



Ordinance to Check APMCs: Gujarat

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Why in News

Recently, **Gujarat's state government** has cleared the **Gujarat Agricultural Produce Markets (Amendment) Ordinance 2020**.

It has ended the monopoly of state-run **Agricultural Produce Market Committees (APMCs)** and has allowed private entities to set up their own market committees or sub-market yards.

Key Highlights of the Ordinance

- **Restrictions on Jurisdiction:** The ordinance restricts the jurisdiction of APMCs to the **physical boundaries of their respective marketing yards** and they can **levy cess only on those transactions**, happening within the boundary walls of their marketing yard.
 - Earlier, an APMC had **jurisdiction** over an **entire or more than one taluka**.
 - Farmers and traders of a particular taluka had to **compulsorily sell their produce to their respective APMCs**.
 - Apart from that, APMCs **levied a cess on any transaction** that happened **within the marketing yard** of the APMC or **outside** it.

- **Opportunity to Private Markets:** The ordinance permits for setting up of private markets.
 - **Privately-owned old storages or warehouses** can be **converted** into a sub-market yard or a private market that can compete with the APMCs.
 - **Farmers can also set up** private markets themselves.
 - To **save the smaller APMCs** from the negative competition from private markets and a fair play, the state government plans to bring a **rule that will not allow the setting up of a private market within a five-kilometre radius of an existing APMC.**
 - Also to protect them, the government will **collect 20% cess from private players** and **reroute 14% of it back to the APMCs.**
- **Unified Single Trading Licence:** The ordinance provides traders with one unified single trading licence through which they can **participate in trading activities anywhere in the state.**
 - It will allow multiple traders to attract the farmers depending on the quality of their produce and offer competitive prices **without the restriction of place and area jurisdiction.**
 - For that, amendments allow **setting up of portals for e-markets.**
- **Expansion in Grievance Redressal:** The **director of an APMC** and the **Gujarat State Agriculture marketing board** will also start taking **care of the grievance redressal** which was solely managed by the APMC till now.
- **Expected Benefits to the Farmers:** Permission to private entities will lead to **competition** and will **offer the best possible remuneration to farmers** for their produce.
 - Till now, **APMCs** used to **form a cartel and decide on what prices to offer** to farmers.
 - Farmers will not be bound to sell only to one particular APMC and can **choose the one with the best deal** in their favour.
- **Viewpoint of APMCs**
 - **APMCs have not welcomed** the decision because **it ends their monopoly** and **allows private players** to enter.
 - The ordinance will also **affect revenues** because no cess will be collected on transactions outside the physical boundaries of marketing yards.

For example, last year, of the ₹2.5 crore earned as market fees, ₹1.5 crore came from transactions that were conducted outside the marketing yard. With the new ordinance in place, this **revenue will be lost.**

- It is a **statutory market committee** constituted by a **State Government** in respect of trade in certain notified **agricultural or horticultural or livestock products**, under the **Agricultural Produce Market Committee Act** issued by that state government.
Agriculture is a state subject.
- **Objectives:**
 - Ensure transparency in pricing systems and transactions taking place in the market area.
 - Provide market-led extension services to farmers.
 - Ensure payment for agricultural produce sold by farmers on the same day.
 - Promote agricultural processing including activities for value addition in agricultural produce.
 - Setup and promote public private partnership in the management of agricultural markets, etc.
- The Ministry of Agriculture, formulated a **model law** on agricultural marketing, **State Agricultural Produce Marketing (Development and Regulation) Act, 2003** and requested the state governments to suitably amend their respective APMC Acts.
- Union **Budgets** of 2014-15 and 2015-16 had **suggested the creation of a National Agricultural Market** (NAM) following which **e-NAM** was launched on 14th April 2016 as a **pan-India electronic trade portal to link APMCs across the States**.

Source: IE