Removing stock limit and deregulating pricing is better for farmers, consumers

Jaipur: Union finance minister Nirmala Sitharaman's proposal to deregulate pricing and stock limit of agriculture produce and opening the market for retailers, traders and processors is a pragmatic step which aligns with many of the decisions recently taken in Rajasthan.

Many of the agricultural experts that TCI spoke to said liberalising the market from the clutches of cartels operating in mandis will help farmers get better price for their produce and the scope for monopoly in the current environment is not a potential threat.

Ramesh Mittal, senior director at National Institute of Agriculture Marketing under the ministry of agriculture, said, "Removing the stock limits will allow farmers discover better price for their produce. In the existing policy regime, even if the farmer has more produce and wants to sell, the wholesaler cannot buy after a limit even if he desires so. This leaves the farmer no option but to sell at distress rates as he keeps on approaching buyers."

There could be some retail hoarding but they cannot have the capacity to influence the pricing. In addition, the electronic trading of farm produce is gaining strong ground, especially in Rajasthan," said the official preferring anonymity.

The finance minister also said the Centre would bring in reforms for marketing of agriculture produce to give more choices to farmers to sell. Today, mandis operate through members and cartelization is deep-rooted.

"Reforms have been taking place like the introduction of electronic trading portal, National Agriculture Market (eNAM). But the membership structure in mandis committees, which allows cartelisation should go. Mandis should be liberalised which will benefit farmers and consumers," said Pradeep Mehta, secretary general of CUTS International.