



Alternative Market Channel for Farmers

Why in News

In Maharashtra, an alternative market channel aids the impact on production and distribution of agricultural commodities as a result of the lockdown.

- It is a nearly two-decade-old initiative to reach fresh produce directly to consumers in Maharashtra, bypassing the mandis.
- **Mandi System:**
 - The mandi is a marketplace where farmers sell their produce to the licensed buyers through auction.
 - It is operated as per the regulations of [Agricultural Produce Market Committee \(APMC\)](#).
 - The auction is facilitated by the adithis (commission agents, middlemen) at the mandi, who hold licenses and are allotted a shop in the market.
 - These are wholesale markets - sites of aggregation and assembly, dealing with the bulk purchases and trade of agricultural commodities, before goods are processed in different units and distributed through a range of retail channels.

Key Points

- The model was introduced in the **early 2000s**.
- The idea was to create smaller, less congested markets in urban areas with the participation of farmers' groups and [Farmer Producer Companies \(FPCs\)](#), so that growers of vegetables and fruit have direct access to consumers.
- The model is implemented by the **state Agriculture Department and Maharashtra State Agricultural Marketing Board (MSAMB)**. Maharashtra is one of a handful of states where FPCs are robust.
 - At least 118 such markets were set up in Mumbai, Pune and Thane, with more planned in Nashik, Aurangabad and other cities before the lockdown began on March 24, 2020.
 - The farmers' groups have filled much of the gap created by the shuttering of wholesale markets. More than 200 FPCs are now supplying fresh vegetables in urban Maharashtra.
- **Working**
 - The government and MSAMB **identify farmer groups and FPCs, and form clusters**.
 - The FPCs and farmers' groups are **allotted space for weekly markets** in municipal wards or localities.
 - The local bodies choose the market sites and link the markets for **direct delivery to cooperative housing societies**.
 - Some producers' groups **even park pick-up trucks** loaded with fruits and vegetables at the gates of housing societies.
- **Advantages during lockdown when social distancing is critical:**
 - **Traffic of both buyers and sellers in these decentralised markets can be controlled more effectively** than in wholesale mandis.

- In several areas of Pune and Mumbai, the decentralised markets have given way **to FPCs delivering directly** to the gates of housing societies.
- Most FPCs have minimised contact, and have taken to selling **pre-packed, customised packets of vegetables.**
- **Benefits to Farmers**
 - The start of the **Covid-19** coincided with the **peak vegetable harvesting season.**
 - As the markets were locked down, there was a threat to the crop in over **100 lakh hectares in the country.**
 - A significant part of the produce of the state has made its way to these markets, lessening the impact on farmers.
 - More importantly, larger numbers of vegetable growers in Maharashtra have got into **direct selling to consumers.**
 - The practices of **rudimentary packing, sorting and branding** are being inculcated in farmers, as they pack and send pre-ordered packets to housing societies.
 - This model will likely help **create alternative market chains** that could continue even after lockdown.

Farmer Producer Companies

- A provision for setting up FPCs was made in the **Companies Act, 1956 in 2003 by an amendment to the Act.**
- According to the **National Bank for Agriculture and Rural Development (NABARD)**, a producer company is a hybrid between a **private limited company and a cooperative society.**
 - Therefore, it enjoys the benefits of professional management of a private limited company as well as mutual benefits derived from a cooperative society.
- Most of these FPCs are **concentrated in a few states** such as Madhya Pradesh, Rajasthan, Maharashtra and Bihar.
 - Some have been formed by landless **women, labourers or marginal farmers.**
 - A significant proportion of FPCs has been engaged in **sale of agricultural inputs such as seeds and pesticides to farmers** while some of them are involved in commercial seed production.
 - However, only a handful of FPCs have been able to become **financially viable.**

Source: IE

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