Short note on Agricultural Produce Marketing Committee (APMC) Model Act 2003

Background information on agriculture policy/APMC

Karnataka State has been in the forefront of economic liberalization and promoting global capital, especially in the agriculture sector.
Karnataka State was the first state to introduce the New Agricultural Policy (1995). The thrust of this policy was to encourage private investment in agriculture and promote high-value crops for export at the expense of food crops. simultaneously however, Karnataka State is going to amend the present Agricultural Produce Marketing Committee (APMC) Act and invite MNCs into the agriculture sector. will farmers and others involved in this sector benefit from the New Agriculture Policy/Agricultural Produce Marketing Committee Act?

The Government is of the opinion that the proposed APMC Act Amendment will address the loopholes of the prevailing APMC Act and strengthen the current marketing system by bringing professionalism and competitive attitude into the system. This, it claims, will be a boon to farmers.

At present, we are witnessing an agrarian crisis where farmers are committing suicide across the country due to indebtedness over crops, less yield, and crop loss due to heavy rains in some parts of the country and severe drought in others. In this critical moment, the state government should ideally introduce programmes which will support the farming community. Instead, the government has weakened the present act and introduced the model act which gives more power to large private players and the state government rather than representatives of agriculturists – not sure about this. What kind of powers should be given to representatives of the agriculturists and who are the representatives? Are you saying elected representatives? In the model Act, committee members are nominated by the state government in contrast to earlier when committee members were elected.

To speed up the process of **privatizing the APMC Act** – privatizing APMC act?, the central government has gone to the extent of threatening the State Governments by canceling grants meant for certain schemes/subsidies if the state government delays or fails to implement the APMC model act.

Main Features of APMC Model Act

The two main features of the APMC Model Act 2003 are:
1) Privatisation of the agricultural sector by encouraging private and special markets and contract farming. Any individual or group can start these markets and the special / private market traders can directly purchase produce from the farms. – should we elaborate a bit on this explaining how?

2) Centralization of power within the state government through nomination of representatives of the market committee. – I think we should elaborate a bit on what the structure of the sector is, who are the representatives and why nomination is problematic.

.**If implemented, who benefits and who loses?**

As per the model act if the traders want to trade in the private / special markets they must deposit a prescribed amount as per the marketing committee for trading in addition to a trading license. Earlier only a license was required and there was no deposit for trading. Most of the present local traders cannot afford the deposit amount so automatically they will be pushed out of the business. Along with traders other people like coolies and hawkers and other service providers like transporters, pushcart workers, small and medium financiers, small retailers etc, will lose their jobs and livelihoods. This Act therefore not only promotes the entry of big companies, such as Metro Cash and Carry and Wal-Mart, into the agricultural sector but also pushes out small and medium farmers, traders, hawkers and other associated service sectors.

Risk factors involved in APMC model act for the farmers

Risk factors according to the Model Act

1. To qualify as a member of the market committee, the Model Act imposes the conditionality that the agriculturist has to have sold agricultural produce in the market for two years. This makes contract farmers more likely to qualify for membership in the market committee and pushes the agricultural system towards contract farming.
2. The Model Act gives MNCs entry into the agricultural retail sector. This will push out existing local traders and trading systems seriously impacting livelihoods of small and medium farmers and traders, hawkers, coolies and associated service sectors.

Risk factors involved in contract farming

Contract farming mainly attracts small, medium and marginal farmers who are not in a position to invest in farming due to several reasons; they are the one who will be negatively affected by entry of big companies/MNCs into agricultural sector.

1. In contract farming, farmers have to depend on external sources for food because sponsors favour growing commercial crops rather than food crops. Also, after the contract period, farmers will find it difficult to grow food crops in the same land because of intensive use of fertilizers and pesticides in contract farming. If not, what are the alternatives for farmers? This will destroy the whole network in the agriculture sector and seriously impact food security, leading to more migration to cities, lack of job opportunities, and increase in urban poverty.
2. There is tremendous uncertainty involved in growing new, unfamiliar crops and producing for markets that might not always live up to the sponsor's expectations. Under the new system of contract farming, however, there is no provision made for extension support or training in crop management for farmers.

2. Under contract farming, the farmer is at the mercy of the sponsor with no protection from the state government. In some cases sponsors may be tempted to manipulate quality standards in order to reduce purchases from farmers. In other cases inefficient management can lead to overproduction for which the farmer may not be able to find a market.
3. One of the biggest risks for farmers is debt which can be caused by production problems, poor technical advice, significant changes in market conditions, or a company's failure to honour contracts.

Present situation in Karnataka

At present in Karnataka there are 144 main APMC yards and 350 sub APMC yards. The farmers can directly sell their produce in the yard.
The farmers are the representatives of the Marketing Committee which has real decision making power. In the present context there is no provision for MNC's to do retail business in agriculture.

States not implementing the APMC Model Act

A few State Governments are not implementing the Model Act citing that the model act is anti-farmer, anti-poor and anti-citizen. West Bengal is one State which has openly said that they are not going to amend the APMC Act.

Sixteen states have committed to amend their APMC Acts. The Karnataka government, which is already supporting private capital and investor-friendly policies, is eager to implement the model act. Senior politicians like the Agriculture Minister and the Chief Minister are pushing the model act in Karnataka. However, some *raitha sangha (farmers association)* groups and traders oppose the proposed APMC Amendment Act.

Objectives of the study:

1. To find out the impact of the proposed APMC Amendment Act on the livelihood of urban poor groups like traders, small, medium and marginal farmers and other service sectors involved in the process
2. To disseminate this information through a series of small meetings with affected groups like traders associations, farmers associations, coolies associations, and hawkers' groups.
3. To build awareness and organize resistance against the anti-farmer anti-poor proposed APMC Amendment Act.