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**AGRICULTURAL MARKETING REGULATIONS IN MAHARASHTRA:
EVOLUTION, INSTITUTIONAL ARCHITECTURE, REFORM TRAJECTORY,
AND POLICY OPTIONS**

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Abstract

Agricultural marketing regulations in Maharashtra have historically been shaped by the objective of protecting farmers from exploitative trade practices, ensuring orderly marketing, and building market infrastructure through regulated market committees. The Maharashtra Agricultural Produce Marketing (Development and Regulation) Act, 1963 (popularly, the Maharashtra APMC Act) created a dense institutional system of notified market areas, compulsory market channels, licensing, and fee-based market finance. Over time, however, concerns emerged around restricted competition, high transaction costs, uneven infrastructure quality, and limited price discovery—especially for perishable commodities. Maharashtra has been among the earlier reforming states, introducing provisions for direct marketing, private markets, farmer–consumer markets, electronic trading platforms, and contract farming within the state APMC framework. Recent years show continued reform debates—on unified licensing, “national importance” market yards and governance structures, and rationalisation of market cess—reflecting tensions between liberalisation goals and stakeholder concerns. Using a doctrinal and policy-analysis approach (legal provisions + secondary evidence), this paper maps Maharashtra’s regulatory architecture, summarises major amendments and reform instruments, analyses their likely market effects, identifies implementation bottlenecks, and proposes a practical, Maharashtra-specific reform roadmap focused on competition + transparency + farmer bargaining power.



Keywords: Maharashtra, APMC, agricultural marketing regulation, market reforms, direct marketing, private markets, e-trading, unified licence, market cess, governance.

1. Introduction

Agricultural markets are not “neutral spaces”—they are institutional systems governed by laws, licensing, infrastructure norms, dispute settlement mechanisms, and fee structures. In India, state APMC laws traditionally created regulated wholesale markets (mandis) to reduce farmer exploitation, standardise weights and measures, and provide basic facilities. Maharashtra’s regulatory framework—anchored in the Maharashtra Agricultural Produce Marketing (Development and Regulation) Act, 1963—remains a key determinant of how farmers, traders, processors, and retailers transact across commodities and regions.

While the original APMC design improved market organisation in many places, over time it also generated policy concerns: concentration of trade within notified market yards, market fee burdens, barriers to entry, and fragmented market integration across space. This is why successive reform waves—Model APMC Act (2003), Model Rules (2007), and the Model APLM Act (2017)—pushed states towards competition, multiple marketing channels, and e-platforms.

Maharashtra’s reforms are particularly important because the state has:

1. large volumes of horticulture and perishables,
2. strong cooperative and trader institutions,
3. major terminal markets (e.g., Mumbai region markets), and
4. a policy history that experimented with “outside-mandi” channels within the APMC law itself (direct marketing, private markets, farmer-consumer markets, e-trading).

2. Objectives

Objectives

1. To document the legal and institutional framework governing agricultural marketing in Maharashtra.



2. To trace the evolution of reforms (direct marketing, private markets, e-trading, contract farming, unified licensing and related amendments).
3. To assess the implications of these regulations for competition, price discovery, farmer realisation, and market efficiency.
4. To identify implementation gaps and governance challenges.
5. To propose feasible policy and regulatory options tailored to Maharashtra.

3. Methodology and Data Sources

This paper based on:

1. **Primary legal sources:** India Code compilation of the Maharashtra APMC Act and associated provisions on direct marketing, private markets, e-trading, contract farming, etc.
2. **Legislative documents:** Maharashtra bills/amendments available through legislative/PRS repositories, including recent amendment bills.
3. **Institutional sources:** Directorate/Department of Marketing pages on acts/rules and market reforms.
4. **Secondary policy sources:** PRS blog/briefs; central policy notes on market reforms.
5. **Recent developments (context):** news reports on ongoing demands and legal challenges around APMC reforms in Maharashtra.

4. Conceptual Framework: What Marketing Regulation Tries to Solve

Agricultural marketing regulation typically addresses:

1. **Market power and exploitation risk** (especially for small farmers and perishables).
2. **Information asymmetry** (prices, grades, weights).
3. **Transaction costs** (search, negotiation, enforcement).
4. **Public goods** (yards, auction platforms, sanitation, storage).
5. **Contract enforcement** (payments, quality disputes).

However, regulation can also create:



1. Entry barriers (licensing restrictions, deposits/guarantees),
2. Cartelisation risks,
3. High fee/cess burdens, and
4. Fragmentation of markets across jurisdictions—reducing competition.

Hence, the reform logic is not “remove regulation,” but **shift from restrictive channel control** → **pro-competition, pro-transparency oversight**.

5. Maharashtra’s Institutional Architecture of Agricultural Marketing

5.1 Key Institutions

1. **APMCs (Market Committees):** regulate notified markets, manage yards, levy fees, provide facilities.
2. **Directorate/Department of Marketing:** issues certain licences and oversees reforms desks for direct marketing/private markets/single trade licences.
3. **Maharashtra State Agricultural Marketing Board (MSAMB):** coordinates planning, budgeting oversight and development functions (budget approvals of APMCs under the Act are referenced in MSAMB reporting).

5.2 Core Regulatory Tools Under the APMC Framework

Even as reforms progressed, Maharashtra’s changes largely remained **inside the APMC statute**, through specialised chapters and sections such as:

1. provisions enabling **direct marketing, private markets, farmer-consumer markets,**
2. **contract farming agreement** procedures,
3. **electronic trading platform** establishment and licensing, and even a provision titled “**National Integrated Produce Market**” with rule-making powers and carve-outs.

This approach is important: it shows Maharashtra’s preference to liberalise by **adding parallel channels** rather than fully dismantling APMC jurisdiction.

6. Evolution of Maharashtra’s Reforms

6.1 Reform Drivers

Maharashtra’s reform debates are shaped by:



1. perishables dominance (fruits/vegetables/onion),
2. pressure for supply chain investment,
3. trader–APMC political economy (market cess and governance),
4. technology-driven trading possibilities (e-platforms), and
5. national policy incentives pushing states to adopt model reforms.

6.2 Key Reform Instruments in Maharashtra

(A) Direct Marketing, Private Markets, and Farmer–Consumer Markets

Maharashtra’s Act/rules provide licensing-based pathways for:

1. **direct marketing** (buyers procure directly from farmers),
2. **private markets** (non-APMC entities operate markets under licence), and
3. **farmer–consumer markets** (reduced intermediation).

Rules also specify infrastructure expectations (auction halls, godowns, weighbridges, water, toilets, etc.), reflecting a “regulated competition” model—competition allowed, but under prescribed standards.

Interpretation: This design attempts to keep the benefits of regulation (standards, dispute handling) while allowing market channels beyond the traditional mandi.

(B) Electronic Trading Platforms (E-trading)

Maharashtra created specific statutory space for establishing and licensing **electronic trading platforms** under the APMC umbrella. Rules also indicate reforms such as discontinuation of brokers for e-trading and listing of commission agents on the platform, signalling intent to reduce opaque intermediation.

This is complementary to national initiatives like e-NAM (where state legal readiness matters). National policy materials repeatedly identify APMC reforms as enabling conditions for e-platform benefits.

(C) Contract Farming Provisions

The Maharashtra APMC framework contains explicit provisions regarding **contract farming agreements** and procedures/forms. This matters because contract farming requires credible dispute resolution, quality standards, and payment enforcement.

(D) Unified/Single Trading Licence and Market Integration Direction



Recent reform discussions in India increasingly focus on **unified licences** to reduce state- and market-level fragmentation (one licence valid across a state). The reform logic is also supported in national policy discussions recommending portability/interoperability of licences. Maharashtra has seen legislative movement in this direction (amendment bills and discussions on licensing).

(Some private legal update sites summarise “unified single trading licence” type changes, but for academic reliability it’s better to cite official bills/acts and government/PRS sources.)

(E) Recent Governance Restructuring Debates and Legal Contests

Two recent signals show how live the reform agenda remains:

1. Trader groups’ demand to abolish APMC market cess (arguing “dual taxation” with GST) and calls for online licensing.
2. Reports of an ordinance to restructure certain major APMCs as “national importance” market yards, challenged in court (with the state reportedly indicating no notification before a hearing).

Interpretation: Maharashtra’s reform conflict is no longer only about “APMC vs outside trade”; it is increasingly about **governance control, cess structure, and institutional oversight of large terminal markets.**

7. Assessment: How Regulations and Reforms Affect Market Outcomes

7.1 Competition and Market Access

Potential gains from direct marketing/private markets/e-trading include:

1. More buyers competing for farmer produce,
2. Reduced physical crowding and queuing costs,
3. Scope for specialised markets (grades/quality), and
4. Entry of processors/retailers with direct procurement models.

But competition gains depend on licensing being simple and non-discretionary. If licensing requires high deposits/guarantees or complex compliance, only large players participate, limiting farmer benefits (a concern highlighted in policy discussions around licensing).



7.2 Price Discovery and Transparency

E-trading can improve transparency (visible bids, digital records), but only if:

1. Enough participants are onboarded,
2. Grading/assaying is reliable,
3. Dispute handling is fast, and
4. Payment settlement is enforced.

Where physical quality assessment is weak, e-platforms can become “digital versions of old practices.”

7.3 Farmer Share in Consumer Rupee

Regulatory reforms can raise farmer realisation by reducing layers of intermediation, but the magnitude varies:

1. **Perishables:** biggest gains are possible because time-to-sale matters most; farmer–consumer markets and direct procurement can be powerful.
2. **Cereals/oilseeds:** gains depend more on bulk handling, storage, and large buyer participation (processors, exporters).

7.4 Market Fees/Cess and Transaction Costs

Market fee and cess structures are central to Maharashtra’s current political economy. Traders’ demands to abolish cess reflect concerns about cumulative tax/fee burdens and competitive pressure from modern retail/e-commerce. However, APMC fee revenue also finances infrastructure and services; abrupt removal without alternative financing can degrade facilities and enforcement capacity.

7.5 Governance, Accountability, and Capture Risks

APMCs are not only market bodies; they are also local power centres. Any change in composition, election rules, or state oversight can trigger resistance. Governance restructuring proposals for large yards demonstrate this tension.

A core reform lesson: **market liberalisation without governance transparency can simply shift rents from one set of intermediaries to another.**

8. Key Challenges in Maharashtra’s Regulatory Implementation



1. **Fragmentation and uneven capability:** large differences in infrastructure and professional management across APMCs.
2. **Licensing complexity & compliance burden:** even when alternative channels exist, entry barriers can restrict effective competition.
3. **Quality infrastructure gaps:** assaying, grading labs, standardisation for e-trade and distant buyers.
4. **Dispute resolution capacity:** contract farming and e-trade need fast, credible settlement.
5. **Fee rationalisation dilemma:** balancing lower transaction costs with sustainable market infrastructure finance.
6. **Stakeholder conflict:** farmers, traders, commission agents, APMC leadership, and state agencies have different incentives; reforms become contested.

9. Policy Recommendations: A Maharashtra-Specific Reform Roadmap

9.1 “Competition with Safeguards” Licensing Reform

1. Move towards **simple registration + risk-based compliance** for low-risk buyers, while keeping stricter norms for high-volume/credit-risk participants.
2. Rationalise security deposit/bank guarantee requirements, especially for FPOs and small aggregators (reduce barriers while maintaining payment security).

9.2 Unified Licence + Interoperable E-Systems

1. Implement a truly **statewide unified trading licence** with interoperability across APMCs and private markets (single digital identity, single KYC, common compliance dashboard).
2. Integrate this with e-trading licensing under the Act to avoid parallel paperwork.

9.3 Fee/Cess Rationalisation with Replacement Finance

1. Replace ad-valorem cess with a **transparent service-based user charge** (where feasible), linked to measurable services (cleaning, weighment, digital settlement, storage access).



2. Create an **APMC Infrastructure Fund** (state + MSAMB + market borrowing) to compensate for reduced cess while upgrading yards.

9.4 Strengthen Farmer Bargaining Power (Not Just “More Channels”)

1. Scale FPO procurement desks inside major yards and on e-platforms.
2. Make assaying/grading affordable and accessible (mobile labs, PPP labs) to support distant buyers and quality-based pricing.
3. Promote farmer–consumer markets for perishables with local government support (space, sanitation, predictable timings).

9.5 Governance and Transparency Reforms

1. Mandate public disclosure dashboards for each APMC: fees collected, spending heads, infrastructure KPIs, dispute cases, payment delays, auction outcomes (commodity-wise).
2. Professionalise market management (CEO-level professional hiring, audited procurement/auction systems) especially for large terminal markets.
3. Any restructuring of “national importance” yards should include strong accountability design to prevent politicisation and litigation cycles.

9.6 Dispute Resolution Fast Track for E-trade and Contract Farming

1. Create time-bound dispute rules and dedicated cells with mediation first, then quasi-judicial settlement.
2. Standard-form contract templates and digital contract registration to reduce ambiguity.

10. Conclusion

Maharashtra’s agricultural marketing regulations represent an evolving balance between **protection and competition**. The Maharashtra APMC Act, 1963 established the foundational regulated market system, but Maharashtra also pioneered within-law reforms—direct marketing, private markets, farmer–consumer markets, e-trading platforms, and contract farming provisions—indicating an incremental liberalisation strategy rather than a complete bypass of APMCs.



The current reform moment in Maharashtra is shaped by pressing questions: the cost and justification of market cess, the governance of major terminal markets, and the practical effectiveness of licensing and e-trading reforms. Going forward, the strongest outcomes are likely where the state combines: **simplified licensing + interoperable digital markets + quality infrastructure + transparent governance + farmer collective strength**. This mix can lower transaction costs while preserving the original public-interest goals of agricultural marketing regulation.

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