

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION & FARMERS WELFARE

LOK SABHA
STARRED QUESTION NO. 400
TO BE ANSWERED ON THE 8TH JANUARY, 2019

LINKING FARMERS WITH MARKETS

*400. SHRI ADHALRAO PATIL SHIVAJIRAO:
SHRI SHRIRANG APPA BARNE:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether development and upliftment of farmers is the first priority of the Government, if so, whether the Government is working on a concrete plan to link the farmers with the markets with the aim to help the farmers in the trading of foodgrain and if so, the details thereof;
- (b) whether the marketing in farm produce is carried out through the State Government-designated mandis spread across the country and if so, the details thereof;
- (c) whether forward trading is an index of predictive pricing and as a result both the buyer and seller can plan their futures trading, if so, the details thereof and the extent to which it will help farmers plan crop planting and do away with the role of middlemen;
- (d) whether the Government is leveraging APMC mandis and at the same time amending the marketing laws to facilitate setting up of mandis by the private sector and if so, the details thereof; and
- (e) whether the Government has made any assessment of the success of the whole sale market through e-platform (e-NAM) , if so, the details and the present status thereof?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री

(SHRI RADHA MOHAN SINGH)

(a) to (e): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA
STARRED QUESTION NO. 400 DUE FOR REPLY ON 8TH JANUARY, 2019.**

(a) & (b): Yes Madam. Development and upliftment of farmers is the priority of the Government. The Government has been working continuously and has taken several concrete steps to link the farmers with the markets with the aim to help the farmers in trading of their foodgrain. Agricultural marketing is a state subject and wholesale agricultural marketing is undertaken by the network of 6630 regulated wholesale markets, set up under the provision of respective State Agricultural Produce Market Committee (APMC) Act.

In order to provide better marketing facilities to the farmers, the Government has released a new model “The Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017” in April 2017 for its adoption by States/Union Territories (UTs). The provisions therein provide for alternative marketing channels other than APMCs to farmers in marketing their produce at competitive & remunerative prices.

In order to optimise the use of scarce resources and mitigate the uncertainty in price and marketing, the Government has formulated and released a progressive and facilitative Model Act “The ---State/ UT Agricultural Produce & Livestock Contract Farming and Services (Promotion & Facilitation) Act, 2018” in May, 2018 for its adoption by the states/Union Territories (UTs). The aforesaid Model Contract Farming Act covers the entire value and supply chain from pre-production to post harvest marketing including services contract for the agricultural produce and livestock.

The Government has implemented National Agriculture Market (e-NAM) scheme an online virtual trading platform to provide farmers with opportunity for transparent price

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discovery for remunerative prices for their produce through competitive online bidding system. So far, 585 wholesale regulated markets of 16 States and 02 UTs have been integrated with e-NAM platform.

As per Union Budget Announcement, 2018-19, Government has decided to develop and upgrade existing 22,000 rural haats into Gramin Agricultural Markets (GrAMs) to work as centers of aggregation and to provide farmers with facility near to farm gate for making direct sale to consumers and bulk purchasers while improving their market access.

The Government is implementing Market Research and Information Network (MRIN) Scheme covering 3355 wholesale mandies across the country linked to Agmarknet portal, wherein Agricultural Produce Market Committees (APMCs) markets are reporting data on mandi arrivals and prices of their traded agricultural commodities on daily basis. The farmers have free access to the Agmarknet portal for getting market price information easily.

In order to ensure remunerative prices to farmers for their produce, the Government of India has launched an umbrella scheme 'Pradhan Mantri Annadata Aay SanraksHan Abhiyan' (PM-AASHA). Under PM-AASHA, the Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW), Ministry of Agriculture & Farmers Welfare, Government of India, implements the Price Support Scheme (PSS) for procurement of pulses, oilseeds and copra. For oilseeds, DAC&FW also implements the Price Deficiency Payment Scheme (PDPS).

Minimum Support Price (MSP) is notified by the Government for certain crops primarily for procurement. Giving a major boost for the farmers income, the Government has approved the increase in the MSPs for all Rabi crops for 2018-19 at a level of at least 150 percent of the cost of production.

Further, under PM-AASHA, procurement for paddy, wheat and coarse grains at MSP are done by Department of Food & Public Distribution (DFPD) through Food Corporation of India (FCI). Further, Cotton and Jute are procured by the Ministry of Textiles through Cotton Corporation of India (CCI) and Jute Corporation of India (JCI) respectively.

(c): Price discovery and price risk management are the major objectives of forward/futures markets. While *forwards* are customized contracts, bilaterally negotiated between parties for buying/selling a particular quality/quantity of commodity at a predecided price on a future date, *futures* are standardized, exchange traded contracts for buying/selling a standardized quantity of a particular commodity at a predecided price on a future date.

Farmers and growers can benefit through the price signals emanating from futures markets even if they may not directly participate in the futures market. A farmer can determine the kind of crop which he would prefer to sow by taking advantage of the advance information of the future price trends of alternate crops. Farmers can also simultaneously enter into the futures contract of the planted crop at the prevailing futures price thereby locking-in the price at which they can sell the underlying commodity at a specific point of time in future. In a futures contract, the farmer can deliver the crop directly on the exchange platform, subject to payment of market levies charged by the respective States.

As per the Fifteenth Report on “The Forward Contracts (Regulation) Amendment Bill, 2010” of the Parliamentary Standing Committee on Food, Consumer Affairs and

Public Distribution, futures markets also lead to reduction in the amplitude of seasonal price variations and help the farmer realize somewhat better price at the time of harvest or to postpone the sale of his produce, in part or in full, thereby moderating market arrivals as well as the ability of the trader to monopolise price setting.

(d): Government is providing technical support and assistance to the APMC markets to leverage them for developing their infrastructure and human resources, so as to facilitate farmers to effectively and efficiently market their produce. Financial assistance is provided to APMCs for upgrading their infrastructure and improving their forward and backward linkages through various schemes such as Agricultural Marketing Infrastructure (AMI), Mission for Integrated Development of Horticulture (MIDH) and Rashtriya Krishi Vikas Yojana- Remunerative Approaches for Agriculture and Allied Sector Rejuvenation (RKVY-RAFTAAR) etc. The Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017, circulated by the Government of India to the States/Union Territories for adoption, intends and promotes of alternative marketing channels including that of setting up of mandis by private sector.

(e): The Government has not made any specific assessment of the success of the whole sale market through e-NAM Platform. However, e-NAM portal being an online platform, provides up-to-date Management Information System (MIS), from market level upto National level for monitoring performances thereby helping to continuously take appropriate corrective measures to improve the system. This has led to continuous and substantial increase in farmers participation as well as trade volume on e-NAM platform.
