

Overview on Agriculture Marketing

Agriculture sector needs structured and functional markets, preferably in vicinity of farmers, to drive growth, employment, remunerative price and economic prosperity in rural areas of the country. Enabling mechanism were also required to be put in place for procurement of agricultural commodities directly from farmers' field



and to establish effective linkage between the farm production, the retail chain and food processing industries. Agriculture being a state subject, a Model APMC Act was formulated and circulated to the States/UTs in the year 2003 for adoption.

The Model Act provides for contract farming, direct marketing, setting up markets in private and co-operative sector, e-trading, single point levy of market fee, single registration of market functionaries, farmer-consumer market etc. Subsidy/eligibility under one central sector scheme(AMIGS) has been restricted to States/ UTs where reforms to APMC Act has been done providing for Direct Marketing, Contract Farming and Markets in Private/ Coop Sectors. States/UTs having done these three reforms are Andhra Pradesh, Arunachal Pradesh, Assam, Goa, Gujarat, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Mizoram, Nagaland, Orissa, Rajasthan, Sikkim, Uttarakhand and Tripura. States/ UTs where reforms to APMC Act have been done partially are NCT of Delhi, Madhya Pradesh, Chhattisgarh, Haryana, Punjab and Chandigarh. States/ UTs where there is no APMC Act are Kerala, Bihar(APMC Act repealed in year 2006), Manipur, Andaman & Nicobar Islands, Dadra & Nagar Haveli, Daman & Diu, and Lakshadweep. Tamil Nadu has done reforms by executive orders instead of amending APMC Act. States/ UTs where reforms required to be done are Meghalaya, J&K, West Bengal, Puducherry, and Uttar Pradesh.

2. Committee of State Ministers in-charge of Agriculture Marketing:

With a view to persuade the various State Governments/UTs to implement the reforms in agricultural marketing through adoption various provisions of Model APMC Act and to suggest further reforms, the Ministry of Agriculture constituted a Committee of ten State Ministers, in-charge of Agriculture Marketing, in 2010. The Committee has been deliberating on different issues related to market reforms. The Committee submitted its first report on 8.9.2011 which has been circulated to States and UTs for their comments. Final Report of the committee is expected soon and further action shall be taken on the recommendations of the Committee.

3. Implementation of Central Plan Schemes

(i) Rural Godown Scheme (RGS):



'Grameen Bhandaran Yojana' (Rural Godown Scheme) was launched 01.04.2001 with the main objectives of being creation of scientific storage capacity with allied facilities in rural areas to meet various requirements of farmers for storing farm produce, processed farm produce, agricultural inputs, etc., so as also to prevent distress sale. Under the scheme subsidy @ 25% is being given to all categories of farmers,

Agriculture Graduates, Co-operatives & CWC/ SWCs. All other categories of individuals, companies and corporations are eligible for subsidy @ 15% of the project cost. Enhanced subsidy is 33.33% in case of NE States/hilly areas, SC/ST entrepreneurs & their Co-operatives and Women Farmers. The scheme has been recently revised by enhancing the maximum capacity to 30,000 MT with maximum ceiling on subsidy of Rs. 3 crores for areas other than North Eastern States and by enhancing the maximum capacity to 25,000 MT with maximum ceiling on subsidy of Rs. 3.333 crores in respect of North Eastern/Hilly States. The scheme is demand-driven, back-ended and not location specific. The scheme is further being revised in the EFC under process.

As on 31st January 2013, a number of 30,574 Godown projects have been sanctioned with creation of storage capacity of 38.36 million tonnes under the scheme. An amount of Rs.1017.32 crores of subsidy has been released to various banks and Cooperatives through NABARD and NCDC.

(ii) Development/Strengthening of Agricultural Marketing, Grading and Standardisation (AMIGS) Scheme:

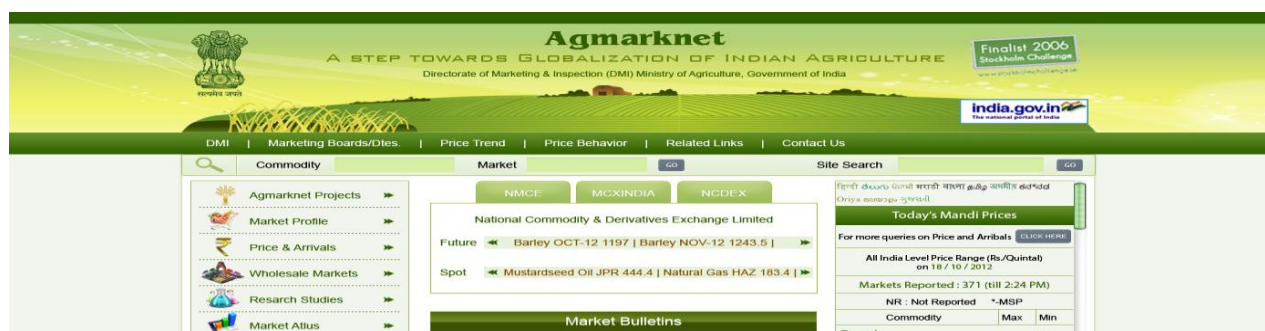


The Central sector scheme was launched on 20.10.2004 under which credit linked investment subsidy is provided for general or commodity specific marketing infrastructure for agricultural and allied commodities and for strengthening and modernization of existing agricultural markets, including those of wholesale, rural, periodic in nature. It is a linked to implementation of three reforms, namely (i) Setting up Markets in Private and Cooperative sector, (ii) Provision

for Contract Farming and (iii) Provision for Direct Marketing and is being implemented in those States/ UTs which have amended their APMC Act accordingly. The assistance is available to various categories which include individuals, group of farmers/ growers/ consumers, Partnership/ Proprietary firms, NGOs, SHGs, Companies, Corporations, Cooperatives, etc. Under the scheme subsidy of 25% of the capital cost of the project is provided with a ceiling of Rs.50 lakh per project. In respect of North-Eastern States, Hilly and Tribal areas and entrepreneurs belonging to SC/ST and their cooperatives, subsidy of 33.33% is provided with a ceiling of Rs.60 lakh per project.

Since Inception of the scheme up to 31-12-2012, a total number of 8087 marketing Infrastructure projects have been sanctioned and subsidy of Rs 782.14 crores has been released.

(iii) Marketing Research and Information Network (MRIN) scheme:



An ICT based Central Sector Scheme of Marketing Research and Information Network (AGMARKNET) was launched in March, 2000 to provide electronic connectivity to important wholesale markets in the country for collection, collation and dissemination of price and market related information for the benefit of farmers and other market users. The scheme is being implemented in collaboration with Directorate of Marketing and Inspection, National Informatics Centre, State Agricultural Marketing Directorate/Board and APMCs. Information relating to prices, arrival of commodities and other market related information is provided on the portal. Information on prices and arrivals of more than 400 commodities and 3000 varieties are collected and reported/uploaded on daily basis. More than 3200 markets are covered under the scheme.



(iv) Strengthening of Agmark Grading Facilities (SAGF):

The Agricultural Produce (Grading and Marking) Act, 1937 provides for the grading and marking of agricultural produce. It involves framing of grades, standards and certification of agricultural commodities included in the schedule appended to the Act. The SAGF Scheme aims to support 11 Regional Agmark laboratories and a Central Agmark Laboratory, Nagpur with lab equipments etc. for carrying out their research and analysis work for developing and promoting grading and standardization of agricultural commodities under Agmark. Agricultural Produce (Grading & Marking) Act, 1937 is being implemented through standards set for various commodities and agricultural produce under Grading and Marking Rules framed from time to time. So far 108 Rules for agricultural commodities have been framed.

5. Institutional Intervention in Development of Agricultural Marketing

Department of Agriculture and Cooperation has three Organizations dealing with marketing under its administrative control, namely, the **Directorate of Marketing & Inspection (DMI)** Faridabad for promotion of standards and grading of agricultural and allied produce, to pursue States to bring marketing reforms and to promote market information network; **Ch. Charan Singh National Institute of Agricultural Marketing (NIAM)**, Jaipur for providing training in the field of agricultural marketing; and **Small Farmers Agri-business Consortium (SFAC)**, New Delhi for promoting agri-business for small and marginal farmers.

A. Directorate of Marketing and Inspection:



The Directorate of Marketing and Inspection (DMI) is an attached Office of the Ministry of Agriculture. It was set up in the year 1935 to implement the agricultural marketing policies and programmes of the Central Government. Since its very inception, the Directorate continues to be responsible for bringing about an integrated development of marketing

of agricultural and allied produce in the country with a view to safeguarding the interests of producer-sellers as well as the consumers. It maintains a close liaison between the Central and the State Governments in the implementation of agricultural marketing policies in the country.

The Directorate has its Head Office at Faridabad (Haryana), Branch Head Office at Nagpur (Maharashtra) and 11 Regional Offices, 26 Sub-Offices, 11 Regional Agmark Laboratories (RALs) spread all over the country and a Central Agmark laboratory (apex Laboratory) to implement the Agmark certification programme. The Directorate has no Offices abroad.

European Commission has approved the procedure of pre-shipment inspection under Agmark for export of fruit and vegetables to EU countries. Directorate General of Foreign Trade has also notified DMI as inspection and certification body for exports of fruit and vegetables to EU countries. Inspection and certification is voluntary. DMI is attending to inspection and certification of fruit and vegetables, including grapes and onions. The inspection and certification is carried out as per the grade standards notified in the Fruit and Vegetables Grading and Marking Rules, 2004. Apart from statutory grading, DMI is attending issue of Health certificates for Grapes, Okra and Groundnut for export to European Union vide European Commission Regulation (EU) No-91/2013.

B. Small Farmers' Agribusiness Consortium (SFAC):

Small Farmers Agri-Business Consortium (SFAC) was registered on 18th January, 1994 as a society under the Societies Registration Act, 1860. Currently, the members include RBI, SBI, IDBI, EXIM Bank, Oriental Bank of Commerce, NABARD, Canara Bank, NAFED, United Phosphorous Ltd. etc. The mission of the society is to support innovative ideas for generating income and employment in rural areas by promoting private investment in agri-business projects. A Central Sector Scheme for agri-business development is being implemented by SFAC in close association with Commercial Banks for providing (i) Venture capital to agribusiness projects and (ii) assistance to farmers/producer groups for preparing quality Detailed Project Reports (DPR). For effective implementation of the scheme, SFAC has already signed MOU with 21 commercial banks. The scheme is open to women entrepreneurs also. SFAC has been mandated for promotion of FPOs and procurements of oilseeds and pulses under MSP and for promotion of clusters for vegetables.

C. National Institute of Agriculture Marketing (NIAM), Jaipur:

Ch. Charan Singh National Institute of Agricultural Marketing (NIAM) is a premier National level Institute set up by the Government of India in August, 1988 to offer specialized training, research, education and consultancy in the field of Agricultural Marketing. NIAM is playing a vital role in expediting the reform process and availability of quality managers through its mandate. NIAM is engaged in organising training programmes in the field of agricultural marketing and allied areas for senior and middle level officers from various line departments of State Governments, Cooperatives, Marketing Boards and Agribusiness Entrepreneurs. The institute is also playing an active role in orienting agricultural extension personnel towards

agricultural marketing. NIAM has been actively involved in Research ,Training and Consultancy in the field of Agricultural Marketing.

(updated as on 15-03-2013(23.30hrs)