

## Case for Model Agriculture Produce Market Committee Act

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### ARTICLE DETAILS

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### ABSTRACT

*Current Agricultural marketing system in India is the outcome of several years of Government Intervention. Actual buying and selling of commodities mainly takes place in market yards, sub-yards and Rural Periodic Markets spread throughout the country. Market functionaries (like traders, commission agents and labourers) in some markets have organized themselves in strong associations and thus, have created barriers to entry of new functionaries. Apart from the market fees, commission charges, octroi entry tax, sales tax, weighing charges, labour charges for handling, loading and unloading, purchase tax, Rural Development cess etc. are charged. In order to removed the mention defect on recommendation of the export committee for Agriculture marketing the Inter-ministerial Task Force recommend for formulation of Model Act for this purpose Accordingly, the Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India, in consultation with state Government, trade and industry has formulated a Model APMC Act and circulated to the states during 2003 for its adoption.*

### INTRODUCTION

The role of Market Committee is very important for farmers. The farmers want a regulatory prices fir their products in the market. The agricultural marketing system in India is the outcome of several years of government intervention. The system has undergone several changes over the last 60 years owing to the increased marketed surplus; increase in urbanization and income levels and consequent changes in the pattern of demand for marketing services; increase in linkages with distant and overseas markets; and changes in the commodities mainly takes place in market yards, sub- yards and Rural Periodic Markets spread throughout the country.

The strategy for development of agricultural sector through development of an agricultural marketing system, centered around the Market Committee constituted under the State Marketing Legislations. The democratically constituted market committee with representation from all stakeholders and farmers were conceived to be an ideal and cohensive model for all the farmers and other market participants to prosper. The regulatory provisions are enforced by Agricultural Produce Market Committees, established under the Act.

The institution of regulated markets set up to strengthen and develop agricultural marketing in the country has achieved limited success in providing transparent transactional methods/marketing practices, need based amenities and services conducive to efficient marketing information and extension services. In a comprehensive study of agricultural marketing system in India during the last fifty years several problems associated with regulated market have been identified:

Through the Acts stipulate for the provision of some prescribed facilities and amenities in each market yard, in several markets, the facilities/ amenities actually created are far from prescribed norms;

In several markets, malpractices like late payment to farmers are still prevalent and deduction of certain amount for

cash or spot payment and non- issue of sale slips by traders have continued unabated; Market functionaries (like traders, commission agents and labourers) in some markets have organised themselves in strong association and thus, have created barriers to entry of new functionaries;

By the large, the APMCs have emerged as some sort of Government sponsored monopolies in supply of marketing services/facilities, with all drawbacks and inefficiency associated with a monopoly.

The supply chain of agriculture products remain very fragmented with a large number of intermediaries. A study by Global AgriSystem of fruits & vegetables supply chain in four metros (Delhi, Mumbai, Banglore and kolkata) revealed that, on an average there are 5-6 intermediaries between the primary producer and the consumer. The total mark up in the chain added upto 60-75%. Moreover, multiple handling by different intermediaries resulted in huge wastage of 15-25% of the value.

The current marketing system also suffers from multiple tax regime and multiple licensing system. Apart from the market fees, commission charge, octroi entry tax, sales tax, weighing charge, labour charges for handling, loading and unloading, purchase tax, Rural Development cess etc. are changed.

The matter had been under continuous scrutiny during the last eleven years. On the recommendation of the Expert committee for Agriculture Marketing (Government of India,2001), the Inter-ministerial Task Force (Government of India, 2002) recommend for formulation of Model Act for this purpose. Accordingly, the Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India, in consultation with state Government, trade and industry has formulated a Model APMC Act and circulated to the states during 2003 for its adoption.

According to the Model Market Act the APMC have been made specifically responsible for:

- a) ensuring complete transparency in pricing system and transaction taking place in market area;
- b) providing market- led extension services to farmers;
- c) ensuring payment for agricultural produce sold by farmers on the same day;
- d) promoting agricultural processing including activities for value addition in agricultural produce; and
- e) publicizing data on arrivals and rates of agricultural produce brought into the market area for sale.
- f) setup and promote public private partnership in the management of agricultural markets. (Section-26&27)

The Model Act suggests provision for private market or yards managed by persons other than APMCs. Some states out of 35 states and UTs have provision for private market yards but Rule/bye laws have not been formulated by all. However only one Private Market has come out in Maharashtra so far, but is reported to be having problems.

Although reforms in APMC laws is a step in the right direction, it is felt that by itself it may not succeed in bringing in the desired results. India is a country of small producers

with an average land holding of 1.6 ha. Most of the small and marginal farmers are not in a position to deal with the buyers on an equitable footing. Therefore, there is a crying need to empower the farmers by aggregation. Different organisational structures for aggregation have been tried in the past including Self- Help Groups (SHGs), Joint Liability Groups (JLG), Farmers' Association, Producers' Company etc. So far they have not been very successful due to lack of support. There a need for the Government and financial institutions to support such farmers' organisations through technical, managerial and financial help, atleast in the beginning till they become strong enough to stand by themselves. Innovative institutional structures such as the Lead Farmers Modle, Public Land Bank etc should be tried out. Financial assistance can be provided through creation of Agriculture Risk Fund for small and marginal farmers, Venture capital or Seed Capital Assistance. Once a strong farmer organisation is formed, they can be linked to retailers, producers or exporters. The existing laws of marketing should be amended, if required, to facilitate such direct sales.

## References

1. Number of Wholesale, Rural Primary & Regulated Market in India as on 31.3.2001
2. Based on survey conducted by Global AgriSystem in four states.
3. Government of India Act 2001 & 2002
4. Status of Agricultural Marketing Reforms by Gokul Patnaik.