

## GS PAPER 3

### ***Agriculture-Nov'18***

#### **Maharashtra Dismantles APMCs Act**

*Syllabus: Storage, transport and marketing of agricultural produce and issues and related constraints*

#### **In News**

- Maharashtra has become the *second state after Bihar* to allow trade in all farm commodities, including livestock, outside the regulated Agriculture Produce Market Committee (APMC) wholesale markets or mandis.
- An ordinance by the Maharashtra government has amended **the Maharashtra Agriculture Produce Marketing (Development and Regulation) Act, 1963**. This Act had made it mandatory for farmers to sell all their crops after harvest in mandis within a geographically delineated market area under the particular APMC's jurisdiction.
- But the amendment now curtails the supervisory powers of APMCs only within its own principal market yard, sub-market yard and market sub-yard. The APMC shall henceforth not regulate marketing of agricultural produce and livestock in its delineated market area.

#### **Impact**

- ***Direct dealing:*** The buyers can strike deals with farmers right at the farm gate and the point of first sale does not have to be an APMC-regulated mandi. Thus, it will enable solvent extraction and oil expeller units, dal millers, ginners, animal feed makers, and other big processors and traders to deal directly with farmers.
- ***No requirement of paying fee:*** The APMCs can continue to levy a cess/market fee on the produce brought and traded in their mandis. But these levies ranging from **0.8 per cent to 1 per cent** of the value of purchase cannot be charged on trades outside the mandi. Moreover, as no APMC cess/market fee will be levied on their purchases, procurer will be incentivized to make such direct purchases or even pass on some of the savings to farmers.
- ***Benefit for farmers:*** Farmers, too, would be spared the burden of transporting their produce to the mandi, apart from incurring expenses towards loading, unloading and weighing.
- ***Impact on APMC Mandis:*** The APMC mandis will be forced to invest in infrastructure and improve their quality of services to attract farmers and buyers. The farmer till now had no choice but to bring his produce to the mandi or sell it at throwaway prices to a village level aggregator.
- ***Introduces competition:*** The ordinance does is to introduce competition in the market. The farmer may still choose to sell at the mandi, if he gets a better price there than from selling at the farm gate.

#### **NITI Aayog On Export Of Agricultural Items**

*Syllabus: Storage, transport and marketing of agricultural produce and issues and related constraints*

#### **In News**

- NITI Aayog has argued against any abrupt restrictions on agriculture exports to meet domestic demand.
- Currently, India exports a large number of agriculture commodities annually. However, this is subject to stable domestic market, which means if demand goes up or prices soar in the domestic market, the government immediately stops exports mid-way as a result of which India is rarely seen as a consistent supplier of agri-commodities to overseas destinations.
- India's share in global exports of agriculture products **rose from 1%** a few years ago to **2.2% in 2016**. It is currently **ranked 9<sup>th</sup>** among exporters globally.

#### NITI Aayog's View

- **Exceptional Situation:** Restriction on export should be resorted to in exceptional situations and producers should know well in advance of impending restrictions.
- **Defining The Trigger:** Export restrictions be based on the principle trigger that the producer knows in advance.
- **Dedicated Exports:** The Aayog is also of the view that agriculture production in India should have dedicated focus on exports and certain amount of all produce should be dedicated to exports. Thus, India should not be exporting residual produce but producing exclusively for exports.
- **Focus Areas:** Aayog also suggested that India should focus on export of niche and value added products like condiments, spices and horticulture products, increase investment in infrastructure and introduce agriculture reforms as immediate measure to boost exports.
- **Cluster Based Approach:** Further, it suggested to adopt a cluster base approach for agriculture commodity exports so that quality products can be exported that complies with the *international phytosanitary standards*.
- **Role of Embassies:** The Indian embassies should be strengthened to get market intelligence and intervene when exporters have issues in these countries.

**Farm to... Foreign Land**

NITI AAYOG argues against abrupt restrictions on agri exports

SAYS AGRI production in India should have dedicated focus on exports


CURRENTLY, exports are subject to stable domestic market

Govt's focus has moved from **farm land** to **foreign land**

This is to help take agri exports to **\$60 b by 2022**

India's share in global exports of agri products rose from **1%** a few years ago to **2.2%** in 2016

It is currently ranked **ninth** among exporters globally



#### Final Analysis

- If Aayog's suggestion is accepted by the government this would ensure that Indian agriculture commodities have a dedicated market overseas as the focus of government **moves from farm land to foreign land** to help take India's agriculture exports to **\$60 billion by 2022**.
- Moreover, the government should focus on strengthening India's existing market share of traditional items like tea, spices, cotton, rice, grapes and pomegranates while simultaneously tapping new markets.

#### Government Planning For DBT Route For Agricultural Power Subsidy

*Syllabus: Issues related to direct and indirect farm subsidies and minimum support prices*

#### In News

The government is considering paying a part of the agriculture power subsidy directly to farmers, instead of free or cheap electricity, as part of a move to rationalize farm sector subsidies.

#### **The Possible Impact**

- **Boost Overall Economy:** The proposal, if it goes through, is expected to put more money into the hands of farmers, enabling more investments in the industry and higher consumption to boost the overall economy.
- **Fiscal Deficit:** A high-level committee, chaired by NITI Aayog member **Ramesh Chand**, has recommended that more than half a dozen subsidies to agriculture, amounting to over Rs. 2.2 lakh crore or Rs. 11,340 crore per hectare, should be reconsidered to ensure that there is no over utilization or wastage of subsidized power and urea. One of the key recommendations of the committee is to let farmers pay for the power used as per metre and this subsidy will be reimbursed under direct benefit transfer (DBT). The power subsidy stands at over *Rs. 90,000 crore*.
- **Negative Consequences:** As the resources like power not being charged to the farmer, there has been over-exploitation of water resources, leading to a drop in water table and creation of scarcity situation for water and power.