

## **MARKET REFORMS IN INDIAN AGRICULTURE**

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### **ABSTRACT**

*India is essentially an agrarian society where agriculture and its allied activities still support livelihood of at least 55 per cent of the total population. The agricultural produce which were fundamentally bartered in India, as in other civilizations, later evolved to get sold with an element of commercial value. Thereby, Indian agriculture markets have their beginning from unregulated village haats, village fairs and local village markets to regulated markets like APMCs. Of late, e-marketing has been introduced in regulated markets to help the farmers for selling their produce online with direct contact and interaction with consumers and buyers across India. The participation and linking of farmers is very important for the success of any market. There is no point in any reforms and their implications if they fail to convince the farmers and take them along. A lot of efforts have been made by the central and state governments alike to implement market reforms to allow direct purchase by the private sector from markets; setting up of mandis in private sector; direct selling by farmers to consumers; e- trading; single trading license etc. Barring a few exceptions, these reforms have either been completely ignored or adopted partially with considerable dilutions by the states. The sufferers, as a result are not only farmers but also consumers. The e-NAM is aimed to integrate all the agricultural markets of the country with seamless movement across state boundaries which will happen only when it becomes fully operational in the country. At present, APMCs are facing some teething problems in e-NAM implementation and the markets of even Gujarat are not effectively participating in e-trading. There is an urgent need to build and rebuild trust among farmers and traders about the new technology-based system and enhance the clarity amongst different stakeholders about e-NAM and other market reform. To combat the increasing monopolization of traders in the markets, farmer cooperatives need to be encouraged on the lines of Rythu bazars, milk cooperatives etc. To eliminate the distress sale and price risk along with uncertainty, contract farming should be leveraged with full co-operation and cognisance of the farming community. NITI Ayog has also taken initiatives to integrate spot and futures markets so as to help farmers with better price signals. However, since last two decades, a need has been felt strongly to reform agricultural marketing. With some reluctance on the part of different states, there now seems to be a consensus that agricultural marketing not only needs to be reformed and liberalized but also further linking the farmers to the introduced reform is at most necessary.*

**Keywords:** reforms, APMCs, e-nam, e-trading, price signals, agriculture marketing, spot market, derivate markets

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India. NITI Ayog has also taken initiatives to integrate spot and futures markets so as to help farmers with better price signals. However, since last two decades, a need has been felt strongly to reform agricultural marketing. With some reluctance on the part of different states, there now seems to be a consensus that agricultural marketing not only needs to be reformed and liberalized but also further linking the farmers to the introduced reform is at most necessary.

Kashyap and Raut (2006) studied market reforms in Indian agriculture and suggested that marketers need to design

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creative solutions like e-marketing to overcome challenges typical to rural environment such as physical distribution, channel management promotion and communication. Further, they also opined that the “anytime-anywhere” advantage of e-marketing leads to efficient price discovery and more transparent and competitive setting.

Gandhi (2007) examined that farmers can take advantage of spot versus futures prices by entering into futures and derivatives trade. Though the farmers may face several problems in Indian futures market, the institutional mechanisms can be put in place to resolve these problems. At the same time, the decision by the Government to ban forward trading in some commodities gives a signal of concerns for hidden speculated activities.

Reddy and Meena (2011) conducted study in Rythu Bazars (RBs) of Andhra Pradesh. The findings revealed that out of total sellers in the farmers' market, 48 per cent were participating as registered producers, 42 per cent were only name sake nominees and 10 per cent were unauthorized producers. The net price realization of RBs as per cent of consumer rupee varied from 75 to 80 per cent when compared to that of 47 to 60 per cent in case of wholesale markets. The study revealed that RBs are beneficial to producers compared to wholesale markets.

Rao (2015) examined the impact of policy reforms on market performance of jaggery market in Andhra Pradesh during the period 2000-01 to 2014-15. The results revealed that market reforms (e.g. limiting the participation of commission agents, subsidizing transportation, increasing selling price of cane sugar per quintal) had significantly affected the arrivals of jaggery in the markets. Every rupee increase in per quintal price of jaggery was associated with increase in arrival by 4990qtl. Further concentration of power (Gini coefficient) was found less with commission agents (0.46) and moderate with wholesalers (0.59). The study concluded that such reforms were more likely to benefit farmers than middlemen.

Reddy (2016) examined the status of market reforms in India by studying different reforms like APMCs, direct marketing, FDI in agriculture marketing and Electronic National Agriculture Markets (e-NAM) along with their present working status in the country. He concluded that the market reforms are effective in increasing farmers' income and farmers' share in consumers' rupee. There is a good scope for increasing the farmers' markets where farmers can sell their produce directly to the consumers. There is also scope for increasing contract farming, and other modes of innovative marketing for the benefit of farmers in terms of increased transparency, reduced delay in payment due to implementation of e-mandi concept.

Kalamkar (2017) conducted study on performance of e-NAM in Gujarat and found that the spectacular agricultural growth in Gujarat in recent time has been as a result of sincere

implementation of the programme and political will to take bold decisions and commitments to economic policy reforms by the state government.

## **CONCLUSION**

The participation and linking of farmers is very important for the success of any market. There is no point in any reforms and their implications if they fail to convince the farmers and take them along. A lot of efforts have been made by the central and state governments alike to implement market reforms to allow direct purchase by the private sector from markets; setting up of mandis in private sector; direct selling by farmers to consumers; e- trading; single trading license *etc.* Barring a few exceptions, these reforms have either been completely ignored or adopted partially with considerable dilutions by the states. The sufferers, as a result are not only farmers but also consumers. The e-NAM is aimed to integrate all the agricultural markets of the country with seamless movement across state boundaries which will happen only when it becomes fully operational in the country. At present, APMCs are facing some teething problems in e-NAM implementation and the markets of even Gujarat are not effectively participating in e-trading. There is an urgent need to build and rebuild trust among farmers and traders about the new technology-based system and enhance the clarity amongst different stakeholders about e-NAM and other market reform. To combat the increasing monopolization of traders in the markets, farmer cooperatives need to be encouraged on the lines of Rythu bazars, milk cooperatives *etc.* To eliminate the distress sale and price risk along with uncertainty, contract farming should be leveraged with full co-operation and cognisance of the farming community.

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