



Reforms for One Nation-One Agriculture Market

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Introduction

Recently union cabinet headed by Prime Minister approved amendment to decade old essential commodity act 1955 with the implementation of The farmer's product trade and commerce (promotion and facilitation) ordinance 2020" and The farmer's (Empowerment and Protection) Agreement on price Assurance and Farm service ordinance 2020.

Before the ordinance, several restrictions for farmers were there regarding selling agri-produce outside the notified APMC yards or their districts. This amendment in the act will help to attract various investments into the farm sector. The commodities such as cereals, edible oil, oilseed, pulses, onions and potatoes are going to be deregulated due to the removal of stock limit which earlier applicable to processors or traders. This step would help the farmers to get free from the clutches of the Agriculture Producer Market committee (APMC) as they can sell their produce anywhere at competitive prices. Farmers can also sell goods on e-NAM for which they will not be charged any tax on sale outside APMC markets.

- i. **The farmer's produce trade and commerce (promotion and facilitation) ordinance 2020:** this ordinance will promote transparent and barrier-free inter-state as well as intra state trade for farmer's produce outside the physical premises of markets or deemed markets. Besides, the ordinance will provide an electronic platform for trade.
- ii. **The farmer's (empowerment and protection) agreement on price assurance and farm services ordinance 2020:** This ordinance will further support, protects and empowers farmers to engage with agri-business firms, processors, wholesalers, exporters and large retailers for farm services and sale of their farm produce at a mutually agreed remunerative price framework in a transparent manner.

Three Legislative Reforms Under 'One Nation One Agriculture Market'

- i. Empowering farmers to engage with processors, aggregators, wholesalers, large retailers, exporters, etc. through advanced contracts on pre agreed prices.
- ii. Barrier free interstate and intra state trade in agriculture produce: it proposes to bar state government from imposing taxes on sale and purchase of farm produce undertaken outside the respective mandis and give farmers freedom to sell their if any conflict arises regarding transactions.
- iii. An amendment on the essential commodity act which removes few cereals, pulses, oilseed etc. form the list of essential commodities.

Importance of One Nation-One Agriculture Market to Farmers

It is intended to enable farmers to get a better price and for consumers to pay a lower price for agri-produce, a win-win situation at both ends of agri-value chains. The highlight of the scheme is the single point levy of market fees, i.e. on the first wholesale purchase from the farmer. Now a day's increasing level of commercialization under agriculture led to decrease the share of farm product that is sold within the state whereas the share sold outside increase. Moreover, increase in per capita income level further increased the demand for highly diversified food. People in the urban locations want to consumer a range of products often grown outside the state even outside the country. The increase in consumption demand for diversified food necessitates seamless flow of farm produce across the country without regulatory restrictions and barriers and excessive intermediation. This required integrated supply and value chain that move products from the boundaries of one state to another state efficiently and future help in linking consumer with producer at distant locations. It is estimated that farmers, as well as traders, would take cognizance of the new trading opportunities created by law for them and will start preparing to do business as per the new policy reform when crops will be harvested.

How it will Benefit the Farmers

The main focus and goal of the three policy reforms were to help farmers get higher remunerative prices by creating new sale avenues and higher competition. The reduced marketing cost and market margin due to large intermediaries will led to increase the producer's share and lower the consumer's price. The high competitiveness levels in the sale of commodities will benefit farmers having large marketable surplus. The small and marginal farmers here need to connect directly with consumers and also required to participate on sales platforms like e-NAM, ect.

Significance of move

- It will help in unlocking rules of regulated agricultural markets which are wide spread across the nation.
- It will create opportunities for the farmers outside APMC market yards due to creation of additional competition.
- This will supplement the existing MSP procurement system and help in doubling farmer income.
- The marketing cost would reduce to significant level.
- It further help in integration of different inter and intra state markets.

Way forward

The major problem in agriculture marketing is not farmer's mindset but the restrictive as well as regulatory environment and missing opportunities for the small and marginal farmers. Better logistics, assurance about prices, sharing of market risk, farm-friendly infrastructure and incentive for diversification towards more paying quality produce and high-value produce will motivate farmers to go for transformation in farming and marketing of produce. We need to create enabling environment with favorable terms for the farmers to achieve the real goal of "one nation one agricultural market" and for the success of *Atam Nirbhar Bharat*.

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