

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:3212

ANSWERED ON:11.02.2014

MODEL LAW ON AGRICULTURAL MARKETING

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Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Union Government has formulated a model law on agricultural marketing in consultation with the State/ UT Governments to deal with the emerging trends in agricultural marketing;

(b) if so, the objectives of the model law along with the salient features thereof;

(c) the extent to which the model law is helpful in developing agricultural markets in the country along with the benefits accrued to the small and marginal farmers therefrom;

(d) whether the Government is pursuing the States to amend their Agriculture Produce Market Committee (APMC) Act to provide adequate remunerative prices to the farmers for their produce; and

(e) if so, the details thereof along with the funds allocated to the States as an incentive to the States to adopt the model APMC Act during each of the last three years and the current year, State-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FOOD PROCESSING INDUSTRIES (DR. CHARAN DAS MAHANT)

(a) to (e): The Ministry of Agriculture had, in the year 2003, formulated the Model Act on agricultural marketing titled "The State Agricultural Produce Marketing (Development and Regulation) Act in consultation with the States and other stakeholders. Subsequently, Model Rules were also formulated in 2007.

The objective of the Model Act is to guide the States/ UTs to amend their respective legislations that regulate marketing of agricultural produce by removing restrictive provisions contained therein and by providing for alternative competing marketing channels.

Salient features of the Model Act, inter alia, include provisions for (i) setting up markets in private and cooperative sector; (ii) direct purchase of agricultural produce from farmers by processors/exporters/bulk retailers/wholesalers; (iii) direct sale by farmers to consumers (farmers' market); (iv) contract farming (v) e-marketing; (vi) single unified licence/ registration for market functionaries; (vii) demarcation of powers of Director (marketing) as regulator and Managing Director of State Marketing Boards as service provider. Development of alternate market channels like private markets, e-market, direct marketing and contract farming is expected to attract private investments in development of agri-marketing infrastructure and integrated value chains. Contract farming is expected to benefit farmers by mitigating their marketing risks and the sponsors by ensuring assured supply of the raw material of desired quality. Provisions in the Model Act will also result in enhanced transparency. The reforms will provide small and marginal farmers with competitive alternative marketing channels nearer the farm gate enabling them to choose the most convenient/remunerative option, who otherwise owing to their meager marketable surplus, usually do not find it economically feasible to bring the produce to distant markets and are, therefore, forced to sell to local village merchants at non- remunerative prices.

There is no allocation of funds to the States for this purpose.