

# ‘Removing stock limit and deregulating pricing is better for farmers, consumers’

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## WHAT THE EXPERTS SAY

“Removing stock limits will allow farmers get better price for their produce. In the existing policy regime, even if a farmer has more produce and wants to sell, the wholesaler cannot buy after a limit even if he wants to. This leaves the farmer no option but to sell at distress rates

**RAMESH MITTAL** | SENIOR DIRECTOR, NATIONAL INSTITUTE OF AGRICULTURE MARKETING



“Reforms have been taking place like the introduction of electronic trading portal, National Agriculture Market (eNAM). But the membership structure in mandi committees, which allows cartelisation should go. Mandis should be liberalised which will benefit farmers and consumers

**PRADEEP MEHTA** | SECRETARY GENERAL, CUTS INTERNATIONAL

“Liberating processors, value chain participants and exporters from stock limits will help in better price realisation for farmers. Better price for their produce will help them use latest technologies for production, harvest and storage which is a key factor for lower prices

**ATUL SHARMA** | DIRECTOR, FICCI-RAJASTHAN



## FARM FACTORS

➤ Rajasthan is the first state in the country to introduce eNAM portal in all its 144 mandis

➤ The state exempted Rs 15 lakh fee and land criteria for private warehouses to operate as mandis to give more choices to farmers

➤ It has given licences close to 1,900 food processing units and private agencies to procure farm produce directly from farmers

➤ On Friday, the CM announced that farmers can take loan at a subsidised rate of 3% against their produce so that they can wait till they find right price



The state government has amended the Agricultural Produce Marketing Committee Act. Now the food processing units or the bulk users do not need to buy from mandis and can directly purchase from the farmers. But they need to get licences from the state government.

There are around 1,900 buyers who have been given licences by the state governments. But the Centre's reforms, details of which are yet to be announced, may go one step further by not making it necessary to have licences.

Agriculture is a state subject but trade and commerce of the produce across the country can allow the Centre to prescribe broad guidelines that the states can legislate.

Rajasthan has been the first state to introduce eNAM trading platforms in all its 144 mandis. It also has allowed private warehouses to operate as mandis. To lure them, the state recently exempted them the Rs 15 lakh fees and the criteria of 40 bigha land.

“We wanted to give the farmers more choices to get better prices and that's why gave incentives to private warehouses to operate as mandis,” said the government official.

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**Jaipur:** Union finance minister Nirmala Sitharaman's proposal to deregulate pricing and stock limit of agriculture produce and opening the market for retailers, traders and processors is a pragmatic step which aligns with many of the decisions recently taken in Rajasthan.

Many of the sectoral experts that TOI spoke to said liberalising the market from the clutches of cartels operating in mandis will help farmers get better price for their produce and the scope for monopoly in the current environment is not a potential threat.

Ramesh Mittal, senior director at National Institute of Agriculture Marketing under the ministry of agriculture said, “Removing the stock limits will allow farmers discover better price for their produce. In the existing policy regime, even if the farmer has more produce and wants to sell, the wholesaler cannot buy after a limit even if he desires so. This leaves the farmer no option but to sell at distress rates as he keeps on approaching buyers.”

Mittal said currently there are not many buyers as food processing units are closed and arranging logistics for transportation is not easy.

While some raised the issue of rising monopoly, a government official said the expansion of storage infrastructure has increased vastly over the past few years. “The private sector has built huge storage capacity. What used to be an advantage for them is now available to everybody.

There could be some retail hoarding but they cannot have the capacity to influence the pricing. In addition, the electronic trading of farm produce is gaining strong ground, especially in Rajasthan,” said the official preferring anonymity.

The finance minister also said the Centre would bring in reforms for marketing of agriculture produce to give more choices to farmers to sell. Today, mandis operate

through members and cartelisation is deep-rooted.

“Reforms have been taking place like the introduction of electronic trading portal, National Agriculture Market (eNAM). But the membership structure in mandi committees, which allows cartelisation should go. Mandis should be liberalised which will benefit farmers and consumers,” said Pradeep Mehta, secretary general of CUTS International.

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