
THE MODEL ACT OF 2003 ON AGRICULTURAL PRODUCE MARKET COMMITTEE

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1. BACKGROUND AND CONTEXT OF THE MODEL ACT

State Agricultural Produce Market Committee Acts are responsible for regulating agricultural markets in India. These markets are supervised by Market Committees set up by respective state governments. Wholesale marketing in these market areas is not allowed by any agent or person as it falls under the jurisdiction of Market Committees. Such a government monopoly of wholesale markets is done in order to prevent growth of competitive marketing systems in India. What such a monopoly entails is, help to farmers in direct marketing, organizing retailing, a smooth raw material supply to agro-processing industries and adoption of innovative marketing system and technologies.¹

Development of the agricultural sector through increased production is the primary aim of agricultural marketing. The importance of liberalised agricultural markets is domestically and globally recognised. At this backdrop, the Ministry of Agriculture formulated a Task Force. This task force gave recommendations for promotion of new and competitive Agricultural Market in private and cooperative sectors to encourage direct marketing and contract farming programmes, facilitate industries and large trading companies to undertake procurement of agricultural commodities directly from the farmer's fields and to establish effective linkages between the farm production and retail chains.² A need for integration of farm production in consonance with global markets was felt in order to make farmers capable to draft market driven production plan with help of advanced practices of marketing.

It was observed that the current State Agricultural Produce Market Committee Acts

would require tailor cuts in order to develop agricultural markets in private as well as cooperative sectors. Such changes would enhance a level competitive environment for regulated markets. Another notable change required is private investments in different models of markets for its ownership, establishment and operation. Management in current government regulated markets can be enhanced by promotion of public private partnership.

Keeping in mind the requirement of amendments in law to promote direct marketing and contract farming arrangements, the need for enactment of new model law for agricultural Market was felt and proposed.

2. ABOUT THE MODEL ACT

It was observed that owing to liberalization of trade in agricultural commodities, agriculture marketing has increased importance. This is so as it benefits the farmers as well as integrates the internal agricultural marketing system. In this backdrop, the Government of India through the Ministry of Agriculture appointed an Expert Committee on 19th December 2000 and an Inter-Ministerial Task Force.³ Both the constituted bodies were held responsible for reviewing the present system of agricultural marketing in the country and to recommend measures to make the system more efficient and competitive.

Some of the major suggestions given by them in June, 2001 and May, 2002 include ease of control over agricultural marketing in India in order to enable increased participation of private sector and facilitate rise in investments for marketing infrastructure. These reforms were proposed for improving agricultural marketing system by using policies.

3. FEATURES OF THE MODEL ACT

The recommendations contained in these Reports were discussed at the National Conference of State Ministers organized by the Ministry of Agriculture, Govt. of India at Vigyan Bhavan, New Delhi on 27th September 2002 and later by a Standing Committee of State Ministers constituted for the purpose under the chairmanship of Sri Hukumdeo

Narayan Yadav, Union Minister of State for Agriculture on 29th January 2003. In the Conference as well as the Standing Committee, State Governments expressed the view that reforms in the agricultural marketing sector were necessary to move away from a regime of controls to one of regulation and competition. In view of liberalization of trade and emergence of global markets, it was necessary to promote development of a competitive marketing infrastructure in the country and to bring about professionalism in the management of existing market yards and market fee structure. While promoting the alternative marketing structure, however, Government needs to put in place adequate safeguards to avoid any exploitation of farmers by the private trade and industries. For this, there was a need to formulate model legislation on agricultural marketing.⁴

Chapter I of Act deals with short title and important definitions. Chapter II deals with establishment of markets. There are provisions in this chapter regarding notification of Intention of developing and regulating marketing of Notified Agricultural produce in specified area; declaration of market area and development and regulation of marketing of specified agricultural produce; Market Yards, Sub-Market Yards, Farmers/ Consumer/ Farmers market and Private Market; Notification of intention to alter limits of or to amalgamate or to split up market areas to de-establish a market; power of State Govt. to issue consequential order with respect to constitution etc. of market committees on alteration of limits, amalgamation or splitting up.

Chapter III enshrines Constitution of Market Committee. The provisions in this chapter deal with establishment of Market Committee and its incorporation; vesting of property of Local authority in Market Committee; acquisition of land for Market Committee; appointment of Officer-in-Charge of Market Committee-pending constitution of first Market Committee; constitution of the Market Committee; Constitution of the Market Committee etc.

Chapter IV gives classification of Market and Special Market. There are provisions regarding Special Market and Special Commodity Market; Constitution of Market

Committee for Special Market; Chairman and Vice chairman for Special market; Executive Committee for Special Market; Chief Executive of the Market Committee of Special Market, Functions & Powers.

Chapter V lays down Conduct of Business and Powers and Duties of Market Committee. This chapter contains various provisions related to Powers and duties of the Market Committee; Appointment of sub-committee and Delegation of Powers; Power to write off irrecoverable fee; Power to remove encroachment on market yard; Use of weighing instruments, weight and measure, their inspection; Mode of making contract etc.

Chapter VI deals with Staff of Market Committee. It gives provisions dealing with Chief Executive Officer of Market Committee and Appointment of staff by the market committee. The concept of Contract Farming dealt under Chapter VII. There is specific provision as to Procedure and Form of contract farming agreement under Section 38.

Regulation of Trading is dealt under Chapter VIII which contains Sections 39 to 56. The preliminary sections deal with regulation of market, terms of sale and purchase and permission for transportation of notified agricultural produce in markets. Every market committee is empowered to levy market fee for sale or purchase of notified agricultural produce. Persons who wish to operate in the market area in the capacity of trader, surveyor and so on is required to be registered by the market committee. The chapter discusses requisites for establishment of private yards and consumer/farmer market.

Chapter IX discusses Budget and Market Committee Fund under Sections 57 to 59. The market committee is responsible for preparation and sanction of budget of its income and expenditure for each year. All the money should be dealt under the Market Committee Fund.

Provisions regarding the constitution, functions and powers of State Agricultural Marketing Board can be found under sections 60 to 86 of Chapter X. The chapter talks

about appointment of managing director, officers and employees of the Board. It contains particulars as to the powers, duties, functions, resignation, disqualification and conduct of business of board.

Various penalties such as penalty for contravention of provisions of the Act, recovery of market dues and cognizance of offences are mentioned under Chapter XI comprising of sections 87 to 89.

Chapter XII talks about provisions of inspection of markets and inquiry into the affairs of Market Committee, powers to remove members from the committee and supersession of Board. Additionally, this chapter provides for power of State to amend schedule and to give directions. It talks about types of bar to suit.

Power to make rules and bye-laws are dealt under section 109 and 110. While the final chapter of the Act i.e. Chapter XIV discusses repeal and savings in section 111 and 112. It also states that the State Government has the power to make any suitable order if any difficulty is faced in the implementation of this Act.

4. BENEFITS ENVISIONED UNDER THE MODEL ACT (SALIENT FEATURES OF THE ACT FROM DOCUMENT)

The title of Act is the "State Agricultural Produce Marketing (Development and Regulation) Act, 2003" which emphasises an object of this Act. An objective of Act specifically highlights development of Agriculture Produce Marketing and development along with regulation. An objective of Act- "An Act to provide for improved regulation in marketing of agricultural produce, development of efficient marketing system, promotion of agri-processing and agricultural export and the establishment and proper administration of markets for agricultural produce in the State of _____, and whereas, it is expedient to put in place an effective infrastructure for marketing of agricultural produce and lay down procedures and systems thereto..." gives an idea about development and regulation of Agriculture Produce Markets.

By virtue of Section 3, legal persons, growers and other local authorities are allowed to apply for establishing new markets for agricultural produce in any area. As per existing law State Governments take an initiative to setup these markets. Later, in market area; private persons, farmers and consumers may establish more than one market. Section 14 enshrines that it is not compulsory for growers to sell their produce through existing markets administered by Agricultural Produce Market Committee. As far as election is concerned, an agriculturist who does not bring his produce to market area for sale is not eligible for election. Thus, that becomes an eligibility criteria for contesting an election.

Section 20 makes separate provision for notification of 'Special Markets'/'Special Commodities Markets' in any market area for specified agricultural commodities to be operated in addition to existing markets. The responsibilities of APMC are: (a) to ensure complete transparency in pricing system and transactions take place at market area (b) to provide market-led extension services for farmers (c) to ensure payment for agricultural produce sold by farmers on same day (d) to promote agricultural processing including value addition activities in agriculture produce (e) to publish data regarding arrivals and rates of agricultural produce brought into the market area for sale (f) to setup and promote public private partnership for managing agricultural markets. As per section 36, there is a provision for the appointment of Chief Executive Officer of the Market Committee from among the professionals drawn from open market.

Chapter VII of the Act enshrines 'Contract Farming'. Contract farming is defined as a system for the production and supply of agricultural/horticultural produce under forward contracts between producers/suppliers and buyers. The essence of such an arrangement is the commitment of the producer/ seller to provide an agricultural commodity of a certain type, at a time and a price, and in the quantity required by a known and committed buyer. Contract farming refers to a varied formal and informal agreement made between producers and processors/buyers. It includes loose buying arrangements, simple purchase agreement and supervised production with input provision,

with tied loans and risk coverage. In this farming process, a farmer agrees to provide specific agricultural products that meet the standards determined by the purchaser. In return, the buyer commits to purchase and support the production by supplying farm input, land preparation and the provision of technical advice. Chapter VII provides for compulsory registration of all contract farming sponsors, recording of contract farming agreements, resolution of disputes, if any, arising out of such agreement, exemption from levy of market fee on produce covered by contract farming agreements and to provide for indemnity to producers' title/ possession over his land from any claim arising out of the agreement. Model specification of contract farming agreements provided in the Addendum to the model law. Chapter VII makes provision for direct sale of farm produce to contract farming sponsor from farmers' field without the necessity of routing it through notified markets.

According to section 42; there is provision for imposition of single point levy of market fee on the sale of notified agricultural commodities in any market area and discretion provided to the State Government to fix graded levy of market fee on different types of sales. As per section 44, licensing of market functionaries is dispensed with and a time bound procedure for registration is laid down. Registration for market functionaries provided to operate in one or more than one market areas. Section 50 is especially for dispute resolution for disputes arising if any between private market, consumer market and market committee.

As per section 56, State governments have conferred the power to exempt any agricultural produce brought for sale in market area, from payment of market fee. Market committees are allowed to utilise their funds among others to create facilities of grading, standardization and quality certification. Also, these funds can be used for creating infrastructure on their own or through public private partnership for post-harvest handling of agricultural produce and development of modern marketing system. Chairmanship of State Agricultural Marketing Board has two options: (1) Minister in-charge of Agricultural Marketing as ex-officio (2) alternatively to be elected by the Chairman/ members of

Market Committees. State Agricultural Marketing Boards have following responsibilities: (1) to setup separate marketing extension cell in Board to provide market-led services to farmers (2) to promote grading, standardization and quality certification of notified agricultural produce and for the purpose to setup a separate Agricultural Produce Marketing Standards Bureau. There is provision under section 79 for utilising the funds of State Agricultural Marketing Board for (1) market survey, research, grading, standardization, quality certification (2) development of quality testing and communication infrastructure (3) development of media, cyber and long distance infrastructure relevant to marketing of agricultural and allied commodities.

5. AGRICULTURAL PRODUCE MARKET COMMITTEE AND E-NAM PORTAL⁵

National Agriculture Market (eNAM) is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities. Small Farmers Agribusiness Consortium (SFAC) is the lead agency for implementing eNAM under the aegis of Ministry of Agriculture and Farmers' Welfare, Government of India. According to the website, one of the stakeholders are APMCs which is Agricultural Produce & Livestock Market Committee established under the provisions of Agricultural Produce and Livestock Marketing (Promotion and Facilitating) Act (APLM), 2017.

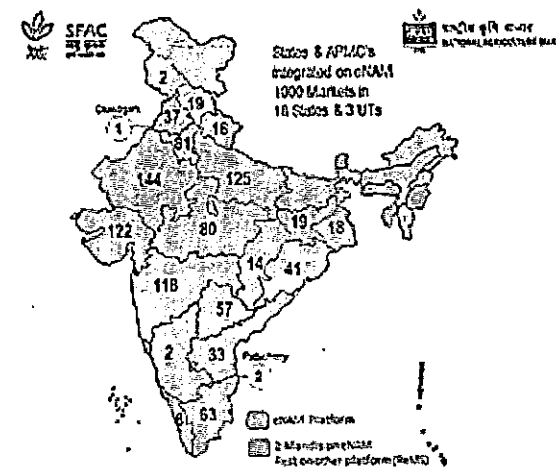
Vision

To promote uniformity in agriculture marketing by streamlining of procedures across the integrated markets, removing information asymmetry between buyers and sellers and promoting real time price discovery based on actual demand and supply.

Mission

Integration of APMCs across the country through a common online market platform to facilitate pan-India trade in agriculture commodities, providing better price discovery through transparent auction process based on quality of produce along with timely online

payment. The image below represents e-NAM coverage in the country mentioned on their website as on 12.04.2022.



How can Agricultural Produce Market Committees join e-NAM?

States (State Agriculture Marketing Boards) interested to integrate their APMCs / mandis with NAM are required to carry out following reforms in their APMC Act.

- Single trading license (Unified) to be valid across the state
- Single point levy of market fee across the state; and
- Provision for e-auction/ e-trading as a mode of price discovery

Benefits of e-NAM

- Free Software for System integration / Automation of recording transactions
- Complete information on trade
- Real time arrival recording
- Analyze price trends, arrival and trading activities
- Automated record of financial information- Reduction in man-power requirement

- ¹ GRICOOP, <https://www.agricoop.nic.in/sites/default/files/apmc.pdf> (last visited Apr. 12, 2022)
- ² DIRECTORATE OF MARKETING & INSPECTION, <http://www.dmi.gov.in/Documents/ReportTaskForceAMR.pdf> (last visited Apr. 13, 2022)
- ³ Model Act – State Agricultural Produce Marketing (Development & Regulation) Act, 2003, Preface
- ⁴ Directorate of Marketing and Inspection (DMI), <https://dmi.gov.in/Documents/Marketing.pdf> (last visited April 12, 2022)
- ⁵ NATIONAL AGRICULTURE MARKET, <https://enam.gov.in/web/> (last visited Apr. 12, 2022)

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