

DYNAMICS OF AGRIBUSINESS: A CASE STUDY OF AZADPUR MANDI, DELHI

Jyoti Minj, Assistant Professor, Department of Geography, Kalna College, Kalna, Purba Burdwan, India

Abstract:The quest for efficiency in corporate business strategy, maximum profit from business, reaching maximum number of consumers is leading to increase in market concentration both vertically and horizontally in the business sector. Agribusiness is specially a highly commercial, efficiently organized business. It is very complex in metros where goods are supplied from different parts and is again redistributed to the various parties, in each case goods are changing hands. Huge transaction of goods and currencies are made in this process which requires service of traders and service providers. Efficient marketing with a dynamic supply chain is essential for the development of the agricultural sector.

Keywords: maximum profit, agribusiness, traders, marketing, supply chain.

Introduction

Agribusiness is considered to be a multi- million business. It is responding to strong consumer demands for high value commodities and processed products. However on the negative side, rapid development could displace small farmers, processors, stores and traders who depend on traditional marketing and distribution channel at a pace, which do not allow enough time to create alternative opportunities. Agribusiness is specially a highly commercial, efficiently organized business. It is very complex in metros where goods are supplied from different parts and is again redistributed to the various parties, in each case goods are changing hands. Huge transaction of goods and currencies are made in this process which requires service of traders and service providers. Efficient marketing with a dynamic supply chain is essential for the development of the agricultural sector.

Objectives:

- i. To analyze the existing marketing infrastructure including civic amenities.
- ii. To work out the nature of employment and associated problems.
- iii. To work out the nature and dynamics of agri-business in Azadpur mandi in terms of vegetables.

Database and Methodology:

- a) Secondary data: The information/ data were collected from the officer of Azadpur Mandi Corporation (APMC). Also some details were extracted from Agricultural Economic Research Centers. Data were also gathered from the literary source- The Economic and Political Weekly and Primary Business India (2014).
- b) Primary data: This data were collected through structured questionnaires.

To fulfill the requirement of the above objectives, tie series data were collected from the office of the APMC. The computer records, arrivals and price registers of the APMC were discussed with the officials, administrators and the employees of the APMC. A detailed questionnaire was used to get information from the market functionaries such as the wholesalers, masakhores, retailers, vendors and laborers working in the mandi. Further details were obtained from mobile vendors.

Study Area

Azadpur mandi is one among the main centers where the vegetables are imported and then further distributed to other vegetable mandis. In terms of its location it is located in north Delhi near Shalimarbagh. Delhi Agricultural Produce marketing Regulation Act, 1976 was enacted and made effective in the Union Territory of Delhi from 5th November, 1976 for regulating the market of agricultural produce. Before the enactment of this Act the vegetables and fruit market was under regulated and it was mainly operating in the vicinity of Hindu Rao Hospital at Barafkhana near Ghantaghar. Azadpur has been declared as market of national importance NO. F- 8/35/203/DAMB/MR. Section 27 of the Act Composition of the Marketing Committee for Market of National importance.

An attempt has been made to know how agribusiness are carried out including major questions like who are the stakeholders, how the farm operation are taking place etc. With the changing nature of agribusiness, the operations became highly complicated. Considering the growing challenges of agribusiness, Azadpur Mandi Corporation has delineated guidelines, issued licence, developed the pass system for entry of goods laden trucks, determined the minimum wage for the labors etc. The study helps in generating information of the nature and dynamics which takes place in Azadpur mandi.

Stakeholders/ Market Functionaries

Apart from Azadpur Mandi Corporation and elected bodies, there are other Stakeholders. The Azadpur Mandi Corporation provides infrastructure and conduct agribusiness right from the arrival of farm produce till its departure, while the elected bodies of business community take care of the interest of farm business. The other stakeholders include the following:

- Active Assembly Wholesalers
- Wholesalers / Traders B
- Commission Agents/ Arhati/ Trader B
- Masakhores
- Retailers (with fixed shops or mobile vendors)

Assembly Wholesaler

An Assembly Wholesaler is the main actor who performs dual task as a seller and as a buyer. As the name suggests he assembles vegetables after buying from other markets or directly from the producer/ sellers. In order to take advantage of price differential due to time and space, brings them to Azadpur market for further selling. The Azadpur Mandi Corporation, being a regulator of agribusiness issues license to two types of traders 'A' class and 'B' class commission agents. Some of the assembly wholesalers even are producers themselves. In the study area it has been noted that few of the assembly wholesalers have farms in Meerut and other areas, where potatoes and other vegetables are grown by them. They also buy from the local producers and bring the produce to Azadpur for further selling. In other words, along with risk of loss or profit as buyer or seller, he charges commission for his services as a commission agent.

Commission Agent/ Arhati/ Trader B

The Azadpur Mandi Corporation issues two types of license to the traders operating in the mandi. The Commission Agent holds 'A' class licence and is also known as 'Arhati' who charges a commission of 7% out of which 1% goes to the Azadpur Mandi Corporation. He does not buy for himself but just acts on behalf of some other wholesaler and in lieu of his service he charges commission as stipulated by Azadpur Mandi Corporation. In other words, his source of income is a fixed percentage of total trade conducted, which is independent of profit or loss of the buyer or the seller.

Wholesalers / Trader A

In technical term it is the 'A' class traders. Their main function is to buy vegetables in large quantities and then sell to Masakhores and the Retailers in the mandi itself, send the produce to other buyers in other mandis in Delhi as well as out of Delhi. In this process the farmers / assembly wholesalers bring produce to the market

and through the Commission Agent it is disposed off. The wholesalers being the buyer or seller is liable for profit or loss of his business.

Masakhores

Masakhores is a local term used for a functionary between the wholesaler and the retailer. This functionary operates only in Delhi. A Masakhore can be small wholesaler of a big retailer. Their work is to buy vegetables from the mandi in sufficient quantity and the sell in small units to the retailers, vendors, bulk consumers within the mandi itself. Their strength in the mandi is quite large. They have been allotted permanent places to carry on their business. They keep the vegetables quite exhibited on the floor. Retailers, vendors and consumers are their main customers.

Retailers

In Delhi retail distribution of vegetables takes place mainly four routes:

- a) Through fixed retail shops either in local area markets, community centers or fixed shops, both authorized and unauthorized in lanes and streets.
- b) Fixed places of retail sale in streets, temporary markets and fixed places to sell on three on four wheel carts.
- c) Though weekly markets are temporary stalls allotted by organizers and is paid to the Municipal Corporation of Delhi (MCD)
- d) The vendors both with fixed shops and the mobile vendors. The number of such market is unknown. Even the authorized shops are not known to the MCD officials. The reason is that many keep changing their products even without the knowledge of the MCD. These retailers buy vegetables from the nearby mandi yards in required quantities.

Vendors

Similarly, with the mobile vendors the vegetable are put into the wheeled manual carts. Most of the vendors buy vegetable from the Masakhores. There is no official records of the number of vendors in the city. Even the law and other implementing authorities face problems about it. With the announcement of taking some policy initiative in this regard i.e. announcement of setting up a commission for hawkers, it is hoped that their lot will improve.

Market Arrivals of Vegetables in Azadpur Mandi

There has been an increasing trend in the arrival of vegetables since the year 2002 to 2014. Average daily arrival of vegetables in 2002 was 20.43 lakh tones and in 2014 increased to 26.32 lakh tons In fact, this has been the main factor responsible for extension of the market yards and even the establishment of new market committees. Also it is noted that there is a very less degree of fluctuations in the total arrival of vegetables.

A good transport network is also an important factor for the increase in the market arrivals of different vegetables from different states of India. One special rail yard- New Azadpur which is used by the railways to handle specifically vegetables for Delhi markets. Adjoining this railway is the sub yard of the Azadpur Mandi Corporation, Azadpur. Vegetables like potato, onion, ginger, carrot, cabbage etc. are transported in and out through rail station. Though vegetables are received in and dispatched from other rail stations. If we consider rail routes in Delhi, there are six main broad gauge routes and one meter gauge. The main line covers all the directions.

- North side is the Delhi – Ambala line
- East – South is the Gaziabad line
- East – South is the Delhi- Hapur line
- Southern side is the Nizamudin – Faridabad line
- West side is the Delhi – Rewari line
- Northwest side is the Delhi – Bahadurgarh – Jind line

These railway lines have made the arrival of vegetables from all over the place faster.

Road transport is another major mode of transport. Trucks from Himachal Pradesh, Gujarat, West Bengal, Bihar, and Maharashtra pour in and out of vegetables.

Composition, Power and Function of the Market Committees

Azadpur mandi has one apex market committee consisting of representatives from various stakeholders of agribusiness. The composition of Market Committee is Farmer 3 members, Traders or Agents 2 members, President or cooperative society nominated by the government 1 member, local body 1 member, weightman or measures 1 member, Legislative Assembly 1 member and Nominated by government 2 members. Therefore, the Market Committee constitutes a total of 11 members. List of functions of Marketing Committee are clearly delineated, which includes nearly 21 functions. They include activities like issuing of license, Collection of market fees, collection of taxes, auctioning, loading, unloading, weighing, packing, record of arrivals, notice boards, newspapers etc.

Impacts of Agribusiness

If one looks into the impacts of Agribusiness especially on the farmers it can be said that they are the ones who make the least profits. This is because the farmers are the first source from where the vegetables are purchased in a bulk by the assembly wholesalers followed by the commission agents and so on. In this process Firstly, the farm produce is sold by the farmer to the assembly wholesaler with generally low profit, this may be because the farmers have little knowledge about the prevailing market rates. Secondly, the assembly wholesalers sell this purchased bulk to the commission agents making certain degree of profit followed by the wholesalers, the retailers, the vendors and finally when the vegetables which reach the consumers the cost is generally high. Therefore it can be said that the commodity is passed over to various hands and also there is increase in the price at different stages.

The positive side of agribusiness is that this business has absorbed thousands of people into different levels of jobs. Therefore, it can be rightly said that agribusiness has now emerged as the main attraction for job opportunities especially to people with low income level. Also according to the survey at Azadpur mandi the socio – economic profile was drawn out which showed that a large majority were educated above Secondary level of education. For example, all the wholesalers and commission agents were graduates and around 56% were secondary or Higher Secondary. Whereas around 71% Masakhores were Secondary and above. Similarly, 27% retailers were Secondary or Higher Secondary.

Conclusion

Agribusiness is specified as highly commercial, efficiently organized business enterprising up to date technology and production methods to achieve the highest possible output of consistent high standards. Efficient marketing with a dynamic supply is essential for the development of the agricultural sector. Azadpur mandi is a hub of job opportunities. People who are engaged in this huge business are the wholesalers, masakhores, retailers and vendors. Agribusiness is regarded as the multi – million business in Azadpur which is working on informal lines wherein the role of financial institutions is minimal. Also the work force engaged in agribusiness are mainly unskilled and semi- skilled workers.

Azadpur mandi has therefore the capacity to absorb large number of people into this business. The skilled and semi- skilled labours are mostly migrants from the neighboring states such as Uttar Pradesh, Bihar and Madhya Pradesh. These people have been employed in the Azadpur mandi in one level or the other which are licensed.

It has also been noted that agribusiness in Delhi was highly unorganized and was mainly domestic in nature prior to 1976. But soon after the organization of Azadpur Mandi Corporation, agribusiness took a commercial shape. The unique location of Azadpur which is connected through rail and roads to rest of India have facilitated development of agribusiness in a big way.

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