APMC Reforms

What is the issue?

- The Central government will enact a law to dismantle the monopoly of APMC mandis in the wholesale trading of farm commodities.
- The initiative for APMC reforms should have come from the states.

What is the similarity?

- **1966** - Agriculture is a state subject under the Constitution.
- But the Green Revolution wouldn't have happened without the Centre approving the import of 18,000 tonnes of seeds of high-yielding wheat varieties from Mexico in 1966.
- **Now** - The same goes for the Centre's decision to enact a Central law to dismantle the monopoly of the Agricultural Produce Market Committee (APMC) mandis in wholesale trading of farm commodities.
- It is all very well to say that "agriculture" and "markets and fairs" fall under the State List of the Seventh Schedule.

What the state governments should have done?

- In an ideal situation, from a cooperative federalism perspective, the initiative for APMC reforms should have come from the states.
- 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.
- But there have been times (for Green Revolution or the nod to Bt cotton cultivation in 2002) when the Centre had to necessarily take the lead.

What is the justification?

- Most state APMC laws 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.
- Effectively, there is no national market for agricultural commodities.

- Instead, there 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.**
- This arrangement also goes against **Article 301** of the Constitution.
- [Article 301 - Freedom of trade and commerce throughout the territory of India]
- If states haven't freed agricultural produce trading 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".

How the Central law should be?

- The Central 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 and where they are likely to find more buyers.
- But that should be a **matter of choice**, both for farmers and buyers, not APMC.

Source: The Indian Express

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