2002. *Souvenir 2002.* New Delhi: APMC Azadpur
Government of NCT Delhi. 2000. *CAG Report*
Government of NCT Delhi. 2003. *Annual Plan 2003-04: Scheme-Wise Plan Outlay*
Vol. 3. Department of Planning
Government of NCT Delhi. 1999. *Report on Classification of Employees in Delhi*
Government, Autonomous/ Local Bodies. Directorate of Economics and Statistics
Government of NCT Delhi. 2003. *Annual Plan 2003-04: Physical Targets/ Achievements*
Vol. 4. Department of Planning
Delhi Agricultural Marketing Board's Website: www.delagrmarket.com

