

Role of APMC to strengthen the apple economy of Himachal Pradesh

Tanuj Sharma^{1*} Dr. Tek Singh^{2*}

¹ Assistant Professor, Department of Economics, Himachal Pradesh University Shimla, 171005(Himachal Pradesh)

² Assistant Professor, Department of Economics, Himachal Pradesh University Shimla, 171005(Himachal Pradesh)

*Corresponding author's email: teksingh1177@gmail.com

Abstract

Agricultural marketing in general and the advances in agricultural marketing in particular play a crucial role in this regard. It is noted that agricultural production has now become a big business but agricultural marketing is even bigger. In this paper, an attempt is made to study the contribution of APMC to strengthen the apple economy of the Himachal Pradesh. Study showed that the changes made in the APMC Act, direct marketing, contract farming, corporate entry, promotion of agri processing and exports etc have began to make inroads in to agricultural marketing in the country. Moreover, an improvements in method of sale, rate of market fee, rate of commission and construction of link road in area has been found. Further, it showed a better performance in income, employment, production, technical know how and area of apple cultivation in the state. It advocated that Himachal Pradesh is the 2nd largest apple producing State in India that produces on large scale for commercial purposes and achieving a prestige status "Apple State of India".

Keywords: APMC, Market yards, Sub-Market yards, cultivation, income, production.

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I. Introduction

Agricultural markets in most parts of the Himachal Pradesh are established and regulated under the state APMC Acts. Complete geographical area in the state is divided and declared as a market area wherein the markets are managed by the Market Committees constituted by the State Governments. Once a particular area is declared a market area and falls under the jurisdiction of a Market Committee, no person or agency is allowed freely to carry on wholesale marketing activities.

The agricultural produce marketing committee is a marketing board established by the state governments of India. In order to facilitate farmers, the state government to sale their produce and get reasonable price and constituted APMC in many towns.

Farmers can sale their produce to agents or traders under supervision of APMC. The major functions of the APMC are grant, renew, refuse, suspend/cancel license, provide necessary facilities, regulate/supervise the auctions, maintain/ manage the markets, regulate the sales, promote/organize grading/ standardization of the agricultural produce and ware housing facilities in the market area. The APMC generates many benefits to the farmer community, farmers are get fair price; correct weighing for agricultural produces; maintenance of daily list of prices of commodities.

Hence, a model APMC Act was finalized in 2003 and circulated to all states in country by Government of India. The changes made in the APMC Act, direct marketing, contract farming, corporate entry, promotion of agriculture processing and exports etc. have begun to make inroads in to agricultural marketing in the country.

The Himachal Pradesh Agricultural Produce Markets Act, 1969 (Act No.9 of 1970) was passed by the state assembly which came into effect from 25.3.1970 in all the twelve districts of the state. The main objective of the Act was "to consolidate and amend the law relating to the better regulation of the purchases, sale, storage and processing of agricultural produce in Himachal Pradesh".

In order to ascertain the role of APMC to strengthen the apple economy of Himachal Pradesh, the study is undertaken in order to achieve the following objective:

- i. To review the studies pertaining to the apple economy of Himachal Pradesh in order to present an integrated picture of the problem under study.
- ii. To analyze the contribution of APMC to strengthen the apple economy of the state.

II. Research methodology

In present study, all districts of Himachal Pradesh were purposively selected for the study as apple is predominantly cultivated in Shimla, Kullu, Kinnaur, Chamba, and Mandi districts. All the sub market yards of APMC of H.P are in the selection area of study.

The present study is based on secondary data. The secondary data is collected from already published Act of APMC, Annual report of Horticulture Department of H.P. published in Economic Survey of H.P., already published data from books, journals, reports, various websites, newspapers, internet etc. The reference period of the study is 2008-2018. After collecting the required information, it has been tabulated and classified in different homogeneous categories and after applying the appropriate statistical tools the inferences has been drawn. In order to ascertain the growth in the production of apple in term of cultivation and production, percentage method has been used. Further, in order to present the growth more clearly method of bar diagram has also been used.

III. Results and Discussion

Present Status

The marketing committees are accountable to the Marketing Board for their day today functioning. The marketing committees have also been given certain duties under section (1) of the Himachal Pradesh Agricultural Produce Markets Act. The Market Committees are corporate bodies, comprising members from the producers and trade license holders. It is the duty of the Market Committees to enforce the provisions of this Act and the rules and bye-laws made there under in the Notified Market Area. The Himachal Pradesh Agricultural Marketing Board has declared 10 Notified Market areas which cover the whole geographical areas of the State. One district comprises one notified market area except Kinnaur and Lahaul-Spiti districts that are amalgamated with Shimla and Kullu districts respectively. There is a provision under section 10 (1) that a Market Committee should have either 09 or 16 members out of 16 which 05 members should be from the producers of the Notified market area 04 from the licensed traders and one salaried person, in case there are 09 members. If total members were 16, then 09 would be producers, 06 licensed traders and one (01) salaried person. The Board has decided to keep strength of 16 members in each Market Committee to give wider representation to the maximum area of the notified market area.

Table 1
List of APMC and regulated market yards/ sub market yards of Himachal Pradesh

Sr. No.	Name of APMC	Name of regulated market	Name of sub market
1	Sirmour	Ponta Sahib	Dadhahu, Sarhan, Bangthan, Sataun, Nahan
2	Shimla & Kinnaur	Dhalli	Shimla, hattakufar, Kharapathar, Rampur, Nerwa, Rohru, Parala, Theog, Koti, Palingi, Tapri, Anu
3	Solan	Solan	Dharampur, Chakki ka mod, Nalagarh, Parwanoo, Rajgarh, Wagnaghat
4	Chamba	Balupul	-----
5	Una	Una	Santosh garh
6	Mandi	Kangani	Ghanotu, Chailchowk, Takoli, Jogindernagar
7	Kangra	Kangra	Jassur, Baijnath, Jwalaji, Nagrota, Palampur, Jaisinghpur, Dharamshala, Fathepur
8	Hamirpur	Dosadaka	Jahu, Nadaun
9	Kullu & Lahul	Kullu	Bhunter, Chori, Bihal, Kheksu, Patlikuhal, Androl, Banjar, Nirmand, Shat
10	Bilaspur	Bilaspur	Namhol, Ghumarvi, Shah Talai

Note: Total APMC -10; Total regulated market yards-10; Total sub market yards-49

After liberalization of trade, agricultural marketing is witnessing major changes World over. To enable the farming community to derive maximum value from the new market access opportunities both at home and globally, Himachal Pradesh took initiative in introducing the Agricultural Marketing reforms on the lines of the Model Act by repealing the old Act and putting in place a new Act, The Himachal Pradesh Agricultural and Horticultural Produce Marketing (Development and Regulation) Act, 2005. This Act came into force with effect from 26.05.2005. Himachal Pradesh is the first state in the country to take lead in this regard. It provides for setting up of private markets, consumer/farmers markets and creation of post-harvest infrastructure in the State. Himachal Pradesh introduced single point levy of market fee system in the State. The rate of market fee in the State is lowest (1%) as compared to the neighboring States of Punjab (4.5% including Dev. Charges) and Haryana (4%).

Contribution of APMC to apple economy of Himachal Pradesh

Marketing facilities

Effective marketing strategy specially for agricultural commodities depends mainly on the decision of where, when, how and how much to market. For this the services of a chain of middlemen and functionaries becomes inevitable. Each of the functionaries and services has to be paid (Swarup, et al, 1985). The share of the consumer's rupee received by the producers depends upon several factors including the channel used. The difference between the price paid by the consumer and that received by the producer consists of marketing costs and marketing margins. As the product moves closer and closer to the ultimate consumer, the price per selling unit increases in order to provide for the margins of the various intermediaries and functionaries and to provide auxiliary services as well. Therefore, to protect the interest of producers and consumers, it is essential to integrate the role of intermediaries.

To enable the farming community to derive maximum value from the new market access opportunities, the need was felt that the marketing system in the country be modernized, integrated and strengthened. In this perspective, the Government of India appointed an Expert Committee which suggested various reforms concerning to agricultural marketing system as well as in policies and programmes for development and strengthening of agricultural marketing in the country. The reports have noted that the control over agricultural markets by the State has to be eased out to facilitate greater participation of the private sector, particularly to engender massive investment required for development of marketing infrastructure and supporting services. While promoting the alternative marketing structure, the state government also required to put in place adequate safeguards to avoid any exploitation of the farmers/producers by the private traders and industries. Hence, a Modal APMC Act was finalized in 2003 and circulated to all states in country by Government of India. The changes made in the APMC Act, direct marketing, contract farming, corporate entry, promotion of agriprocessing and exports etc have began to make inroads in to agricultural marketing in the country.

Regulated Market yards and Sub-Market yards of APMC

Table 2
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3	Solan	Solan	Dharampur, Chakki ka mod, Nalagarh, Parwanoo, Rajgarh, Wagnaghat
4	Chamba	Balupul	-----
5	Una	Una	Santosh garh
6	Mandi	Kangani	Ghanotu, Chailchowk, Takoli, Jogindernagar
7	Kangra	Kangra	Jassur, Baijnath, Jwalaji, Nagrota, Palampur, Jaisinghpur, Dharamshala, Fathepur
8	Hamirpur	Dosadaka	Jahu, Nadaun
9	Kullu & Lahul	Kullu	Bhunter, Chori, Bihal, Kheksu, Patlikahal, Androl, Banjar, Nirmand, Shat
10	Bilaspur	Bilaspur	Namhol, Ghumarvi, Shah Talai

Method of sale

The method of sale is adopted by open auction and negotiation also. Growers of in the Regulated Markets of H.P.

Rate of market fee

The APMC Charges market fee @ 1% on advalorem basis on foodgrain, apple, and other commodities attached to the schedule of the Act.

Rate of commission

The Commission Agents charges commission @ 5% on sale of agricultural produce commodities from the buyers.

Construction of link road in notified market area district Shimla & Kinnaur

The Agricultural Produce Market Committee (APMC), Shimla & Kinnaur, has constructed link road in the far-flung areas of district Shimla & Kinnaur to facilitate the farmers to bring their agricultural produce to the main road by tempos and small utilities. Thus, the farmers of the remote areas are taking their agricultural produce to the market yards/sub-market yards and as well as outside the state markets. By constructing the roads, the transportation cost has been reduced and the farmers are getting direct benefit.

Income and Employment from apple

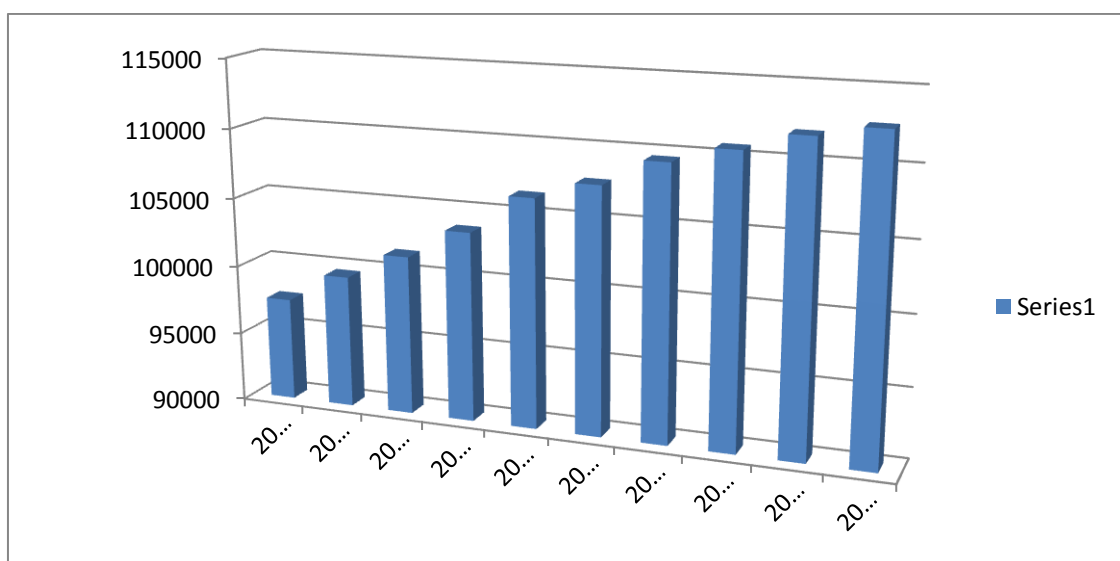
Apple is the main commercial food crop in Himachal Pradesh. Apple cultivation in Himachal Pradesh has become a mainstay of over 1.7 lakh families. Rs 3,500 crore apple economy of the state was not only its backbone but also involved thousands of stakeholders such as transporters, cold store owners, wholesale fruit dealers, fruit processing unit owners etc. of Himachal Pradesh. However, the apple alone accounted for about 49% of the area and 79% of the total food production of all fruits production of Himachal Pradesh during 2017-18 in the state agriculture produce marketing committee play a very important role in the marketing of apple. By the help of APMC grower of apple sold that produce in the market yards and sub market yards of APMC and provide an approachable market to apple.

Production and Area of apple

District Shimla for apple has been selected on the basis of production of apple. The maximum area under apple is in Shimla district, which accounted for 36% of area and 56% of the production of the state and in this district farmer selling their products through traditional and emerging channels of marketing through the help of APMC in Shimla district.

Table 3
Total area under apple cultivation in Himachal Pradesh (In Hectares)

Year	Area under Apple cultivation	Growth rate in percentage
2008-09	97438	-
2009-10	99564	2.18
2010-11	101485	1.89
2011-12	103644	2.08
2012-13	106440	2.63
2013-14	107686	1.16
2014-15	109553	2.06
2015-16	110679	0.6
2016-17	111896	1.11
2017-18	112634	0.65



Source:- Horticulture Department, Himachal Pradesh, 2018.

Figure 1: Total area under apple cultivation in Himachal Pradesh (In Hectares)

Apple is the most important temperate fruit grown in Himachal Pradesh. Himachal Pradesh, Jammu and Kashmir and some areas of Uttarakhand are the major apple producing States of India accounting to about 95 percent of total production. Himachal Pradesh is the 2nd largest apple producing State in India that produces on large scale for commercial purposes and achieving a prestige status “Apple State of India”. Apple is the most cash crop of the hill State and constitutes 85 percent of the total production and 45 percent of land under apple production.

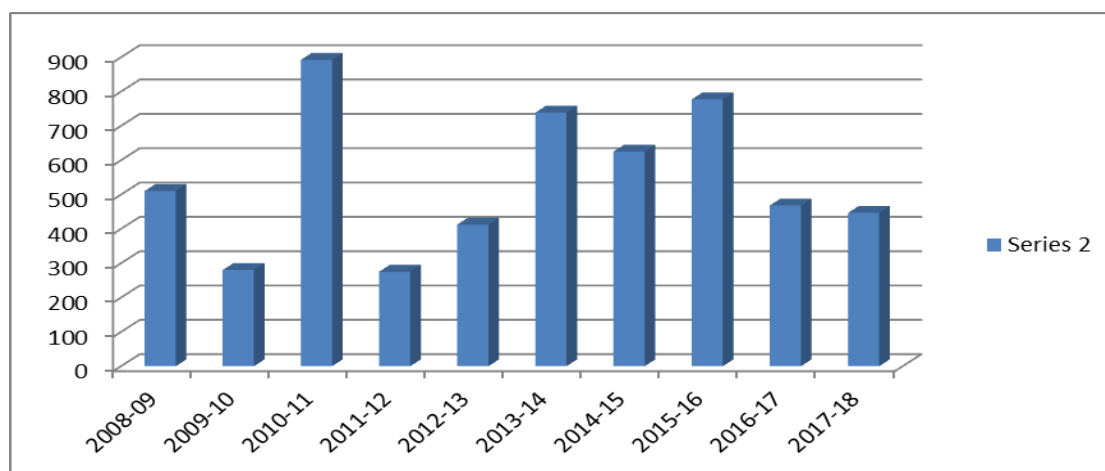
The apple fruit having an economy of around 3700 crores and is grown mainly in the districts of Shimla, Kinnaur, Mandi, Chamba, Lahaul & Spiti and some parts of Sirmour. The average production of apple is around 6 lakh tonnes or 2.5 crore boxes every year but the maximum production was recorded in 2010-11 when it crosses 9 lakh tonnes or almost 5 crore boxes. The State produced various varieties of Apple like Royal Delicious, Rich-A-Red, Red Golden, Red Chief, and Oregon Spur and Golden Delicious, and now starts Chinese Gala and Washington Apple from United States. The State gets around 10-20 tonnes of apple from per hectare against 35-40 tonnes of apple fruit producing in advancing countries. In Himachal Pradesh, apple being the main crop of the state occupies place of pride in its economy.

The regression of analysis reveals that the State witnessed an increasing trend in the area and production of apple. The area under apple cultivation was increased from 97.43 thousand hectares in 2008-09 to 112.63 thousand hectares in 2017-18, and the production of apple are also increased from 510.16 metric thousand tonnes in 2008-09 to 777.13 metric thousand tonnes during 2016-17.

Table 4
Production of apple fruit in Himachal Pradesh ('000 tonnes)

Year	Total Production (in tonnes)	Growth rate in percentage
2008-09	510.16	-
2009-10	280.11	-45.09
2010-11	892.11	2018.48
2011-12	275.04	-69.16
2012-13	412.39	49.93
2013-14	738.72	79.13
2014-15	625.2	-15.36
2015-16	777.13	24.30
2016-17	468.13	-66.07
2017-18	446.57	-4.82

Production of apple fruit in Himachal Pradesh ('000 tonnes)



Source:- Horticulture Department, Himachal Pradesh, 2018.

Figure 2: Production of apple fruit in Himachal Pradesh ('000 tones)

District wise changes in area under apple cultivation

More than 2 lakh farmer’s families are engaged in apple cultivation out of which nearly 90 percent are small and marginal with an average holdings of less than 0.6 hectares according to latest National Horticulture Board of India. Apple farming is the fastest growing economic activity of the state and is being grown in 09 districts out of 12 districts. Due to varied agro-climatic conditions across the districts, there exists a large variation in the area output growth of apple fruit crop. Among all the fruits grown in the State, apple occupies a premier position in terms of production.

Table 5
District wise area under apple cultivation in Himachal Pradesh (Hectares)

District	Area under Apple cultivation
Bilaspur	21
Chamba	12594
Hamirpur	61
Kangra	455
Kinnaur	11179
Kullu	2679
Lahul & Spiti	1702
Mandi	1663
Shimla	40556
Sirmaur	2579
Solan	42
Una	03

Source:- Horticulture Department, Himachal Pradesh, 2018.

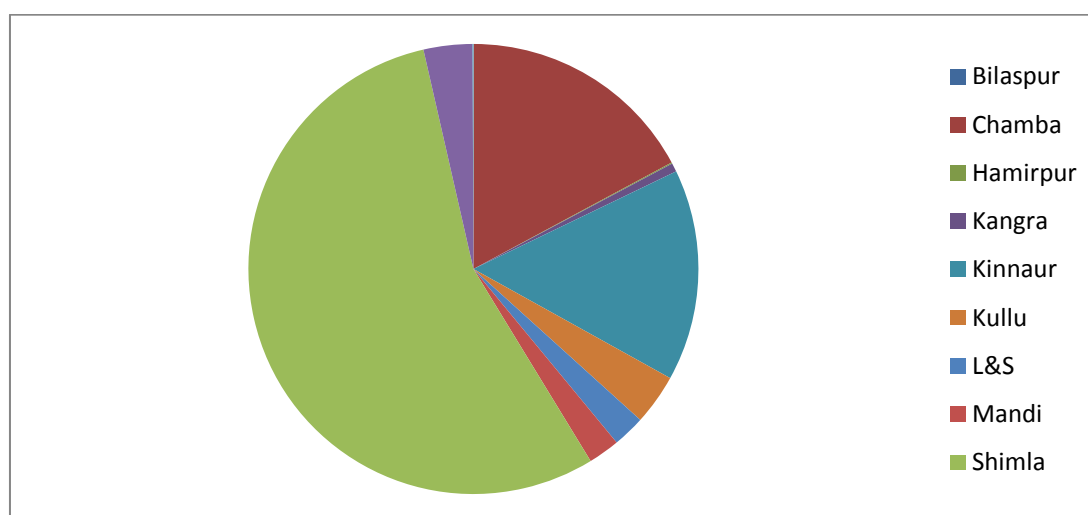


Figure 3: District wise area under apple cultivation in H.P. (Hectares)

Table 4 reveals the change in area between the districts of Himachal Pradesh during 2008-09 to 2017-18 has been showing a steady growth. On the whole state Himachal Pradesh, the area under production was increased by nearly 67.09 percent during the ending triennium 2017-18 over the base triennium 2008-09.

Table 6
District wise area under apple production in H.P. ('000 tonnes)

District	Production of Apple
Bilaspur	06
Chamba	18959
Hamirpur	01
Kangra	285
Kinnaur	52189
Kullu	78948
L&S	300
Mandi	42078
Shimla	251897
Sirmaur	1896
Solan	15
Una	00

Source:- Horticulture Department, Himachal Pradesh, 2018.

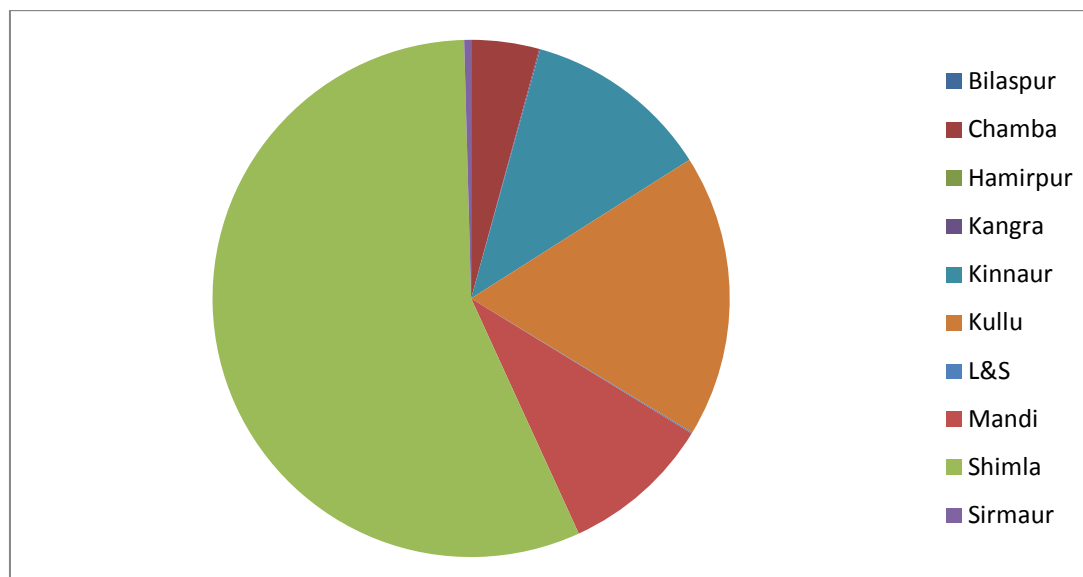


Figure 4: District wise area under apple production in H.P. (‘000 tonnes)

IV. Conclusions

It is concluded that under the old Act there was provision that only Market Committees were entrusted the responsibility of developing infrastructures and regulating the sale and purchase of the notified agricultural produce in their respective notified areas whereas under new Act, the marketing sector has been opened to the private sector and cooperative sector to make it competitive. The changes made in the APMC Act, direct marketing, contract farming, corporate entry, promotion of agriprocessing and exports etc have began to make inroads in to agricultural marketing in the country. By constructing the roads, the transportation cost has been reduced and the farmers are getting direct benefit. All the respondents were of the view that support from government for getting better price has to be in the form of subsidy on grading machines, all weather roads, arrangement of vehicles and opening up big regulated market in the state.

The farmers training camps are being organized in the notified market area of district Shimla and Kinnaur, along with the aligned field functionaries with the latest technical knowhow from time to time in order to boost the production of agricultural produce commodities, grading, storage, packing and proper marketing system. The experts of marketing from different departments are also being invited in the farmers training camps to provide the latest knowledge of marketing as well as pre and post harvest methods of technology.

It showed a better performance in income, employment, production and area of apple cultivation in the state. It advocated that Himachal Pradesh is the 2nd largest apple producing State in India that produces on large scale for commercial purposes and achieving a prestige status “Apple State of India”.

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