



A Study of Agriculture Produce Market Committee-Regulated Markets in India

Dr. Dinesh C. Dhoniya

Assistant Professor

JKM Commerce, BBA & M.Com. College Junagadh

Abstract

Agricultural Produce Market Committees (APMCs) were established in India to create a regulated and transparent system for marketing agricultural produce, ensuring fair prices and protecting farmers from exploitation by intermediaries. Rooted in colonial-era market reforms and formalized post-independence through various state-level APMC Acts, these institutions have played a crucial role in organizing agricultural trade, setting up physical marketplaces (mandis), and regulating transactions through auction systems and licensed agents. However, over time, APMCs have come under criticism for monopolistic practices, restrictive regulations, lack of infrastructure, and inefficiencies that limit market access and fair price realization for farmers. In response, multiple reform initiatives have been introduced, including the Model APMC Act (2003), the National Agriculture Market (e-NAM) platform (2016), and various state-level policies promoting private markets, contract farming, and digital integration. The controversial Farm Laws of 2020, although later repealed, further highlighted the need for reform and raised national debates on liberalizing agricultural marketing. This paper examines the historical evolution, structure, objectives, and performance of APMCs in India, while also analyzing the ongoing reforms and emerging alternatives such as Farmer Producer Organizations (FPOs) and digital marketplaces. It argues that the future of agricultural marketing lies not in dismantling existing frameworks, but in modernizing and integrating them with market-friendly and technology-driven solutions that truly empower India's farmers and ensure sustainable agricultural growth.

Keywords: *APMC Act, Price discovery, Farmer protection, Market transparency, Intermediary exploitation*

Introduction

Agricultural Produce Market Committees (APMCs) are statutory bodies established by state governments in India to regulate the marketing of agricultural produce. The primary goal of APMCs is to ensure transparency in the trade of agricultural commodities and to protect farmers from exploitation by intermediaries.

Agriculture plays a vital role in India's economy, contributing significantly to employment and food security. However, one of the major challenges faced by Indian farmers is the efficient marketing of their agricultural produce. To address this, the government introduced the concept of **Agricultural Produce Market Committees (APMCs)** under the **Agricultural Produce Market Regulation (APMR) Act**, with the aim of



creating regulated markets (mandis) that ensure fair trade practices, eliminate exploitation by intermediaries, and provide transparent price discovery mechanisms.

APMCs are responsible for regulating the sale and purchase of agricultural commodities, maintaining market infrastructure, and protecting the interests of both farmers and consumers. Each state in India has its own APMC Act, and markets are governed by respective state-level committees. These regulated markets are intended to ensure that farmers receive remunerative prices through open auction systems and licensed traders. Despite their objectives, APMCs have been criticized over the years for issues such as monopolistic practices, lack of infrastructure, restricted market access, and inefficiencies. With the recent reforms and debates surrounding the liberalization of agricultural markets, the role and relevance of APMCs are under renewed scrutiny.

This study explores the structure, functioning, and impact of APMCs in India, highlighting both their contributions to agricultural marketing and the emerging challenges in the context of evolving market dynamics.

2. Historical Background

The origin of regulated markets in India dates back to the British era with the **Berar Cotton and Grain Market Act of 1887**, followed by other provincial acts. However, the establishment of APMCs was formalized post-independence with the introduction of various state-level APMC Acts, particularly after the recommendations of the **Royal Commission on Agriculture (1928)** and the **Report of the Marketing Committee (1960s)**.

The origin of regulated agricultural markets in India can be traced back to the **British colonial period**, when the need to protect farmers from exploitation by traders and moneylenders first emerged. One of the earliest steps in this direction was taken in **1886** with the establishment of a market committee in **Khandesh district of Maharashtra**, aimed at regulating grain markets.

The first major legislative intervention came in **1928**, when the **Royal Commission on Agriculture** recommended the regulation of markets to protect farmers from price manipulation and unfair trade practices. As a result, several provinces began enacting their own laws to establish regulated markets.

Post-independence, the Government of India emphasized the need for a structured marketing system. In **1960**, the concept of **Agricultural Produce Market Committees (APMCs)** was institutionalized under the **Agricultural Produce Markets Regulation (APMR) Act**, which empowered states to set up regulated markets (mandis) managed by APMCs.

These committees were tasked with:

- Regulating trade of agricultural produce
- Ensuring fair prices through transparent auction systems



- Providing infrastructure such as storage, grading, and weighing facilities
- Licensing traders and commission agents

Over time, most Indian states adopted their own APMC Acts, leading to the growth of thousands of regulated markets across the country. By the 1980s and 1990s, APMCs had become central to agricultural marketing in India.

However, with the liberalization of the economy and the evolution of private markets, contract farming, and e-trading platforms, APMCs began to face criticism for restrictive practices, cartelization, and inadequate facilities. This has led to calls for reforms, including the introduction of the **Model APMC Act (2003)** and more recently, the **Farm Laws (2020)**, aimed at liberalizing agricultural marketing and allowing farmers to sell outside the mandi system.

Thus, the history of APMCs reflects a transition from protection-oriented regulation to a more open, market-driven approach, balancing farmer welfare with efficiency in agricultural trade.

3. Structure and Functioning

Each APMC operates under the jurisdiction of a specific market area and is managed by a committee comprising representatives of farmers, traders, local bodies, and the government. Key functions include:

- Licensing of market functionaries (traders, commission agents, etc.)
- Ensuring fair price discovery through auctions
- Providing market infrastructure like sheds, storage, and weighing systems
- Collecting market fees from traders

4. Objectives of APMCs

- Prevent exploitation of farmers by middlemen
- Facilitate fair trade and transparent price discovery
- Provide physical and legal infrastructure for agricultural marketing
- Ensure standardization and grading of produce
- Enable regulated and systematic development of markets

5. Challenges and Criticism

Despite their objectives, APMCs have faced significant criticism:

- **Monopolistic practices:** Traders and commission agents often form cartels.
- **Restricted farmer access:** Farmers are often forced to sell only in designated mandis.
- **Market inefficiencies:** Infrastructure and digital integration are lacking in many markets.
- **License raj:** The licensing system can lead to corruption and entry barriers for new players.



- **Revenue model:** APMCs often prioritize revenue from fees over farmer welfare.

6. Reforms and Policy Initiatives

The Government of India and various states have initiated reforms to liberalize agricultural markets:

- **Model APMC Act (2003):** Proposed direct marketing, private markets, contract farming.
- **Electronic National Agriculture Market (e-NAM):** Launched in 2016 to create a unified national market.
- **APMC Bypass Acts:** Some states allow direct purchase from farmers outside APMC mandis.
- **Farm Laws 2020** (repealed in 2021): Intended to create free trade outside APMCs, but faced widespread protests and were later repealed.

Over the decades, India's agricultural marketing system has undergone several reforms aimed at improving efficiency, ensuring better price realization for farmers, and promoting competition. The APMC framework, while initially created to protect farmers from exploitation, gradually became restrictive and monopolistic. This led to various reform measures at both the **central and state levels**, aiming to liberalize the agricultural marketing structure.

1. Model APMC Act, 2003

The Government of India introduced the **Model APMC Act, 2003** to address inefficiencies in the existing system and to promote a more competitive agricultural market. Key provisions included:

- **Direct marketing** by farmers to buyers
- Establishment of **private markets** and **market yards**
- Introduction of **contract farming**
- Single-point levy of market fees
- Electronic auction and transparency in price discovery

Although progressive, the adoption of the Model Act varied across states, and implementation remained partial in many regions.

2. National Agriculture Market (e-NAM), 2016

Launched in **April 2016**, the **e-NAM platform** was a significant digital reform aimed at integrating APMC mandis across India into a unified national market.

- It allows farmers and traders to view all APMC auctions and prices in real time.
- Promotes **inter-state trade** of agricultural commodities.
- Helps in **transparent price discovery** through electronic bidding.

Despite its benefits, adoption of e-NAM has been slow due to infrastructure issues and resistance from traditional mandis operators.

3. APMC Bypass/Reform Laws (Farm Laws), 2020



In a bold move, the Central Government passed three farm laws in 2020, with one directly targeting APMC reform:

- **The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020:**
 - Allowed **farmers to sell produce outside APMC mandis** without paying market fees.
 - Encouraged **alternative trading platforms**, including private mandis and online marketplaces.

These laws aimed to break APMC monopolies and promote **free-market principles** in agricultural trade. However, they faced strong opposition from farmer groups and were **repealed in 2021** after widespread protests, particularly in Punjab and Haryana.

4. State-Level Reforms

Many states have independently taken steps to reform their APMC Acts. For example:

- **Maharashtra:** Allowed private markets and direct purchase licenses.
- **Karnataka:** Developed the **Unified Market Platform (UMP)** for digitized auctioning.
- **Gujarat:** Promoted contract farming and allowed private players to enter agricultural marketing.

5. Recent Initiatives (Post-2021)

Post-repeal of the Farm Laws, the focus has shifted to **consensual reforms**:

- Emphasis on **strengthening e-NAM infrastructure**
- Promoting **Farmer Producer Organizations (FPOs)** for collective marketing
- Encouraging **PPP (Public-Private Partnership)** models in agricultural logistics and warehousing
- Drafting a **new Model Act 2023 (proposed)** with stakeholder consultations

7. State Variations

APMC implementation and functioning vary significantly across states. States like Maharashtra and Gujarat have stronger APMC networks, while others like Bihar abolished APMCs altogether in 2006.

8. Future Prospects

To make agricultural marketing more inclusive and farmer-friendly, India needs:

- Better infrastructure and digitization of market
- True competition through private markets and FPOs (Farmer Producer Organizations)
- Transparent online platforms for price discovery
- Reduced regulatory barriers and improved logistics



Conclusion

Agricultural Produce Market Committees (APMCs) have played a foundational role in shaping India's agricultural marketing system. Initially introduced to protect farmers from exploitation and ensure fair trade practices, APMCs brought structure and regulation to a largely unorganized sector. Over time, however, the system began to face criticism for fostering monopolistic practices, inefficiencies, and limited market access for farmers. In response, successive governments have introduced various reforms—including the Model APMC Act (2003), the National Agriculture Market (e-NAM), and state-level initiatives—to modernize agricultural marketing. These reforms aim to increase transparency, enhance competition, and provide farmers with more choices for selling their produce. The brief implementation and subsequent repeal of the 2020 Farm Laws also highlighted the complexities involved in transforming India's agricultural marketing ecosystem. As India moves toward a more liberalized and technology-driven agricultural economy, there is a growing need to strike a balance between regulation and market freedom. Strengthening APMCs through digitization, infrastructure development, and better governance, while simultaneously promoting alternative marketing channels such as FPOs and e-platforms, will be key to building a more inclusive, efficient, and farmer-friendly marketing system. The future of agricultural marketing in India lies not in dismantling the existing institutions, but in reforming and integrating them with modern tools and practices to truly empower farmers and make agriculture a sustainable and profitable venture.

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