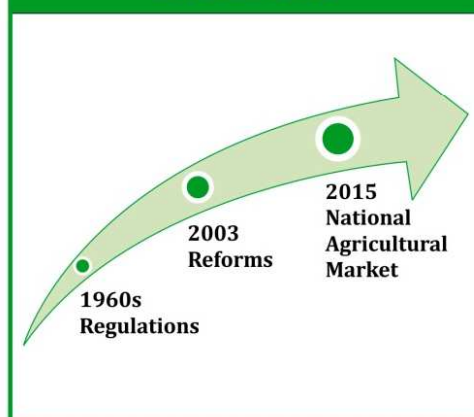


## AGRICULTURAL MARKETING IN INDIA

Marketing is dynamic in nature. The policy and implementation strategy for marketing in any sector has to adjust to the changes in the external environment. The same has been experienced by the agricultural marketing system in India over time. Regulations were introduced during 1960s by different states with total public control on the markets and marketing activities through enactment of APMR Act. Today there are more than 7000 regulated markets in India. The introduction of regulated markets once conceived to offer solutions to all the malpractices and imperfections prevailing in the markets, achieved only limited success. The regulations lost the relevance with the changes in economy and agriculture in terms of increased production and diversification.

### CHANGES IN AGRICULTURAL MARKETING POLICIES SINCE INDEPENDENCE



### STATUS OF REFORMS IN IDENTIFIED AREAS

States/UTs	PVT	DM	CF	FM	ET	SLV	SLN
Gujarat							
Goa							
Himachal Pradesh							
Karnataka							
Mizoram							
Rajasthan							
Sikkim							
Jharkhand							
Andhra Pradesh							
Maharashtra							
Nagaland							
Uttarakhand							
Madhya Pradesh							
Arunachal Pradesh							
Assam							
Chhattisgarh							
Tripura							
Punjab							
Haryana							
Chandigarh							
Orissa							
West Bengal							
Uttar Pradesh							

Note : (i) PVT - Private Market; DM-Direct Marketing, CF-Contract Farming; ET-e-trading; SLV-Single Point levy and SLN - Single Licence (ii) Green represents reforms undertaken.

Source: DMI (2012)

Agricultural marketing reforms were introduced through a Model Act prepared by Ministry of Agriculture in 2003 on the recommendation of expert committee and inter-ministerial task force advising state/UT governments to amend the APMR Act with provisions mainly for components like direct marketing, contract farming, development of markets under private/cooperative sectors, single license, single point levy of market fee, e-trading

and farmers markets. The status of reforms in key states is given in box.

The reforms have ushered in some desirable changes in some states but private investment in agricultural marketing has not been commensurate with the commercialization and diversification that have taken place in the agriculture sector. The agricultural marketing system in India today remains uncoordinated and fragmented, characterized by an inadequate and poorly equipped network of markets in most states, limited market support services, more efficient operations are impeded by a number of regulations and control enjoyed by the states (World Bank, 2006).

In order to expedite the reforms and facilitate competitiveness by developing alternative marketing channels, the central government announced the networking of markets through the central sector scheme of National Agricultural Market.

### The Challenges

The concept, though development oriented, is not going to be free from challenges. Some of the challenges in the implementation of a national agricultural market are legal issues, infrastructure availability, revenue sharing, grades and standards, aggregation and getting all the stakeholders on the same platform.

## THE SWOT ANALYSIS OF THE SCHEME

Stakeholders	Strength	Weakness	Opportunity	Threat
Farmers	<ul style="list-style-type: none"> <li>❖ Market access</li> <li>❖ Competition</li> <li>❖ Transparency</li> <li>❖ MIS - Information flow</li> <li>❖ Ease of payment</li> <li>❖ Proportionate share of value in value chain</li> </ul>	<ul style="list-style-type: none"> <li>❖ Understanding</li> <li>❖ Grading</li> <li>❖ Cost</li> </ul>	<ul style="list-style-type: none"> <li>❖ High value realization</li> <li>❖ Value addition</li> <li>❖ Access to global market</li> <li>❖ Gender parity</li> <li>❖ Balanced distribution of power</li> </ul>	<ul style="list-style-type: none"> <li>❖ Social relation</li> <li>❖ Skewed development towards selected commodity/ market of trade importance</li> </ul>
Consumer	<ul style="list-style-type: none"> <li>❖ Price stabilization</li> <li>❖ Curtail inflation</li> <li>❖ Consumer satisfaction</li> <li>❖ Wider product range</li> <li>❖ Better supply</li> </ul>		<ul style="list-style-type: none"> <li>❖ Consumer rights</li> <li>❖ Quality product</li> </ul>	
Traders	<ul style="list-style-type: none"> <li>❖ Reduction in transaction cost</li> <li>❖ Transparency</li> </ul>	<ul style="list-style-type: none"> <li>❖ Understanding</li> </ul>	<ul style="list-style-type: none"> <li>❖ Business expansion</li> <li>❖ Equal opportunity environment</li> </ul>	<ul style="list-style-type: none"> <li>❖ Competition</li> <li>❖ Entry barriers</li> </ul>
State/ APMC	<ul style="list-style-type: none"> <li>❖ Investment</li> <li>❖ Efficiency</li> <li>❖ Check evasion of market fee</li> <li>❖ Facilitator</li> <li>❖ Services to citizen</li> </ul>	<ul style="list-style-type: none"> <li>❖ Legal environment</li> <li>❖ Standardized legal provisions</li> <li>❖ Inadequate infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>❖ Regional cooperation</li> <li>❖ Employment</li> <li>❖ Technology driven efficiency</li> <li>❖ Speedy reforms</li> </ul>	<ul style="list-style-type: none"> <li>❖ Control of centre</li> <li>❖ Inclusiveness</li> <li>❖ Revenue sharing</li> <li>❖ Availability of skilled manpower</li> <li>❖ Organization and management of change</li> </ul>

## A UNIFIED COMMON MARKET – THE FUTURISTIC CONCEPT

The scheme on national agricultural market focuses primarily on the networking of agricultural markets. It is the first step towards a common and unified market operating at national level. Eventually the concept will develop into a comprehensive model leading to an efficient flow of commodity and information facilitated by the integration of markets, functionaries, services like warehousing, banking, insurance, finance, promotion, etc. It will also enhance regional cooperation and bring efficiency and competitiveness in the system. The common market will have an advantage over existing markets in terms of transparency, competition, efficiency, market information, risk, price signal, etc due to operation on e-portal, participation of large number of traders and integration of various services.

***Toward a unified common market***

The unified common market is a vision that will have to be implemented in a phased manner. The various components of the market that may be achieved over different period of time are depicted in the Table. The fully developed market will become truly unified operating on collection / distribution centres having all the components of an integrated market.

DIFFERENT COMPONENTS IN TRADITIONAL MARKET VIS-À-VIS NATIONAL MARKET		
Component	Traditional Market	National Market
Scale of operation	Small	Large
Price discovery	Physical	Electronic
Transparency	low	High
Efficiency	Low	High
Market Information	Absent	Real time
System	Fragmented	Integrated
Risk	Moderate	Low
Price signal	Weak	Sound
Legal framework	Restrictive	Harmonized
Functions	Primary	Sec. & Tertiary





### Some International Examples

The African countries have some example of common markets like East African Community Common Market (EACCM) and Common Market for Eastern and Southern Africa (COMESA). The EACCM is having five members while COSEMA is having 19 member countries from eastern and southern Africa. Single market provides a competitive environment and makes the existence of monopolies/cartel difficult. Consumers are benefitted by getting best quality product at cheaper price and increased choice of products. In addition, the common regulatory regime and frameworks ensures that best practice within the regional framework is not only in place but adhered to. The closeness to a “single” market ensures that good procedures are instituted and practiced and thus creates a kind of seamless market mainly in those regions that are behind in instituting good policies. Similar benefits are expected from the unified common market in India.

### The components of unified market to be considered during different phases of development

Phases/ Components	Phase I (0-2 years)	Phase II (3-6 years)	Phase III (7-12 years)
Enabling environments	Legal (single license, unified license, e-trade and others)	Complete reforms	Facilitating role
Infrastructure	Hardware and software	Up-gradation of Mandies	Creation of physical delivery centres and collection centre
Grades	Selected commodities	Comprehensive coverage	All commodities
Functions	e-price discovery	Bank settlement, NWR and logistics	MIS, promotion, demand creation
Farmers participations	Individual/groups	Farmers groups/FPO	Producers company
Skill development	Mass awareness (extensive)	Specialized	As per global requirements
Institutions	Establishing national level agencies Identification of Special Purpose Vehicle	Institute for functions like training, research, defining grades and international trade	
Promotion	NAM Portal	Product	Branding
Finance and insurance	Direct payment	Payment and credit	Complete risk coverage
Input and extension	Information dissemination	Advisory	Delivery of physical and technical inputs
Focus	Regional	National	Global
Ecology	Post Harvest Management	Sanitary and phytosanitary	Zero carbon footprint

### PARTICIPATION OF STAKEHOLDERS

The participation of farmers in the national market is important for the success of the initiative and also for farmers to avail the benefits of the scheme. The farmers need to be exposed to the new system, its benefits and procedure for participation. Capacity building need be made an integral part of the scheme.

CCS National Institute of Agriculture Marketing, Jaipur has been instrumental in addressing the training needs of farmers and market functionaries for past 20 years. The Institute has a long experience of training and capacity building of farmers and other stakeholders of agricultural markets and will be able to design and impart customized need based training to the wide array of stakeholders of NAM of different states.

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July 2015

### CAPACITY BUILDING NEEDS OF DIFFERENT STAKEHOLDERS OF NAM

Stakeholders	Components covered
<b>Farmer</b>	Understanding NAM, production for NAM, market trends and other opportunities
<b>Traders/ Other Agents</b>	Adoption of grades, dispute, payment facilitation, produce handling, etc
<b>Mandi Secretaries</b>	Operation and management of market, change management and dispute redressal
<b>Principal Secretaries/ Director (Agril Marketing)</b>	Importance of NAM, facilitation through reforms, PPP, etc