STUDY NOTES · BASIC CONCEPT

What is Agriculture Marketing and Agricultural Produce Market Committee (APMC)?

Indian Economy

29 Oct 2026

What?

Agricultural marketing refers to the entire process through which agricultural produce moves from farmers to final consumers or industrial users. It includes assembling, grading, storage, transportation, processing, price discovery, buying, selling and distribution.

Agricultural marketing is not limited to selling crops in a mandi. It covers the entire agricultural value chain, from the farm gate to the final consumer.

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Components of agricultural marketing

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1. Assembling: Collecting produce from individual farmers or farms.
2. Grading and standardisation: Classifying produce according to quality, size, moisture content and other characteristics.
3. Storage: Preserving produce until it can be sold at a suitable time.
4. Transportation: Moving produce from farms to markets, warehouses, processors or consumers.
5. Price discovery: Determining prices through auctions, negotiations, electronic trading or other market mechanisms.
6. Processing and value addition: Converting raw produce into products with higher market value.
7. Distribution: Moving products through wholesalers, retailers, cooperatives, processors and other channels.
8. Payment and settlement: Ensuring that sellers receive the amount due under the transaction.

Why is agricultural marketing important?

Agricultural marketing connects farm productivity with farmers' actual income. Higher agricultural production does not necessarily lead to higher farmer incomes if produce is sold at low prices, damaged during transportation or storage, or subject to excessive transaction costs. Efficient marketing can:

1. Improve farmers' price realisation.
2. Reduce post-harvest losses.
3. Improve access to buyers and markets.
4. Encourage crop diversification and commercial agriculture.
5. Promote food processing and rural employment.
6. Reduce information asymmetry between farmers and traders.
7. Improve supply-chain efficiency and consumer access.

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What is an APMC?

An Agricultural Produce Market Committee (APMC) is a statutory market committee established under the relevant state legislation to regulate the marketing of specified agricultural produce in a notified market area. APMCs were developed to address unfair trading practices, improve market infrastructure and provide an organised framework for transactions between farmers and buyers. The specific powers, commodity coverage, fees, licensing arrangements and procedures vary between states. Agricultural marketing is primarily governed through state-level laws, although the Union Government also promotes national market integration and infrastructure development.

Objectives of APMCs

1. Protect farmers against unfair market practices.
2. Promote transparent weighing and transactions.
3. Regulate licensed traders and commission agents where required.
4. Provide market yards, auction facilities and other infrastructure.

5. Facilitate timely payment for produce.
6. Improve the availability of market information.
7. Provide mechanisms for handling disputes under applicable rules.
8. Encourage grading, standardisation and better agricultural marketing.

Functions of APMCs

Function	Explanation
Market regulation	Regulate the marketing of notified produce under the relevant state law
Licensing	Regulate traders, commission agents and other market participants where required
Market infrastructure	Provide facilities such as auction platforms, roads, storage and weighing equipment
Weighment	Support accurate and transparent measurement of produce
Market information	Display or disseminate prices, arrivals and other relevant information
Collection of fees	Collect authorised market fees under the applicable legislation
Dispute resolution	Address specified market disputes through available statutory mechanisms
Monitoring	Inspect market activities and enforce applicable conditions

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Constitutional and legal framework of agricultural marketing

Agricultural marketing in India operates through a combination of state legislation, central laws, government policies and digital platforms. Constitutional position

Constitutional provision	Relevance
State List, Entry 28	Markets and fairs
State List, Entry 14	Agriculture, including agricultural education and research, protection against pests and prevention of plant diseases
State List, Entry 26	Trade and commerce within the state, subject to the provisions of Entry 33 of the Concurrent List
Concurrent List, Entry 33	Trade and commerce in, and production, supply and distribution of, specified commodities, including foodstuffs and certain agricultural products
Article 301	Freedom of trade, commerce and intercourse throughout the territory of India, subject to constitutional provisions
Article 302	Parliament may impose restrictions on this freedom in the public interest, subject to the Constitution
Article 304	Permits specified state restrictions on trade and commerce, subject to constitutional conditions

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Major legal and policy developments

1. State APMC Acts : Different states enacted legislation to establish regulated agricultural markets. The details of licensing, fees, market areas, commodities and governance differ by state.

2. Model APMC Act, 2003

The Union Government proposed a model law to encourage agricultural marketing reforms, private markets, direct marketing and greater competition. States were expected to adapt their laws because the model legislation did not automatically become binding law in every state.

3. Model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017

This model legislation proposed reforms including private markets, direct marketing, farmer-consumer markets, electronic trading, unified trading licences and a single-point levy of market fees. Adoption and implementation depended on states.

Indian Economic Service+1

4. Essential Commodities Act, 1955

The Act provides a framework for regulating the production, supply, distribution and trade of specified essential commodities in the circumstances and manner provided by law. It is relevant to agricultural markets because stock limits and other controls can affect storage, trade and price incentives.

5. Farm laws enacted in 2020 and repealed in 2021

Three central farm laws were enacted in 2020 to change aspects of agricultural trade, contract farming and stock regulation. They were subsequently repealed through the Farm Laws Repeal Act, 2021.

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What is National Agriculture Market (e-NAM)?

The National Agriculture Market (e-NAM) is a pan-India electronic trading platform launched in April 2016 to integrate participating agricultural mandis and improve price discovery.

It is implemented by the Small Farmers' Agribusiness Consortium (SFAC) under the Ministry of Agriculture and Farmers Welfare. It is designed to link existing market infrastructure through an electronic platform rather than replace all physical mandis with a separate nationwide physical market.

Objectives of e-NAM

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- Integrate participating agricultural markets.
- Improve transparency in auctions and transactions.
- Reduce information asymmetry between buyers and sellers.
- Enable wider participation by eligible buyers.
- Promote quality-based price discovery.

- Facilitate electronic payments and better transaction records.
- Improve market access and support inter-market trade.

Key features

1. Electronic bidding: Participating buyers can submit bids through the platform.
2. Quality assaying: Quality information can help buyers assess the produce and make more informed bids.
3. Price information: The platform provides market-related information to support selling decisions.
4. Digital records: Electronic records can improve transaction traceability.
5. Electronic payments: The system supports digital settlement of transactions.
6. Integration with physical markets: The electronic platform operates in conjunction with participating market infrastructure.

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e-NAM: Progress

According to a Press Information Bureau update, by March 2026 e-NAM had integrated 1,656 mandis across 23 states and 4 Union Territories. The same update reported cumulative trade of ₹4.84 lakh crore between the platform's launch and March 2026. These are dated administrative figures and should be cited with the reference period in exam answers.

Conditions for integrating APMCs with e-NAM

The official e-NAM framework identifies three important state-level reforms:

- A unified trading licence valid across the state.
- A single-point levy of market fee across the state.
- Provision for electronic trading or e-auction as a mode of price discovery.

Important government initiatives supporting agricultural marketing

Scheme / initiative	Main objective	Relevance to agricultural marketing
e-NAM	Integrate participating agricultural markets electronically	Price discovery, electronic bidding and wider market access
Agriculture Infrastructure Fund (AIF)	Facilitate financing for eligible post-harvest and community farming infrastructure	Storage, processing and market-linked infrastructure
Agricultural Marketing Infrastructure (AMI) scheme	Support eligible agricultural marketing infrastructure	Storage and marketing facilities
Formation and Promotion of 10,000 FPOs scheme	Promote farmer-producer organisations	Aggregation, collective marketing and bargaining
Pradhan Mantri Kisan Sampada Yojana	Support eligible food-processing infrastructure and value-chain development	Processing, preservation and value addition
Operation Greens	Support eligible value-chain interventions for designated crops and related objectives under the scheme's applicable guidelines	Reduce supply-chain inefficiencies and support market linkages
Warehousing Development and Regulatory Authority (WDRA) framework	Regulate registered warehouses and negotiable warehouse receipts	Storage, commodity finance and trade in stored produce
Agricultural exports and food-processing initiatives	Promote eligible processing and export infrastructure	Market diversification and value addition

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Warehousing and Negotiable Warehouse Receipts

Warehousing is important because farmers may be forced to sell immediately after harvest when market arrivals are high and prices are under pressure.

A Negotiable Warehouse Receipt (NWR) is a document that represents the depositor's entitlement to commodities stored in an eligible warehouse and can facilitate transfer or financing under the applicable legal framework. Electronic NWRs enable these records to be managed digitally.

How warehouse receipts help?

1. Farmers or traders can store produce under suitable conditions.
2. The warehouse issues a receipt according to the applicable framework.
3. The receipt can support eligible financing arrangements.
4. Stored commodities can potentially be traded without immediate physical movement.
5. Better storage access can help sellers choose when and where to sell.

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