**Need of Warehousing and its basic concepts for helping farmers and brief history of origins of Acts related to warehousing activities.**

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The need for licensed warehouses began to be increasingly felt in the context of the policy of extension of agricultural credit to the rural areas. It was also necessary to provide adequate scientific storage facilities for the preservation of food grains and other agricultural commodities.

The Royal Commission on Agriculture in 1928 had first recommended the establishment of licensed warehouses. In 1944 the Reserve Bank of India urged all the State Governments to enact legislation for setting up warehouses.

Though the Agricultural Finance sub-committee (1944), the Rural Banking Enquiry Committee (1949) set up by the Government of India stressed the need for developing warehousing in the country, it was the recommendation of the All India Rural Credit Survey Committee (1954), which shaped up the Public Warehousing Programme in the country. It was the recommendations of this committee which paved the way for establishment of a National Co-operative Development and Warehousing Board and Central Warehousing Corporation. Based on the recommendations of All India Rural Credit Survey Committee, the Agricultural Produce (Development and Warehousing) Corporation Act, 1956 was enacted by the Parliament. This act provided for the establishment of the National Co-operative Development and Warehousing Board and also laid down its functions.

The act also provided for the establishment of the Central Warehousing Corporation. The management of the Central Warehousing Corporation was vested in a Board of Directors which was empowered to manage the affairs and business of the Corporation with the assistance of an Executive Committee and The Managing Director. The Warehouses of the Corporation could be utilized for the storage of Agricultural produce as defined in the Act. There was no provision in the Act to enable the Corporation to take up storage of commodities other than Agricultural produce, inputs and implements.

The Act also provided for the established of State Warehousing Corporations in different states. The Central Warehousing Corporation was established on 02-03-1957 under the Agricultural Produce (Development and Warehousing) Corporation Act, 1956.\

The State Warehousing Corporations also were established under this Act. This Act was repealed and replaced by The Warehousing Corporation Act, 1962. This Act extends to the whole of India except the State of Jammu and Kashmir.

In the past two decades there has been a significant diversification of activities in the Warehousing filed like, managing Excise / Custom Bonded Warehouses, Air Cargo Complexes, Container Freight Stations and Cold Storages.

Till 1995, Warehousing activities were restricted to be managed by Central and State Warehousing Corporations only. However, as a result of the Government’s policy of Liberalization of Economy in 1995 the Warehousing Activities have been taken up in the Private Sector also.

As country of India is a predominantly agricultural economic based country with more 65% of its population depending upon agriculture, therefore, warehousing of agricultural commodities assumes importance on account of another factor. Producers of agricultural commodities do not generally have the capacity to hold back their goods and to release them into the market gradually. As the Indian farmers are generally poor they are eager to sell their produce so that they can get the money required for their normal agriculture operations as well as for household expenses. Market prices of agricultural commodities in these circumstances are always low at the time of harvesting. The agriculturists, therefore, do not get a fair return for their products. It was in this context the scheme of warehousing was suggested by the Committee on Rural Credit. An Act of Parliament was passed to create a Central Warehousing Corporation for the country as a whole with constituent State Warehousing Corporations for each State. The Warehousing Corporations thus have been conceived as a means to help the agriculturists to preserve their commodities and to also avoid distress sales. This system provides for advancing of money against warehouse receipts which are declared as negotiable instruments.

Thus essentially the Warehousing Corporations have come up to help the cultivators to store their commodities and to take advantage of fluctuations in supply and demand. Scientific storage and provision of advances against warehouse receipts have been the main planks of this scheme. The whole system, however, came under stress when government stepped in to buy foodgrains from the cultivators at fixed prices. In India in particular, monopoly procurement almost completely stopped the flow of foodgrains to the regulated agricultural produce markets. At the same time as the storage of procured grains was done in the Government godowns it affected the warehousing business. Due to this distortion the Warehousing Corporations came to rely more and more on bulk customers like, Government, fertilizer companies and similar organizations. It we see the breakup of the business of any Warehousing Corporation now, it will be seen that custom from agricultural producers is very small. The major part of the business consists of bulk storage of foodgrains, fertilizers and cotton bales.

Although the Warehousing Corporations have moved away from the basic aim and objectives, they are still fulfilling a very important role in the field of storage. In fact as the country progresses new avenues for storage of commodities are being opened and the Warehousing Corporations are being called upon to provide different types of services than they were initially required to provide. Industrial warehousing or storage of industrial commodities is a new field which is gradually opening up. Already there is demand from industries to provide storage facilities for their goods. Bonded warehousing is another new field that is now gradually being made available to these Corporations. Specialized fumigation service is another offshoot of the warehousing business. But now we are moving away from the original concept and entering an era of ever expanding field of activities. I think we have come a long distance and we are no longer restricted to provide a specialized service to the farmers for avoiding losses in storage and for securing better prices for their product. We have now become specialists in the field of storage of any commodity in the most scientific way. As we break away from our moorings we find that the scope for business is immense. I think we have not touched even a small fraction of the total business that is available in the general field of storage. We need to develop new techniques and switch over to mechanical handling if necessary. What is required is a dynamic approach to develop warehousing as a specialized business for all types of producers.

Now we have to concentrate on the importance of the warehousing activities because it is mainly beneficial for the farmers for not only saving their valuable agricultural produces for minimizing the losses on one hand but also helpful in getting maximum remuneration/process of their agricultural produces if stored in the warehouses for 3 to 4 month, in order to get maximum prices as prevailing in the market at that time. Generally it is experienced that whatever the agricultural produces is cultivated, it comes immediately in the market for selling, leading into glut/surplus available in the market resulting into low price, but if the same agricultural produces are retained for few months by keeping in the warehouses, then definitely the farmers can be benefitted in this way.

However, the details of importance of the warehousing activities summarized as follows :-

1. Huge damage/spoilage occurs in the foodgrain stocks upto 10% in farm storage by the farmers. These losses occur mainly due to insects, rats, birds & moisture. These losses are reduced to minimum of 0.5% to 1% in Warehouses.
2. At the time of heavy arrivals of foodgrains in the market, the farmers get less price and hence, he can store stocks with warehouse for some period and then he can sell the stocks after getting desired price of the foodgrain.
3. The farmers and traders can avail loan facility from any financial institutions/schedule banks as per the RBI guidelines upto 80% of the total valuation of the stocks by hypothecating the Warehouse Receipt and the same is pledged with the Bank and the loan can be taken by the farmers/any other individuals and this money can be utilised by them for their personal meets and other purposes till such time when the desired price of the stocks is declared in the market.
4. Similarly warehousing is useful for keeping the buffer stocks of fertiliser also before the on set of monsoon during 2 to 3 times in a year, so that the inventory and supplies are properly monitored to the dealers/farmers and hence, they can use the feritliser at the proper time, otherwise this is not possible without warehousing to distribute the whole stocks required in all over State at all the destinations in a very limited time.
5. The warehousing is equally important for storage of other industrial goods and raw and finished goods, so that these can be stored at definite locations of manufacturing and distribution points both, and a proper monitoring to supplies, distribution and manufacturing can be done simultaneously without loss of underproduction / overproduction as well as under-consumption/over-consumption of the materials.
6. The shelf like / storage period of various commodities can be increased by few days to months, if the stocks are stored in the warehouses, because a proper ventilation facility as well as cooling process continues in the stored goods due to the scientific structure of the godowns, which keeps the stocks not only cool and dry, but the driage of the moisture also takes place due to air circulation and the bad smells etc. are also taken out due to air circulation etc. and hence, the stocks are kept in fresh and good conditions.
7. Various scientific treatments such as Prophylactic and Curative treatments are given to the stocks due to which the stocks can be saved from the attacks of insects, rodents, birds, etc.
8. The structure of the godowns of warehouse is such that it protects the stocks not only from the effects of seepage water of underground but it also protects the stocks from the heavy raining/flood etc. and also from the moisture in the atmosphere during cloudy days.
9. Importance of warehousing is also very apt for the logistic activities also, wherein the supply chain management is done through a chain of warehousing set up all over the State/Country.
10. The businessman/traders stores their goods for profit making by keeping the stocks in warehouses during low price period of the stocks and sell the stocks when the stocks picks up the highest price.
11. The warehousing is useful for hygroscopic commodities also such as sugar, fertiliser, gul and chemicals of moisture absorbing nature. These can be stored after keeping the godowns air tight during cloudy /misty days and air circulation is given during clear days and hence, this can maintain the quality of these stocks.

The above mentioned points of warehousing importance is due to the fact that the storage of commodities in the warehouses is quite different from the ordinary storage of the commodities stored by the traders in their godowns, which is simply a godowning whereas the concept of warehousing is such that it includes the following activities :-

1. Sampling/grading/analysis of the stocks during receipt.
2. Segregation of the damaged/cut & torn bags stocks to keep separately.
3. Use of dunnage by making use of sandwich dunnage, which is mostly a polythene sheet spread on the floor of the godown, sandwiched between two layers of bamboo mats.
4. Stacking – there are various kinds of stacking methods predominantly of which are simple type, block type and criss-cross type.
5. Prophylactic and Spraying treatments.
6. Fumigation/curative treatments.
7. Maintenance of hygienic conditions by keeping the godowns fully under clean condition.
8. Ventilation/aeration.
9. Insurance of the stocks
10. Regular maintenance & repairs of the godowns.
11. Rat baiting / use of anti feedants & sound busters to avoid bird problem.
12. Issue of Warehouse Receipts.
13. Hypothecating/pledge of Warehouse Receipt and taking note of lien thereof.
14. Issue of the stocks in the same conditions of quality and grade which was there at the time of receipt.
15. Customers satisfaction.