# APMC Markets - From being a Solution to a Problem

## What is the issue?

In the light of the ongoing farmer protests, here is a look at how APMC (Agriculture Produce Market Committee) markets went from being a solution to a problem.

## How did the APMC act help?

- From the 1960s, there have been concerted efforts to bring all wholesale markets for agricultural produce in various states under the Agriculture Produce Market Regulation (APMR) acts.
- All states, except Kerala, Jammu and Kashmir and Manipur, enacted such laws.
- The APMC Acts mandated that the sale/purchase of agricultural commodities is carried out in a specified market area.
- Producer-sellers or traders pay the requisite market fee, user charges, levies and commissions for the commission agents (arhatias).
- These charges were levied irrespective of whether the sale took place inside APMC premises or outside it.
- Also, the charges varied widely across states and commodities.
- In the initial years, APMC acts helped remove malpractices.
- It freed the farmers from the exploitative power of middlemen and mercantile capital.
- The golden period for APMC markets lasted till around 1991.

## How did APMCs become a problem then?

- With time, there was a considerable loss in growth in market facilities.
- By 2006, it had declined to less than one-fourth of the growth in crop output after which there was no further growth.
- This increased the woes of Indian farmers.
- Market facilities did not keep pace with the increase in output.
- But regulation did not allow farmers to sell outside APMC markets.
- So, the farmers were left with no choice but to seek the help of middlemen.
- Due to poor market infrastructure, more produce is sold outside markets than in APMC mandis.
- The net result was a system of interlocked transactions that robs farmers of

their choice to decide to whom and where to sell.
- This, ultimately, subjected farmers to exploitation by middlemen.
- Over time, APMC markets have been turned from infrastructure services to a source of revenue generation.
- In several states, commission charges were increased without any improvement in the services.
- And to avoid any protests from farmers against these high charges, most of these were required to be paid by buyers like the FCI (Food Corporation of India).
- This resulted in a heavy burden on the Centre.
- It also increased the logistics cost for domestic produce and reduced trade competitiveness.

- Given the above drawbacks, successive governments at the Centre made attempts to persuade the states to make appropriate changes in their APMC acts.
- But for 18 long years, the progress in reforms remained slow.

## What is the latest move?

- It is in the above backdrop that the Farmers' Produce Trading and Commerce Act 2020 (FPTC Act) was brought in. Click here to know more on farm reform laws.
- The FPTC Act gives farmers the freedom to sell and buy farm produce at any place in the country.
- They can sell and buy in APMC markets or outside the mandated area, to any trader, like sale of milk.
- The Act also allows transactions on electronic platforms to promote e-commerce in agriculture trade.

**Source: The Indian Express**

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