Dalwai Committee Draft Report

Why in news?

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The Committee on Doubling Farmers' Income has released a draft report.

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What are the major recommendations?

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- **Agricultural Marketing** - The committee has called for placing agricultural marketing in the **Concurrent list**.
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- This would facilitate the **one-India market concept**.
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- Also, while cultivation is geographically limited, marketing has no boundaries which necessitates a pan-India level operation to meet the demand across the country.
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- It has also recommended greater private sector participation in agri-marketing and logistics.
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- **State Level Measures** -
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1. Creation of better physical infrastructure.
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2. Improved price information dissemination campaigns.
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3. Reforming regulations that force farmers to sell their produce to local monopolies.
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- **Producer Organisations** - It suggested increasing the number of farmer producer and village producer organisations (FPO/VPO).
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- **FPOs and VPOs** could play a critical role in integrating the small and marginal farmers into the agricultural market system.
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- Each FPO/VPO would cover 1,000 farmers and/or 1,000 hectares.
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- It also called for amending the Companies Act to facilitate private sector shareholding in FPOs up to 26 per cent.
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- Also, incentivising them by treating them at par with cooperative societies would be of help.
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- **Marketing system** - **Wholesale** - The current agricultural marketing system comprises of Agricultural Produce Marketing Committees (APMCs) which operate principal markets and their extended sub-market yards.
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- It is suggested that State Governments may convert these principal and sub-market yards into full-fledged and independent markets.
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- **Private** - While this will help improve the number of wholesale markets, the remaining requirement has to be met by promoting private markets.
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- This could be done under the provisions of the proposed Agricultural Produce and Livestock Marketing, (Promotion and Facilitation) Act, 2017 (**APLM**).
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- The committee has also urged the Union Agriculture Ministry to roll out the Model APLM Rules so that States can make the act operational.
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- **Rural** - It suggested upgrading the existing rural periodical markets as **Primary Rural Agricultural Markets** for meeting the rural retail markets demand.
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- It also highlighted the need for both the Centre and the States/UTs constituting special purpose vehicles to own and operate the **National Agriculture Market**.
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- These suggestions are in line with achieving the desired market density (wholesale and rural retail markets) to build a pan-India system.
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- **Other recommendations** - The committee has opined that small and marginal farmers would benefit from an efficient marketing system only if they have the withholding capacity.
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- For this, the committee has suggested offering **pledge finance** i.e.post-harvest loan against produce as collateral.
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- Upgrading storage godowns, including cold storages is a prerequisite to make available Negotiable Warehouse Receipts for these loans.
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- The Ministry has to develop comprehensive guidelines to promote warehouse-based post-harvest loans and eNWR (Negotiable Warehouse Receipts) based trading.
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- There is also a need to orient financial institutions to participate in the pledge loan system.
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Quick Facts

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Dalwai Committee

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- The government announced to double farm incomes by 2022 in its Union Budget 2016-17.
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- In line with this it appointed an 8-member inter-ministerial committee headed by Ashok Dalwai, to consider major reforms in agriculture sector.
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- It was tasked to prepare a blueprint for transition of farm policies from being production oriented to based on incomes or value addition.
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FPO/VPO

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- A Farmer Producer Organisation is a kind of a hybrid company between cooperative societies and private limited companies.

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- The objective of the concept is to organize farmers into a collective to improve their bargaining strength in the market.
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- They are owned and governed by shareholder farmers (or artisans) and administered by professional managers.
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Source: BusinessLine

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