

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO.3434
TO BE ANSWERED ON THE 6TH DECEMBER, 2016

IMPLEMENTATION OF AGRICULTURAL PRODUCE MARKET COMMITTEE ACT

3434. SHRIMATI SUPRIYA SULE:
SHRI DHANANJAY MAHADIK:
SHRI B. VINOD KUMAR:
SHRI SATAV RAJEEV:
SHRI BAIJAYANT JAY PANDA:
SHRI RAMDAS C. TADAS:
SHRI MOHITE PATIL VIJAYSINH SHANKARRAO:
SHRI G.M. SIDDESHWARA:

Will the Minister of AGRICULTURE AND FARMERS WELFARE ढादुशुआओा एवं किसान कल्याण ½ãã"ããè be pleased to state:

- (a) the details of the progress made by the Government in implementation of Agricultural Produce Market Committee (APMC) Act in various States of the country along with the benefits accrued from the APMC Act;
- (b) whether the Committee on Agriculture of Ministers of States have given any recommendation to implement the Agricultural Produce Market Committee (APMC) Act effectively in the States to promote marketing reforms and if so, the details of the recommendations made by the said Committee;
- (c) whether the Government is considering to bring some amendments in the APMC Act and strengthen the State Agricultural Marketing Boards by giving more financial powers to provide strong agricultural marketing infrastructure in the rural areas of the country and if so, the details thereof;
- (d) whether it is a fact that some State Governments have delisted the fruits and vegetables from the purview of APMC Act and if so, the response of the Government thereto; and
- (e) the various steps taken by the Government to implement the APMC Act effectively in the entire country?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

ढादुशुआओा एवं किसान कल्याण ½ãã"ããè ½ãã"ããè ½ãã"ããè (SHRI PARSHOTTAM RUPALA)

(a): Twenty three States and three Union Territories (Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Goa, Haryana, Himachal Pradesh, J&K, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Odisha, Rajasthan, Tamil Nadu, Telangana, Tripura, Punjab, Jharkhand, Uttarakhand, Uttar Pradesh, West Bengal, Delhi (UT), Chandigarh (UT) and Puducherry (UT)) have APMC Acts and are under

implementation as well. Further, three States (Arunachal Pradesh, Mizoram and Sikkim) have APMC Acts but have not yet been implemented; while three States and four UTs (Bihar, Kerala, Manipur, Andaman & Nicobar Islands, Dadra & Nagar Haveli, Daman & Diu and Lakshadweep) do not have APMC Acts.

Government of India has been reviewing the status of APMC Act with the States and UTs to ensure implementation. Department of Agriculture, Cooperation & Farmers' Welfare has also circulated a Model APMC Act in 2003 to all the States and UTs so as to incorporate progressive provisions in the interest of farmers.

APMC Acts have been legislated to establish market yards and market-sub yards with the objective of ensuring reasonable gains to the farmers by creating environment in markets for fair play of supply and demand forces, regulate market practices and attain transparency in transactions. They have largely been able to provide the platform for marketing of agricultural produce and discovery of prices through the process of auction.

(b): Yes, Madam.

Copy of recommendations of Committee of State Agricultural Marketing Ministers on Marketing Reforms is at **Annexure-I**.

(c): There is no such proposal.

(d): So far, fourteen States/UT (Assam, Chhattisgarh, NCT of Delhi, Gujarat, Haryana, Himachal Pradesh, Karnataka, Odisha, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Rajasthan and West Bengal) have deregulated marketing of fruits and vegetables, though in varied forms. Government is encouraging the States to deregulate marketing of fruits and vegetables outside the market yards.

(e): Government has constituted (i) Expert Committee during 2000 followed by Inter-Ministerial Task Force; (ii) Formulated Model APMC Act and Rules in 2003 and 2007 respectively; (iii) Constituted Committee of State Agricultural Marketing Ministers in 2010 and Group of Expert in 2016; and (iv) has been working with States by holding interactive sessions/ meetings with them in this respect.

Recommendations of the Committee

A. Reforms to Agriculture Markets

- (i) The States should amend their APMC Acts on the lines of Model Act and notify Rules at an early date. In order to derive full benefits of reforms by small and marginal farmers, States may promote formation of Self Help Groups, Farmers/Commodity Interest Groups, etc;
- (ii) The present system of licensing of traders/commission agents must be substituted with a modern and progressive system of registration with open and transparent criteria for registration;
- (iii) The amended APMC Act and Rules should specify clearly the provisions for setting up of Private Wholesale Markets and Terminal Market Complex (TMC). The reformed States may come forward for development of TMC at various locations to facilitate the backward and forward linkages;
- (iv) There should be unified single registration for main market (Hub) and Collection Centers (Spokes) for Wholesale and Terminal Market Complex and the Collection Centers may be treated as sub-yard under the Act;
- (v) The validity period of unified single registration for private wholesale markets including Collection Centers should not be less than five years. It is desirable to keep it for 10 years or even more;
- (vi) The CEO of the Market Committee may be appointed either from outside the cadre or existing personnel may be given professional training to manage the APMCs efficiently;
- (vii) The post of Director of Marketing as regulator may be segregated from the post of M.D. of State Agricultural Marketing Board as the Operator/service provider;
- (viii) States may de-link the provisions of compulsory requirement of shop/space for registration of traders / market functionaries for increasing the competition;
- (ix) The private markets should be treated at par with the existing APMCs and licensing/ registration procedure should be simplified. The developmental fee to be charged from private markets should be at par with APMCs and it should be deposited with respective State Government / Marketing Board and be spent on infrastructure development outside the Mandi;
- (x) There is a need for an appropriate legal and institutional structure with a developmental type of regulation to ensure orderly functioning of agriculture markets and attract investment for infrastructure development in States having no regulation.

B. Promotion of Investment in Marketing Infrastructure Development

- (xi) Under Essential Commodities Act, there is a need to have distinction between genuine service provider and black marketers/hoarders;
- (xii) There should be a stable and long term national policy on storage and movement of agricultural produce. The contract farming sponsors and direct marketing licensees may be exempted from the stock limits up to six months of their requirement in the interest of trade;
- (xiii) States/Union Territories should waive off market fee on fruits and vegetables to encourage private investment and Government of India may also consider compensating the losses of revenue during initial period to the States on this account;
- (xiv) Investment in marketing infrastructure under RKVY may be increased to minimum 10-15 % of State RKVY spending in reformed States;
- (xv) In order to enhance the private sector investment in market infrastructure development projects, there is a need to provide subsidy/Viability Gap Funding to make these viable and treat them as “infrastructure project” so as to help attract FDI and ECB for their development;
- (xvi) States may promote PPP Model for infrastructure development and consider exempting market fee on trade transaction taking place inside the private market yard. However, States can levy minimal user charges preferably not exceeding 0.5 % of the value of produce transacted. State Governments should also explore the areas for private investments and PPP projects;
- (xvii) Government of India should constitute a ‘corpus fund’ for development of marketing infrastructure. A separate agriculture marketing strategy for North Eastern Region and Hilly areas may be adopted;

C. Rationalization of Market Fee/ Commission Charges

- (xviii) Market fee/cess including rural development fund, social development fund and purchase tax, etc. should be maximum 2 % of the value and the commission charges should be not more than 2 % for food grains/oilseeds and 4 % for fruits and vegetables;
- (xix) If the direct marketing entrepreneur provides minimum specified infrastructure facility to the farmers, the concerned States/APMCs should waive off market fee on such direct marketing;
- (xx) If a person has already paid mandi fee in a State where it procures agriculture produce and brings the same to another State for processing, no mandi fee should be charged;
- (xxi) Mandi fee should be levied on primary agricultural produce only and secondary agriculture produce (processed food articles) like Besan, Maida, and Ghee should not be treated as eligible agricultural produce for the purpose of levying Mandi fee. However, user charges can be levied based on the use of infrastructure and services;

D. Contract Farming

- (xxii) (a) District level authority may be set up for registration of contract farming and no market fee should be levied under it. The APMC should not be the authority for registration / dispute settlement under contract farming; and

(b) The disputes may be settled within fifteen days and the decretal amount of appeal should not be more than 10 % of the amount of goods purchased under contract farming. Appeal should be disposed off within 15 days. No solvency certificate / bank guarantee may be required from private sponsors/operators, if payment is made to the farmers on the same day of procurement of their produce;
- (xxiii) States should promote small and marginal farmers groups/associations or their company/society to encourage contract farming in the States.

E. Barrier Free Markets

- (xxiv) There should be provision for a single window unified single registration for traders/market functionaries in the State to facilitate free trade;
- (xxv) Market fee may be levied only for the first transaction between farmer and trader and in subsequent sales between trader to trader/consumer, there may be only service charge related to service provided in the State and no market fee be levied for the subsequent transactions;
- (xxvi) States should take Initiative to remove physical barriers like check gates, etc., if any, and should notify the type of documents required for the producer-seller to be a farmer, so that his consignment is not halted at the check posts / barriers;
- (xxvii) Proposed Agricultural Produce Inter-State Trade and Commerce (Development & Regulation), Bill may, to start with, be applied for a few perishable agriculture commodities and it may be expanded for other commodities depending upon the experience of its working.

F. Market Information System

- (xxviii) Efforts may be made to ensure proper and regular data entry in AGMARKNET nodes provided in the Regulated Markets in the State for the benefit of the farmers;
- (xxix) In order to ensure transparent transactions of agriculture produce and to get the best price for the produce, there is a need for electronic trading in the mandi which should be at least at district level;

G. Grading and Standardization

- (xxx) States should provide Directorate of Marketing and Inspection (DMI), necessary inputs such as name of commodity, quality parameters important for formulation of grade standards for producers' level grading under Agricultural Produce (Grading & Marking) Act, 1937, which are relevant and specific to their State;

- (xxxi) To promote the grading and testing of agricultural produce, States are required to take initiative for establishing grading units with trained manpower in the market to attend to the work of grading and to promote private laboratories for testing of agricultural produce on user-charge basis.

H. Other Recommendations

- (xxxii) “Final Report” of the Committee may be presented to the Govt. of India with the request to convene a National-level Conference on agriculture marketing at New Delhi under the Chairmanship of Union Agriculture Minister for consideration of the report;
- (xxxiii) Organize Farmers’ Groups to enhance their bargaining power to improve price realization and shorten the food value chain by introducing direct marketing/ sourcing of agriculture produce from the farmers to the consumers and processors;
- (xxxiv) Central Government needs to have a more consistent stand in their import-export policy as any sudden switch-on and switch-off in policy impacts the farmers adversely.
