

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:192  
ANSWERED ON:15.07.2002  
AGRICULTURAL MARKETING REFORMS  
UMMAREDDY VENKATESWARLU

**Will the Minister of AGRICULTURE be pleased to state:**

- (a) whether the Task Force on Marketing has submitted its report on agricultural marketing reforms to the Government;
- (b) if so, the major recommendations of this Task Force;
- (c) whether this Task Force has recommended the discontinuance of Minimum Support Price for cereals; and
- (d) if so, the reaction of the Government thereon?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a) to (d): The Inter-Ministerial Task Force on Agricultural Marketing Reforms presented its Report to the Government on 28.6.2002. Major recommendations of the Task Force include:

i. Promotion of competitive agricultural markets in private and cooperative sector, direct marketing and contract farming programmes by amending the State Agricultural Produce Marketing Regulation Acts and to provide central assistance for the development of marketing infrastructure linked to such deregulation and reforms.

ii. Progressive dismantling of controls and regulations under the Essential Commodities Act to remove all restrictions on production, supply, storage and movement of, and trade and commerce in all agricultural commodities.

iii. Substantially step up flow of institutional credit to farmers for marketing of crops

(pledge financing) and to enhance their holding capacity to obtain remunerative price for their produce;

iv. Expand availability of warehousing services in rural areas including by introducing negotiable warehousing receipt system for agricultural commodities;

v. Allow futures trading in all agricultural commodities to improve price risk management and facilitate price discovery by amending the Forward Contracts (Regulation) Act, 1952.

vi. To promote use of information technology in agricultural marketing to provide market led extension services to farmers and other market functionaries and to create facility of electronic trading to enable producers to directly transact business with distant buyers; and

vii. To re-orient training and extension systems to assist farming community to respond to emerging challenges in agricultural marketing and to create an ambience of good marketing practices in the country.

The Task Force has not recommended discontinuation of Minimum Support Price (MSP) Policy which has served the country well in the past three decades. However in the changing environment it has suggested to think of an alternative policy delinking MSP from procurement particularly if the private sector is to be restored its rightful role in the marketing of agricultural produce. The Task Force is of the view that an alternative policy should provide financial support to the farmers through an insurance programme (based on MSP and historical yield) for protection of their incomes. The Task Force has also stated that till alternative policy is developed and implemented, the existing nodal/Central agencies and State organizations need to be strengthened to undertake decentralized procurement of foodgrains.

The report of the Inter-Ministerial Task Force is being examined in consultation with the State Governments/Union Territories Administrations and concerned Central Government Departments/Agencies.