

Agricultural marketing

8.50 Marketing of agricultural produce is the most important activity for the farming community, particularly for those who are small producers and have small surpluses for marketing. To protect the interests of farmers, Government promoted organised marketing of agricultural commodities through a network of regulated markets. However, studies indicate that the institutions of regulated markets have achieved limited success, as these markets restricted development of direct and free marketing, smooth raw material supplies to agro-processers, information exchange and adoption of innovative marketing systems and technologies.

8.51 To benefit the farming community from new market access opportunities, the internal agricultural marketing system in the country needs to be integrated and strengthened. In this context, an inter-Ministerial Task Force set up by the Ministry of Agriculture suggested a package of reform measures, such as amendments in the State APMC Act to encourage development of competitive agricultural markets in the private and cooperative sectors, and deregulation of marketing system to promote private investment in marketing infrastructure.

8.52 The Department of Agriculture & Cooperation has formulated a Model Law on Agricultural Marketing and Contract Farming in consultation with the State Governments and representatives of trade and industry. The salient features of the Model Law are given in the Box 8.3.

Box 8.3 : Salient features of the Model Act for State Agricultural Produce Marketing (Development and Regulation) Act, 2003

- Legal persons, growers and local authorities permitted to establish new markets in any area.
- No compulsion on growers to sell their produce through existing regulated markets.
- Establishment of direct purchase centers, Consumers/Farmers Markets for direct sale.
- Promotion of Public-Private Partnership in the management and development of agricultural markets.
- Separate constitution for special markets for commodities like onions, fruits, vegetables, and flowers.
- A separate chapter to regulate and promote contract-farming arrangements in the country.
- Prohibition of commission agency in any transaction of agricultural commodities with the producers.
- Market Committee to promote alternative marketing system, contract farming, direct marketing and farmers/consumers markets.
- State Marketing Boards to promote standardization, grading, quality certification, market led extension and training of farmers and market functionaries in marketing related areas.
- Constitution of State Marketing Standards Bureau for promotion of grading, standardisation and quality certification of agricultural produce.