COSAMB

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Wheat procurement is conducted during April and May, 2011, primarily in Punjab and Haryana States. In the state of Punjab, 1746 markets were operational during the season, so that farmer should not move more than 7-8 kms. to sell his produce. During the April and May 10.98 million tonnes of wheat were procured by the Government agencies such as Food Corporation of India (FCI), Punjab Foodgrain Corporation (PUNGRAIN), Punjab State Cooperative Supply & Marketing Federation (MARKFED) , Punjab State Ware Housing Corporation (PSWC), Punjab State Civil Supplies Corporation (PUNSUP) and Punjab Agro Industries Corporation (PAIC). The private traders purchased only 0.61 million tonnes. In Haryana 6.87 million tonnes wheat was procured by the Government agencies such as Food Corporation of India (FCI), Food and Civil Supplies department, Haryana State Cooperative Supply & Marketing Federation (HAFED), Haryana Ware Housing Corporation (HWC), Cooperative Wholesale Stores Ltd.(CONFED) and Haryana Agro Industries Corporation (HAIC).

Agricultural Marketing Scenario – Some Initiatives

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The vital complementary role marketing has to play in achieving a sustained growth in production need no emphasis. The motivation to produce more generally comes from the prices that the farmer is able to get for his produce. A well spread out and well managed network of markets ensures fair price to the producer. Open market operations under the supervision of trained market managers also contribute significantly in eliminating a number of malpractices like under-weighment, unauthorized and unjust deductions, unfair price setting, etc. This is the objective which prompted us to advocate the concept of regulated markets in which the produce of the farmers is sold through open auctions.

2. Over the year, the institution of regulated markets (more than 7100 wholesale, table 1) have become highly regulated and monopolistic in nature providing no help to the farmer in direct marketing to the agro-processing industries. Under the present APMC Act, the whole geographical area in the State is divided into and declared as market areas. Each of these markets is managed by a Market Committee constituted by the State Governments. Once a particular area is declared a market area, no person or agency is allowed to carry on wholesale marketing activities in that area without obtaining license for the same. This restriction has prevented development of a competitive marketing system in the country. The situation of Rural Primary markets (RPMs) are even more worst as these markets lack basic minimum infrastructural facilities and only 15% covered under the ambit of regulation.

3. There is a huge variation in the density of regulated markets in different parts of the country. While the all-India average area served by a regulated market is 459 sq km, the same is 103 sq. km for Punjab and 11,215 sq km in Meghalaya. The National Commission on farmers had suggested that the services of a market should be available within a radius of 5 kms. This and the monopoly of APMCs have led to large intermediation and effectively resulted in limiting market access to farmers.

4. According to the provisions of the Agricultural Produce Market Acts of the States, every Agricultural Produce Market Committee is authorized to collect market fees from the buyers/traders in the prescribed manner on the sale of the notified agricultural produce. The rate of market fee varies generally between 0.50% to 2.00%. In many States, market fee is recovered by APMCs not only at the check-gates for transactions carried out in the notified area of APMCs but also outside the physical APMC yard thus, hampering the smooth flow of goods and services. In addition to above, in some of the

Table 1

NUMBER OF WHOLE SALE, RURAL PRIMARY & REGULATED MARKETS IN INDIA AS ON 31 . 03 . 2010

Sr. No.	STATE/U.TS	NUMBER OF MARKETS			REGULATED MARKETS		
		Whole - Sale	Rural Primary Markets	Total	Principal	Submarket Yards	Total
1	Andhra Pradesh	323	578	901	323	578	901
2	Arunachal Pradesh	6	63	69	16	53	69
3	Assam	405	735	1140	20	206	226
4	Bihar *	325	1469	1794	* APMR Act Repealed		
5	Jharkhand	205	603	808	28	173	201
6	Goa	4	24	28	1	7	8
7	Gujarat	207	129	336	196	218	414
8	Haryana	284	189	473	106	178	284
9	Himachal Pradesh	42	35	77	10	37	47
10	Jammu & Kashmir	26	8	34	APMR Act not yet implemented		
11	Karnataka	501	730	1231	146	355	501
12	Kerala	348	1014	1362	APMR Act not enacted		
13	Madhya Pradesh	239	1321	1560	241	272	513
14	Chhattisgarh	2	1132	1134	73	111	184
15	*Maharashtra*	*880*	*3500*	*4380*	*299*	*581*	*880*
16	Manipur	20	98	118	APMR Act not enacted		
17	Meghalaya	35	84	119	2	-	2
18	Mizoram	10	105	115	APMR Act not implemented		
19	Nagaland	9	155	164	---	Nil	------
20	Orissa	398	1150	1548	45	269	314
21	Punjab	488	115	603	139	349	488
22	Rajasthan	430	312	742	127	303	430

23	Sikkim	7	12	19	1	-	1
24	Tamil Nadu	300	677	977	277	15	292
25	Tripura	84	554	638	21	-	21
26	Uttar Pradesh	584	3464	4048	249	356	605
27	Uttarakhand	36	30	66	25	33	58
28	West Bengal	279	2925	3204	46	641	687
29	A & N Island	0	0	0	APMR Act not enacted		
30	Chandigarh	1	0	1	1	-	1
31	D & N Haveli	0	8	8	APMR Act not enacted		
32	Daman & Diu	0	2	2	Reported	Nil	
33	Delhi	30	0	30	8	13	21
34	Lakshadweep	0	0	0	APMR Act not enacted		
35	Puducherry	9	0	9	4	5	9
	Total	6517	21221	27738	2404	4753	7157

Note: -- * Bihar Agril.Produce Marketing (Regulation) Act Repealed from 1st September 2006.

In West Bengal sub yards include cold storages and hence figures of total regulated markets and wholesale markets are not comparable.

All principal regulated markets are wholesale markets, whereas sub market yards may / may not be a wholesale market as it also includes some of Rural Primary Markets notified for regulation.

States, additional developmental fee/cess/purchase tax is levied on the commodities traded in the market. Besides, this fee/cess, the commission agents also charge their commission (payable by the buyers) on the transaction. In many States the agricultural commodities are subjected to cascading market fees when traded in subsequent markets within the State or in other States. All this suggests that a single point market fee system is necessary to facilitate the free movement of the produce inside a State, bring price stabilization and reduce price differences between the producer and consumer markets.

5. The commission charges vary from 1% to 2.5% in food grains, and 4% to 8% in case of fruit and vegetables. These commission rates have not been reduced despite

infrastructure developments in these markets. The high incidence of commission charges on agricultural / horticultural produce renders their marketing cost high, an undesirable outcome. The licensing of commission agents/traders in the regulated markets has led to a monopoly situation in many States. This acts as a major entry barrier for a new entrepreneur and thus, prevents competition. New licensing of commission agents requires space for shops within the market yards. It has therefore, been suggested that licensing of market functionaries may be replaced by one time Registration and the period of validity of Registration may be for at least 5 years.

6. There is a strong need for an independent market regulator for issue of single registration/license to the market functionaries to transact their business in the entire State and collect single point market fee specially for Contract Farming (including

PFFL, India and SAMACO, South Korea- friendship & cooperation agreement signing ceremony at WUWM Conference on 12th May 2011 at Istanbul, Turkey.

recording, registration and dispute settlement) and Direct Marketing/Direct sourcing of produce from the farmers, setting markets in more than one market area and to ensure transparency and quality service to the farmers. This will generate confidence among the private investors about neutrality of the market regulator vis-à-vis the APMCs.

7. Different set of standards/specifications for agricultural commodities are followed by different organizations in the country. The standards laid down in the PFA Act are the National Standards. Besides this, there are Agmark Standards, BIS Standards, Standards followed by Army, Standards by Warehousing Corporations and those by Food Corporation of India for procurement purposes. Multiple food laws and regulators

with multiple administering authorities at the Central and the State level have led to inefficient management, often culminating in unnecessary harassment and confusion. So far Agmark Standards for 205 commodities have been framed. While formulating Agmark Standards, other national and international Standards are considered and efforts have been made to harmonize these Standards. However, the absence of common trade language and a common food law is a major hindrance in evolving a common market in the country.

8. State Governments often issue control orders promulgated under the EC Act adversely affecting trading in agricultural commodities such as food grains, edible oils, pulses and sugar. These control orders broadly relate to licensing of dealers, regulation of stock limits, restrictions on movement of goods and compulsory purchase under the system of levy. Due to the restrictive provisions of the Essential Commodities Act 1955 and various control orders issued there under, private investment in large scale storage and marketing infrastructure including in the areas of contract farming, direct marketing have not been very encouraging. Lack of long term stable policy in this regard has created uncertainty in the minds of investors about the long term viability of such investments. It is important to make a distinction between an investor and a black marketer/hoarder in the application of the EC Act, 1955 to encourage investment in storage and marketing infrastructure and deter the black marketer/hoarder to indulge in unhealthy practices. The entrepreneurs creating infrastructure for private markets, direct marketing, contract farming, cold chain logistics and warehousing need to be exempted from the provisions under the Act, to the extent of their capability/capacity utilization for previous years.

Market Reform Initiatives

9. Considering the need to provide competitive choices of marketing to farmers and to encourage private investment for development of market infrastructure and alternative marketing channels, a Model Act on agricultural marketing had been formulated and circulated to the States/UT by this Ministry of Agriculture in 2003 to guide them in removal of barriers and monopoly in the functioning of agricultural markets. Seventeen States have already amended the APMC Act as per provision of the Model Act. Seven States have also notified their APMC Rules under their Act, (table-2).

10. In order to expedite the pace of market reforms the Ministry of Agriculture has set up a Committee of State Ministers In-charge Agricultural Marketing on 2nd March, 2010, with members from the State of Maharashtra, Gujarat, Haryana, Uttarakhand, Bihar, Assam, Orissa, Andhra Pradesh, Karnataka and Madhya Pradesh. The Committee had, to begin with, decided to hold the discussions with all the stakeholders by holding consultations and meetings in all the member States.

Table 2

Progress of Reforms in Agricultural Markets (APMC Act) as on 30.06.2011

Sl. No.	Stage of Reforms	Name of States/ Union Territories
1.	States/ UTs where reforms to APMC Act has been done for Direct Marketing; Contract Farming and Markets in Private/ Coop Sectors	Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Goa, Gujarat, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Mizoram, Nagaland, Orissa, Rajasthan, Sikkim, Uttarakhand and Tripura.
2.	States/ UTs where reforms to APMC Act has been done partially	a) Direct Marketing: NCT of Delhi, Madhya Pradesh b) Contract Farming: Madhya Pradesh, Haryana, Punjab and Chandigarh c) Private market Punjab and Chandigarh
3.	States/ UTs where there is no APMC Act and hence not requiring reforms	Bihar*, Kerala, Manipur, Andaman & Nicobar Islands, Dadra & Nagar Haveli, Daman & Diu, and Lakshadweep.
4.	States/ UTs where APMC Act already provides for the eforms	Tamil Nadu
5.	States/ UTs where further action is required for the reforms	Meghalaya, Haryana, J&K, West Bengal, Puducherry, NCT of Delhi and Uttar Pradesh.

* APMC Act is repealed w.e.f. 1.9.2006.

Status of APMC Rules

Only the State of Andhra Pradesh, Rajasthan, Maharashtra, Orissa, Himachal Pradesh, Karnataka, Madhya Pradesh (only for special license for more than one market) Mizoram (only for single point levy of market fee) and Haryana (only for contract farming) have notified such amended Rules so far.

Incentivizing Reforms

11. India is the second largest producer of fruit and vegetables in the world, a large proportion of the produce gets wasted due to improper post-harvest handling and fragmented cold chain infrastructure. The cost and subsidy norms for cold chain components such as cold storages have been revised upward under the National Horticulture Mission (NHM) and States have been asked to provide soft tariff for energy intensive cold chain operation. Technical Standards for cold storages and CA storages have also been finalized and notified w.e.f. 1st April, 2010 linking assistance under NHM, HMNE and NHB. Cold storages have to be upgraded to meet these technical standards.

12. The Terminal Market complex (TMC) (based on PPP model) at Patna (Bihar) and Perundurai and Chennai (Tamil Nadu) has been approved under National Horticulture mission (NHM). In principle approval to the TMC projects of Madurai (T.N.), Nagpur, Babangaon (Mumbai) and Sambalpur (Odisha) have been accorded. Other States have also shown keen interest for setting up of TMC. The State Governments of hill region may avail the benefit of the scheme for development of TMC and collection centers by bringing reforms in their present Act.

13. The Government of India has also decided that assistance under NHM and MI Schemes for development of market infrastructure projects to State Agencies/APMCs would be subjected to waiving of market fees for perishable horticultural commodities and permit direct marketing by farmers to consumers, processing units, bulk buyers of cold chain facilities/storage/contract farming. However, it has been provided that reasonable user charges can be levied for use of market facilities and infrastructure.

The State Governments may look in to this issue and avail financial assistance of schemes.

14. In order to further incentivize the reforms and to attract large investment in the development of marketing infrastructure, the Ministry has launched a reform linked scheme of Development / Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization, whereby the State agencies such as APMCs, individual entrepreneurs and the cooperatives can avail assistance for market infrastructure in the reformed States.

Plan Schemes for infrastructure Development

15 There are different Plan schemes being implemented by the Government of India for development of marketing infrastructure in the country. The farmers often sell their produce in distress to square off their debts soon after harvesting. Solution for this

problem lies in providing them access to safe and scientific storage and easy marketing credit through a network of Rural Godowns and negotiable warehouse receipt system. The Ministry of Agriculture has launched a scheme of Construction / Renovation of Rural Godowns for providing for the scientific storage in the rural areas by incentivizing private sector to invest in this area. The Warehouse Regulation and Development Authority have already been set up and the Deptt. of Food is in the process of finalizing the Rules for implementation of Negotiable Warehouse Receipts by the warehouse /

Members discussing the issues at WUWM Conference on 12th May 2011 at Istanbul, Turkey.

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rural godowns. These initiatives would lead to a nationwide integration of agricultural markets and enhance the competitiveness of Indian farmers in national and global markets.

16. Public information on agriculture and agricultural markets is currently weak. The needed information should be reliable, timely, publicly available and relevant. The lack of easy access to these data makes market analysis cumbersome and investments more risky. There is currently no information available on important aspects such as which type of farms grow which crops, the level of marketed surplus, marketing conditions, use of inputs, adoption of modern technologies, the location of agricultural production of specific crops, production information. It would be useful to do solid evaluation of these programmes as to potentially further scale it up. It is also essential to bring private players into the system of dissemination of market information so as to better assure its sustainability.

17. With a view to establish a nationwide information network for speedy collection of prices and market related information, the Ministry of Agriculture launched Marketing Research and Information Network (AGMARKNET) scheme during 2000. Under the scheme, computer connectivity is being provided to important agricultural markets in the country. More than 3000 markets have already been covered under the Scheme. Presently, wholesale prices of 300 commodities and about 2000 varieties are being reported on the AGMARKNET portal from more than 1900 markets (table-3). The markets of hilly States have also been covered under the network, but I am told that position of data dissemination is not satisfactory in hill States due to internet and power problems and access to markets. There is a need to find out viable options like SMS through mobile phones, broad band connectivity from BSNL and liking with CSCs or CICs, Panchayats, etc for dissemination of market information by linking AGMARKNET at grass root level on regular basis.

18. Under the scheme of Horticulture Mission for North East and Himalayan States (HMNEH), assistance @ 50% of the capital cost (limiting to Rs. 20.00 lakh per unit for rural markets/apni mandis/direct markets and subsidy @ 33.33% of the capital cost of the project (limiting to Rs. 100.00 crore for wholesale markets) is provided to the North Eastern and Himalayan States for development of marketing infrastructure for perishable horticultural commodities.

Table 3

Consolidated Progress Report, June - 2011

S.No.	Name of the State/UT	Computer Provided	Market Nodes	Installation of Computer	Connectivity	Training	No.of Markets Reporting	>=20 Days	Markets Not Reporting	Market Profile Available (No)
1	Andaman and Nicobar	1	0	1	1	1	0	0	0	0
2	Andhra Pradesh	378	334	367	335	347	249	214	85	162
3	Arunachal Pradesh	16	15	14	7	7	0	0	15	6
4	Assam	26	23	23	22	26	10	4	13	22
5	Bihar	60	58	60	38	60	0	0	58	58
6	Chandigarh	2	1	2	2	2	1	1	0	1
7	Chattisgarh	77	73	77	77	77	69	63	4	51
8	Dadra and Nagar Haveli	2	1	2	2	2	0	0	1	0
9	Daman and Diu	3	2	3	3	3	0	0	2	0
10	Goa	13	10	13	9	9	3	1	7	6
11	Gujarat	324	319	323	167	309	126	96	193	94
12	Haryana	152	150	133	91	133	95	78	55	41
13	Himachal Pradesh	41	39	37	15	24	38	25	1	30
14	Jammu and Kashmir	43	41	41	26	30	6	1	35	3
15	Jharkhand	29	26	28	20	29	21	16	5	26
16	Karnataka	176	171	175	148	145	140	136	31	153
17	Kerala	95	92	90	42	92	60	21	32	11
18	Lakshadweep	1	0	1	1	1	0	0	0	1
19	Madhya Pradesh	271	267	221	190	190	128	65	139	132
20	Maharashtra	353	346	353	343	340	245	144	101	227
21	Manipur	6	5	6	6	6	2	0	3	1
22	Meghalaya	13	11	9	8	8	4	1	7	1
23	Mizoram	12	9	12	9	12	0	0	9	0
24	Nagaland	15	14	12	9	9	2	0	12	4
25	NCT of Delhi	13	9	13	13	13	9	8	0	9
26	Orissa	100	91	98	77	81	59	49	32	63
27	Pondicherry	3	2	3	3	3	1	0	1	2
28	Punjab	203	199	203	185	185	151	118	48	163
29	Rajasthan	174	166	170	170	170	111	87	55	83
30	Sikkim	8	7	8	4	4	0	0	7	0
31	Tamil Nadu	213	190	200	137	117	77	49	113	70
32	Tripura	22	21	22	16	22	19	8	2	0
33	Uttar Pradesh	265	257	255	174	248	152	117	105	17
34	Uttrakhand	22	21	22	21	21	13	7	8	18
35	West Bengal	59	56	59	43	40	39	29	17	1
36	H.O.,Faridabad	10	0	9	9	9	0	0	0	0
Total	All India	3201	3026	3065	2423	2775	1830	1338	1196	1456

N.B. : Some other markets (computer not provided) are also reporting data from the states of Andhra Pradesh and Karnataka. Flower Market, Okhla of Delhi is reporting data for Mehrauli, Canaught Place and Fatehpuri.

19. Ministry has launched the State plan scheme “Rashtriya Krishi Vikas Yojana” (RKVY) with the objective to increase public investment to achieve 4% annual growth in agriculture and allied sectors during the 11th five year plan by ensuring a holistic development of agriculture and allied sectors. The respective States are required to take appropriate steps for identification of projects that are important in the States for the development of the marketing sector.

20. National Horticulture Board (NHB) provides back-ended capital investment subsidy to the eligible organizations for creation /modernization/expansion of cold storage/Controlled Atmosphere Storage @ 40% of the project cost. For North-Eastern Regions, the subsidy is @ 55% of the project cost with a cost ceiling of Rs. 3.00 crore for 5000 MT.

21. Under National Horticulture Mission (NHM) scheme, financial assistance is provided for the development of post harvest management including for cold storages and cold chain component. Subsidy @ 40% (for general areas) and 55% (for hilly and tribal areas) of capital cost of the project is available for both public and private sector enterprises. The subsidy for the private sector is credit linked and back-ended

22. Under the scheme of Horticulture Mission for North East and Himalayan States (HMNEH), back-ended capital investment subsidy is provided for creation /modernization/expansion of cold storages @ 55% of the project cost with a cost ceiling of Rs. 3.00 crores for 5000 MT, for North Eastern and Himalayan States.

23. Ministry of Food Processing Industries provides assistance for development of integrated cold chain and preservation infrastructure facilities from the farm gate to the consumer. Pre-cooling facilities at production sites and reefer vans are assisted under this scheme. Financial assistance @ 50% of the total cost of plant and machinery and technical civil works in general areas and 75% for North Eastern region and difficult areas (Sikkim, J&K, Himachal Pradesh and Uttarakhand) subject to a maximum of Rs. 10 crore is provided under the scheme. The Ministry has already accorded approval to 10 cold chain projects during first phase of 11th Plan in the States of Maharashtra, Bihar, Tamil Nadu, Rajasthan, Karnataka, Uttarakhand, West Bengal, Andhra Pradesh, Gujarat and Haryana at an estimated investment of Rs 220 crores.

24. Ministry of Agriculture has recently established a ‘National centre for Cold Chain Development’ (NCCD) in association with stake holders as an autonomous centre as an autonomous centre of excellence to focus on the development of integrated cold chain in the Country. Similarly Ministry of Agriculture has taken initiative towards establishment of a special purpose vehicle on cold logistics through Central Warehousing Corporation in association with CONCOR and National Horticulture Board.

Incentives for the development of post-harvest and market infrastructure

25. Investment-linked tax incentives have been announced for the business of setting up and operating warehousing facilities and cold chain including cold storages for storing agricultural produce in the Union Budget 2009-10, allowing benefit of deduction to the extent of 100% of investment made in these infrastructure facilities.

26. Budget 2010-11, accords project import status with a concessional import duty of 5% for setting up mechanized handling systems and pallet racking system in Mandies or warehouses for food grains and sugar as well as full exemption for service tax installation and commissioning of such equipments. External Commercial Borrowings has been made available for cold storage or cold room facility, including for farm level pre-cooling, for preservation or storage of agricultural and allied produce, marine products and meat. It provides for project import status at a concessional customs duty of 5 per cent with full exemption from service tax to the initial setting up and expansion of Cold storage, cold room including farm pre-coolers for preservation or storage of agriculture and related sectors produce.

27. In the Budget 2011-12, warehousing and cold chain infrastructure has been included for assistance under the Viability Gap Funding of Ministry of Finance. Full exemption from excise duty has been provided for equipments and conveyor belts to be used in mandis, warehouses and cold storages.

Agro-processing

28. Indian economy is poised to grow between 8 to 10% (in real terms) over the next 5 years and at 6-7% for many more years in the future. The Government has recognized the high growth potential of the food processing industry and has already declared it as a priority sector. Although the country's agriculture base is quite strong but the processing level is very low in the sector. Only 7% of total agricultural produce is processed in the country. In fact around 2% of fruit and vegetables, 26% of marine products, 6% of poultry and 20% of buffalo meat are processed as against 60-70% in the developed countries. This combined with the ever growing demand side drivers creates opportunities for investment in food processing and agricultural supply chain.

29. In order to develop agro and food processing industries, the Ministry of food processing Industries is working on technology Mission for integrated development of horticulture in NER. The mission aims to provide linkages from research and development till the produce finally reaches the consumption chain. Under this, technological support will be provided to each State as per specific agro-climatic and socio-economic conditions along with increasing production and creating infrastructural facilities for post-harvest management, marketing and export.

Road ahead...

30. Most important problem for the farmers is output price fluctuations. There is a big gap between producer prices and consumer prices. There are different models for marketing collectively by the small and marginal farmers. These are: self help group model, co-operative model, small producer co-operatives and contract farming. Apni Mandi in Punjab, Rytu Bazars in Andhra Pradesh, dairy co-operatives are some of the successful cases in marketing. The real challenge lies in organising the small and marginal farmers for marketing and linking them to high value agriculture. Thus, group approach by forming Producers Companies/co-operative, Farmers Association is needed for getting benefits from marketing.

31. Contract Farming is another alternative model in marketing of perishable/high value commodities which needs to be promoted by the States Governments of hill region. Farming under contracts, which confer benefits to both producer and purchasers, for ensuring assured and remunerative marketing opportunities to the formers by way of assured procurement of the produce of desired quality by the contract farming sponsor from the contract farming producer at a pre determined price at a future date is called contract farming. The contract-farming sponsor may also provide input and technology support to the contract-farming producer including the extension support for desired quality and specification/standards of agricultural produce. The Model APMC Act 2003 stipulates institutional arrangement for registration of sponsoring companies, recording of Contract Farming Agreement, indemnity for securing farmers' land and lays down a time bound dispute resolution mechanism. Contract farming has been prevalent in various parts of the country for commercial crops like sugarcane, cotton, tea and coffee, etc.

32. Production conditions in the hills are different and more heterogeneous as compared to plains. Market-led research and extension models are required that are especially tailored for hill areas. Knowledge creation at the local level is needed and capacity building requirements seem high. Priority setting in agricultural research could be better aligned with the production and marketing constraints including development of suitable infrastructure facilities that farmers are facing in the field.

33. Lack of access to credit is often cited by farmers as a major constraint in production and marketing activities and they thus rely on informal credit, often tied to traders. It seems that farmers would benefit enormously by a broader adoption of innovative products such as group lending and kisan credit cards. Farmers involved in high-value agriculture face often also severe calamities, more so than in traditional agriculture. Crop insurance schemes could further be envisioned as to encourage investments in these riskier crops.

34. With the above initiatives, it is expected that agricultural marketing would get further boost and private sector need to take lead in development of marketing infrastructure with forward and backward linkage in the interest of farmers and more so in the interest of trade and industry.

View of the market in Punjab during the wheat procurement season (Rabi 2011)

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