



कृषि, सहकारिता एवं किसान कल्याण विभाग  
DEPARTMENT OF  
**AGRICULTURE, COOPERATION &  
FARMERS WELFARE**

सत्यमेव जयते

# Landmark Reforms in Indian Agriculture

Opening up of Agri Markets.





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**Agriculture has key role in  
making India \$5 trillion economy.**

**Hon'ble PM Shri Narendra Modi**



# Indian agri – our unknown strengths

- ▶ India is the world's **largest producer** of spices, pulses, milk, tea, cashew and jute, and the **second largest producer** of wheat, rice, fruits and vegetables, sugarcane, cotton and oilseeds.
- ▶ India is currently the **world's fourth largest producer of agrochemicals**.
- ▶ India has the **largest livestock population** of around 535.8 million, which translates to **around 31 per cent of the world's livestock** population in 2019.
- ▶ India has the **largest land area under irrigation** in the world (96 mn hectare).
- ▶ 263 million people are engaged in agriculture. It is the **country's largest private enterprise**.
- ▶ **India is amongst the top five net exporters in the world.**

**Agriculture contributes 15% of India's GDP. Source of livelihood of over 50% of our 1.3 billion population**



## Reforms

Amendments to Essential Commodity Act (EA Act 1955)

Agricultural marketing reforms to provide marketing choices to farmers

Framework for produce price and quality assurance

## Stimuli

Additional refinancing through NABARD (USD 4 Billion)

Additional credit boost through Kisan Credit Card (USD 26 Billion)

Agri infra fund for farm-gate infrastructure (USD 13 Billion)

Towards an *AatmaNirbhar Bharat*;  
through

**Agriculture Transformation**



# Indian agriculture in today's era

- ▶ The current reforms shows the GOI's intention to create a **open agri markets eco system across the country**
- ▶ These measures will **attract capital and technology** to our agrarian economy
- ▶ **Key focus areas of the government**
  - ▶ **Agriculture marketing & technology intervention for both buyers and sellers**
  - ▶ **Access of better marketing avenues for farmers produce**
  - ▶ **Freeing up the sector of various restrictions due to restrictive laws**
  - ▶ **Attract private sector participation**

India benefits from a **large agriculture sector, abundant livestock** and **cost competitiveness**.



# The 3 ordinances at a glance

- ▶ The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020 or the FPTC Ordinance. **To end the monopoly of the Agricultural Produce Market Committees (APMC)** and allow anyone to purchase and sell agricultural produce.
- ▶ Amended the Essential Commodities Act to **remove the existing restrictions on stocking food produce.**
- ▶ The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020 — has been enacted to provide legal framework for agreements between farmers and buyers including processors, wholesalers and large retailers.



## The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020

- Freedom to farmers and traders for sale and purchase of Farmers Produce.
- Remunerative Prices of farmers produce through competitive alternative trading channels.
- Barrier free intra state and inter state trade.
- Regulations of APMC limited to physical boundaries of notified yards.
- Facilitative framework for electronic trading.
- New players can enter the market without any licensing.
- Enlarged market for farming produce, freedom to buy and sell in 'Trade Area' both physically as well as through e-trading.



## The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020

- Farming Agreements to be in writing.
- Model Agreements along with guidelines.
- Farm Services including inputs and technology included.
- Norms for quality and grade standards to be specified.
- Price Predictability ensured
- Protection to Farmers for building their confidence to participate.
- Exemption from Mandi Fees and EC Act.
- Conciliation & Dispute Resolution



# Agri-Infra Fund



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- ▶ Financing facility of over **INR 1 lac crore (USD 13 billion)**
- ▶ Funding for Primary Agri Credit Society (PAC), agri-entrepreneurs, start-ups and agri tech players
- ▶ Projects for PHM infra include:
  - ▶ Cold Chains
  - ▶ E-marketing points
  - ▶ Community farm assets including smart agriculture

**Indian food processing industry has cumulatively attracted Foreign Direct Investment (FDI) equity inflow of about US\$ 9.78 billion between April 2000 and December 2019.**



## FPO Promotion Scheme

- Promotion of new FPOs on one district one product concept.
- Equity grant upto INR 1.5 million.
- Management grant upto INR 1.8 million for a period of 3 years.
- Credit guarantee facility for loans upto INR 20 million.
- Minimum membership of 300 in plains and 100 in hill states.
- 10,000 new FPOs to be promoted.
- FPOs will provide deeper access to farming sector for large private sector players.



# Enhance flow of credit to Farmers.

- Agri credit flow target for 2020-21- **USD 195 Billion** , out of this short-term credit target- US \$ 120 Billion.
- Under the '**AATMA NIRBHAR BHARAT**' campaign, target to cover 2.5 crore additional farmers under KCC: injection of additional USD 26 Billion in rural economy.
  - This will ensure additional credit to farmers for various activities including working capital needs of animal husbandry & fisheries
- Short-term loans are provided at concessional interest rates of **effective rate of 4%** per annum.



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# Digital & Smart Agriculture

- ▶ Linkage to state land records and land holdings GIS data
- ▶ Enabling a **Digital Agri-stack** built on the foundation of Farmers Database
- ▶ **Data standardization** for onboarding information from satellite imagery, IOT devices and databases both in private and public domain
- ▶ A model for **monetization of data** on agri stack maybe built to ensure sustainability
- ▶ Targeting opening up of public digital agri stack to private players by December,2020.

**Agrifood start-ups in India received funding of US\$ 1.66 billion between 2013-17 in 558 deals.**



# What do the recent reforms mean for agri-players

- ▶ Will help the private sector invest with higher conviction to build India's agri-assets in a profitable yet socially responsible manner
- ▶ Small farmer's interest will be protected; farmers will get the best prices.
- ▶ Barrier free inter & intra state trade; new players can enter without any licensing
- ▶ **Digital connectivity to supplement physical trade in farmers produce;** electronic trading platform can be set up a body corporate or farmers collective

**Agriculture export policy aims to increase exports to USD 60 billion by 2022**

# opportunities for new investments in enabling ecosystem



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Rabobank



FarmDrive

## Credit/Financial Institutions

- Organized sales improves credit score and enables formal channels to finance farmers
- E.g. Rabobank has 92b Euro food agri loan portfolio

## Assaying and Grading

- Multi party professional players in advanced and fast assaying/ grading systems
- E.g. Vibe Imaging Analytics (US) developed AI based grain analyzer system



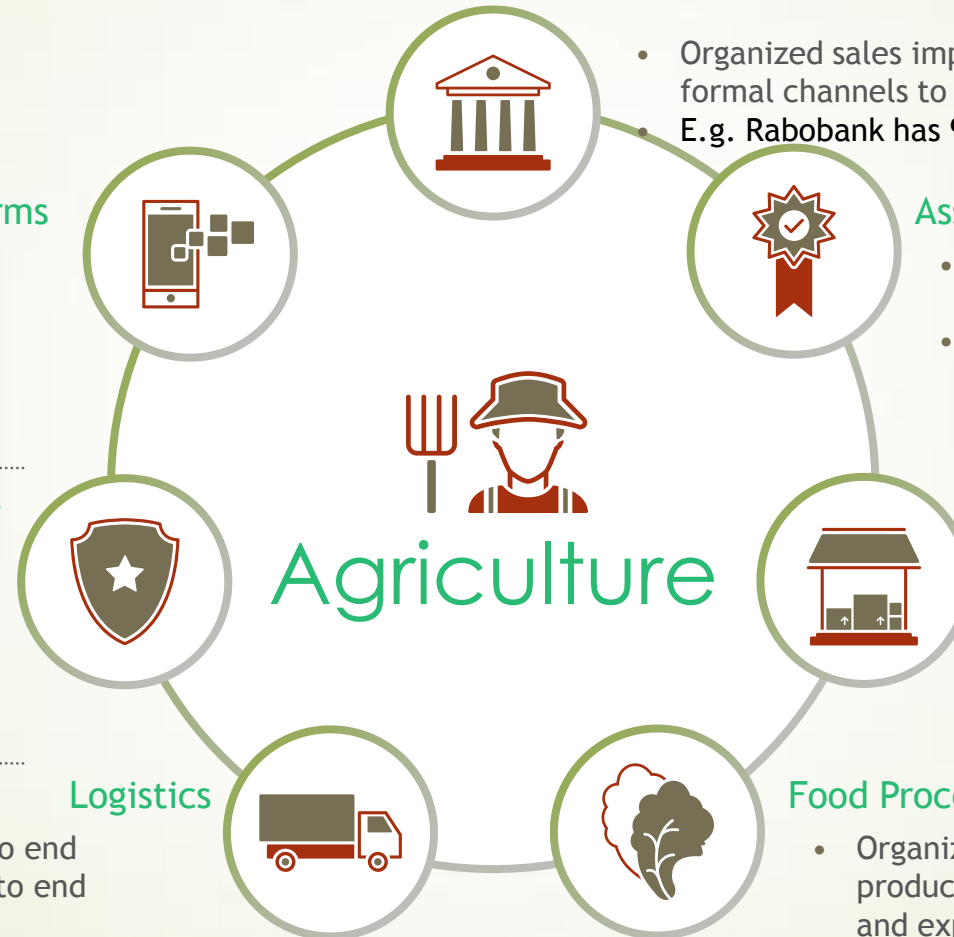
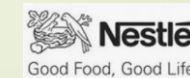
## Warehousing and Cold storage

- Cost efficient and flexible storage solutions
- E.g. AGRO Merchants Group with 7 mn cu. M cold storage space



## Food Processing Units

- Organized and potentially cheaper access to agri-produce to promote setting of food processing units and export promotion
- E.g. Nestle and Pepsico



## Digital commerce platforms

- Tech based platform directly connecting farmers to end buyers
- Hectare with 65k+ farmers, across 8 countries, \$100+ mn sales



## Insurance

- Customised insurance products - Harvest, Crop Transit etc
- E.g. MetLife US has \$16+ bn agri. insurance portfolio



- Tech platforms for End to end connectivity of farmers to end consumers
- Eg. Hellman worldwide logistics (US) connect 10m+ farmers to markets



# GOI focus – attract global capital

- ▶ Integrate genuine **Public Private Partnership model** to drive international private sector investments in the Indian agri-sector
- ▶ Changes in the legislative framework to ensure large scale **private investment in post-production agriculture** gets incentivized
- ▶ disputes and complaints redressal for protecting both farmer and buyer interests

Indian agriculture sector is expected to generate better momentum in the next few years. Increased investments in agri-infra – **grading, packaging, warehousing and cold storage.**





# Let's together build a new Bharat

- ▶ A **clear and friendly policy map** to encourage investments by GOI; it is an opportunity for global investors to take benefit of the new environment (similar to Indian telecom and e-commerce value creation)
- ▶ Indian agri-entrepreneurs have built businesses across the agri-value chain; their energy needs to be powered by **quality growth capital** for achieving scale.
- ▶ Technology integration and e-platform (along with physical trade avenues) will be **two game-changing initiatives** to unlock the agri-value chain benefits for all stakeholders.

Robust Demand



Attractive Opportunities



Policy Support



Competitive Advantage



Thank You



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