



# New Agricultural Marketing Reforms and its Impact in Bihar

**Binita Kumari**

**Assistant Professor, RK (PG) College, Shamli, Uttar Pradesh-247776**

*Received: Sept 07, 2021; Revised: Sept 20, 2021 Accepted: Sept 26, 2021*

## **Introduction**

On fifth day of June, 2020, the centre government of the country promulgated ordinances in the farm bill which brought about a lot of hue and cry among the farmers of Punjab and Haryana. These ordinances are

called The Farmers Produce Trade and Commerce (Promotion and Facilitation) Ordinance; The Farmers (Empowerment and Protection) Agreement on Price Assurance and farm Services Ordinance, 2020; and The

Essential Commodities (Amendment) Ordinance, 2020. These ordinances will enable the farmers to realise better prices of their produce. Almost all the agriculture experts and economists have welcomed these reforms in the agriculture sector. The centre had been persuading the states to implement the model APMC act, 2002-03 but the states failed to do so. Hence, the centre resolved to bring about the ordinance. The farmers mainly have issue with the first ordinance. The ordinance talks about trade area where trade of the farmers' produce may be undertaken anywhere in the country. The major concern of the protesters is that the provision will facilitate mainly the corporate buyers and in due course of time the APMC mandis will get confined to their physical

boundaries with no trade going on. Also, according to the new provision, any processor, exporter, wholesaler, miller and retailer with PAN card is a trader who can buy farmers' produce in the trade area. A trader can operate both in APMC mandi and in trade area. However, they need licence/ registration as per APMC act to operate in the mandi. Currently, the arhatiyas operate in APMC mandis in these two states and the protesters don't have trust in the traders under the new law. A chunk of state's revenue comes from the mandi tax, and now that the new law abolishes levying market fee or cess as defined under the APMC act, it poses a serious concern to the authorities. Farmers fear that the proposed system could be misused against them.

### History of Model APMC Act, 2003 in Bihar

## AGRICULTURE MARKETING IN INDIA - APMC ACT



The model APMC act, 2003 provided a road

map for states to amend their APMC acts in order to provide a choice of channels to farmers for marketing of agricultural produce through direct marketing and contract farming besides the non-APMC markets. In 2006, Bihar was the only one to abolish the APMC act rather than amending it. In the semi urban and rural areas of Bihar, private markets of different kind have come up. Wholesale markets in major fruit and vegetable regions of the state had developed roadside without much infrastructure which operated from 7 am to 10 pm. Such markets were set up by individuals who charged both farmers and buyers a fee. There were hardly any facilities other than roadside space made available for the transaction of the produce. Farmers from the surroundings brought their produce to the mandi and sold them directly to either as wholesale and retail. In the absence of regulated mandis as a result of abolition of APMC act, it was expected that a lot of private

investments would flow thereby helping in setting up of modern private market yards and purchase centres. It was also predicted that as there would be no regulated mandis, hence the MSP would cease to exist which will help the farmers to get better prices. But the prediction failed as farmers failed to get remunerative prices and were exploited by the traders such that they had to sell their produce at prices lower than MSP. This worsened the condition of the farmers instead of making it better. Studies suggested that the average income of the farmers of Bihar was lower in comparison to the income of the farmers of the state where MSP system existed. There were few incidents reported where the farmers of the state sold their produce illegally to Punjab and Haryana in order to get fair prices. Hence, the Bihar state's experiment with agricultural market reforms failed.

### New Kisan Bill, 2020



The new kisan bill, 2020 doesn't intend to remove the MSP system. The APMC jurisdiction made it mandatory for the farmers to sell their crops in mandis within a geographically delineated market area. It focuses on "One country; Two markets" system wherein, farmers can either sell in the APMC mandi or outside APMC mandi. Now, the traders or processors could directly meet and carry out the sale and purchase of the produce

without going to the mandi. It will shorten the marketing channel by removing the middlemen and will increase the efficiency of the farmers. The market for the agricultural produce will widen, thereby, putting an end to APMC mandi's monopoly, which will create perfect competition in the market providing remunerative prices to the farmers. Also, the farmers don't have to pay any market fee.

### Impact of New Kisan Bill, 2020 in Bihar: A Case Study of Begusarai

After the abolition of APMC act in 2006, many roadside private mandis were set up in the district where sale and purchase of produce took place. Government abolished the regulated mandis with an expectation that with the opening of many private markets for the farmers, they will get competitive prices for their produce. But the farmers were unable to fetch remunerative prices of their produce and were exploited by the local traders who were very powerful. In general, the farmers of Begusarai are hopeful from the new kisan bill,

2020. Earlier, when there was confusion that the new bill would abolish the MSP system, then they were indifferent as it would bring no change in their condition. As the district is BJP administered, the local political workers made the farmers understand that the new bill would continue to have MSP. This has brought a ray of hope among the farmers as they could now sell their produce at MSP despite the non-existence of APMC mandis. Well, whether this prediction comes true or not will be clear only in due course of time.

