

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

LOK SABHA
UNSTARRED QUESTION NO. 273
TO BE ANSWERED ON THE 4TH FEBRUARY, 2020

LINKING FARMERS WITH MARKETS

273. SHRI G.M. SIDDESHWAR:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether development and upliftment of farmers is the first priority of the Government and if so, whether the Government is working on a concrete plan to link the farmers with markets to help the farmers in trading of foodgrain and if so, the details thereof;
- (b) whether marketing of farm produce is carried out through the State Governments across the country and if so, the details thereof; and
- (c) whether forward trading is an index of predictive pricing and as a result, both buyer and seller can plan their futures trading and if so, the details thereof and the extent to which it would help farmers?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) & (b): The Government has been working continuously and has taken several concrete steps to link the farmers with the markets with the aim to help the farmers in trading of their foodgrain. Agricultural marketing is a state subject and wholesale agricultural marketing is undertaken by the network of 6946 regulated wholesale markets, set up under the provision of respective State Agricultural Produce Market Committee (APMC) Act.

In order to provide better marketing facilities to the farmers, the Government has released a new model "The Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017" in April 2017 for its adoption by States/Union Territories (UTs). The provisions therein provide for alternative marketing channels other than APMCs to farmers in marketing their produce at competitive & remunerative prices.

In order to optimise the use of scarce resources and mitigate the uncertainty in price and marketing, the Government has formulated and released a progressive and facilitative Model Act "The ----State/ UT Agricultural Produce & Livestock Contract Farming and Services (Promotion & Facilitation) Act, 2018" in May, 2018 for its adoption by the states/Union Territories (UTs). The aforesaid Model Contract Farming Act covers the entire value and supply chain from pre-production to post harvest marketing including services contract for the agricultural produce and livestock.

The Government has implemented National Agriculture Market (e-NAM) scheme an online virtual trading platform to provide farmers with opportunity for transparent price discovery for remunerative prices for their produce through competitive online bidding system. So far, 585 wholesale regulated markets of 16 States and 02 UTs have been integrated with e-NAM platform.

The Government is implementing Market Research and Information Network (MRIN) Scheme covering 3356 wholesale mandies across the country linked to Agmarknet portal, wherein Agricultural Produce Market Committees (APMCs) markets are reporting data on mandi arrivals and prices of their traded agricultural commodities on daily basis. The farmers have free access to the Agmarknet portal for getting market price information easily.

In order to ensure remunerative prices to farmers for their produce, the Government of India has launched an umbrella scheme 'Pradhan Mantri Annadata Aay SanraksHan Abhiyan' (PM-AASHA). Under PM-AASHA, the Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW), Ministry of Agriculture & Farmers Welfare, Government of India, implements the Price Support Scheme (PSS) for procurement of pulses, oilseeds and copra. For oilseeds, DAC&FW also implements the Price Deficiency Payment Scheme (PDPS) and Private Procurement Stockist Scheme (PPSS).

The Government is also providing marketing facilities to famers under the schemes of Paramparagat Krishi Vikas Yojana (PKVY) and Mission Organic Value Chain Development for North Eastern Region (MOVCDNER).

(c): Price discovery and price risk management are the major objectives of futures markets. Futures contracts of various durations and on multiple commodities are available for trading on these markets/ exchanges. Futures are standardized, exchange traded contracts for buying/selling a standardized quantity of a particular commodity at a pre-decided price on a future date.

Farmers and growers can benefit through the price signals emanating from futures markets even if they may not directly participate in the futures market. A farmer can determine the kind of crop which he would prefer to sow and plan his cultivation in advance, by taking advantage of the advance information of the future price trends of alternate crops, and probable supply and demand of various commodities in future. Farmers can also simultaneously enter into the futures contract of the planted crop at the prevailing futures price thereby locking-in the price at which they can sell the underlying commodity at a specific point of time in future. In a futures contract, the farmer can deliver the crop directly on the exchange platform, subject to payment of market levies charged by the respective States.

As per the Fifteenth Report on "The Forward Contracts (Regulation) Amendment Bill, 2010" of the Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution, futures markets also lead to reduction in the amplitude of seasonal price variations and help the farmer realize somewhat better price at the time of harvest or to postpone the sale of his produce, in part or in full, thereby moderating market arrivals as well as the ability of the trader to monopolise price setting
