Ending the APMC Monopoly - Maharashtra Ordinance

Why in news?

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

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What is the ordinance on?

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- Earlier, the Maharashtra government passed an ordinance to amend the Agricultural Produce Marketing (Development and Regulation) Act, 1963.
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- The Ordinance sought to remove all farm produce (including livestock) from the purview of the APMC.
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- It also proposed to grant 'Markets of National Importance (MNI)' status to the large mandis in Maharashtra.
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- [Currently, only the Azadpur fruit and vegetables mandi in Delhi has MNI status.]
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- The objective was to facilitate exports and easy inter-State trade.
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- But the state government then withdrew the Ordinance from the Upper House, following protests by APMC markets.
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- Now, a committee has been formed to listen to the concerns of different stakeholders.
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- Accordingly, changes would be made to the ordinance and would be presented before the State Legislative Assembly.
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Why is it a concern for APMC markets?

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- De-listing agri commodities from the purview of the APMC would threaten the dominance of the APMC markets.
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- 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.
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- There are a total of 307 APMC markets in Maharashtra. These charge a cess of 1% of the trade value.
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- The Vashi APMC, the largest mandi in Maharashtra, collects about Rs. 60 crore in cess in a year.
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- Notably, 14 States, including Maharashtra, have removed fruit and vegetables from ambit of APMCs.
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- But even today, farmers in Maharashtra who sell fruits and vegetables in a private market are forced to pay the cess to the APMC.
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- So the APMC markets fear loss of income if the Ordinance is passed in its original form.
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How will it benefit farmers?

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

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

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- Agri-marketing reforms are about creating multiple avenues for farmers and reducing intermediation costs.
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- 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.
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- Private players should create new infrastructure, and not merely step into existing yards.
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Source: BusinessLine

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