

Recent Development in Agricultural Marketing



Agricultural markets across the country operate under the governance of State Agricultural Produce Market Committee (APMC) Acts. It is designated market areas managed by **Market Committees appointed by the State Governments**. Once an area falls under a **Market Committee's jurisdiction, no person or agency is allowed freely to carry on wholesale marketing activities**. It is creating a **government-regulated monopoly that hinders the development of a competitive marketing system**.

Efficient agricultural marketing is crucial for the growth of the agriculture sector, as it opens up avenues for increased production and greatly contributes to the **commercialization of subsistence farming**.

Globally, governments recognize the significance of **liberalized agricultural markets**. **The Task Force on Agricultural Marketing Reforms**, established by the Ministry, has proposed the promotion of new and competitive agricultural markets in the private and cooperative sectors. This includes **encouraging direct marketing and contract farming programs, facilitating procurement from farmers' fields by industries and large trading companies, and establishing robust connections between farm production and retail chains**.

To facilitate the **development of agricultural markets in private and cooperative sectors** and foster a level competitive environment in comparison to regulated markets, there's a need for a **revision of the existing framework of State APMC Acts**.

The state must enable various models of market ownership to spur investment and **allow private involvement in establishing and operating markets.**

Additionally, existing government-regulated markets should be professionalized by encouraging **public-private partnerships** in their management. An appropriate legal framework is also necessary to **promote direct marketing and contract farming** as alternative marketing mechanisms.

Presently, India boasts numerous agricultural markets, many of which impose substantial fees, making them a source of political influence. The Central and State governments have introduced several changes to enhance agricultural marketing in the country. These include the **development of a Model Agricultural Produce Market Committee (APMC) Act in 2003**, its aimed are given below:

The Model APMC Aim:

- (a) Provides for **direct sale of farm produce** to contract farming sponsors.
- (b) To set up 'special markets' for 'specified agricultural commodities', mostly perishables.
- (c) **Permits private** persons, farmers and consumers to establish new markets for agricultural produce in any area.
- (d) To have a **single levy of market fee.**
- (e) **Replacing licensing** with registration of market functioning.
- (f) Provides **direct sale** to consumers.
- (g) Provides for creating required **market infrastructure.**

The central government, through **modifications to APMCs** and leveraging constitutional provisions, aims to establish a national market for agricultural produce. It has been suggested to **replace APMCs** with terminal markets operating on a **'Hub and Spoke' format**, where the **terminal market (hub)** is linked to **multiple collection centers (spokes)**. Additionally, many states have exempted the marketing of fruits and vegetables from the purview of the APMC Act. To improve agricultural marketing, the **Department of Agriculture** has issued a comprehensive **advisory to the states** which includes the following **measures**:

- To declare the entire state as a **single market.**
- **One license** for the entire state.
- **Removing all restrictions** on the movement of agricultural produce within the state.
- To develop the **Common National Agricultural Market (NAM)** through Agri-Tech Infrastructure Fund (ATIF).
- 1000 more **mandis** (मंडीस/ "कृषी उत्पादांची व्यापारिक बाजारे") from 18 states and 3 UTs have been integrated with **e-NAM.**



- **Operation Green Scheme** - 22 more perishable products to be included in **TOPS** (tomatoes, onions and potatoes) to boost value addition of these products.
- Measures are initiated to **allow farmers to sell their products directly to consumers**, especially in big cities.

The '**Inter Ministerial Task Force on Agricultural Marketing Reforms**' has listed the following priority areas to introduce changes or improve the existing system.

- Legal reforms
- Direct marketing
- Market infrastructure
- Pledge financing
- Warehousing receipt system
- Forward and future markets
- Price support policy
- Information technology in agricultural marketing
- Marketing extension, training and research

In 2020, the Government of India enacted **three Agricultural Bills**, which were met with opposition from Farmer's Unions. On November 19, 2021, Prime Minister Modi withdrew the **three farm bills**. Namely,

1. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020,
2. Farmers (Empowerment and Protection) Agreement of Price Assurance, Farm Services Bill, 2020,
3. The Essential Commodities (Amendment) Bill, 2020

These are meant to attract private investors and transform the deplorable state of Indian agriculture. This article examines the three Acts and the major contentions surrounding them.

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