

Ending the APMC Monopoly - Maharashtra Ordinance

Why in news?

\n\n

The Maharashtra government intends to bring back the Ordinance on Agriculture Produce Market Committee (APMC), after withdrawing the Bill from the upper house.

\n\n

What is the ordinance on?

\n\n

\n

- Earlier, the Maharashtra government passed an ordinance to amend the Agricultural Produce Marketing (Development and Regulation) Act, 1963.

\n

- The Ordinance sought to remove all farm produce (including livestock) from the purview of the APMC.

\n

- It also proposed to grant 'Markets of National Importance (MNI)' status to the large mandis in Maharashtra.

\n

- [Currently, only the Azadpur fruit and vegetables mandi in Delhi has MNI status.]

\n

- The objective was to facilitate exports and easy inter-State trade.

\n

- But the state government then withdrew the Ordinance from the Upper House, following protests by APMC markets.

\n

- Now, a committee has been formed to listen to the concerns of different stakeholders.

\n

- Accordingly, changes would be made to the ordinance and would be presented before the State Legislative Assembly.

\n

\n\n

Why is it a concern for APMC markets?

\n\n

- \n
 - De-listing agri commodities from the purview of the APMC would threaten the dominance of the APMC markets.
- \n
 - It would snatch away their power to levy a 1% fee on virtually all wholesale trade in farm produce, even on trades that take place outside their defined areas.
- \n
 - There are a total of 307 APMC markets in Maharashtra. These charge a cess of 1% of the trade value.
- \n
 - The Vashi APMC, the largest mandi in Maharashtra, collects about Rs. 60 crore in cess in a year.
- \n
 - Notably, 14 States, including Maharashtra, have removed fruit and vegetables from ambit of APMCs.
- \n
 - But even today, farmers in Maharashtra who sell fruits and vegetables in a private market are forced to pay the cess to the APMC.
- \n
 - So the APMC markets fear loss of income if the Ordinance is passed in its original form.
- \n

\n\n

How will it benefit farmers?

\n\n

- \n
 - By acting as moneylenders as well as buyers, commission agents or arthiyas extract a high price from farmers.
- \n
 - Today, farmers are forced to sell their produce at the price quoted by the commission agents in the APMC in their area.
- \n
 - Meanwhile, the APMCs have done little to improve their infrastructure.
- \n
 - The government move would thus break the monopoly of APMC yards.
- \n
 - It will give farmers the freedom to sell wherever and to whomsoever they desire.

- \n
- All farm items can then be sold in bulk either by way of contract farming, direct selling or in private wholesale markets.
- \n
- It would also help bring private investment for setting up markets and creating the infrastructure needed for agriculture marketing.
- \n

\n\n

What lies ahead?

\n\n

- \n
- Agri-marketing reforms are about creating multiple avenues for farmers and reducing intermediation costs.
- \n
- Going ahead, many more market yards (above 40,000) than the present 7,700 APMCs are required, so that farmers can access markets within close range.
- \n
- Private players should create new infrastructure, and not merely step into existing yards.
- \n

\n\n

\n\n

Source: BusinessLine

\n

