

PM CHAIRS CABINET MEETING TO GIVE HISTORIC BOOST TO RURAL INDIA

Relevant for: Indian Economy | Topic: Transport & Marketing of agricultural produce

The Union Cabinet chaired by Prime Minister Shri Narendra Modi met on 3rd June, 2020. Several landmark and historic decisions were taken in the meeting, which will go a long way in helping India's farmers while also transforming the agriculture sector.

Historic Amendment to Essential Commodities Act

The Cabinet today approved historic amendment to the Essential Commodities Act. This is a visionary step towards transformation of agriculture and raising farmers' income.

Background

While India has become surplus in most agri-commodities, farmers have been unable to get better prices due to lack of investment in cold storage, warehouses, processing and export as the entrepreneurial spirit gets dampened due to hanging sword of Essential Commodities Act. Farmers suffer huge losses when there are bumper harvests, especially of perishable commodities. With adequate processing facilities, much of this wastage can be reduced.

Benefits

With the amendment to Essential Commodities Act, commodities like cereals, pulses, oilseeds, edible oils, onion and potatoes will be removed from list of essential commodities. This will remove fears of private investors of excessive regulatory interference in their business operations.

The freedom to produce, hold, move, distribute and supply will lead to harnessing of economies of scale and attract private sector/foreign direct investment into agriculture sector. It will help drive up investment in cold storages and modernization of food supply chain.

Safeguarding interest of consumers

The Government, while liberalizing the regulatory environment, has also ensured that interests of consumers are safeguarded. It has been provided in the Amendment, that in situations such as war, famine, extraordinary price rise and natural calamity, such agricultural foodstuff can be regulated. However, the installed capacity of a value chain participant and the export demand of an exporter will remain exempted from such stock limit imposition so as to ensure that investments in agriculture are not discouraged.

The amendment announced will help both farmers and consumers while bringing in price stability. It will create competitive market environment and also prevent wastage of agri-produce that happens due to lack of storage facilities.

Barrier-free trade in agriculture produce

Cabinet approved 'The Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020'.

Background

Farmers in India today suffer from various restrictions in marketing their produce. There are restrictions for farmers in selling agri-produce outside the notified APMC market yards. The farmers are also restricted to sell the produce only to registered licensees of the State Governments. Further, Barriers exist in free flow of agriculture produce between various States owing to the prevalence of various APMC legislations enacted by the State Governments.

Benefits

The Ordinance will create an ecosystem where the farmers and traders will enjoy freedom of choice of sale and purchase of agri-produce. It will also promote barrier-free inter-state and intra-state trade and commerce outside the physical premises of markets notified under State Agricultural Produce Marketing legislations. This is a historic-step in unlocking the vastly regulated agriculture markets in the country.

It will open more choices for the farmer, reduce marketing costs for the farmers and help them in getting better prices. It will also help farmers of regions with surplus produce to get better prices and consumers of regions with shortages, lower prices. The ordinance also proposes an electronic trading in transaction platform for ensuring a seamless trade electronically.

The farmers will not be charged any cess or levy for sale of their produce under this Act. Further there will be a separate dispute resolution mechanism for the farmers.

One India, One Agriculture Market

The ordinance basically aims at creating additional trading opportunities outside the APMC market yards to help farmers get remunerative prices due to additional competition. This will supplement the existing MSP procurement system which is providing stable income to farmers.

It will certainly pave the way for creating One India, One Agriculture Market and will lay the foundation for ensuring golden harvests for our hard working farmers.

Farmers empowered to engage with processors, aggregators, wholesalers, large retailers, exporters

Cabinet approved 'The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020'.

Background

Indian Agriculture is characterized by fragmentation due to small holding sizes and has certain weaknesses such as weather dependence, production uncertainties and market unpredictability. This makes agriculture risky and inefficient in respect of both input & output management.

Benefits

The ordinance will empower farmers for engaging with processors, wholesalers,

aggregators,wholesalers, large retailers, exporters etc., on a level playing field without any fear of exploitation. It will transfer the risk of market unpredictability from the farmer to the sponsor and also enable the farmer to access modern technology and better inputs. It will reduce cost of marketing and improve income of farmers.

This Ordinance will act as a catalyst to attract private sector investment for building supply chains for supply of Indian farm produce to global markets. Farmers will get access to technology and advice for high value agriculture and get ready market for such produce.

Farmers will engage in direct marketing thereby eliminating intermediaries resulting in full realization of price. Farmers have been provided adequate protection. Sale, lease or mortgage of farmers' land is totally prohibited and farmers' land is also protected against any recovery. Effective dispute resolution mechanism has been provided for with clear time lines for redressal.

Government committed to the cause of farmer welfare

A series of steps were announced as part of the Atmanirbhar Bharat Abhiyaan to provide a boost to those engaged in agriculture and allied activities. These include provision of concessional credit through Kisan Credit Cards, financing facility for agri-infra projects, Pradhan Mantri Matsya Sampada Yojana and other measures to strengthen fisheries, vaccination against Foot & Mouth Disease and Brucellosis, Herbal Cultivation promotion, boost to beekeeping, Operation Green etc.

Through PM KISAN, over 9.54 crore farmer families(as on first June 2020) have benefited and an amount of Rs. 19,515 crore has been disbursed so far during the lockdown period. An Amount of Rs. 8090 crore has been paid during lockdown period under PMFBY.

These steps are only the latest in a series of measures taken by the government, which shows its continuous commitment to championing the cause of welfare of the hardworking farmers of India.

VRRK/SH

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