

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:3371
ANSWERED ON:28.07.2009
MARKETING FACILITIES FOR FARMERS
Owaisi Shri Asaduddin

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Union Government is aware that the farmers are facing difficulties in the marketing of their produce and are forced to sell them to certain designated agencies in the open market at a loss;
- (b) if so, the steps taken to safeguard the interest of the farmers;
- (c) whether the Government proposes to encourage private sector investment in the marketing infrastructure;
- (d) if so, the details thereof; and
- (e) the steps being taken by the Government to encourage more investment for agricultural marketing?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a): The buying and selling of agricultural commodities mainly takes place in market yards and sub-yards (primary and secondary wholesale markets) and Rural Periodic Markets spread throughout the country. The agricultural commodities move from the farm gate to consumers through several marketing channels which vary from commodity to commodity and farmers are free to choose any channel for sale of their produce where prices are favourable to them. Therefore, they are not forced to sell their produce to certain designated agencies in open market at a loss.

(b): With a view to safeguard the interest of farmers in marketing their agricultural produce, the Government is implementing the following schemes:

(i) Marketing Research and Information Network: The objective of the Scheme is to establish a nationwide information network by providing electronic connectivity to important agricultural produce markets spread all over the country, State Agricultural Marketing Boards and Directorates. The scheme was introduced with the objective to collect and disseminate prices and market related data for its efficient and timely utilization by the producers, traders and consumers to derive maximum advantages out of their sales and purchases and to increase efficiency of marketing by effective improvement in the existing market information system.

(ii) Construction of Rural Godowns: This central Sector Scheme which was launched in April 2001 aims at creating scientific storage capacity with allied facilities in rural areas to meet out various requirements of farmers for storing farm produce, processed farm produce, agricultural inputs, etc., and prevention of distress sale by creating the facility of pledge loan and marketing credit. Since the inception of the scheme, 20689 rural godowns with a capacity of 240.87 lakh MTs involving release of eligible subsidy of Rs.553.80 crore have been sanctioned under the scheme upto 30-06-2009.

(iii) Development/ Strengthening of Agricultural Marketing Infrastructure, Grading & Standardization: This reformed linked central sector scheme launched w.e.f. 20-10-2004, provides credit linked investment subsidy on the capital cost of general or commodity specific marketing infrastructure for agricultural commodities and for strengthening and modernization of existing agricultural markets namely wholesale, rural or periodic in tribal areas. Since the inception of the scheme i.e. 20-10-2004 and upto 31-03-2009, 4338 marketing infrastructure projects have been sanctioned by NABARD, NCDC and of State Agencies and subsidy of Rs. 234.50 crore has been released.

(iv) Agri-business Development Scheme through Small Farmers' Agri-business Consortium (SFAC): The Central Sector Scheme of venture capital assistance for Agri-business Development, which was approved on 19-07-2005, is being implemented by SFAC in close association with Commercial Banks. SFAC has sanctioned 227 agribusiness projects involving Venture Capital Assistance of Rs. 57.30 crore till 31-03-2009. The projects are expected to mobilize private investment of Rs. 549.30 crore.

(v) Setting up of Terminal Market Complex (TMC): The Department has taken the initiative for setting up modern terminal market complex for fruits, vegetables and other perishables in important urban centres of the country by encouraging private investment on Build Own and Operate (BOO) basis. The Department has modified the on-going Terminal Market Complex scheme under which now subsidy not exceeding 40% of project cost would be provided and which shall not exceed Rs. 50.00 crore per TMC. For protecting the interest of farmers, provision has been made for an option to the Producers Associations to participate in the equity of the project

subject to a maximum of 26%.

(vi): Reforms in Agricultural Marketing: With a view to encourage private sector participation in the marketing infrastructure, the Ministry of Agriculture formulated a Model Act on reforms in Agricultural Marketing during 2003 in consultation with the State Governments / Union Territories and circulated to them for its adoption. The model legislation provides for establishment of Private Markets/ Yards, Direct Purchase Centres, Consumer/ Farmers Markets for direct sale and promotion of Public Private Partnership in the management and development of agricultural markets in the country. The status of reforms undertaken by various State Governments/ Union Territories is given in the enclosed Annexure.

(vii) Minimum Support Prices: The Government also announces in each season Minimum Support Prices (MSPs) for major agricultural commodities and organizes purchase operations through public and cooperative agencies. The designated central nodal agencies intervene in the market for undertaking procurement operations with the objective that the market prices do not fall below the MSPs fixed by the Government. The Government decides on the support price for various agricultural commodities taking into account the recommendations of the Commission for Agricultural Costs and Prices (CACP), the views of State Governments and Central Ministries as well as such other relevant factors which are considered important for fixation of support prices.

(viii) Market Intervention Scheme (MIS): The Ministry of Agriculture is also implementing Market Intervention Scheme (MIS) for procurement of horticultural and agricultural commodities generally perishable in nature and not covered under Price Support Scheme to protect the growers of these commodities. The MIS is implemented when the prices tend to fall below economic levels/ cost of production and to avoid distress sale in the event of bumper crop during the peak arrival period. The MIS is implemented on the request of a State /Union Territory.

(c) & (d): Yes, Madam. The Working Group on Agricultural Marketing Infrastructure and Policy required for Internal and External Trade for XI Five Year Plan constituted by Planning Commission has projected total investment of Rs. 64,312 crore, besides Rs. 43000 crores for food processing sector for strengthening and development of marketing infrastructure during XI Plan period. A major portion of this investment is expected from private sector, for which an appropriate regulatory and policy environment is necessary.

(e): The Ministry of Agriculture is implementing various schemes to encourage more investment for agricultural marketing. The details are given in reply to part (b) of the Question.