

An intellectual biography of India's new farm laws

A comprehensive guide to the history of India's agriculture policy in the context of the recently enacted Farm Laws

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The debate around the economics and administration of farm laws stands frozen by politics. It is, therefore, time for politicians, administrators, economists, policymakers and other concerned citizens to examine the evolution of these laws. The three laws that have been enacted by Parliament attempt to take farmers towards harvesting economic gains; they have thus far been held back by outdated laws, manipulated markets and vested interests-driven corruption. This is aside from macro-factors, such as India moving away from food shortages into an era of surpluses.

As yesterday's proponents of these reform ideas become today's opponents of its laws, noise has become the currency of discourse. Confusion mars the economics of farm laws, misinformation drives its politics, bandh and siege have become its instruments of engagement. Worse, false narratives are being created across multiple platforms. Institutions that were not part of the debate and aren't are being picked up, cooked and served as facts in a post-truth world. Any researcher, analyst or journalist studying the laws and the sector for clarity is negotiating misinformation traps. That the three laws are part of agricultural reforms that have taken more than two decades to fructify is bad enough. Worse, lost in the din is the farmer on whose behalf these reforms have been legislated, and protests organised.

Observer Research Foundation offers this page as a public good to all those who wish to engage with the ongoing debate around agricultural laws. It aims to place the discourses that have happened at the highest levels of India's farm sector – politicians, administrators, economists, activists, writers and experts – for those wanting to get a clearer picture. It will help readers and thinkers place their ideological stances in perspective, get a more rounded analysis from the highest echelons of India's policymaking, across time. It goes beyond politics and ideologies and enables politicians and ideologues to contextualise their stances and ideas. It also shows a policy mirror to them. In other words, this is a brief history of farm politics and agricultural economics, within the context of the current controversy around the recently enacted three laws.

In the process of collating, reading and excerpting reports drafted by Parliamentary Standing Committees, expert committees, and task forces, this page can be seen as an intellectual biography of the three farm laws in particular, and the problems of India's agriculture in general. The reports below have been arranged chronologically, with a link at the end for those who want to delve deeper and understand the nuances of the three laws better. All ideas-reports are linked with one another, but each is adding its own weight and carrying the debate further. Even after the ongoing controversy ends, this list of intellectual material will help scholars understand and negotiate the landscape of India's agriculture better.

The chronology of, and the clarity on, these laws begins here.

19 DECEMBER 2000: EXPERT COMMITTEE SET UP BY THE MINISTRY OF AGRICULTURE, DEPARTMENT OF AGRICULTURE AND COOPERATION ON “STRENGTHENING AND DEVELOPING OF AGRICULTURAL MARKETING” UNDER THE CHAIRMANSHIP OF SHANKERLAL GURU

The idea behind this Committee was to call for ideas to promote agricultural growth and benefits from exports and to ensure that a greater share of the ultimate price of the agricultural produce goes to farmers. Within this, agricultural marketing became an important component. This included the development of infrastructure for agricultural marketing, establishing sound linkages between production and marketing, development of market intelligence for the benefit of farmers and consumers, promotion of direct marketing, application of information technology in marketing and encouraging public, private and cooperative sectors to make investments for the development of agricultural marketing.



29 JUNE 2001: SHANKERLAL GURU COMMITTEE SUBMITS REPORT

Some conclusions:

- The Guru Committee made several recommendations, one of which included remodelling the Agriculture Produce Marketing Committees (APMCs).
- Being “corporate bodies” established under State legislations, APMCs are either elected or nominated by the government.
- Although, technically the farmer is free to sell his produce in any mandi he likes, practically he has no liberty to sell his produce in his village or to the retail chain, processor, bulk buyer directly.
- He has to take his produce to a regulated market where the sales and deliveries are effected. This has hampered development of retail supply chains and direct supply to the processing, consuming factories or other bulk purchasers.
- As far as warehousing goes, godowns should be declared as deemed warehouses and no APMC market fee, sales tax, purchase tax, or octroi should be leviable on the goods stored. Similarly, provisions of Essential Commodity Act, Labour Act, Mathadi Act, Shop Establishment Act, or Industrial Disputes Act should not be applicable to these warehouses.

[Read the report here.](#)

1 JULY 2001: REPORT OF THE TASK FORCE ON EMPLOYMENT OPPORTUNITIES, CHAired BY MONTEK SINGH AHLUWALIA

Under control in agriculture, the task force made seven observations, of which two are around the Essential Commodities Act and APMCs:

- The Essential Commodities Act is a Central Legislation which provides an umbrella under which States are enabled to impose all kinds of restrictions on storage, transport and processing of agricultural produce. These controls have been traditionally justified on the grounds that they are necessary to control hoarding and other types of speculative activity, but the fact is that they do not work in times of genuine scarcity and they are not needed in normal times. Besides, they are typically misused by the lower levels of the administration and become an instrument for harassment and corruption. At a time when European countries have integrated their national markets and regard the resulting large European market as a feature which strengthens their position globally, it is an anomaly that we have laws that actually prevent the development of an integrated national market for agricultural products. After full consideration of this issue, we are of the view that the Essential Commodities Act should be repealed.
- The Ministry of Agriculture in the Central Government, in collaboration with the Planning Commission, should undertake a systematic review of State laws and control orders which impose harmful controls on agriculture and actively seek their repeal. Vested interests and inertia will resist such a move, but we feel that it is an essential step for extending the benefits of economic reforms to agriculture.
- The marketing of agricultural produce, especially fruits and vegetables, is governed by laws that stifle the development of agriculture. The existing laws require that wholesalers must purchase agricultural produce only in regulated mandis controlled by the Agricultural Produce Marketing Committee (APMC). Since most farmers are small farmers, they cannot directly bring vegetables and fruits to the mandis. They typically sell their produce to village commission agents who collect produce on behalf of the market commission agent who sells to wholesalers in the mandi. Although sale in the mandi is supposed to be by open auction to ensure fair pricing, in practice the price is determined in a highly non-transparent manner by negotiations between market commission agents and wholesalers. Lack of transparency is perpetuated by the fact that produce is not graded before it is sold. The prices arrived at in this fashion are declared as the mandi price and the farmer receives the residual price after the commission of the village commission agent and the market commission agent is deducted from the declared market price. Not only is the price determination non-transparent, the large number of middlemen, each of whom charges a commission, squeezes the realisation of the farmer so that the gap between the farm-gate price and the retail price paid by the consumer is very large. Although originally designed to protect farmers' interests by creating regulated markets, the system has actually created a monopoly situation in which a small group of traders and agents are able to extract huge benefits. It is absolutely essential to liberalise the existing laws and allow competing markets to be set up.

[Read the report here.](#)

4 JULY 2001. INTER-MINISTERIAL TASK FORCE CONSTITUTED UNDER RCA JAIN, ADDITIONAL SECRETARY, DEPARTMENT OF AGRICULTURE AND COOPERATION, MINISTRY OF AGRICULTURE

The RCA Jain Task Force was constituted to look into the Guru Committee recommendations. These included examining legislative reforms, institutional and policy support measures to expand credit, and the creation of marketing infrastructure. This Task Force spanned across ministries and was not restricted to agriculture alone.

Some recommendations:

- All State governments should amend their respective APMC laws to deliver the following:
 - ◊ Enable private and cooperative sectors to establish and operate (including levy of service charge) agricultural marketing infrastructure and supporting services.
 - ◊ Direct marketing of agricultural commodities from producing areas and farmers' fields, without the necessity of going through licensed traders and regulated markets.
 - ◊ Permitting 'Contract farming' programs by processing or marketing firms. The APMC within whose jurisdiction the area covered by contract farming agreement lies, should record the contract farming agreements and act as a protector of producer's and processor's interests with due legal support in its jurisdiction. Incidence of taxes by way of market fee, cess, duties, taxes etc. on procurement of agricultural or horticultural produce under the 'Contract farming' program should be waived or minimised.
- Promote the forward and futures markets in agricultural commodities.
- Essential to delink minimum support price (MSP) from procurement, particularly if the private sector is to be restored its rightful role in marketing agricultural produce. The alternative policy should allow market forces to determine the price and provide financial support through an insurance programme to farmers for protection of their incomes in falling markets.

[Read the report here.](#)

9 SEPTEMBER 2003. MODEL APMC ACT CREATED.

In order to reform APMCs across the country, the Union government drafted the Model APMC Act, 2003. Excerpts:

- The monopoly of [state] government regulated wholesale markets has prevented development of a competitive marketing system in the country, providing no help to farmers in direct marketing, organising retailing, a smooth raw material supply to agro-processing industries and adoption of innovative marketing system and technologies.
- If agricultural markets are to be developed in private and cooperative sectors and to be provided a level competitive environment vis-a-vis regulated markets, the existing framework of State APMC Acts will have to undergo a change.

- Section 14: There will be no compulsion on the growers to sell their produce through existing markets administered by the APMC. However, agriculturists who do not bring his produce to the market area for sale will not be eligible for election to the APMC.
- Sections 26 and 27: The APMC have been made specifically responsible for:
 - ◊ Ensuring complete transparency in pricing system and transactions taking place in market area;
 - ◊ providing market-led extension services to farmers;
 - ◊ ensuring payment for agricultural produce sold by farmers on the same day;
 - ◊ promoting agricultural processing including activities for value addition in agricultural produce

“PROVISION MADE FOR DIRECT SALE OF FARM PRODUCE TO CONTRACT FARMING SPONSOR FROM FARMERS’ FIELD WITHOUT THE NECESSITY OF ROUTING IT THROUGH NOTIFIED MARKETS”

- ◊ Setup and promote public private partnership in the management of agricultural markets.
- Chapter VII: a new Chapter on ‘Contract Farming’ added to provide for:
 - ◊ Compulsory registration of all contract farming sponsors
 - ◊ Recording of contract farming agreements
 - ◊ Resolution of disputes, if any, arising out of such agreement
 - ◊ Exemption from levy of market fee on produce covered by contract farming agreements
 - ◊ Provide for indemnity to producers’ title or possession over his land from any claim arising out of the agreement
- Chapter VII: Provision made for direct sale of farm produce to contract farming sponsor from farmers’ field without the necessity of routing it through notified markets
- Section 42: Provision made for imposition of single point levy of market fee on the sale of notified agricultural commodities in any market area and discretion provided to the State Government to fix graded levy of market fee on different types of sales
- Section 50: Provision made for resolving of disputes, if any, arising between private market or consumer market and market committee

[Read the model law here.](#)

29 DECEMBER 2004: NATIONAL COMMISSION ON FARMERS, CHAIRED BY MS SWAMINATHAN, SUBMITS ITS FIRST REPORT, “SERVING FARMERS AND SAVING FARMERS: FIRST REPORT”

In order to strengthen and expand the horticulture revolution, the policy focus must be on post-harvest management, processing and marketing. Further, the policy must bridge the disconnection between production and profit:

- Adoption of this strategy would call for immediate amendment to the APMC Act by each State to decentralise the system and permit marketing by other players for achieving the ultimate goal of ensuring better returns to the growers and reasonably good quality products to the consumers.

[Read the report here.](#)

11 AUGUST 2005: NATIONAL COMMISSION ON FARMERS, CHAIRED BY M.S. SWAMINATHAN, SUBMITS ITS SECOND REPORT, “SERVING FARMERS AND SAVING FARMING: FROM CRISIS TO CONFIDENCE”

- States/UTs where there is no APMC Act and hence not requiring reforms: Kerala, Manipur, Andaman & Nicobar Islands, Dadra & Nagar Haveli, Daman & Diu and Lakshadweep
- States/UTs where APMC Act already provides for the reforms: Tamil Nadu
- States/UTs where reforms to APMC Act has been done as suggested: Madhya Pradesh, Himachal Pradesh, Sikkim and Nagaland (Gazette Notification under issues), Andhra Pradesh (ordinance under issue)
- States/UTs where reforms to APMC Act has been done partially: Maharashtra, Rajasthan, Haryana, Punjab, Karnataka, Gujarat and NCT of Delhi
- States/UTs where administrative action is initiated for the reforms: Orissa, Assam, Mizoram, Arunachal Pradesh, Tripura, Chhattisgarh, Meghalaya, J&K, Uttaranchal, Goa, West Bengal, Uttar Pradesh, Pondicherry and Chandigarh
- States/UTs where there is no progress: Bihar and Jharkhand
- It was felt that the reforms in APMC Acts were necessary for creating a nation-wide integration of the agriculture markets, facilitating emergence of agriculture markets in private and cooperative sectors and creating a conducive environment for private sector investment in the market infrastructure.
- The role of the APMCs and the State Agriculture Marketing Boards [SAMBs] needs to change from regulation to development in the changed production and demand environment. The APMCs and SAMBs should be primarily involved in grading, branding and packaging and building up markets for the local products in domestic and even international markets.
- The State Agriculture Produce Marketing Acts need to be amended to provide for, among others, encouraging the private sector or cooperatives to establish markets, develop marketing infrastructure and supporting services, collect charges and allowing marketing without the necessity of going through APMC/licensed traders. Further, the market fee and other charges needs to be rationalised.
- The APMC Act in different States/Union Territories needs to be amended on the lines of the draft of the amended APMC Act circulated by the Government of India. It would encourage private sector investment in development of agricultural marketing.
- Need for review of the Essential Commodity Act and other Acts/Orders concerning storing, marketing and processing etc of the agricultural commodities.
- There is an urgent need to undertake a review of the Essential Commodities Act and other legal instruments covering marketing, storing and processing of agriculture produce; some of these Acts and Orders appear to have outlived their utility.

[Read the report here.](#)

DECEMBER 2005: THE FOOD AND AGRICULTURE ORGANISATION (FAO) OF THE UNITED NATIONS SUBMITS A REPORT TO THE NATIONAL COMMISSION ON FARMERS (NCF), “TOWARDS AN INDIAN COMMON MARKET: REMOVAL OF RESTRICTIONS ON INTERNAL TRADE IN AGRICULTURE COMMODITIES”

The study was undertaken by FAO at the request of the NCF through the Union Ministry of Agriculture to study the possibilities of emergence of a farmer-centric Indian common market catering to both over a billion consumers within the country and consumers abroad. The technical project was initiated to study the possibilities of removal of unnecessary restrictions on the movement of agriculture products both within and between states in India and measures that could be taken for better market integration. Some conclusions:

- The Essential Commodities Act was introduced during a period when India was not self-sufficient in agriculture and controlling the movement and storage practices acted as an efficient check against dishonest business practices. However, given the fact that India has now created a respectable buffer stock of food grains against any disaster, thanks to the operation of the Food Corporation of India, there is scope for re-looking at the actual utility of the provision.
- There is reason to believe that the law has outlived its utility and is only contributing to the rising transaction costs. Although in the last few years both the State and the Central governments have taken number of steps to reduce the rigours of the ECA and the number of commodities covered by it has been drastically cut down, the government still retains the right to bring any commodity under its purview, if need be.
- Out of the 15 commodities still kept in the list, 11 are related to agricultural products. The mere threat of potential Government action keeps the private sector participation in storage, transport and processing at a low level. It also bears consequences on verifications made at the inter-state borders on movement of goods.
- The powers for states to restrict the movement of agricultural products out of their territory granted by the ECA are incompatible with the principle of a single market. They may have served a purpose in helping to preserve local food security but at the cost of reducing food security for India as a whole. For these reasons the provision should gradually be phased out.
- As regards the collection of market fees through the APMC Act, it still continues to be a major hurdle on the free movement of primary agriculture products not only between States but also even within the States from one market area to another. As already stated, it sometimes results in double taxation of the same products. Moreover, its operation creates monopolies of the State Marketing Board/Market Committees in regulating the wholesale market by not allowing direct marketing, often leading to cartelisation of a few brokers or *arhtiyas* and non-transparency in price setting to the disadvantage of the farmers.
- The monopolistic operation of the market committee also acts as a disincentive to the private sector in setting up processing units for value addition, as they do not have direct linkage with the farmers, which would otherwise help them in getting raw materials of assured quality and quantity. The policy framework should give farmers the liberty to freely market their produce anywhere including direct marketing to processors or other buyers without paying any market fees. However, in case they want the facilities of the market yard, they have to pay a service charge, which should be sufficient to cover the operation costs of the market committee.

- It is therefore recommended that farmers, processor companies or other private operators may be allowed to operate their own wholesale market and charge a suitable fee for the service. This would encourage more investment in setting up infrastructure and create opportunities for providing better and more cost-effective services.
- The reform of APMC would facilitate free movement of agriculture products between different States and from the jurisdiction of one market committee to another. However, as market fee is a major source of income for a number of States, it may result in loss of revenue to some of them. It is felt that in the major cereal producing States like Punjab, Haryana, Western UP and Andhra Pradesh where bulk of food grains are procured by the FCI for the central pool, the loss of market fee may not be significant as the FCI and the State Government agencies are expected to continue their procurement through the existing Mandi structure.

[Read the report here.](#)

29 DECEMBER 2005: NATIONAL COMMISSION ON FARMERS, CHAIRED BY MS SWAMINATHAN, SUBMITS ITS THIRD REPORT, “SERVING FARMERS AND SAVING FARMING: 2006: YEAR OF AGRICULTURAL RENEWAL”

- The Essential Commodities Act, 1955, and the Control Orders were relevant and issued in situation of demand exceeding the supply. The demand-supply balance and the economic environment have changed in recent years, but the restrictions and controls are continuing and coming in the way of efficient functioning of the marketing system and also the agricultural development in the country.
- The number of essential commodities has been reduced from a high of seventy in 1989 to only fifteen. It would be useful if the remaining agricultural products are also removed from the list of essential commodities. Alternatively, the ECA, 1955, may be put under suspended animation for the present and revived by Government notification if any emergency situation develops, for a limited time, for a specific commodity and in a specified area.
- The Government needs to abolish market fee on primary agricultural commodities altogether and levying of charges for various services like loading, unloading, weighing etc. in the APMC yard and replace it with one consolidated service charge for use of the market infrastructure.
- The State has already amended the APMC Act, thereby facilitating the growth of pro-farmer markets. The transition from existing trade channels like *Arhtiyas* should be brought about with care, so as to ensure that the new systems of farmers-purchaser linkages are both beneficial and sustainable. Opportunities for assured and remunerative marketing hold the key for Punjab’s agricultural future.
- The APMCs have also generally failed to provide adequate infrastructure at the mandis. The focus of the APMCs has been on regulation and not development of markets for the local products, introducing grading and encouraging local processing etc. The APMCs



have also not played any significant role in bringing better market information to the farmers.

- Direct marketing could enable the farmers to sell their produce to the processors or bulk buyers at lower transaction costs and maybe at better prices than what they get from intermediaries or from the wholesale markets. However, the APMC Act in most of the States does not allow direct buying by processing industries, exporters or wholesalers. Although this requirement has been waived on a case-by-case basis in some States under pressure from the industry, the market fee still has to be paid even though the produce may not enter the APMC yard.
- The monopoly of APMCs has meant that the private sector including cooperatives have not been able to contribute in establishing and developing mandis. The provision of the APMC Acts in different States requires modification to create a lawful role for the private sector in the marketing development.
- The Essential Commodities Act and other legal instruments including the State Agriculture Produce Marketing Committee Acts [APMC Acts] relating to marketing, storage and processing of agriculture produce need to be reviewed in order to meet the requirements of modern agriculture and attracting private capital in this sector.
- As regards the collection of market fees through the APMC Act, it still continues to be a major hurdle on the free movement of primary agriculture products not only between States but also even within the States from one market area to another. As already stated, it sometimes results in double taxation of the same products. Moreover, its operation creates monopolies of the State Marketing Board/Market Committees in regulating the wholesale market by not allowing direct marketing, often leading to cartelisation of a few brokers or *arhtiyas* and non-transparency in price setting to the disadvantage of the farmers.
- The reform of APMC would facilitate free movement of agriculture products between different States and from the jurisdiction of one market committee to another. However, as market fee is a major source of income for a number of States, it may result in loss of revenue to some of them.

[Read the report here.](#)

13 AUGUST 2006: NATIONAL COMMISSION ON FARMERS, CHAIRED BY MS SWAMINATHAN, SUBMITS ITS FOURTH REPORT, "SERVING FARMERS AND SAVING FARMING: JAI KISAN: A DRAFT NATIONAL POLICY FOR FARMERS"

Harmonising the recommendations of the previous three reports, the fourth report of the NCF creates a Draft National Policy for Farmers. Some recommendations:

- The Essential Commodities Act and other legal instruments including the State Agriculture Produce Marketing Committee Acts [APMC Acts] relating to marketing, storage and processing of agriculture produce need to be reviewed in order to meet the requirements of modern agriculture and attracting private capital in this sector.
- The role of the APMCs/State Agriculture Marketing Boards need to change from regulatory focus to promotion of grading, branding, packaging and development of distant and international markets for the local produce.

- The farmer wants different options for marketing his produce. The State APMC Acts need to be amended to provide for, among others, encouraging the private sector or cooperatives to establish markets, develop marketing infrastructure and supporting services, collect charges, allowing marketing without the necessity of going through APMC/ licensed traders etc.

[Read the report here.](#)

4 OCTOBER 2006: NATIONAL COMMISSION ON FARMERS, CHAIRED BY MS SWAMINATHAN, SUBMITS ITS FIFTH REPORT IN TWO VOLUMES, “TOWARDS FASTER AND MORE INCLUSIVE GROWTH OF FARMERS’ WELFARE”

This is NCF’s fifth and final report, submitted in two volumes. It deals with some of the key issues confronting our farmers and farming such as the economic survival of farmers with small holdings in a globalised economy, shaping the economic destiny of farmers, strengthening the ecological foundations essential for sustainable agriculture, attracting and retaining youth in farming, and restoring the glory of Indian farmers and farming. It presents an action plan for making hunger history.

Volume 1:

- If we continue the practice of importing large quantities of pulses and oil seeds, without determined action to produce them within the country, dry farming areas will continue to languish in poverty and malnutrition. The linkages between low small farm productivity and the persistence of poverty and malnutrition is very strong. Therefore, the sooner we revise our import policies in relation to pulses and oil seeds and divert our attention to helping the millions of farmers toiling in rainfed areas to produce more of these essential commodities by assuring them of a support price, the greater will be the possibility of reducing substantially hunger and poverty in the country. Whenever there is a good crop of pulses or oilseeds like the one in mustard this year, farmers suffer due to lack of assured and remunerative marketing opportunities. The interests of the producer-consumer needs greater protection than those of the interests of trader-importers.
- The APMCs and State Agriculture Marketing Boards need to change their role from regulatory to promotional and developmental. These agencies should focus more on developing new markets for the local products. Their entire functioning, management, operations and disposal of surplus need a relook. The need is also to encourage and support the farmer’s cooperatives and private sector to operate the wholesale agriculture produce markets and provide competition to APMCs.
- Development of agro-processing is important to increase farmers’ income and also to create employment. It would, however, be necessary to introduce reforms in the agriculture sector to facilitate greater private corporate sector investments in agro-processing not only in new units but also in modernising the established units. The processing industry requires adequate and continuous availability of raw material for processing. Direct purchase from the growers is not possible under the existing APMC Act in many of the States and hence it has to be either routed through the APMC or the concerned State Govt. has to specifically permit the same.

[Read the report here.](#)

Volume 2:

- Farmer of Punjab could not transport surplus wheat outside due to stringent provisions in 9th Schedule of Essential Commodities Act. It had acted to the detriment of interest of the farmers in the past.
- PM in his speech on 15.08.2006, mentioned that farmer must get appropriate remunerative price from the market. This must be implemented.
- Need to give more attention to remunerative prices for the farmers for their produce. APMCs and State Marketing Boards should understand their new developmental role. There was a huge scope of improvement in existing working style of the APMCs.
- Hamal and coolie do not deal with farmers respectfully; rather they insult them. Farmers selling their produce in APMC feel that the traders and management connive and often cheat them. There is need for a greater say of farmers in managing the APMCs and a say particularly in the auction system. The farmer's interest should be uppermost in the working of the APMCs. Ungraded produce fetches low price. The need is to introduce grading at the farm gate itself.
- NGO should also be permitted to buy agricultural produce directly from the farmers without going through the APMCs.
- Benefits of APMCs have not reached small, marginal and medium farmers.

[Read the report here.](#)

2007 (UNDATED): MODEL APMC RULES, 2007

Across XIII Chapters and 115 Sections, the Union government drafts the Model APMC Rules, 2007. The Rules come with 26 forms.

The rules detail how Market Committees will function (Chapter V), contract farming done (Chapter VI), and levy of fees and its collection (Chapter VIII).

[Read the Rules here.](#)

22 JANUARY 2013: FINAL REPORT OF COMMITTEE OF STATE MINISTERS, IN-CHARGE OF AGRICULTURE MARKETING TO PROMOTE REFORMS, CHAIRED BY HARSHVARDHAN PATIL

This Committee was set up on 2 March 2010 to persuade various States/UTs to implement the reforms in agriculture marketing through adoption of Model APMC Act and Model APMC Rules, suggest further reforms necessary to provide a barrier free national market for the benefit of farmers and consumers and also suggest measures to effectively disseminate market information and to promote grading, standardisation, packaging, and quality certification of agricultural produce. Excerpts:

- Due to the restrictive provisions of the Essential Commodities Act and various Control Orders issued thereunder, private investment in large scale storage and marketing infrastructure including in the areas of contract farming, direct marketing have not been very encouraging. Under the present system, the marketable surplus of one area moves

“DUE TO RESTRICTIVE PROVISIONS OF THE ESSENTIAL COMMODITIES ACT.... PRIVATE INVESTMENT IN LARGE SCALE STORAGE AND MARKETING INFRASTRUCTURE INCLUDING IN THE AREAS OF CONTRACT FARMING, DIRECT MARKETING HAVE NOT BEEN VERY ENCOURAGING”

out to consumption centers through a network of middlemen and traders and institutional agencies. Thus, there exists national level physical, though, there is no national level regulation for the same and the existing regulation does not provide for a barrier free market in the country. There are many significant Inter-State barriers to trade, viz. (a) Taxation Related Barriers (variation in rates, applicability of VAT, levy of market fee at multiple point, etc.); (b) Physical Barriers (Essential Commodities Act, Check Posts, APMC Regulations, etc.); and (c) Statutory Barriers relating to licensing and registration of traders, commission agents. Therefore, there is a need to develop a national level single market for agricultural commodities by removing all the existing barriers of licensing, movement and storage.

- In order to regulate and control the supply and distribution of foodgrains from surplus to deficit areas, the Government of India implements Essential Commodities Act to control and regulate production, manufacturing and distribution of essential commodities in the country in the event of short supply. The Act itself does not lay the Rules and Regulations but allows the States to issue Control Orders in the event of malpractices like hoarding and black marketing i.e., “Licensing of Dealers/Retailers for trade in foodgrains”; “Restrictions on movement of foodgrains”; and “Regulation of Storage limits”. Since 1993, the Central Government has decided to treat the entire country as a single food zone, but the States are still imposing such orders and restrict movements now and then.
- State Governments often issue Control Orders promulgated under the Essential Commodities Act, 1955 adversely affecting trading in agricultural commodities such as foodgrains, edible oils, pulses and sugar. These Control Orders broadly relate to licensing of dealers, regulation of stock limits, restrictions on movement of goods and compulsory purchase under the system of levy. Due to the restrictive provisions of the Essential Commodities Act and various Control Orders issued thereunder, private investment in large scale storage and marketing infrastructure including in the areas of contract farming, direct marketing have not been very encouraging.
- Agricultural Produce Marketing Regulation Act and Essential Commodities Act need to be amended to ensure barrier free storage and movement of agricultural commodities across the States as storage and movement are very important marketing functions for maintaining regular supply and distribution of food products in the country from the point of production to the consumption centres. This will help to contain uneven price fluctuations and ensure optimum management of the supply chain.
- The regulation of markets, however, achieved limited success in providing an efficient agricultural marketing system in the country because, over the years, these development-oriented institutions (e.g. the State Agriculture Marketing Boards, APMCs etc.) turned out to be more of revenue generating institutions than facilitating efficient marketing practices to benefit the farmers and other market participants. Apart from the market regulation programme, the Essential Commodities Act and plethora of Orders promulgated under this Act by the Centre and States prevented development of free and competitive marketing system in the country

- Apart from the market regulation programme, the Essential Commodities Act, 1955 (EC Act) and plethora of Control Orders promulgated under this Act by the Centre and States prevented development of free and competitive marketing system in the country. Due to the restrictive provisions of the EC Act and various Control Orders issued thereunder, private investment in large scale storage and marketing has virtually become non-existent. These Control Orders also give rise to inordinate delay in haulage of agricultural produce at the border check points creating artificial barriers on the movement and storage of agricultural commodities and to that extent the formation of common market.
- The regulatory framework needs to undergo a change by providing free hand to private sector to own, operate and manage markets/alternate marketing system with backward and forward linkages. The Government may at best formulate rules of the game for the market players rather than controlling the system. The role of the Government should be that of facilitator only.
- The present Act restricts the farmers from selling their produce to processor/manufacturer/bulk processor outside the market yard as the produce will have to channel through regulated market according to provisions of the APMC Act. In the changed scenario, the producer should be free to enter into direct sale without the involvement of other middlemen outside the market yard in the market area under the relevant provision of the concerned Act. This will facilitate direct marketing between the producers and processing factories with monetary gains to the producer-seller through improving competitiveness and to the consumers by way of reasonable prices.
- Under the present APMC Act, only State Governments are permitted to set up markets. Monopolistic practices and modalities of the State-controlled markets have prevented private investment in the sector. The licensing of traders in the regulated markets has led to the monopoly of the licensed traders acting as a major entry barrier for new entrepreneurs. The traders, commission agents and other functionaries organise themselves into associations, which generally do not allow easy entry of new persons, stifling the very spirit of competitive functioning.

[Read the report here.](#)

3 JANUARY 2019: STANDING COMMITTEE ON AGRICULTURE (2018-2019), MINISTRY OF AGRICULTURE AND FARMERS WELFARE (DEPARTMENT OF AGRICULTURAL, COOPERATION AND FARMERS WELFARE): AGRICULTURE MARKETING AND ROLE OF WEEKLY GRAMIN HAATS

Chaired by Hukmdev Narayan Yadav, this Standing Committee examined the issue of Weekly Gramin Haats and came up with the following observations and recommendations:

- Under Essential Commodities Act, there is a need to have distinction between genuine service providers and black marketeers/hoarders to encourage investment and better service delivery to the farmers. It is recommended that Contract Farming Sponsors and Direct Marketing licensees may be exempted from the stock limits up to six months of their requirement in the interest of trade and facilitating long term investment.
- The States should amend their APMC Acts on the lines of Model Act and the reforming States may also notify Rules, and States may complete the process early.

- The private markets should be treated at par with the existing APMCs.
- The Committee feel that scarcity of marketing platforms for agriculture produce and mismanagement and corruption in APMC markets have created a situation where farmers are being deprived of fruits of their hard-earned labour leading to low price realisation for farm produce.
- The Committee desires the Government to provide adequate funds and manpower to the DMI (directorate of marketing inspection) in order to complete the survey in minimum possible time. Further, the Committee also desires the Government to hold discussion with the State Governments to keep Gramin Haats out of the ambit of APMC Act.
- The Committee observe that there is urgent need for radical reform in APMC Act in the country, if we intend to provide justice to the farmers. Remunerative pricing for the farmers cannot be ensured unless number of marketing platforms for farm produce are enhanced and functioning of APMC markets is made democratic and transparent. The Committee appreciate efforts of the Government for reforms in APMC market. However, the Committee is surprised to note the lukewarm response of the State Governments towards reforms in APMC market. The Committee is of the view that there is need to involve all the stakeholders especially the State Governments in the process of reforms in the APMC Act. The Committee, therefore, recommends the Government to constitute a Committee of Agriculture Ministers of all States in order to arrive at a consensus and chalk out legal framework for marketing of agriculture Produce in the Country. The Committee is also of the opinion that provisions regarding entry fee and other Cess levied on transaction of agriculture produce should be done away with as it will help to reduce corruption and malpractices prevalent in APMC Markets. The Committee would like the Government to hold discussion with the State Governments to abolish entry fee and other cess in APMC Markets.
- Various factors such as distance to the nearest APMC market, dominance of middleman in APMCs, lack of transportation facilities etc. are the major factors which propel majority of small and marginal farmers to use the services of local middleman or shops to dispose of their surplus agriculture produce much below the Minimum Support Prices (MSP) announced by the Government.
- The Committee notes that Agriculture Produce Market Acts (APMC Act) which were enacted in various State Governments with the objective to ensure an environment for fair play for supply and demand forces thereby resulting in an effective price discovery for farm produce, to regulate market practices and attain transparency in transactions has become hotbed of politics, corruption and monopoly of traders and middleman. The Committee observes that APMC markets across the country are not working in the interest of farmers due to various reasons such as limited numbers of traders in APMCs markets thereby reducing competition, cartelisation of traders, undue deduction in the name of market fee, commission charges etc. The Committee was also informed that provisions of the APMC Acts are not implemented in their true sense. Market fee and commission charges are legally to be levied on traders, however, the same is collected from farmers by deducting the amount from farmers net proceed.

[Read the report here.](#)

24 SEPTEMBER 2020: THREE LAWS THAT GIVE FARMERS FLEXIBILITY TO SELL, REMOVE PRICE CONTROLS, AND PROTECT THEM AS THEY DEAL WITH INDUSTRY ENACTED BY PARLIAMENT

Read the laws here:

- [The Farmers' Produce Trade and Commerce \(Promotion and Facilitation\) Act, 2020.](#)
- [The Essential Commodities \(Amendment\) Act, 2020.](#)
- [The Farmers \(Empowerment and Protection\) Agreement on Price Assurance and Farm Services Act, 2020.](#)

7 DECEMBER 2020: FARMER INTERESTS ARE MISSING IN FARM PROTEST POLITICS.

[Read a short commentary on the laws.](#)
