



## KISAAN MANDI OF VEGETABLES &amp; FRUITS

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**ABSTRACT** This paper is based upon an exploratory idea of Kisaan Mandi of vegetables and fruits. It suggests an agro based business model which gives benefits to the end users and producers of the agricultural goods. A simple yet effective idea of supply chain to procure and sell locally is the core of the business. However environmental challenges and risk associated with the business is covered under this paper.

**KEYWORDS :****Background**

India has second rank in the production of fruits and vegetables. But still Base of the Pyramid (BoP) is not getting sufficient amount of fruits and vegetables for their consumption. Poor logistic facilities, improper distribution, and inaccessible retail system are responsible for the unavailability of the market for the fresh horticultural products in our country. Therefore farmers are not earning enough profit by selling their produce. Also, customers are purchasing vegetables at the high prices.

Poor infrastructure, irregular electricity supply, and less trained manpower are reasons behind less number of cold chains in India. Therefore we need to improve distribution and retailing of horticultural produce of our country. Unfortunately our country has on an average one Mandi for 435 Km<sup>2</sup> areas.

It is highly profitable for individual, profit making or non profit making organization to open Mandi in the local areas. It will help farmers/organizers to sell their produce directly in the Mandi. This will cut down the margins of the middleman. Moreover increased profits could be transferred to the customers which would relief them from the inflated food prices.

**Regulation**

As per the amendments done by government in 2003 in the Agricultural Produce Marketing Committee Act, 1953 (APMC), private and corporate house can also establish distribution network of agricultural produce.

However government is always concern about food security and giving heavy subsidy for the establishment of the warehouse and cold storage.

Andhra pradesh government has established such Bazar, Known as Raiyat Bazar where farmers can sell their crops directly in the market. Similarly DCM Shriram Cosolidated Private Limited has 'Hariyali Kisan Bazar'. Its' each store is giving employment to 200 local people.

The APMC Act, 2003 provides freedom to farmers to sell their produce. The farmers could sell their produce directly to the contract-sponsors or in the market set up by private individuals, consumers or producers. The Model Act also increases the competitiveness of the market of agricultural produce by allowing common registration of market intermediaries.

Legal persons, growers and local authorities are permitted to apply for the establishment of new markets for agricultural produce in any area. In a market area, more than one market can be established by private persons, farmers and consumers.

Every year Punjab and Haryana government earns 350 and 200 crores rupees by APMC on fruits and vegetables.

**Suggested Model**

Step I - A self help group or society will be created. Members of the

organizing committee/society/self help group will select farms in the common region and will make clusters of similar grown products. Group will tie up with the local farmers on either of the two grounds 1. They can sell their vegetables / fruits directly in the Mandi created by groups after paying minimum entry fees.

2. Or, they can sell their daily vegetables / fruits to the society and society will pick their produce from their farms and sell the same in their own Mandi to the final consumers.

Step II - Identification of place to open Mandi nearby consumer population.

Step III - Mandi space of 1000 to 2000 sq. Feet will be created. It will include purchase of loading vehicle, grading machines, creation of assortment centres and shades.

Step IV – Sustainable capacity building process for the farmers will be created by providing training to build customers relationship. Focus will to on connecting farmers with the main stream market and eliminating middleman.

**Benefits of the Model**

Immediate benefits –

1. Availability of fresh vegetables to the final consumers at the minimum price.
2. Assortment and grading of vegetables at the minimum cost for the farmers to give maximum value to their product.
3. Common transportation and working in clusters to reduce each day logistic cost.
4. A place for the farmers to sell their produce.
5. Daily collection of vegetables will ensure long term storage and availability of the vegetables.

**Long term benefits –**

1. Framers would be trained to build direct relationship with the customers (individual/ group).
2. They will be further trained for grading and assortment of the field produce.
3. Their dependence on middlemen will be reduced. More local Mandis would be created.
4. Development of the mobile App. Connecting farmers with other farmers and farmers with customers.

Farmers and common people are at the Base of the Pyramid (BOP), model will improve the economic conditions of the farmers and the common people. Real income of the consumers would increase as they will be purchasing produce directly from the farmers or society. Farmers' income will increase as no middlemen would eat their share. Their knowledge of marketing and retailing of farm product would improve. Food wastage would be reduced by proper grading and assortment of the horticultural produce. The model would reduce wastage of horticultural produce and further decreases the prices of the product. Farmers will be self sufficient in the long run. They will learn to produce crops more efficiently, market crops with least cost and

would be able to develop own network and Mandi.

Farmers of land holding less than 2 acres will get direct benefits. Growing orthodox crops gives them less economic results therefore encouraging them to produce vegetables and selling their produce at the Mandi or to the organizers would increase their earning. This will directly improve the economic conditions of the local farmers.

Initially we will contact 10-15 small farmers and would ask them to produce for us. Farmers will be trained to grade their produce at the mandí this would further reduce wastage and farmers will get maximum amount for their crops.

The produced fresh vegetables will be sold directly to the consumers as per different grades so that consumers will get best product as per their purchasing power. Hence consumers will get low price product on daily basis. The manner in which Wal-Mart operate at the Every Day Low Price (EDLP) in the same manner sourcing directly from farms, via common transportation would help us to provide vegetable at the EDLP. Indirectly it will reduce vegetable prices and hence give relief to at least 100 families living nearby Mandi.

### Monitoring and Evaluation (M&E)

Monitoring and Evaluation (M&E) is done for the improvement in the outcome and quality of process. Process not the person should monitor and ensure the quality. It will be an objective idea to work and collect data on daily basis. Data will be collect for the following variables:

1. Daily procured vegetable quantity, cost of procurement and selling price.
2. Collecting and comparing price of produce procured by us with the other established Mandis' prices which are selling to the final consumers (not in bulk).
3. Payments done to the farmers after primary quality check of the produce on the daily basis and default in payment will be checked and controlled.
4. Daily profit will be calculated.

Above data will help us to project trends in the prices of the commodity and cost of procurement. Data on profit earned would enable us to collect fund for the future growth of the business.

### Success Indicators

Success Indicators to be monitored are as following-

1. Increase in procurement of agricultural produce.
2. Increase in the sales of vegetables from the Mandi.
3. Number of farmers coming to Mandi and making contracts.
4. Daily foot fall of consumers in the Mandi.
5. Increase in process of vegetable grading and assortment.

### Risk & Uncertainties

An adverse situation is state of mind. Problems comes when one do something. We can face competition from the other regulated or unregulated market. This is our objective to create competition in the market as competition among sellers makes customer happy.

However this model would be appreciated by the sellers and buyers both therefore no such threat of adverse outcome.

Primarily market environment can pose certain risks which are following:

1. Continuous availability of the horticultural produce in the local region.
2. To get variety in vegetables is a challenge as well as a risk. It is a challenge because local area would produce fix types of vegetables. It is a risk because potential customer may not come to buy selected vegetables.

Operational risks are as following -

1. Timely procurement of the vegetables and making payment to the farmers on the daily basis.
2. To check and monitor staff members to protect project from retail theft.
3. Finding expert trainers to train farmers on regular basis.
4. Maintaining regular sales to avoid unwanted storage.
5. Creating small storage capacity.
6. Controlling multiple chains of Mandis.
7. Creating clusters of similarly grown products and establishing

concrete transportation system.

8. Understanding local culture and practices is also a challenge.

### Conclusion

This model will deal with the problems like food wastage, rising food prices and low income of the farmers. Government is giving subsidies on warehouse and cold storages, yet their number is less in India. Reasons are many, therefore above problems still exist. Government alone is not responsible to improve storage and distribution of the horticultural produce. It is also the job of civil society to fight against this problem.

So far very few private Mandis are operational in India. Therefore private partnership of farmers and Mandis is required. Hence we need to develop a system where distribution of agricultural produce specially vegetables is done at the local Mandi from the local farmers only. By developing thousands of such Mandis in our country we would be able to give right price for the agricultural produce to the farmers.

Idea is based upon creation of many small sized Mandis across the country. Our start will motivate others to work further on this idea.

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