



## Dalwai Committee Draft Report

### Why in news?

\n\n

The Committee on Doubling Farmers' Income has released a draft report.

\n\n

### What are the major recommendations?

\n\n

\n

- **Agricultural Marketing** - The committee has called for placing agricultural marketing in the **Concurrent list**.

\n

- This would facilitate the **one-India market concept**.

\n

- Also, while cultivation is geographically limited, marketing has no boundaries which necessitates a pan-India level operation to meet the demand across the country.

\n

- It has also recommended greater private sector participation in agri-marketing and logistics.

\n

\n\n

\n

- **State Level Measures -**

\n

\n\n

\n

1. Creation of better physical infrastructure.

\n

2. Improved price information dissemination campaigns.

\n

3. Reforming regulations that force farmers to sell their produce to local monopolies.

\n

\n\n

\n

- **Producer Organisations** - It suggested increasing the number of farmer producer and village producer organisations (FPO/VPO).

\n

- **FPOs and VPOs** could play a critical role in integrating the small and marginal farmers into the agricultural market system.

\n

- Each FPO/VPO would cover 1,000 farmers and/or 1,000 hectares.

\n

- It also called for amending the Companies Act to facilitate private sector shareholding in FPOs up to 26 per cent.

\n

- Also, incentivising them by treating them at par with cooperative societies would be of help.

\n

- **Marketing system - Wholesale** - The current agricultural marketing system comprises of Agricultural Produce Marketing Committees (APMCs) which operate principal markets and their extended sub-market yards.

\n

- It is suggested that State Governments may convert these principal and sub-market yards into full-fledged and independent markets.

\n

- **Private** - While this will help improve the number of wholesale markets, the remaining requirement has to be met by promoting private markets.

\n

- This could be done under the provisions of the proposed Agricultural Produce and Livestock Marketing, (Promotion and Facilitation) Act, 2017 (**APLM**).

\n

- The committee has also urged the Union Agriculture Ministry to roll out the Model APLM Rules so that States can make the act operational.

\n

- **Rural** - It suggested upgrading the existing rural periodical markets as **Primary Rural Agricultural Markets** for meeting the rural retail markets demand.

\n

- It also highlighted the need for both the Centre and the States/UTs constituting special purpose vehicles to own and operate the **National Agriculture Market**.

\n

- These suggestions are in line with achieving the desired market density (wholesale and rural retail markets) to build a pan-India system.

\n

- **Other recommendations** - The committee has opined that small and marginal farmers would benefit from an efficient marketing system only if they have the withholding capacity.

\n

- For this, the committee has suggested offering **pledge finance** i.e. post-harvest loan against produce as collateral.

\n

- Upgrading storage godowns, including cold storages is a prerequisite to make available Negotiable Warehouse Receipts for these loans.

\n

- The Ministry has to develop comprehensive guidelines to promote warehouse-based post-harvest loans and eNWR (Negotiable Warehouse Receipts) based trading.

\n

- There is also a need to orient financial institutions to participate in the pledge loan system.

\n

\n\n

## Quick Facts

\n\n

## Dalwai Committee

\n\n

\n

- The government announced to double farm incomes by 2022 in its Union Budget 2016-17.

\n

- In line with this it appointed an 8-member inter-ministerial committee headed by Ashok Dalwai, to consider major reforms in agriculture sector.

\n

- It was tasked to prepare a blueprint for transition of farm policies from being production oriented to based on incomes or value addition.

\n

\n\n

## FPO/VPO

\n\n

\n

- A Farmer Producer Organisation is a kind of a hybrid company between cooperative societies and private limited companies.

\n

- The objective of the concept is to organize farmers into a collective to improve their bargaining strength in the market.

\n

- They are owned and governed by shareholder farmers (or artisans) and administered by professional managers.

\n

\n\n

\n\n

**Source: BusinessLine**

\n\n

\n



**IAS PARLIAMENT**

*Information is Empowering*

A Shankar IAS Academy Initiative