State/UT Agricultural Produce Marketing Bill

Why in news?

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The draft of the new model agricultural marketing law is floated by the government to invite public comments.

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What is APMC act and why it is bad?

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- The Agricultural Produce Market Committee is a marketing board established by state governments of India, one main function of which is basically to provide a platform for farmers to sell their produce.
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- The APMC **forces the farmers to sell their produce only to middlemen** approved by the government in authorized Mandis.
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- Thus, a vegetable producer cannot directly sell to a supermarket, they have to go through a broker. This increases prices for the end buyer and unnecessarily adds redtape.
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- In a lot of cases, even after receiving the produce, some traders delay payment to farmers for weeks or months.
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- If payment is made at the time of sale, then the trader may arbitrarily deduct some amount.
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- To avoid tax, some traders do not give sale slips to farmers. As a result, it is difficult for the farmer to prove his income to get loans from banks.
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- On average, the farmer is able to receive barely 25% to 33% of the final retail price. Middlemen receive double commission (both from seller and buyer), thus making consumers pay for this spread.
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- The prime reason for the tardy progress on this front is the states'

reluctance to cede their hegemony over farm markets.
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How the new Bill is different?

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- The new Bill is called State/UT Agricultural Produce Marketing (Development and Regulation) Bill.
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- It moots setting up of private and **commodity-specific market yards** to end the monopoly of the APMCs and offer them the much-needed competition.
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- Besides, it stipulates a **single licence for trading** within the state and at the national level and a single point levy of all market fees within the laid-down caps.
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- It also seeks to promote **direct interaction between farmers and end-users of farm commodities,** including retail chains, exporters and agro-processing industries.
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- The mandis are proposed to be encouraged to put up **electronic trading platforms** to make transactions, especially price determination, totally transparent.
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- Thus, the new deed amalgamates the good features of both the model APMC Bill of 2003 and the electronic national agricultural market **(e-NAM)** launched last year.
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- It also seeks to **depoliticise and democratise market committees** and state marketing boards by including farmers' representatives in their managing bodies and barring individuals from contesting for more than one post simultaneously.
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- However, under the present rural socio-political setup, **it is hard to distance politicians** from farm-related bodies.
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What is the way forward?

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- There need to be at least 1 market in 80 sq.km (presently, it is 1 in 487 sq.km). Thus, the private sector alone cannot be expected to bridge this huge gap.
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- The states will have to continue to play a meaningful role in both expansion and modernisation of the farm marketing network.
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- Since the success of the fresh move will **depend largely on the states' cooperation,** the Centre will need devise ways and means to motivate them to actually carry out the suggested changes.
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- Because, at stake are the interests of farmers as well as consumers, both of whom are short-changed by the present inefficient, cost-intensive and non-transparent farm marketing system.
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Source: Business Standard

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