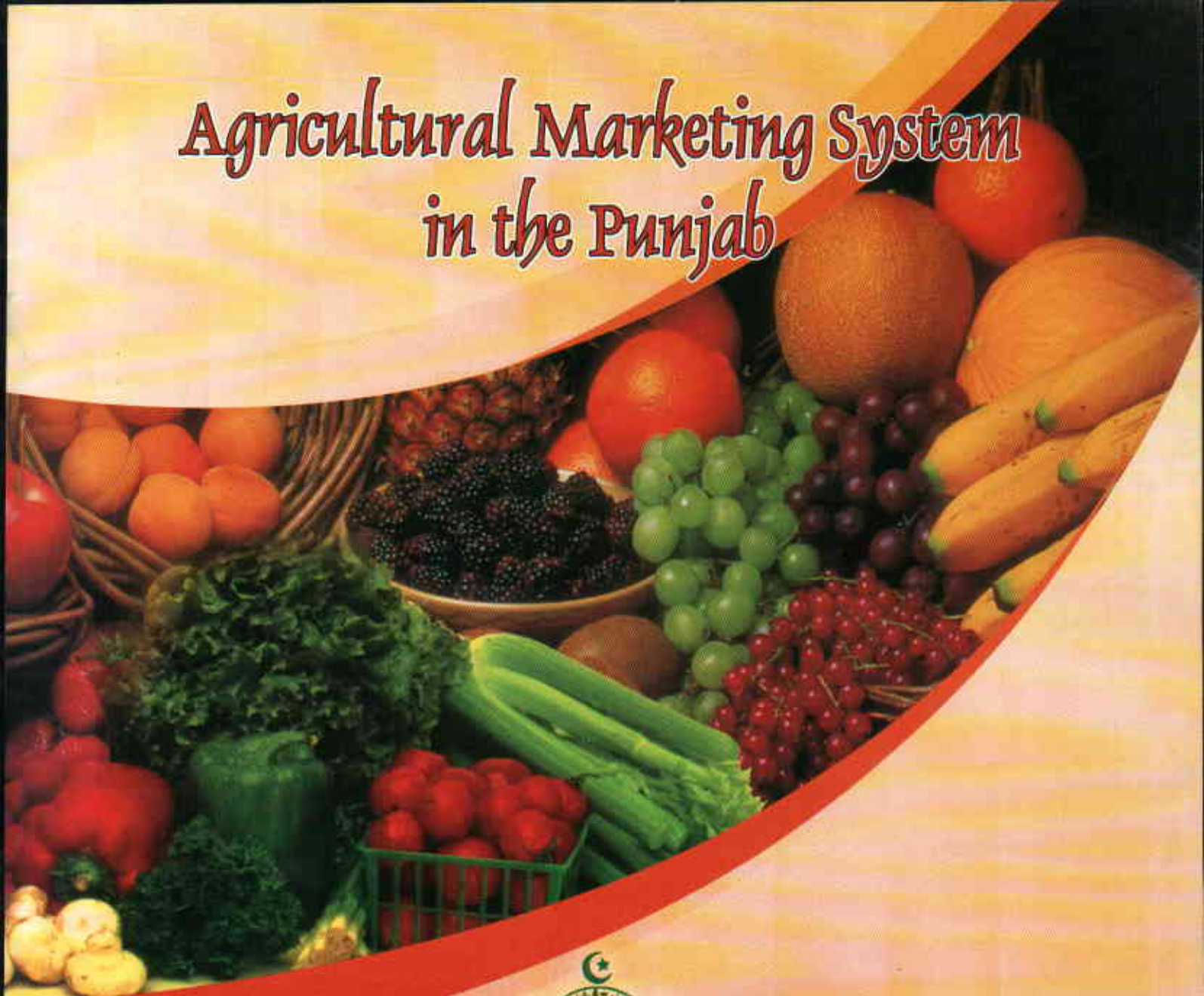


Agricultural Marketing System in the Punjab



**Report Produced under the Project
Agriculture Marketing Information Service
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Foreword

Improved Agricultural Marketing Information system is key to the development of Pakistan's Agrarian Economy. Fully cognizant of the fact, Government of the Punjab in Agriculture Department is implementing a Programme for improvement of Agricultural Marketing Information System to facilitate Agribusiness with special emphasis on exports. The objectives are as follows:

- **Collection of data on domestic production to monitor the crop situation to find out estimation Marketable and Exportable Surplus.**
- **To collect information on International Production and Trade.**
- **To provide Information to the policy maker to facilitate export of Agriculture Crop/Produce to find out potential export markets to accelerate export.**
- **Maintenance of database on vital information regarding domestic and International Production, Trade, Consumption needs and quarantine requirements/ standards of Agriculture Crop.**
- **To discuss the WTO issues and Constraints under its regime.**

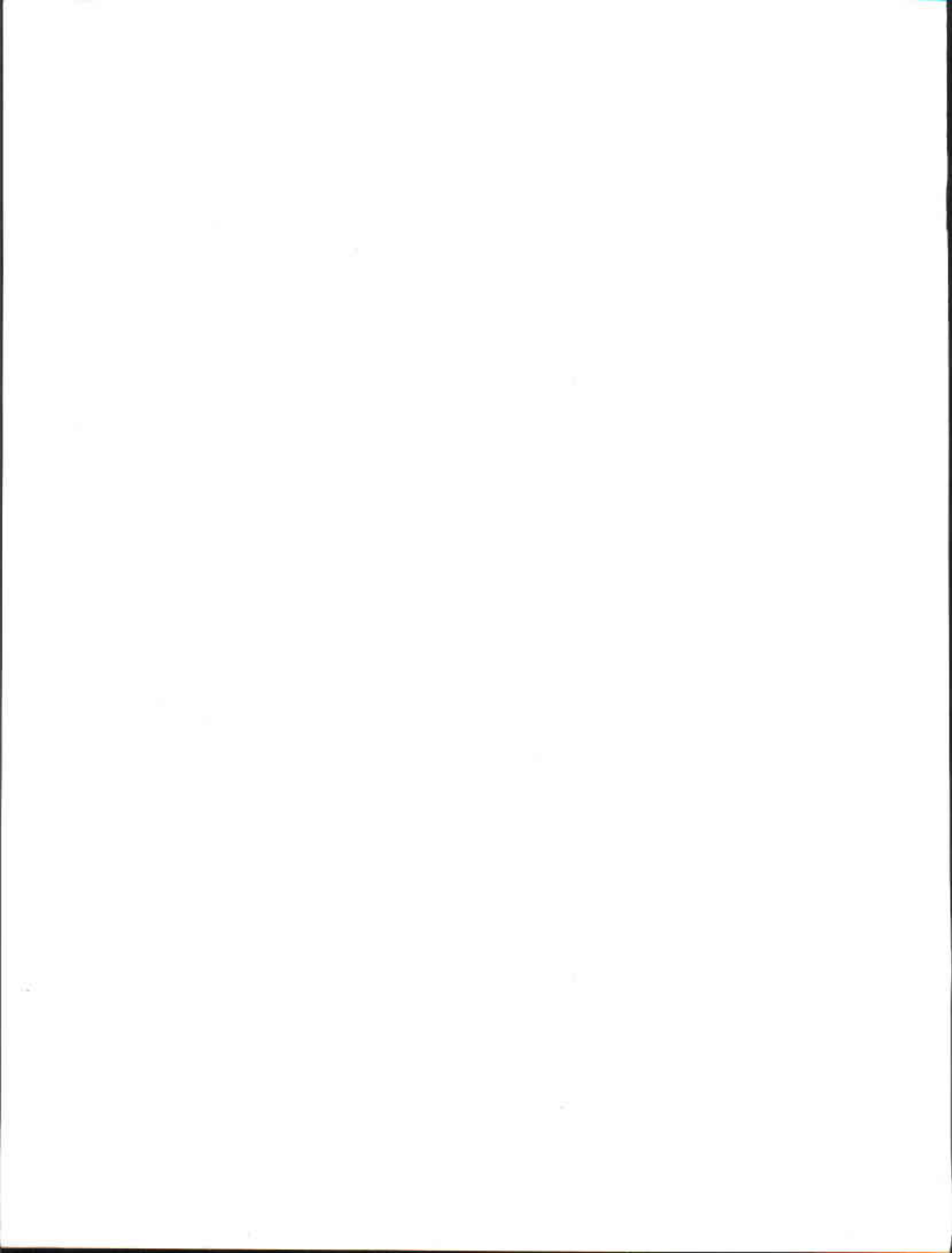
This report relate to Agricultural Marketing Information System through a planned effort, keeping in view the above objective. Available information is updated, further required data has been collected and processed.

The information collected has been compiled into a booklet form to be used as reference/benchmark by all the stakeholders' viz. producers, processors, traders and exporters to enable them to plan an effective role in the World's production, productivity and export. The efforts made by Mr. Munir Ahmad Extra Assistant Director of Agriculture (Economics & Marketing) Headquarter office & Mr. Muhammad Irfan Bhatti analyses and composition to compile the information is highly acknowledged.

To update the information is regular activities. All the stakeholders can obtain the latest information from the Directorate through toll free telephone Number (0800-51111). Any suggestion for improving the format and the content of this publication would be welcome.

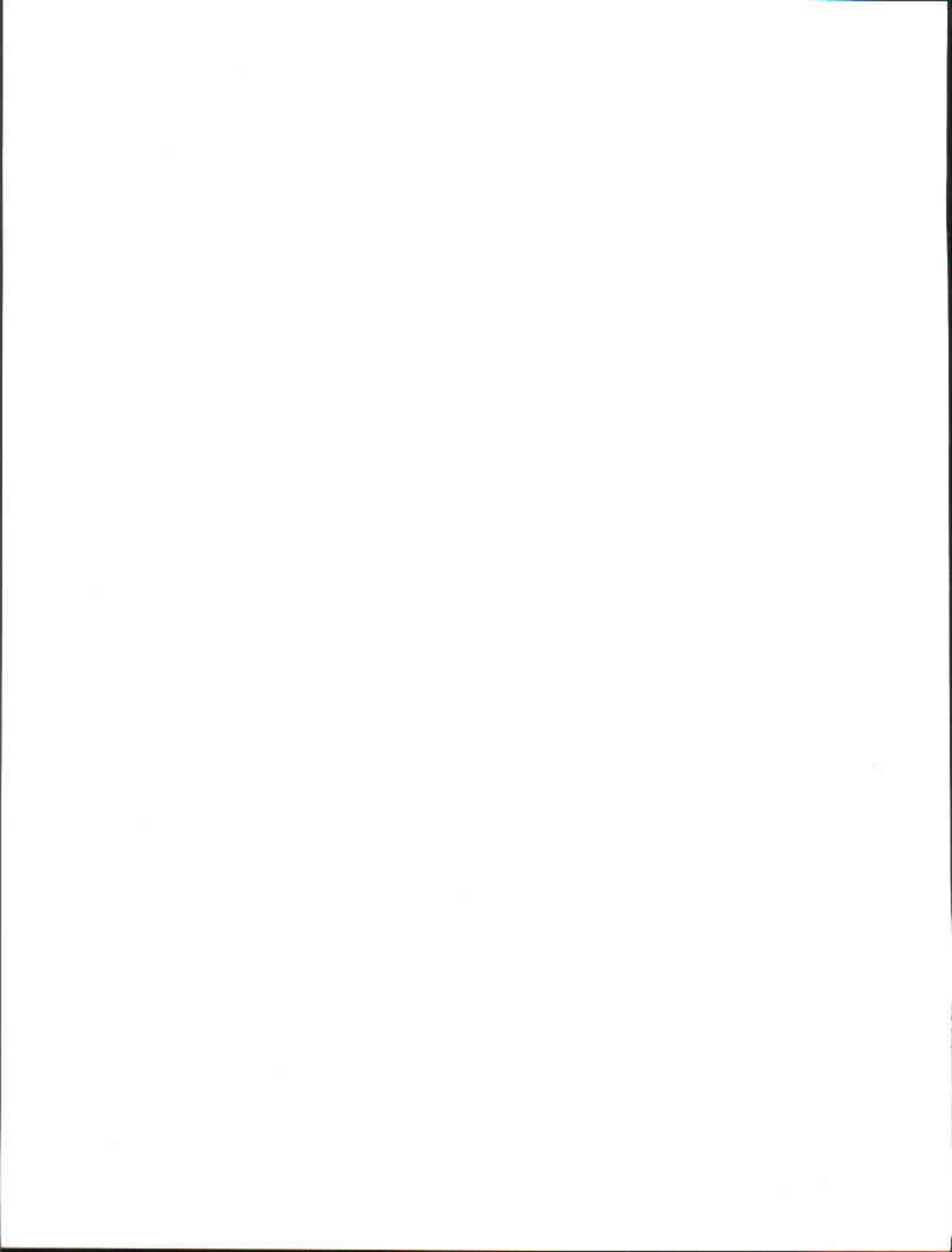


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AGRICULTURE MARKETING SYSTEM IN PUNJAB

INTRODUCTION

Government is not directly involved in the Marketing of Agricultural produce. The farmers bring their produce in the Fruit & Vegetable Market or grain market at their own where many peoples are involved in the sale and purchase of Agricultural produce, including commission agents, dealers and pharia etc.

The Agri. Produce Markets Act, 1939 was promulgated on the recommendation of Royal Commission constituted by the British India Government during 1927. The sole-intention of the act was to regulate the Agri. Business so as to do away the evils and vices which ultimately tended to the deprivation of the grower from his fair return of produce. The Market Committees were established under the provisions of above said act which were assigned noble pursuit i.e. to safeguard the interest of grower.



The act of 1939 was replaced by the Punjab Local Government Act, 1975, but for legal and technical reasons, the provisions of the act could not be enforced.

Later, the relevant provisions of the Punjab Local Government Act, 1975 were replaced by the Punjab Agricultural Produce Markets (PAMP) Ordinance, 1978 and rules were framed during 1979.

AGRICULTURE MARKETING WING

Agriculture Marketing has been established since January 2004. Prior to this Director of Agriculture (Economics & Marketing) was looking after the activities of agricultural marketing. The importance of agricultural marketing was realized with transformation from deficit to surplus regime, which caused market crash with bumper production. WTO reforms are also compelling to phase out public role of

procurement and subsidies. A new ministry has been inducted in Punjab government to improve the marketing system on scientific lines with major role being performed by the private sector. Major thrust areas of the department are:

- Improvement of management and operation of markets
- Marketing intelligence and information
- Entrepreneurial development and organization of growers
- Revamping of agricultural produce market enactment
- Human Resource development

Mission Statement

Making Agriculture more profitable with the given resources and technology.

Objectives

- Commercialization of Agriculture
- Making Agricultural Production Market/demand oriented
- Price Stability
- Providing Transparent and competitive market environment
- Export facilitation

Strategies

- Human resource development through proper training for experts and stake holders
- Infrastructure Development through Private investment
- Use of Modern information and communication technology for collection and dissemination of Marketing Intelligence
- Institutional capacity building through strengthening of the Directorate Of Agriculture (E&M) to take up following activities
- Research work in field of Agricultural Economics , Marketing and Farm management
- To introduce Modern Farm Management Techniques based on economic principles
- Export facilitation through provision of up to date information regarding prices and volumes and quality requirements of importing countries

DIRECTORATE OF AGRICULTURE (ECONOMICS & MARKETING)

The Directorate of Agriculture (Economics & Marketing) was established in 1967-8.

It performs following functions:

- Price analysis & dissemination
- Daily price bulletin
- Monthly Crop & Price Situation Report
- Price Analysis reports on various crops as and when required by the Government.
- Financial and Administrative control of 134 Market Committees in the Punjab
- Managing 325 Agricultural Markets in the Punjab including Grain, Fruit & Vegetable, Feeder Markets.
- Establishment of New Markets.
- Holding of 132 Itwar Bazaars through out the Punjab.
- Having discharged duties as prescribed under the Punjab Agricultural Produce Markets Ordinance 1978 and Rules framed there under.

MARKET COMMITTEES PROVINCIAL FUND BOARD

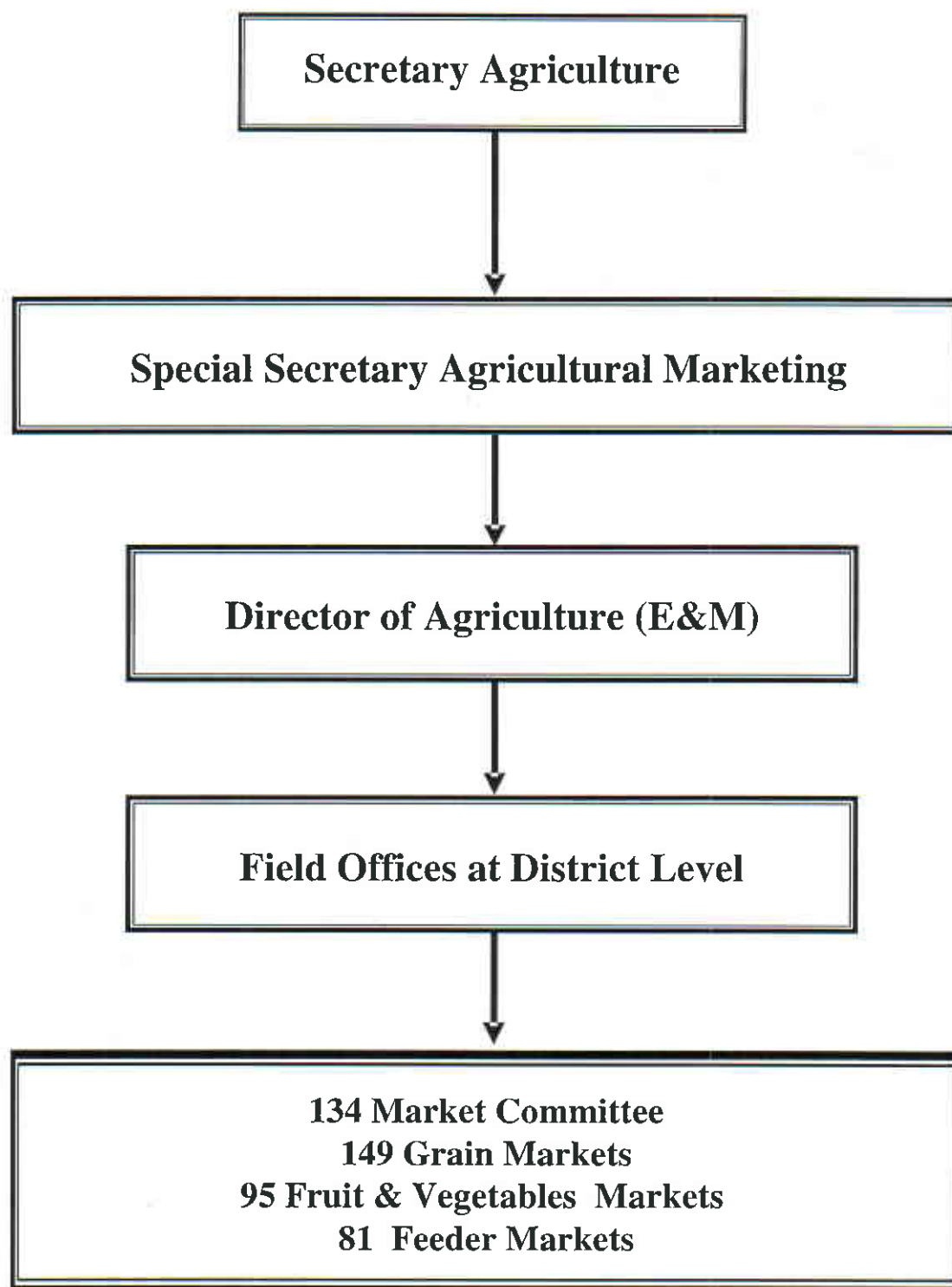
There is one Market Committees Provincial Fund Board. It is an autonomous body and it is meant for preparation and implementation of such projects, measures and programmes to develop and improve markets and marketing

- Collection and dissemination of market intelligence
- Investment of market committees provincial funds for profitable purposes
- Organizing and running modern markets
- Undertaking actual marketing, grading, processing and disposal of agricultural produce
- Setting up and running of the inservice training institutes
- Advancing loans to market committees
- Any other purpose with the prior approval of Government

LAWS GOVERNING MARKETING OF AGRICULTURAL PRODUCE

- The Punjab Agricultural Produce Markets Ordinance (XXIII of 1978)
- The Punjab Agricultural Produce Markets (General) Rules, 1979
- The Punjab Agricultural Produce Markets (Market Committees Provincial Fund) Rules, 1980

ORGANIZATION CHART OF AGRICULTURE MARKETING WING



ACTIVITIES OF AGRICULTURAL MARKETING

An efficient marketing system is essential for increasing agricultural production through remunerative returns for the growers for their produce and equitable prices for the consumers. 328 Food grains and fruit & vegetables markets under 134 market committees exist in the province. Following steps are being taken to improve the marketing system:

- The existing marketing laws are being revamped to make these more supportive to the farmers/growers, compatible with modern day international trade requirements and pave the way for private sector investment.
- Functioning of the market committees and markets is being reviewed and necessary measures are being taken for their improvement. As a first step, the existing infrastructure in 30 major markets of the province will be improved and brought at par with international standards. On operational side professionals will be inducted to manage these markets.
- A modern Marketing information service (MIS) linking local agricultural produce markets, international markets and other trade related bodies through a website will be established to collect, collate, forecast and disseminate accurate, reliable and timely on line information regarding prices, supplies and demands of various commodities for use by all the stake holders to take rational decisions. A project costing Rs. 115.2 million under ASPL-II has been launched.
- Recently established Punjab AgriMarketing Company (PAMCO) has prepared projects of Rs. 4.00 billion to promote and facilitate setting up of marketing infrastructure including cold chain and processing units through out the province.
- The Construction of Modular Markets at Lahore, Nankana Sahib, Sialkot, Bahawalpur, Multan, R.Y. Khan, Okara and Rawalpindi having all facilities including cold storage, processing units, quality control labs and packaging facilities to meet WTO requirements. NESPAK being engaged to design the markets.
- Amendments in laws to encourage public private partnership for development of markets and market infrastructure. Final draft of Punjab Agricultural Produce Markets Act 2005 being scrutinized by the law department.
- The following important functions are being out sourced on pilot basis:
 - Sanitation and cleanliness for better solid waste management in fruit and vegetable markets; Ravi Link road, Kot Lakh pat, Multan and Faisalabad.

- Collection of Market fee and installation of weigh bridge in Lahore, Kotlakhpat, Faisalabad, Gujranwala, Sargodha, Okara, R.Y. Khan, Bahawalpur, Sialkot, Multan and Mianchannu markets.
- A Fruit and Vegetable project to increase production of Fruit & Vegetable and promote tunnel technology costing of Rs. 56.703 million has been launched in six districts.
- A project proposal (Establishment of Punjab Institute of Agricultural Marketing) costing of Rs. 60 million under ASPL-II has been submitted to P&D for Capacity Building of Stakeholders
- To address the twin problems of storage and loan, a project for development of on-Farm warehousing capacity at a cost of Rs. 32 million has been submitted to P&D, Government of Punjab.
- Federal government has launched program for Development and Diversification of Agribusiness at a cost of 4.0 billion Rupees, with major activities in the provinces

MARKET COMMITTEES

Market Committee means an institution established under Section 7 of the PAMP, Ordinance 1978. At present there are 135 Market Committees exercising control on sale / purchase of Agricultural Produce with in its notified area under section 4 of the said Ordinance. The entire area of the Punjab under civil administration has been divided into 135 segments to serve as notified market area for a particular market committee.

Market Committees have been classified according to their financial resources which are generated mainly through levy of market fee, issuance of licenses etc. The following table shows different classes of Market Committees based on their financial position.

Class	Annual Income	No.
A	above 16 Lac	27
B	above 8 Lac but less than 16 Lac	52
C	upto 8 Lac	55
	Total	134

Constitution of Market Committees

Market Committees are constituted under Section 8 of the PAMP, Ordinance 1978 and relevant rules by the Zila Council and Official Member is appointed by the Government of the Punjab, Agriculture Department amongst Officers of Agriculture Department as per strength given below.

Category of Member	Ten Member's Committee (Class C)	Seventeen Member's Committee (Class A&B)
Growers	5	9
License u/s 6	2	5
License u/s 9	1	1
Consumer	1	1
Govt. Member	1	1
Total	10	17

Chairman: From Grower Members with at least

Qualification: Matric

Tenure: 3 Years.

Duties of Market Committee

The Market Committee within their notified areas is responsible for the followings:

- To enforce the Provisions of Ordinance and Rules.
- To Establish Agricultural Markets.
- To issue licenses to agro based industries, Commission Agents and Market Functionaries.
- Collection and Dissemination of Prices of Agriculture Produce.
- Coordination with District Administration for organizing Itwar / Juma Bazars.
- Maintenance and improvement of the markets including construction of storage's, platforms, and roads;
- Collection and dissemination for information regarding all matters relating to marketing in respect of the agricultural produce and propaganda in favour of agricultural improvement and thrift;
- Providing comforts and facilities, such as light, sanitation, shelter, shade, parking accommodation and water for the persons, draught cattle, vehicles and pack animals coming to the market and similar other purposes;
- Provision of facilities such as cleaning sets, plants for grading, standardization, packing and processing of agricultural produce;
- Construction of cold storages, warehouses and godowns for the benefit of growers
- Provision and maintenance of standard weights and measures;
- Agricultural implements and machinery to be distributed amongst growers of the market area;
- Holding of agricultural melas, fairs, exhibitions and shows for agriculture publicity and propaganda amongst farmers for improved production;
- Training of members and staff of market committees and members of the Board of Arbitrators;

Generation of Funds by Market Committees

As mentioned earlier, all the market committees generate their own funds through to levy of market and license fee. The present schedule of fee is as under.

License Fee

As per provisions of the Punjab Agricultural Produce Markets Ordinance (XXIII of 1978) no one can undertake a business (Sale/Purchase) of agriculture produce without a license to be issued by the market committee. The schedule of license fee for each kind of license shall be as under: -

Group	Applicable Business Concerns	Fee (Rs.)
A	Cotton Ginning and Pressing Factory, Oil Mills, Textile Mill, Ghee Mill, Rice Mill (Sheller and huller), importer and exporter of agricultural produce, sugar mill, purchaser of agricultural produce on behalf of mill, dairy and other such concern dealing in agricultural produce, wool factory, jute mill, tannery flour mill, tobacco wholesale dealer, roti plant, cold storage, refrigeration plant,	500.00
B	Commission agent of grain market vegetable and fruit market, wool, hides and skin merchant, wholesale karyana merchant, cotton seed and oil-cakes wholesaler, atta machine "chakky" , rice husking " chakky" pulses processing plant.	200.00
C	Retail shopkeeper of karyana, fruits and vegetables (dry and fresh), meet, wool, hair, beef, mutton, fish and egg sellers, oil-cake and cotton seed sellers, fodders (green or dry), tobacco and its products, kohloo and depot-holder, pharria.	50.00

Market Fee

Market fee is levied on all types of sale & purchase of agriculture produce. Following is the schedule of market fee prescribed for the sale purchase of agricultural produce: -

Sr. No.	Name of the Agricultural Produce	market fee per 100 Kg.
1.	Wheat, Rice (Paddy), rice (cleaned), rice (broken), atta, maida, suji, gur, shakkar, sugar (desi and refined), molasses, sugarcane juice, pulses (whole and split), viz. Moong, mash, masoor, moth, raj mash, rewah, arhar, lobia, gram and other beans;	Re. 1.00
2.	Maiz cobs (dry and green), atta, maiz (grains), barley, bajra, jowar, atta of jowar, atta of bajra;	Re. 1.00
3.	Oil seeds viz, cotton seed, linseed, sarsoon, raya, toria, taramira, soyabeen sunflower, til, ground nut, castor, palm, their oils, oilcakes, seed and vegetable ghee;	Re. 1.00
4.	Wool, hair and desi ghee;	Re. 1.00
5.	Cotton un-ginned (phutti), cotton ginned (lint), jute (seed and fiber), chillies (green, dry and ground), tobacco, leaves, tobacco cured and guraku;	Re. 1.00
6.	Meal and waste of maiz;	Re. 1.00
7.	Fruit and vegetables (fresh and dry) and their marmalade;	Re. 1.00
8.	Fodders, viz; senji, lucern, shaftal, berseem, shalgham, guara, chari, bajra, maiz, javi, barely, wheat, jowar (green and dry) and their seeds, methi metha, oats, bran, bhusa of wheat, phak, parali, rice silur, bhusa of barley, gram cholia, kera, surri, bura, wanda, cotton waste and sugarcane;	Re. 0.50
9.	Livestock products viz; beef, mutton	Re. 1.00

Forward

Rate of Commission and Remuneration

In regard to any sale or purchase of agricultural produce, no functionary shall charge for the services actually rendered by him a remuneration in excess of the rates specified below:-



Commission agent:

- i) 1.50 percent in the case of food grain and other crops.
- ii) 2.50 percent in the case of fruits, and
- iii) 3.12 percent in the case of vegetables, worked out on the basis of the value of the agricultural produce

Broker: -

- i) Twenty paise per quintal of agricultural produce bought or sold;

Weighman: -

- i) 0.20 Percent of the value of agricultural produce weighed;

Palledar: -

- i) Unloading 0.20 percent of the value of agricultural produce
- ii) weighing 0.20 percent of the value of agricultural produce
- iii) bori ultai 0.30 percent of the value of agricultural produce
- iv) dheri legai 0.10 percent of the value of agricultural produce
- v) Changar 0.20 percent of the value of agricultural produce

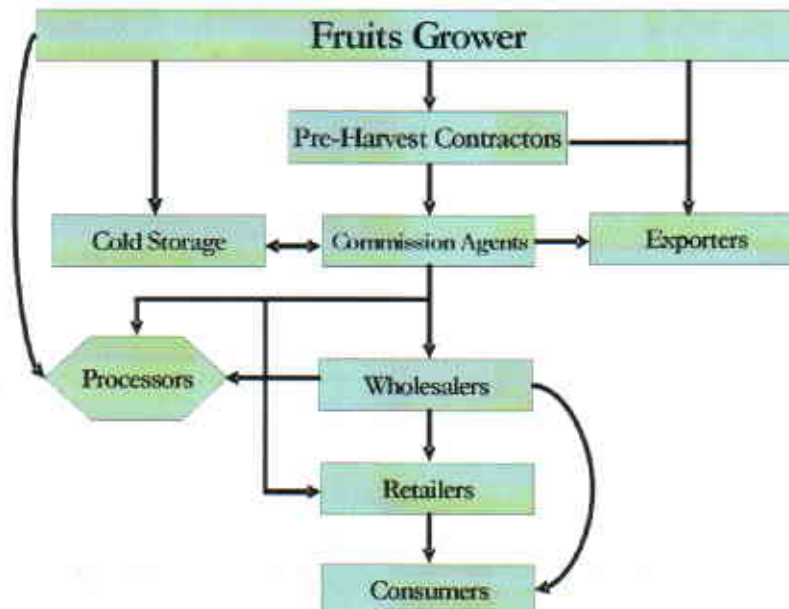


AGRICULTURE MARKETS

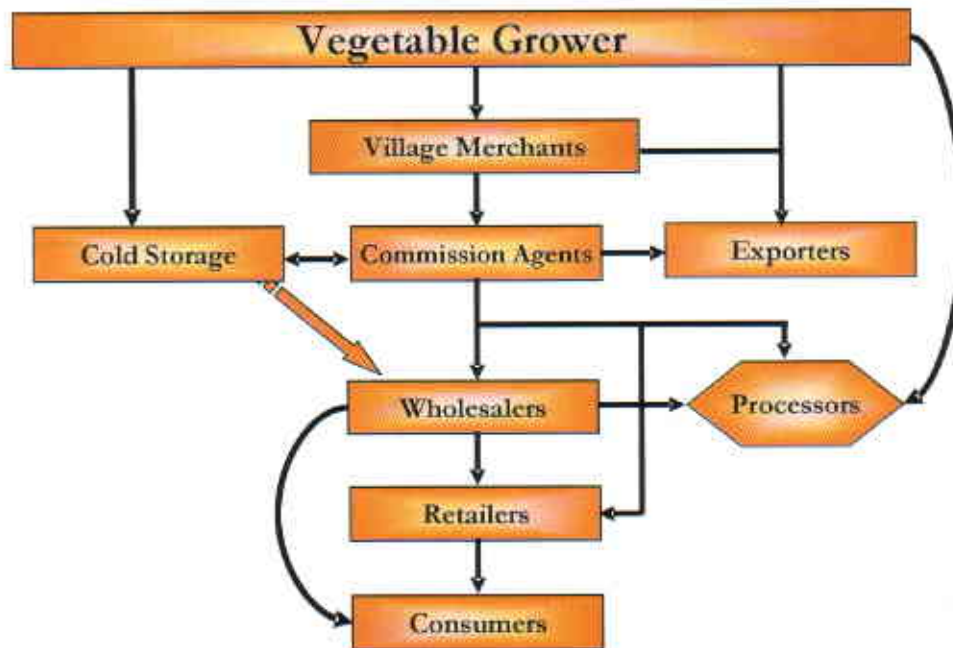
An agriculture produce market is a place notified for sale and purchase of agricultural commodities such as fruits, vegetables and grains. At present there are 244 Agricultural Markets in Punjab for Grains and Fruits & Vegetables. Besides these there are 81 Feeder Markets to feed the main Agriculture Produce Market, the detail of agriculture and feeder market in the Punjab is shown below:

Type of Market	Nos.
Grain Markets	149
Fruit & Vegetable Markets	95
Feeder Markets	81
Total	325

Marketing Channel For Fruits



Marketing Channel For Vegetables



Constraints of Markets

- Markets are inadequate in terms of size, location and facilities.
- Auctions are fake due to strong nexus of commission agents and pharias
- Overcharging of commission and illegal deductions have become strong norms
- Produce is sold without any standard of quality, grading and packing
- Markets are poorly designed and commission agent oriented. There is no space earmarked for the wholesalers (Pharia).
- Poor and inadequate arrangement of market information
- Poor hygiene and sanitation (Solid waste management)
- No traffic control
- Encroachments and illegal constructions
- Delay in shifting of markets
- Outdated legislation

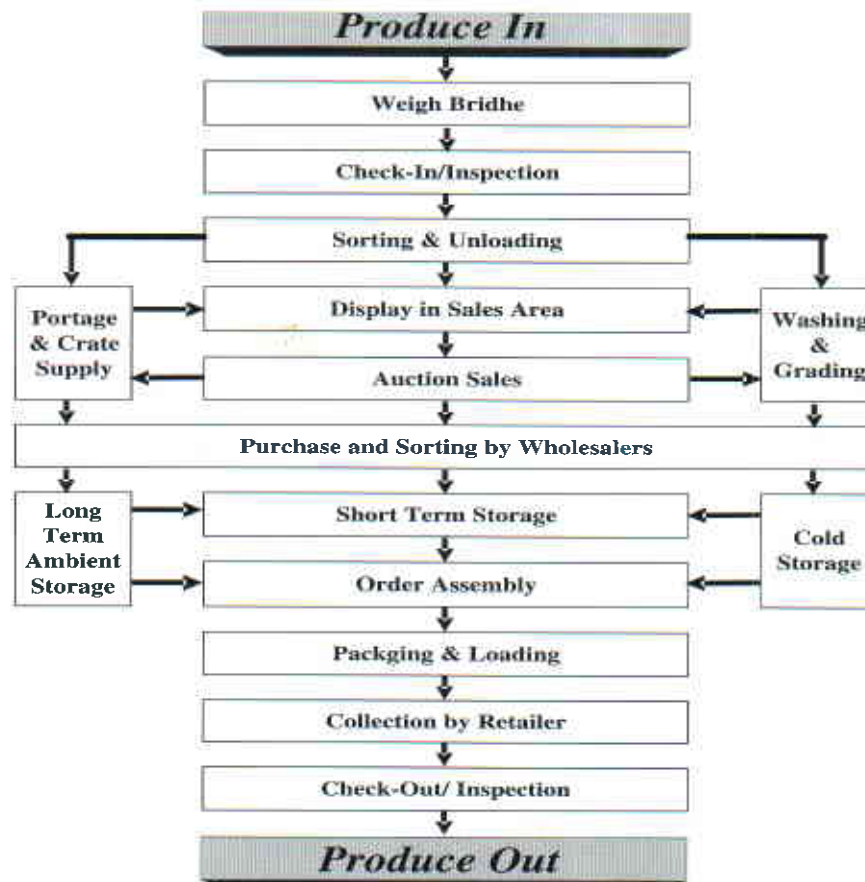
Detailed Estimates of Physical Requirements

- Volumes and types of produce transacted at different times in the year;
- Surveys of traders and market channels;
- Traffic modes and volumes; and
- Investigations of a site's engineering and physical characteristics.

An approach based on overall annual through-put. A range of 10 - 20 tons per square metre (m²) of covered sales space is desirable; an approach based on the "ideal" space standards that need to be allocated to accommodate the various activities required to handle the average (or in some cases maximum) daily throughout of commodities.



FACILITIES IN AGRICULTURAL PRODUCE MARKET



Typical Market Equipment

Weighbridge	Garden tools
Platform scales	Maintenance tool kits
Grading equipment	Platform trolleys
Pan Scales	Handcarts
Labeling equipment	Solid waste management skips
Cashier's listing machine	Public address system
Public health lab. equipment	Computers and printers
Auctioneer's portable platform	Wall clocks

PROBLEMS OF AGRICULTURE MARKETING

Agricultural Marketing System is characterized by following Problems and constraints:

- ❖ Market practices of undue deductions, high service charges and fake auctions leads to low returns to farmers.
- ❖ Severe price fluctuations due to unplanned agricultural production (peaks and troughs of supply).
- ❖ High post harvest losses
- ❖ Inadequate markets and marketing infrastructure
- ❖ Lack of institutional capacity to deliver proper market services
- ❖ Agricultural production not demand oriented
- ❖ Defective legislation
- ❖ No extension service for post harvest research and technologies
- ❖ Lack of grading and packing standardization