

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:1621
ANSWERED ON:06.03.2006
LEGISLATION FOR MARKETING
Ahir Shri Hansraj Gangaram

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government has prepared an ideal legislation in regard to agricultural marketing;
- (b) if so, the salient features thereof;
- (c) the benefits likely to accrue to the farmers in marketing from the contract farming under the said legislation;
- (d) whether such contract farming is already being experimented in the country; and
- (e) if so, the details thereof, State-wise and crop-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a): Yes, Sir. A Model Act namely, the State Agricultural Produce Marketing (Development and Regulation) Act, 2003 has been drafted by this Ministry and circulated to all States for reforms in the APMC Act to promote direct marketing, contract farming and setting up of competitive markets in private and cooperative sectors.

(b): Salient features of the Model Act are as under:

- i. Legal persons, growers and local authorities enabled to establish new markets in any area.
- ii. No compulsion on growers to sell their produce through existing regulated markets.
- iii. Establishment of Direct purchase centres, Consumers/ Farmers Markets for direct sale.
- iv. Separate provision for special markets for commodities like Onions, Fruits, Vegetables, Flowers etc.
- v. A separate chapter to provide institutional support to contract-farming arrangements

(c) & (d): Contract farming has been prevalent in various parts of the country for commercial crops like sugarcane, cotton, tea, coffee, etc. The concept has, however, gained importance in recent times in the wake of economic liberalization. The main feature of contract farming is that farmers grow selected crops under a buy back agreement with an agency engaged in trading or processing. In our country contract farming has considerable potential where small and marginal farmers can no longer be competitive without access to modern technologies and support. The contractual agreement with the farmer provides access to production services and credit as well as knowledge of new technology and an assured market. In order to equitably protect the interest of both the farmers as well as the industry, the Model Act inter-alia provides for an institutional arrangement for registration of sponsoring companies, recording of Contract Farming Agreement, indemnity to farmers' land and lays down a time bound dispute resolution mechanism.

(e): A statement indicating the area covered under contract farming in different States is enclosed (Annexure I)

Annexure-I

Contract Farming Status in different States:

State	Crop	Area (ha)
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Karnataka	Ashwagandha Dhavana; Marigold & Caprica chili; Coleus; Gherkins Medicinal Plants	8,350
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Maharashtra Soybean; Several fruits, vegetables, cereals, spices 134,800
and pulses; Potato; Sugarcane, Orange

Madhya Pradesh Whet, Maize , Several fruits, vegetables, cereals, 1,200
spices,pulses,Soyabean,Garlic and White onion

Punjab Tomato and Chilly; Barley , Basmati, Maize; Basmati, 100000
Groundnut, Potato and Tomato; Green vegetables and
exotic vegetables

Tamil Nadu Cotton, Maize, Paddy, Cotton, Marundu Koorkan (Medicinal 1,830
Plant) (Coleus Forskholii), Maize, Gherkins

Chhattisgarh Safed Musli; Tomato NA

Uttaranchal Guar Gum NA

Haryana Turmeric, Mentha, Sunflower, White Musli NA

Andhra Pradesh White Viagra, Fruits, Vegetables and flowers, Gherkins, 23,000
Cocoa, Oil palm

Gujarat Processing of Medicinal Plants and Alovera NA

Orissa Seeds (paddy, Ragi, Green gram, arhar, ground nuts etc), 7,200
Sugar, Eucalyptus

Rajasthan Exotic Vegetables 8

West Bengal Chip Quality Potato 20