



From Local Mandis to National Prosperity: How APMC Integration Facilitates the Vision of Ek Bharat Shreshtha Bharat

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Abstract

Agriculture plays a very important role in India's economy and society. Even today, a large part of the population depends on farming for income and livelihood. While improving agricultural production is necessary, farmers can truly benefit only when they are able to sell their produce at fair prices. For this reason, agricultural markets and marketing systems are extremely important. In India, agricultural marketing has mainly been managed through the Agricultural Produce Market Committee (APMC) system. The APMC system was created to protect farmers from unfair trade practices and to ensure transparent price discovery in regulated markets, known as mandis. In the beginning, this system helped farmers by reducing exploitation and improving market discipline. However, over time, the APMC system became highly regulated and fragmented. Different rules in different states limited competition, restricted inter-state trade, and reduced farmers' access to larger markets. At the same time, the Government of India has promoted the idea of Ek Bharat Shreshtha Bharat, which aims to strengthen national unity through cultural, social, and economic integration. While cultural integration is important, economic integration—especially in agriculture—is equally necessary. Without integrated markets, farmers and regions remain isolated, and economic inequality continues. This paper studies how integrating APMC markets across states can support the vision of Ek Bharat Shreshtha Bharat. It explains how policy reforms, cooperative federalism, and digital platforms such as the electronic National Agriculture Market (e-NAM) can help connect local mandis into a national agricultural market. The paper uses secondary sources such as government reports, policy documents, and academic studies. The study concludes that APMC integration can improve farmer incomes, reduce regional price differences, strengthen supply chains, and promote inclusive growth. More importantly, it shows that agricultural market integration is not just an economic reform, but also a step toward national unity by linking local economies with national prosperity.

Keywords: APMC, Market Integration, e-NAM, Farmer Welfare, Ek Bharat Shreshtha Bharat



1. Introduction

Agriculture has always been central to India's economy and culture. Even though sectors like industry and services have grown rapidly, farming still supports nearly half of the country's population. The condition of farmers affects not only rural areas but also food prices, inflation, employment, and social stability across the nation. Therefore, improving agriculture is not just an economic necessity but also a social responsibility. Often, discussions on agriculture focus on production issues such as seeds, irrigation, fertilizers, and technology. While these factors are important, they do not guarantee better income for farmers. Farmers earn better only when they can sell their produce easily, at the right time, and at fair prices. This makes agricultural marketing systems extremely important.

In India, agricultural marketing has traditionally been managed through the Agricultural Produce Market Committee (APMC) system. Under this system, farmers sell their produce in regulated markets called mandis. These mandis were established to protect farmers from exploitation by traders and moneylenders, who earlier dominated agricultural trade. APMC mandis introduced rules for transparent auctions, standard weights, and regulated market practices.

Initially, the APMC system worked well. It helped reduce unfair practices and created organized markets for farmers. However, over time, several problems developed. Different states introduced different APMC laws, which led to a fragmented market system. Farmers were often forced to sell only in local mandis, even if better prices were available elsewhere. Entry restrictions reduced competition, and middlemen gained strong control over trade.

This paper argues that integrating APMC markets across states can play a major role in achieving this goal. By connecting local mandis into a national agricultural market, India can improve farmer welfare, reduce regional inequality, and strengthen economic unity.

2. Historical Evolution of Agricultural Marketing in India

2.1 Agricultural Markets before Independence

Before independence, agricultural markets in India were mostly unorganized. Farmers usually sold their produce to local traders or moneylenders, often at very low prices. These traders controlled both credit and markets, which put farmers in a weak position. Farmers had little information about prices and no alternative buyers. There were no proper market rules, standard weights, or quality checks. Many farmers were forced to sell immediately after harvest to repay loans, even when prices were low. This system caused widespread exploitation and poverty among farmers.

2.2 Creation of APMC System after Independence

After independence, the Indian government realized that farmers needed protection and organized markets. From the 1950s onwards, states started passing APMC Acts. These laws



created regulated markets where agricultural produce could be bought and sold under government supervision.

The main goals of the APMC system were:

- To protect farmers from unfair trade practices
- To ensure fair and transparent price discovery
- To standardize weights, measures, and grading
- To develop market infrastructure like yards and storage

In the early years, APMC mandis helped bring discipline to agricultural trade and reduced exploitation.

2.3 Problems That Developed over Time

Over time, the APMC system began to show serious weaknesses. Strict licensing rules limited the number of traders, which reduced competition. Commission agents became powerful and often controlled auctions. Market fees and taxes increased the cost of trade. Most importantly, each state followed its own APMC rules. This made it difficult for farmers to sell their produce outside their state or even outside their local mandi. Instead of helping farmers reach bigger markets, APMCs often trapped them in small, local markets.

3. Review of Literature

A review of existing studies helps in understanding how agricultural markets have evolved in India and why market integration has become an important policy issue. Many scholars, policymakers, and institutions have studied the APMC system, its benefits, and its limitations.

Early studies on agricultural marketing in India focused on the role of regulated markets in protecting farmers. Research by Acharya and Agarwal (2016) explains that APMC mandis helped reduce exploitative practices by introducing regulated auctions and standardized procedures. These studies highlight that, in the initial decades, the APMC system improved transparency and brought stability to agricultural trade.

However, later research began to point out serious structural problems. Chand (2017) argues that excessive regulation and entry barriers in APMC mandis reduced competition and weakened price discovery. According to this view, farmers were often forced to sell to a limited number of traders, which lowered their bargaining power. Similar observations were made by the Economic Survey of India, which noted that farmers rarely benefited from price differences across regions due to restrictions on movement and sale.

Several studies also focus on the issue of market fragmentation. Gulati, Saini, and Jain (2019) explain that the lack of a unified national market has resulted in wide price variations for the



same crop across different states. This fragmentation prevents farmers from accessing better markets and limits the efficient flow of agricultural produce.

With the introduction of reforms such as the electronic National Agriculture Market (e-NAM), researchers began examining digital solutions to market integration. Studies suggest that while e-NAM has improved price transparency and information access, its success depends on complementary reforms in physical infrastructure and state-level regulations (NITI Aayog, 2020).

Overall, the literature shows agreement on one point: while the APMC system was useful in the past, reforms and integration are necessary to make agricultural markets more efficient, inclusive, and nationally connected.

4. Conceptual Framework

The conceptual framework of this study is based on the idea that market integration leads to economic unity, which in turn supports national development goals. In the context of agriculture, market integration means that farmers, traders, and consumers across different states can participate in a common market with minimal barriers.

4.1 Understanding Agricultural Market Integration

Agricultural market integration refers to the smooth movement of agricultural produce across regions, supported by uniform rules, transparent pricing, and efficient infrastructure. In an integrated market, price differences between regions are mainly due to transport costs and quality differences, rather than artificial barriers.

In India, true market integration has been limited because agricultural marketing is regulated by state governments. Different rules regarding licensing, taxes, and fees create barriers to inter-state trade. As a result, markets remain fragmented, and farmers are unable to take advantage of national demand.

4.2 Role of APMC Integration

APMC integration does not mean removing regulation completely. Instead, it means harmonizing rules across states, increasing competition, and giving farmers more choices. Integrated APMCs allow farmers to sell their produce:

Within their local mandi

In other mandis within the state

Across states through digital platforms

This flexibility improves price discovery and reduces the dominance of intermediaries.



4.3 Linking Market Integration with Ek Bharat Shreshtha Bharat

The Ek Bharat Shreshtha Bharat initiative emphasizes unity through cooperation and mutual benefit. When farmers in one state can sell to buyers in another state, economic interdependence increases. Such interdependence strengthens national unity by linking regional economies.

Thus, agricultural market integration supports not only economic efficiency but also social and political cohesion. It helps reduce regional disparities and promotes inclusive growth, which are essential for a strong and united nation.

5. Fragmentation of Agricultural Markets in India

5.1 Nature of Market Fragmentation

Market fragmentation in India refers to the division of agricultural markets into isolated units controlled by different state regulations. Each state has its own APMC Act, market fees, licensing requirements, and trading practices. This makes inter-state trade complex and costly. Farmers are often legally required to sell their produce only in designated mandis. Even when better prices exist in nearby states, farmers cannot easily access those markets. This limits their income opportunities.

5.2 Role of Intermediaries

Due to restricted entry of traders, intermediaries such as commission agents gain significant power. In many mandis, these agents influence auctions, credit access, and price setting. Farmers who depend on them for loans are often forced to sell at lower prices. Instead of promoting competition, the system sometimes protects vested interests, which goes against the original objective of APMC regulation.

5.3 Impact on Farmers and Consumers

Market fragmentation harms both farmers and consumers. Farmers receive lower prices due to limited competition, while consumers pay higher prices due to inefficient supply chains. Price differences across regions remain high, and food distribution becomes uneven.

6. Electronic National Agriculture Market (e-NAM): A Step Toward Integration

6.1 Background of e-NAM

The electronic National Agriculture Market (e-NAM) was launched by the Government of India in 2016 with the objective of creating a unified national market for agricultural commodities. The platform was designed to connect existing APMC mandis across different states through a digital network. Instead of replacing physical markets, e-NAM aimed to improve their functioning by introducing online trading, price transparency, and better access to market information. Before e-NAM, farmers generally depended on local traders for price



information. This information gap weakened their bargaining power. e-NAM attempted to address this issue by allowing farmers to view prices across different mandis in real time. In theory, this would help farmers choose markets offering better prices.

6.2 How e-NAM Works

Under the e-NAM system, APMC mandis are connected to an online portal where buyers and sellers can participate in electronic auctions. The process involves:

Online registration of farmers and traders

Quality assessment and grading of produce

Electronic bidding and price discovery

Online payment settlement

This system reduces the role of middlemen and promotes direct interaction between farmers and buyers.

6.3 Achievements of e-NAM

e-NAM has brought several improvements to agricultural marketing. Farmers now have better access to price information, which increases transparency. The system has also encouraged some states to reform their APMC laws to allow inter-state trading. Studies show that e-NAM has helped reduce price differences between markets for certain commodities. It has also promoted awareness among farmers about quality standards and grading practices.

6.4 Limitations of e-NAM

Despite its potential, e-NAM faces several challenges. Not all mandis are fully integrated, and many states still have restrictive APMC laws. Infrastructure issues such as poor internet connectivity, lack of storage facilities, and limited logistics reduce the effectiveness of online trading.

Additionally, many small farmers lack digital literacy, which limits their participation. Without parallel reforms in physical markets, e-NAM alone cannot create a fully integrated national market.

7. Economic Impact of APMC Integration

7.1 Impact on Farmer Income

Integrated markets offer farmers more buyers and better price discovery. When farmers can sell beyond local mandis, they are less dependent on a few traders. Increased competition leads to better prices and higher incomes. Market integration also encourages diversification of crops, as farmers can access new markets with different demand patterns.



7.2 Reduction in Regional Price Differences

APMC integration helps reduce large price variations across states. When produce can move freely, surplus regions can supply deficit regions more efficiently. This stabilizes prices and benefits both farmers and consumers.

7.3 Strengthening Supply Chains

Integrated markets promote better logistics, storage, and transportation. Improved supply chains reduce post-harvest losses and improve food availability across regions.

8. Social and National Integration

8.1 Economic Unity and National Cohesion

Economic integration strengthens national unity by linking regional economies. When farmers, traders, and consumers interact across state boundaries, mutual dependence increases. This supports the spirit of Ek Bharat Shreshtha Bharat.

8.2 Reducing Regional Inequality

Integrated markets help backward regions access larger markets and higher prices. This reduces regional disparities and promotes inclusive growth.

8.3 Empowerment of Farmers

Market integration empowers farmers by giving them choices and information. Empowered farmers are more confident, economically secure, and socially respected.

9. Challenges in APMC Integration

Although APMC integration offers many benefits, several challenges continue to slow down the process. These challenges exist at institutional, infrastructural, and social levels.

9.1 Regulatory and Legal Barriers

One of the biggest challenges is the variation in APMC laws across states. Since agriculture is a state subject, each state follows its own rules related to licensing, fees, taxes, and market operations. This lack of uniformity makes inter-state trading complicated and costly.

Some states are reluctant to reform their APMC systems because market fees are an important source of revenue. There is also resistance from powerful trader groups and commission agents who benefit from the existing system.

9.2 Infrastructure Constraints

Market integration requires strong physical infrastructure such as roads, warehouses, cold storage facilities, and transportation networks. In many rural areas, these facilities are



inadequate. Poor infrastructure increases transaction costs and reduces the benefits of integration. Even digital platforms like e-NAM depend on reliable internet connectivity, electricity, and modern market yards. Without these, digital integration remains incomplete.

9.3 Digital and Knowledge Gaps

Many small and marginal farmers lack digital literacy. They may find it difficult to use online platforms, understand quality standards, or negotiate with distant buyers. This creates a digital divide where only larger or better-informed farmers benefit from reforms. Training and awareness programs are essential to ensure that all farmers can participate meaningfully in integrated markets.

9.4 Trust and Adjustment Issues

Farmers often trust familiar local traders and hesitate to engage with unknown buyers from other regions. Market integration requires time to build trust, transparency, and confidence among all stakeholders.

10. Policy Recommendations

To successfully integrate APMC markets and support the vision of Ek Bharat Shreshtha Bharat, the following policy measures are suggested:

10.1 Harmonization of APMC Laws

States should work toward harmonizing key aspects of APMC regulations. While complete uniformity may not be possible, common standards for licensing, quality grading, and inter-state trade should be adopted. The central government can play a coordinating role by encouraging dialogue and offering incentives for reform.

10.2 Strengthening Physical Infrastructure

Investment in rural infrastructure is critical. This includes:

Modern market yards

Storage and cold chain facilities

Efficient transport and logistics

Public-private partnerships can help mobilize resources for infrastructure development.

10.3 Improving Digital Access and Literacy

Digital platforms like e-NAM should be supported by training programs for farmers, traders, and market officials. Simple user interfaces and local-language support can improve adoption. Farmer Producer Organizations (FPOs) can play an important role by aggregating produce and facilitating digital participation for small farmers.



10.4 Encouraging Cooperative Federalism

Market integration should be approached as a cooperative effort rather than a top-down reform. Regular coordination between central and state governments is necessary to address concerns and share best practices.

11. Conclusion

Agricultural market integration is a crucial step toward improving farmer welfare and strengthening India's economy. While the APMC system was created to protect farmers, its fragmented structure has limited its effectiveness in a modern, interconnected economy. Integrating APMC markets across states can unlock new opportunities for farmers by expanding market access, improving price discovery, and reducing inefficiencies. More importantly, APMC integration supports the broader national vision of Ek Bharat Shreshtha Bharat. By linking local mandis to national markets, economic interdependence between regions increases. This not only reduces regional inequalities but also strengthens national unity. The success of APMC integration depends on cooperative federalism, supportive infrastructure, digital inclusion, and trust among stakeholders. If implemented carefully and inclusively, integrated agricultural markets can transform local economies and contribute significantly to national prosperity.

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