

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:1184  
ANSWERED ON:01.08.2005  
UTILITIES OF MARKETING COMMITTEES MANDIES  
Chaure Shri Bapu Hari;Dhotre Shri Sanjay Shamrao

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

- (a) whether the Government proposed or proposes to introduce any scheme regarding the utilities of marketing committees or mandis for agricultural produce;
- (b) if so, whether the Government has consulted the State Governments in this regard;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION(DR. AKHILESH PRASAD SINGH)

(a) to (d): Under the existing Agricultural Produce Marketing Regulation Act (APMC Act), State Government is empowered to initiate the process of setting up of markets for agricultural commodities. The whole geographical area is divided into `market` area wherein markets in respect of notified commodities are managed by the market Committees constituted under the Act. Consequently, private sector cannot take initiative in setting up of competitive markets. The farmer is restricted from entering into direct contract with any manufacturer as the produce is required to be canalized through regulated markets. These restrictions are acting as a disincentive to farmers, trade and industry.

An Inter-Ministerial Task Force constituted by this Ministry in its report of 28.06.2002 has, as a measure of reforms in agricultural marketing sector recommended to amend the State APMC Act to promote competitive agricultural markets in private and cooperative sectors, direct marketing and contract farming programmes.

The recommendations contained in the Report were discussed with the State Governments at a National Conference on 27.09.2002 and later with the Standing Committee of States Ministers on 29.01.2003. In both the Conferences, the State Governments expressed the view that reforms in the agricultural marketing sector were necessary to move away from a regime of controls to one of regulation and competition. In view of liberalization of trade and emergence of global markets, it was necessary to promote development of a competitive marketing infrastructure in the country and to bring about professionalism in the management of existing market yards and market fee structure. While promoting the alternative marketing structure, however, Government needed to put in place adequate safeguards to avoid any exploitation of farmers by the private trade and industries. For this, there was a need to formulate a model legislation on agricultural marketing.

The Ministry of Agriculture, accordingly, formulated a model law on agricultural marketing in consultation with the State Governments and circulated it to all the States for adoption. The Model law has been discussed with the State Governments at the National Conference of State Agriculture Ministers on 7th January, 2004 and again on 19th November, 2004. The States in general agreed to bring suggested changes in the APMC Act. Several States have since completed the process of amendment to the APMC Act.