

END OF A MONOPOLY

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

Agriculture is a state subject under the Constitution, but the Green Revolution wouldn't have happened without the political leadership at the Centre in 1966 approving the import of 18,000 tonnes of seeds of high-yielding semi-dwarf wheat varieties from Mexico. The same goes for the [Narendra Modi](#) government's decision now to enact a Central law to [dismantle the monopoly of agricultural produce market committee](#) (APMC) mandis in the wholesale trading of farm commodities. It's all very well to say that "agriculture" and "markets and fairs" fall under the State List of the Seventh Schedule. However, state governments have done very little all these years to remove barriers to trade in farm produce. Farmers, like any businessmen, should have the freedom to sell their produce to anyone, anywhere and anytime. This, in turn, is also contingent upon processors, traders, retailers or exporters being able to buy directly from them.

Unfortunately, most state APMC laws today permit first sale of farm produce to take place only in notified mandis within the particular tehsils or talukas. Buyers, too, need to obtain individual licenses from each APMC in order to transact. While some states are granting single unified market licenses and allowing direct procurement from farmers, even they require payment of APMC fee — whether or not they are using the infrastructure of the local mandi. Effectively, then, there is no national market for agricultural commodities. What we have, instead, are some 2,500 markets controlled by commission agents, who mediate between sellers and buyers even when not required. This arrangement is anathema to the spirit of liberalisation and also goes against Article 301 of the Constitution, which envisages freedom of trade and commerce "throughout the territory of India". If states haven't really freed agricultural produce trading even within their own territories, the Centre is well within its rights to enact a law using the provisions of entry 33 of the Concurrent List. The latter specifically deals with agricultural produce, including "foodstuffs", "cattle fodder" and "raw cotton".

In an ideal situation, from a cooperative federalism perspective, the initiative for APMC reforms should have come from the states themselves. But there have been times — whether it had to do with the Green Revolution or the nod to Bt cotton cultivation in 2002 — when the Centre had to necessarily take the lead. The Modi government must make it clear that the objective behind its proposed law is not to dismantle APMCs. Farmers will continue to bring their produce to mandis that have good infrastructure (auction platforms, weighbridges, godowns, etc) and where they are likely to find more buyers (Andhra Pradesh's [Guntur](#) Mirchi Yard for chilli and the Unjha APMC of Gujarat for jeera are good examples). But that should be a matter of choice, both for farmers and buyers. APMC monopoly has to go.

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