Draft National Policy Framework on Agricultural Marketing

Why in News?

Union Ministry of agriculture and farmer's welfare has recently released draft National Policy Framework on Agricultural Marketing for public comments.

What are the salient features of draft NPFAW?

- **Vision of the policy** - To build a vibrant marketing ecosystem where farmers of all categories find a market of their choice to realise the best price for their produce
- To Improve the efficiency and competition of the markets with multiple marketing channels with transparency, infrastructure, innovative digital technology and agri value chain based marketing.
- **Features of the draft Policy**
    - **Private wholesale markets**- It encourages setting up of whole sale agricultural markets by private players.

There already exists 125 wholesale private markets present in five States.

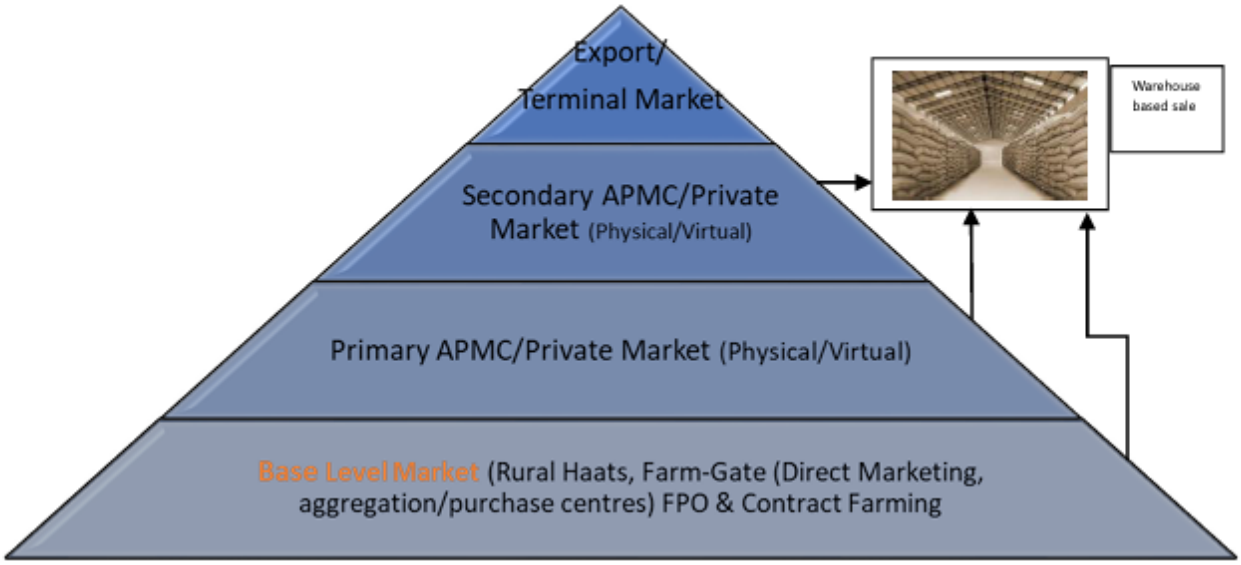


- **Direct purchases** - Direct purchase by processors, exporters, organised retailers, bulk buyers from farm gates
- **Corporate post harvest infrastructures** - Replacement of traditional market yards with corporate warehouses and silos.
- **Unified National Market**- Fixing a unified market fee and trading licence system.
- **Increase marketing option**- Declaring silos/cold storage as deemed market/yard.
- **E-trade** - Allowing establishment and operation of private e-trading platforms.
- **Contract farming** – Enabling agro processing/exporting or trading units enter

into a contract with farmers/FPOs.

- **Federal committee** - Setting up of empowered agricultural marketing reform committee of state agricultural marketing ministers.
- **Promoting GrAMs**- To strengthen/develop 300 grameen haats into GrAMs annually.
- **Modernization** - Leveraging cutting-edge technologies like blockchain, artificial intelligence, and machine learning to modernise supply chains
- **Digital Marketing** - Enhancing the existing e-NAM platform into a comprehensive Digital Marketing Portal to improve transparency.

Ideal market architecture in the country should be in following pyramidal shape.



What are the rationale behind the policy?

- **Enhance farmers' income** - Build a vibrant marketing ecosystem where farmers of all categories find a market of their choice to realise the best price for their produce.
- **Price stability** – To mitigate the uncertainties of market and price.
- **Improve Efficiency** - Create competition in the form of multiple channels of marketing could provide visibility on trade transactions.
- **Integrated output management** - Application of digital public infrastructure like block-chain and online platforms to integrate production and marketing of produces.
- **Unsustainability of APMCs** - APMCs may not sustain long on merely enforcing the marketing regulation and collecting the market fee but they have to be service providers for agri-value chain services.
- **Changed marketing dynamics** - There is a need for creation of end -to -end Value Chain Centric Infrastructure (VCCI) and Digital Infrastructure.

Agri Value Chain (AVC) normally refers to the whole range of goods and services necessary for an agricultural product to move from farm to its final customer.

What are the Issues with the policy?

- **Inadequate research and studies** - There is no independent study about the effectiveness of existing wholesale private markets and the challenges faced them in operation and management.
- **Affects farmers interest** – Farmers might not have bargaining power with private storage infrastructures during price volatility.
- **No benefit sharing** - Lack of regulatory clause to make it mandatory for traders to share a portion of the surplus with the producers.
- **Homogenous policy** – Imposing uniform policy on agri markeing across India neglects the different aspiration of farmers in different states.
- **Impact on federalism** - The Empowered committee affects the power of states to regulate agrimarketing within their state

  Agricultural marketing is a State subject under Entry 28 of List-II (State List) of the VII Schedule under article 246 of the Constitution.

- **Inadequate price assurances** – Lack of provision for minimum support prices or to support farmers during distress sale.

What lies ahead?

- Inclusion of price assurance mechanisms to farmers during distress sale.
- Provision of space for states to make changes in the policy based on the regional needs.
- Conduct performance analysis study on private markets functioning in the country and evaluate their effectiveness in improving farmers interest.
- Regulation of corporate and private players entries and performance into the agri marketing.

References

[The Hindu | Draft National Policy Framework on Agricultural Marketing]

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