



## Agri-marketing Reforms under Atmanirbhar Bharat

### Why in news?

- As part of the Atmanirbhar Bharat Abhiyan, the Centre announced a set of agricultural marketing reforms.
- Significantly, the Centre would deregulate the sale of six types of agricultural produce by amending the Essential Commodities Act, 1955.

### What is the reform proposal made?

- It was decided to remove restrictions and facilitate enhanced marketing freedom for agri-commodities.
- These include amendments to the Essential Commodities Act, 1955.
- The move would deregulate cereals, pulses, oilseeds, edible oils, onions and potato.
- Stock limits will not be imposed on these commodities.
- This is except in case of national calamity or famine or an extraordinary surge in prices.
- Even these stock limits would not apply to processors and exporters.

### What is the rationale?

- The Essential Commodities Act was enacted at a time of food scarcity.
- It now needs to reflect the different concerns of the present times.
- Now, farmers are producing, and there is an abundance of crops.
- Honest exporters would have paid a fair price to the farmer and stocked produce for shipment overseas.
- There are sometimes issues with this because they would want to export, and the Act does not permit it.
- At some other times, the consumers also suffer.
- The Economic Survey, in January 2020, had also recommended abandoning the “anachronistic” Act altogether.
- [The law has nonetheless remained a vital tool.
- It protected consumers from irrational volatility in the prices of essentials by constraining black marketers and hoarders.]

## What are the concerns though?

- Despite the said reasons, total deregulation for foodgrains is fraught with the risk of future inflationary food price spikes.
- Besides these, plans were underway to bring in a facilitative legal framework to oversee contract farming.
- This would provide farmers with assured sale prices and quantities even before the crop is sown.
- It would also allow private players to invest in inputs and technology in the agricultural sector.
- Another proposal aims at bypassing the APMC regime through a central law that would allow farmers the freedom to sell across State borders.
- [Mandi closures during the lockdown had highlighted the urgent need for multiple channels to sell produce.]
- Both these changes, once enacted, could privilege market forces but without necessarily safeguarding food security.
- This is also the time for relief, which should have been prioritised over reform.
- There is an urgent need to map farmers' current needs and provide relief.
- So, alongside the reforms, the government could consider increasing income support to Rs. 10,000 from the current Rs. 6000 per year under the PM-KISAN scheme, at least for this year.

## What are the other decisions made?

- **Infrastructure** - There is currently a noticeable lack of adequate cold-storage facilities.
- This continues to extract a high price on farmers and the agrarian economy.
- Post-harvest losses, especially in perishables, are a major concern.
- Given this, Rs. 1-lakh crore fund to finance agriculture infrastructure projects at the farm gate and produce aggregation points was announced.
- The decision to channel the funds to agricultural cooperatives, farmer producer organisations, rural entrepreneurs and start-ups is encouraging.
- It lays the onus of creating the appropriate infrastructure or logistics solution largely on the principal beneficiaries, the farmers themselves.
- The move addressed the needs of fishworkers, livestock farmers, vegetable growers, beekeepers and related activities.
- **Enterprises** - A Rs. 10,000 crore scheme to promote the formalisation of micro food enterprises was also unveiled.
- A cluster approach focused in different regions on signature produce was suggested.
- The goal is to assist unorganised enterprises in scaling up food safety

standards to earn the products certification and build brand value.

- **Inter-State trade** - The Centre has been attempting to reform agricultural marketing through a model Act, for the States to adopt.
- However, it now intends to enact a central law to allow farmers to sell produce at attractive prices beyond the current mandi system.
- This is intended at facilitating barrier-free inter-State trade and e-trading.
- While agricultural marketing remains on the State list, inter-State trade falls in the central list. And so, the Centre enacting a law on the latter was justified.
- Overall, the reform package may be more beneficial in the longer term.
- However, it may not provide any immediate relief from the lockdown-driven distress in the rural hinterland.

**Source: The Hindu**



**IAS PARLIAMENT**

*Information is Empowering*

A Shankar IAS Academy Initiative