

## **Agricultural marketing**

8.66 The inter-Ministerial Task Force set up by the Ministry of Agriculture to strengthen and develop agricultural marketing submitted its Report in June 2002, outlining several reforms in agricultural marketing. It recommended amendment to the State APMC Act for promotion of direct marketing and contract farming, development of agricultural markets in private and cooperative sectors, stepping up of pledge financing, expansion of futures trading to cover all agricultural commodities, introduction of negotiable warehousing receipt system and use of information technology to

provide market led extension services to farmers. At a National Conference on Agriculture Marketing Reforms organised by the Ministry of Agriculture on 27<sup>th</sup> September 2002 in New Delhi, all the State Governments and Union Territory Administrations were requested to implement the reforms measures by bringing out suitable amendments in the existing state legislations (Box 8.7). A Committee of State Ministers has also been set up under the Chairmanship of Union Minister of State (Agriculture) to accelerate the implementation of the reform measures.

### **Box 8.7 : Reforms in agricultural marketing**

Liberalization of world trade in agriculture has provided new opportunities to the farm sector to access markets for agricultural commodities world-wide. However, to make this happen, reforms have to be brought about in agriculture sector to remove all barriers, whether legal or policy induced, which introduce inefficiencies and monopoly rents in the functioning of agricultural markets. At present, though agricultural production is largely free from controls, the same is not true of marketing of agricultural commodities. Under the APMC Act, State Governments alone are empowered to initiate the process of setting up of markets for agri products within a defined area. As a result private and cooperative sectors cannot take initiative in setting up markets equipped with more modern facilities.

High investments together with entrepreneurial skills required for creation and managing the market infrastructures have to come from private sector. In order to encourage private sector participation and investments required for development of alternative marketing infrastructure and supporting services, provisions of the State Agricultural Produce Marketing Regulation Act would need modification to create a lawful role for the private sector in market development. Government's role should be that of a facilitator rather than that of exercising control over the management of markets.

The Government of Karnataka has taken initiative in this direction and inserted a new Chapter (Chapter XIII A) in the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966, to provide for the establishment of an 'Integrated Produce Market' to be owned and managed by the National Dairy Development Board (NDDB) for marketing of fruits, vegetables and flowers in that State. Other states also need to amend respective APMC Acts to permit any organization or corporate body to establish integrated facility for marketing of agricultural produce. Curtailment of excessive bureaucratization of markets is necessary for healthy growth of such markets.