

**CHANGING PROFILE OF INDIAN AGRICULTURAL MARKET: A REVIEW IN THE  
LIGHT OF FARMERS' AGITATION AND PROTEST AGAINST CENTRAL FARM  
LAWS OF 2020**

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**ABSTRACT**

Regulated agricultural markets in India are run by the respective State Agricultural Produce Marketing Committee (APMC) with assurance of Minimum Support Price (MSP). The Shanta Kumar Committee in 2015 recommended revisiting this MSP Policy due to various drawbacks thereat. Accordingly, three central legislations have been enacted in 2020 and aimed to reform the subsisting Indian Agri-market. However, these Farm laws of 2020 faced massive protest from a group of Indian farmers as well as from political oppositions. Apparently, the Supreme Court of India stayed implementation of these enactments. Thereafter, the Central Government proposed to hold implementation of these legislations for consecutive eighteen months but several farmers' unions drastically rejected the same. Consequently, concern deadlock is still subsisting. Thus, this present study aims to reveal the history of farmers' markets in India, to highlight concern legal provisions, to explore impacts of concern legal mechanisms for the interest of farmers as well as to find out appropriate solutions in this regard.

*Key Words: Farmers' Market, APMC, Kisan Mandi system, Farm Laws, Minimum Support Price (MSP), e-NAM.*

- I. Introduction**
- II. Historical Development of Farmers' Market Structure and Development of Farmers' in India**
- III. Indian Legal Scenario**
- IV. Situation After Enacting Central Farm Laws of 2020**
- V. Findings and Suggestions**

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## I. Introduction

*“The original foundation of all these (Asian) civilisations is agriculture, and in all of them the Daivi (divine) nature predominates.”*

— Swami Vivekananda<sup>1</sup>

POST-GLOBALISATION developments bring a new role for agricultural marketing. Agricultural marketing in the present milieu is fast emerging as a coordinating force between production and consumption activities. Traditionally, farm product marketing is viewed as a mechanism to enable cultivator-sellers to get a remunerative price for their produce, while taking due care of consumers’ interest, more particularly the price to be paid by them. Way back in 1928, the Royal Commission on Agriculture found that the system of farm-product marketing in India was saddled with a long chain of middlemen, which in turn, reduced the effective share of cultivator-seller in the price paid by the consumers for the produce. In order to improve the situation, the report laid great emphasis on progressively minimizing the number of superfluous middlemen operating between the producers and the consumers. The Government of India started to pursue this policy in the mid-1960s. As a result, a vast network of institutional agencies, more particularly regulated markets and cooperative marketing agencies came into being. Here it is pertinent to note that the approach paper to Eleventh Five-year Plan observes: “An efficient and reliable marketing system by itself can stimulate increase in agricultural production, while lack of it can lessen, subdue and shrink the impact of production programmes, administrative efforts and volume of investments.”<sup>2</sup>

As per the Report published by the Ministry of Statistics and Programme Implementation, Indian Agricultural Sector accounts for 20.19% share of India’s total Gross Domestic Products (GDP) in 2020-21 and it has contributed approximately Rs. 3,616,523/- towards India’ Gross Value Added (GVA).<sup>3</sup> In 2019, National Crime Records Bureau (NCRB) has reported total 10,281 suicide cases belong from Indian farming sector and it has raised approximately twice only in last five years, where NCRB reported 5,650 suicides thereat in 2014. Moreover, among these people who

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<sup>1</sup> Swami Gambhirananda (ed.), V *The Complete Works of Swami Vivekananda* 526 (Advaita Ashrama, Calcutta, 7<sup>th</sup> edn., 1959).

<sup>2</sup> Dr. L. P. Singh, “Changing profile of Farm-Produce Marketing – a Post-Globalization Perspective” 56(10) *Kurukshetra* 4 (2008).

<sup>3</sup> See, The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation, Government of India, “Press Note on Provisional Estimates of Annual National Income 2020-21 and Quarterly Estimates of Gross Domestic Product for the Fourth Quarter (Q4) of 2020-21”, *Press Information Bureau*, May 31, 2021., available at: <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2021/may/doc202153111.pdf> (last visited on feb. 05, 2023).

committed suicides, 44.5% people were small farmers, 25.2% people were medium farmers, 27.9% people were marginal farmers and only 2.3% people were large farmers.<sup>4</sup> Economic unsoundness is one of the primary reasons behind these suicidal tendency among these people involved in Indian agricultural activities. Although, several measures have been taken to prevent exploitation against Indian farmers but still its outcome is not satisfactory as indicated from the aforesaid reports.<sup>5</sup>

Since Independence, the Indian agricultural marketing system has undergone several renovations and modifications to improve the condition of farmers/cultivators by way of several enactments, policies or schemes formulated by the Government from time to time. Every time, a new system becomes inevitable to overcome or fulfill loopholes, drawbacks in the existing system thereof only for the purpose of development. Therefore, like previous years, the Central Government in 2020 has brought new farm laws which resulted in mass protest even before its actual implementation. Protesting farmers fear that these laws will leave them at the mercy of corporations and pave the way for the end of Minimum Support Price (MSP). Commission agents are bothered to lose their monopoly and fat profits. State Governments are at stake to lose revenue from Kisan Mandis. However, procurement of several major crops under the policy of MSP further utilizes for Targeted Public Distribution System (PDS) as to distribute food grains in affordable prices at Fair Price Shops (FPSs) or ration shops, to run the scheme of Mid-Day Meal in Schools or any other social causes. Under this PDS policy 75% of the rural population and 50% of the urban population which belongs from the priority households and the Antyodaya Anna Yojana, are legally entitled to get subsidized commodities like wheat, rice, sugar and kerosene etc.<sup>6</sup> Thus, 80.74 crore individuals, i.e., roughly two-third of India's total population has been covered through 5,37,000 FPSs across the country.<sup>7</sup> In 2015, Shanta Kumar Committee reported only six percent of Indian farmers have been benefited under MSP.<sup>8</sup> Furthermore, various small steps have been taken, like introducing

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<sup>4</sup> National Crime Records Bureau, "Accidental Deaths & Suicides in India – 2019" 201-203 (Ministry of Home Affairs, Government of India, 2020).

<sup>5</sup> See, Kharat Rahul Sadashiv, "Farmers Suicide in India- Causes and Remedies: 2006-2010" 6(1) *Journal of Economics and Sustainable Development* 147 (2015); See also, Dr. Haresh T.Gajbhiye, Dr. Narendra K. Patil, *et. al.*, "Globalization and Farmer Suicides in India" 17(6) *Palarch's Journal of Archaeology of Egypt/Egyptology* 11524 (2020).

<sup>6</sup> See, The National Food Security Act (NFSA), 2013 ss. 3-5 (Act 20 of 2013).

<sup>7</sup> Vrunda Bansode and Veda Kulkarni, "India Distributed Food Grains to Over 80.74 Crore People During Lockdown. Here's How" *The Better India*, July 29, 2020, available at: <https://www.thebetterindia.com/233952/food-distribution-food-security-public-pds-grains-epos-fair-price-shops-hunger-starvation-during-lockdown-india/> (last visited on feb. 05, 2023).

<sup>8</sup> Shanta Kumar, "Report of the High Level Committee on Reorienting the Role and Restructuring of Food Corporation of India" 21 (Government of India, 2015).

Nationalized Electronic Agri-Market (e-NAM)<sup>9</sup> and remarkably Kisan Rath mobile app,<sup>10</sup> where farmers can avail transportation facility of Agri-Produce across India through private negotiations. Notably, the following discussion has been nourished while considering that aspect of farmers' market where cultivators/farmers play the role of seller of their own Agri-produces.

## II. Historical Development of Farmers' Market Structure And System In India

Although there is no clear-cut periodical division due to different opinions among historians, we have taken into consideration largely accepted historical regimes for better understanding reformation and development of farmers' markets in India.

### Ancient Period (3000 BCE to 500 CE):

Monetary system in India has been traced back since circa sixth century BCE, when use of coins just evolved as consideration for trade and commerce. Prior to that people used a barter system, where people were involved in direct exchange of goods or services and whereby agricultural commodities played a crucial role. Subsequently, rice became a standard of value for purchasing other commodities like sugar, spices, cotton, ornaments, cattle etc. The structure of *nagaram* was established, which was an intermediate market town between *grama* (village) and *nagara* (town or city). This *nagaram* consists of *kadai* (store/shop), *angadi* (bazar/market) and *perangadi* (wholesale bazar), where people participated in trading activities apart from their usual local street markets.<sup>11</sup> Basically during the Ancient Indian times, farmers or producers of a commodity directly participated in trading with actual consumers. Gradually the concept of '*Rashtra*' was grown up in the later Vedic age. Thereafter, rapid development in modes of exchange such as cowry shells, hundi or bill of exchange, credit notes, coins etc. as well as with the intervention of various rulers gradually transformed the medium of trading and agricultural marketing activities in India.<sup>12</sup> Citation required Peasants/cultivators were liable to offer certain part of their agricultural production to the deity or King. Few agricultural or land taxes were also present during the Gupta

<sup>9</sup> "The start of online inter-state trade through the e-NAM portal this month is a landmark achievement in e-NAM history" *Press Information Bureau*, Jan. 23, 2019, available at: <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1561146> (last visited on feb. 05, 2023).

<sup>10</sup> "Kisan Rath' mobile app turns big hit within a week of its launch", *Press Information Bureau*, Apr. 24, 2020, available at: <https://pib.gov.in/newsite/PrintRelease.aspx?relid=202549> (last visited on feb. 05, 2023).

<sup>11</sup> See, Hari Sreekumar and Rohit Varman, "History of marketing in India", in D.G. Brian Jones and Mark Tadajewski (eds.), *The Routledge Companion to Marketing History* 390-393 (Routledge Taylor and Francis Group, 2016).

<sup>12</sup> See, Joseph Augustine, *Coins and Currency of Pre-Modern Kerala till 1600 AD* (2014) (Unpublished Ph.D. thesis, Mahatma Gandhi University) 230, available at: <https://shodhganga.inflibnet.ac.in/handle/10603/111415#> (last visited on feb. 05, 2023).

empire viz., *bali* (one-fourth to one-sixth share over the total production of a land), *uparikara*, *udranga*, etc.<sup>13</sup>

### Medieval Period (500 CE to 1500 CE)

Several Rural Primary Markets (RPMs) like, Haat, Painths, Mela (fair) etc. were developed in this era and were held in a periodical manner at fixed place and time. Apart from RPMs which concentrated to fulfill local demand, Secondary or Assembly markets were also there to conduct long-distance trading, foreign trading to fulfill distant demand. A new activity of middleman was also emerged in trading and these people were known as *dalal* (brokers), who created a division between farmers and consumers. Although, these dalals were more involved in foreign commercial activities and they conducted overseas transportation of goods in lieu of commission (brokerage charges). Further with the growth of these middle agencies, *dalals* started to purchase agricultural goods from the cultivators for the purpose of reselling the same in retail market.<sup>14</sup> Alauddin Khalji contributed a significant step to reform of agricultural market by way of first price control policy in India for several goods of regular use, penalized unlawful hoarding and black marketing, eliminated dalals (middlemen), established ‘Mandis’ (Grain market with predetermined rates) and so on. He formed a distinct Department for price control named as ‘*Diwan-i-Riayasad*’ which was assisted by *Shana-i-Mandi* (Inspector-General of Market), *Barid-i-Mandi* (Officers of Grain Market), *Munhiyans* (Secret service agency) etc. Although this low-price policy for essential grains was not so benefitted for small peasants.<sup>15</sup> The Sultan, Mohammad Bin Tughlaq designated a separate Department for Agricultural administration called as ‘*Diwan-i-kohi*’ as well as he introduced agricultural loans known as ‘*takkavi*’ loans to promote agricultural production.<sup>16</sup> Further, in Vijayanagar administration, *amara-nayaka* system was evolved, where ‘*nayakas*’ (higher designated army officers) were entrusted with demarcated lands (amaram). Every nayaka was also accountable for agricultural development in his territory and for collection of taxes therefrom.<sup>17</sup> In the period of Zain-al-Abidin’s rule in Kashmir, he introduced fixed prices for

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<sup>13</sup> K. Krishna Reddy, *Indian History* A409 (Tata McGraw-Hill Publishing Co. Ltd., New Delhi, 3<sup>rd</sup> edn., 2007).

<sup>14</sup> See, Shakeel-Ul-Rehman, M. Selvaraj, et. al., “Indian Agricultural Marketing- A Review”, 2(1) *Asian Journal of Agriculture and Rural Development* 70-71 (2012).

<sup>15</sup> See, Humera Naz, “Price Control Policy of Alauddin Khalji: Achievement or Failure”, 1(2) *The Journal of History and Social Sciences* 67-84 (2010).

<sup>16</sup> Nigel. R. Dalziel, “Delhi Sultanate,” in John M. MacKenzie (ed.), *The Encyclopedia of Empire*, 5-8, (John Wiley & Sons, Ltd., 2016).

<sup>17</sup> Sanjeev kumar T. Tandle, “Military Administration Under Vijayanagar Empire”, 4(2) *Indian Streams Research Journal* 3 (2014).

commodities to regulate the market.<sup>18</sup> The peasantry system in this period was exploited and forced by medieval taxation which compelled the flow of surplus production towards urban areas as well as to produce industrial crops. Therefore, poor peasants failed to bear production cost or resources for cultivating high market value crops, they were also unable to meet the tax amount.<sup>19</sup>

### **Modern Period (1500 CE to till date)**

#### *Mughal Period*

In Akbar's administration, *Khudkasht* (farmers who possessed their own land) came under the taxation system, where such an amount needed to be paid in cash as assessed in equivalent to one-third of total production. On the other hand, numerous taxes (such as sales tax, market tax, tax on property transfer etc.) which were previously imposed upon peasants and poor people, became abolished.<sup>20</sup> Sher Shah's contribution of *Sarais* (Rest house) for travelers also invited development of *Qasbas* (market town), where farmers were able to directly sell their crops. Also, this Mughal Empire promoted integration of the national market.<sup>21</sup> Every emporium consisted of three types of market - (a) markets at grassroot level to serve the needs of local residents; (b) intermediary markets to supply for retail traders as well as distance bazars; and (c) foreign markets for overseas trading. Several other forms of trader were also connected with Agro-marketing as peasants' creditors namely, urban merchants or his agents and rural moneylenders.<sup>22</sup> Insurance for commercial commodities had been practiced during this period and insurance firms on the basis of commission used to provide compensation to traders if any damage occurred in the course of transit and transfer of goods.<sup>23</sup>

#### *British Colonial Period*

Early British colonial era only concentrated with development of British industrial markets and completely ruined the prevalent Indian agricultural market. British rulers deployed Zamindars to collect revenue in the form of *lagaan* (tax) from the farmers. Even, the Proclamation of 1793

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<sup>18</sup> Ranjan Mishra, "Zain-Al-Abidin: Luminous lighthouse of tolerance, Peace Harmony of Religion and Humanity in Kashmir" 46(C) *Shodhak-A Journal of Historical Research* 201 (2016).

<sup>19</sup> Irfan Habib, "The Peasant in Indian History" 11(3) *Social Scientist* 57-59 (1983).

<sup>20</sup> Ezad Azraai Jamsari, Mohamad Zulfazdlee Abul Hassan Ashari, *et. al.*, "Akbar (1556-1605) and India Unification Under the Mughals" 8(12) *International Journal of Civil Engineering and Technology* 776 (2017).

<sup>21</sup> Tapan Roychaudhuri, "The Mughal Empire", in Tapan Roychaudhuri and Irfan Habib (eds.), *The Cambridge Economic History of India* 184 (Cambridge University Press, 1982).

<sup>22</sup> Tapan Roychaudhuri, "Inland Trade", in Tapan Roychaudhuri and Irfan Habib (eds.), *The Cambridge Economic History of India* 340-342 (Cambridge University Press, 1982).

<sup>23</sup> Najaf Haider, "The Moneychangers (Sarrafis) in Mughal India" 6(2) *Studies in People's History* 146-161 (2019).

strictly (without any excuse of natural calamities) imposed sanction upon the Zamindars that if anyone fails to pay the revenue punctually, such amount will positively and invariably be released from his property.<sup>24</sup> Citation required Consequently, peasants were compelled to produce commercial crops like, indigo, cotton, opium etc. for international trading of British rulers.<sup>25</sup> This sudden shift of agricultural production from food crops to commercial crop resulted in frequent famines and peasants were compelled to depend upon common markets to purchase their regular food essentials. Hence, this period witnessed immense exploitation of Indian farmers and it was out basted during 1859-1860 by way of Indigo Revolt (*Neel Bidroho*) by Bengal farmers.<sup>26</sup>

Although, the Indian agricultural economy which was paralyzed by British rules, started to recover in later stages. The Hyderabad Residency Order, 1886 and the Berar Cotton and Grain Market Act, 1887 were enacted to control the Agro-market in India. A particular place in every district was stipulated for agricultural trading which was monitored by a committee.<sup>27</sup> Citation required However, the market situation was not satisfactory. So, the Royal Commission Report (1928) on Agricultural Marketing highlighted several observations regarding Indian agricultural market practices like, presence of mal-practices to determine price of farm produces, traders' monopoly, lack of storage facility, improper transportation, fear of uncertain losses etc. and also provided several recommendations to organize trade practice and to eradicate such difficulties in Indian agricultural markets.<sup>28</sup> The Central Banking Inquiry Committee in 1931 further recommended the implementation of the aforesaid report of the Royal Commission. Based upon these recommendations, the Government of India set up the Directorate of Marketing and Inspection (DMI) in 1935 under the Ministry of Agriculture & Farmers Welfare and headed by the Agricultural Marketing Advisor.<sup>29</sup>

Furthermore, the Madras Commercial Crop Act, 1933 was introduced to establish four regional markets which were likely to be maintained by Malabar Market Committee at Malabar in Kerala. After independence, this legislation was struck down by the Madras High Court and this decision

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<sup>24</sup> The Bengal Permanent Settlement Regulation, 1793 art. VI cl. 5. (Bengal Regulation 1 of 1793).

<sup>25</sup> Krishna. G. Karmakar, "Colonial Rule and Its Effects on India's Rural Economy", 3(3) *Journal of South Asia Studies* 277-288 (2015).

<sup>26</sup> Kunal Chattopadhyay and Muntassir Mamoon, "Indigo Rebellion", in Immanuel Ness (ed.), *The International Encyclopedia of Revolution and Protest 1711* (John Wiley & Sons, Ltd., UK, 2009).

<sup>27</sup> Purnima Purohit, *Regulations of Agricultural Markets and Economic Performance: Evidence from Indian States* 49-50 (2013) (Unpublished Ph.D. thesis, University of Manchester).

<sup>28</sup> See, Government of India, "Royal Commission on Agriculture in India: Report" (1928)..

<sup>29</sup> Ashok Dalwai, "Report of the Committee on Doubling Farmers' Income (DFI) Volume IV: Post-production interventions: Agricultural Marketing" 150 (Government of India, Aug. 2017).

was also reaffirmed by the Supreme Court of India.<sup>30</sup> The Agricultural Produce (Grading and Marking) Act, 1937 empowered Central government to prescribe Grade Standards (used as 'AGMARK') for numerous Agricultural produces<sup>31</sup> along with prescribed penalty for unauthorized marketing or selling mis-graded articles<sup>32</sup>. In 1938, the Government of India drafted a model Bill for each state to enact Agricultural Produce Markets Regulation (APMR) Acts. This APMR aimed to secure farmers' protection, to provide transparent market practices, to uplift market infrastructure, to regulate market charges etc. Likewise, numerous relevant legislations were enacted during the British raj in India.<sup>33</sup> The Bombay Cotton Market Act, 1927 extended to agricultural products as amended in 1938. Thus, 122 regulated markets were found in India by 1939-1940.<sup>34</sup> However, India's agricultural economy again hampered by Partition, whereby a large portion of agricultural lands and maximum jute producing areas had been fallen under Pakistan and Bangladesh respectively.<sup>35</sup>

#### *Post-independent Period*

In this period, the Indian Agricultural Market has been composed of both -traditional or free markets as well as regulated markets. In traditional Agro-markets, various forms of selling methods (such as Hatha System, Private negotiation, Dara sale method, Moghum sale method, closed tender system, open auction method, etc.) were adopted.<sup>36</sup> Later on, the co-operative movement in India became popular as it eliminated brokers, benefited farmers. For example, the National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), the apex body of the co-operative marketing system was constituted in 1958; Kerala Horticulture Development Program (KHDP), a farming initiative through Self-Help-Groups (SHG's) was introduced in 1993 etc.<sup>37</sup>

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<sup>30</sup>See, *M.C. V. S. Arunachala Nadar v. The State of Madras*, 1959 AIR 300; 1959 SCR Supl. (1) 92.

<sup>31</sup> The Agricultural Produce (Grading and Marking) Act, 1937 s. 5B (Act 1 of 1937).

<sup>32</sup> *Ibid.*, ss. 4,5.

<sup>33</sup> See, The Hyderabad Agriculture Produce Market Act, 1930; the Baroda Agricultural Produce Market Regulation Act, 1934; the Sugar Cane Act, 1934; the Central Province Agricultural Produce Market Regulation Act, 1935; the Punjab Agricultural Produce Market Act, 1939; the Mysore Agricultural Produce Market Act, 1939; the Patiala Agricultural Produce Market Regulation Act, 1947.

<sup>34</sup> Yuvraj Rajaram Thorat, *Financial analysis of regulated agriculture produce market committees in Maharashtra with special reference to Pune District* 42 (2013) (Unpublished Ph.D. thesis, Savitribai Phule Pune University).

<sup>35</sup> Anil Rai, "Trends in the Jute Industry since Independence" 6(6/7) *Social Scientist* 83-102 (1978).

<sup>36</sup>See, Sharad Sachan, Subash Kumar Jawla, *et.al.*, "The Scenario of Agricultural Marketing in India- A Review" 19(1) *Plant Achieves* 126-127 (2019).

<sup>37</sup> See, Dr. Gaikar Vilas B, "An evaluation of agricultural marketing in India a study of national agricultural co-operative marketing federation of India Ltd. (NAFED)" 4(5) *International Journal of Multidisciplinary Research and Development* 244-248 (2017); See also, Mithilesh Kumar and Dr.Indrajit Yadav, "Role of Agriculture in Development" 21(3) *IOSR Journal of Business and Management* 91-94 (2019).



Furthermore, another factor which contributed to the changing profile of farm produce marketing is the crucial role of ‘Agro-processing’ in ensuring a remunerative price to the producer-sellers. It goes without saying that Agro-processing in its various forms adds substantially to the value of agricultural produce both for the buyers and the sellers. This is precisely why Agro-processing has come to occupy an important place in the field of Indian farm produce marketing.<sup>38</sup> Likewise, the concept of ‘Agro-climatic zones’ which were devised by the planning commission in 1989, has been conceived in order to optimally utilize the diversity of natural and manmade resources in various parts of the country. It has also cast a wholesome effect on agricultural marketing systems and practices in the country. This development brings to focus the crucial significance of Supply Chain Management in the field of farm product marketing, to maximize net income of the farmers, to generate additional employment particularly, of landless laborers and so on.<sup>39</sup>

Public Private Partnership (PPP) ventures have been initiated during this period such as Vindhya Valley Brand (Khadi Gramodyog Board of MP and Hindustan Unilever), the Small Farmers Agriculture Consortium (SFAC), etc.<sup>40</sup> Indian corporate bodies have started to discover the potential of this domain through ‘farm-product marketing.’ Dabur and Godrej have considerably strengthened and deepened their distribution channels to leverage higher consumer demand. Godrej Agrovet initiated its fruits and vegetables retail businesses through their Nature’s Basket Stores.<sup>41</sup> ITC launched ‘e-chaupals’ to reduce middleman, create price transparency, cut trading margin and transact directly with farmers.<sup>42</sup> DCM Shriram Consolidated Limited started networking of ‘Hariyali Kisan Bazar’ outlets to source fresh horticulture produce as well as grains like wheat and rice from farmers and supply the same to various retail chains and mandis across the country.<sup>43</sup>

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<sup>38</sup> “Agricultural Marketing & Agri-Business”, *TNAU Agritech Portal*, TamilNadu Agricultural University, Coimbatore, available at: [https://agritech.tnau.ac.in/agricultural\\_marketing/agrimark\\_AgroProcessing.html](https://agritech.tnau.ac.in/agricultural_marketing/agrimark_AgroProcessing.html) (last visited on feb. 05, 2023); the term ‘Agro processing’ denotes a set of techno-economic activities as carried out for conservation and handling of agricultural produce that is to make it usable as food, feed, fibre, fuel or industrial raw material. Hence, the scope of the Agro-processing industry encompasses all operations from the stage of harvest till the material reaches the end users in the desired form, packaging, quantity, quality and price.

<sup>39</sup> L. S. Sandhu, U.S. Gautam, *et. al.* (eds.), “Agro-climatic Region Centered Research and Development Planning (Central Plateau and Hill region)” 1 (ICAR-Indian Grassland and Fodder Research Institute, Jhansi, 2016).

<sup>40</sup> *Supra*, note 37.

<sup>41</sup> Samar Srivastava, “Nature's Basket: Double Take”, *Forbes India* Feb. 17, 2012.

<sup>42</sup> Rohit Bansal and Dr. Ashvine Kumar Sharma, “E-Choupal: Gateway to Develop Agriculture Market”, 1(1) *International Refereed Research Journal* 78-89 (2012).

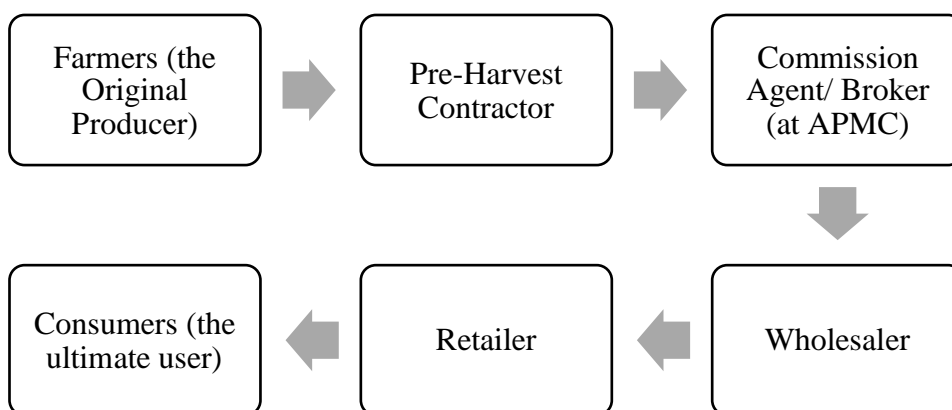
<sup>43</sup> Madhulika Ajay Sonawane, “Retail Revolution in Rural Markets: A Case Study of ‘Shriram Groups’, Retail Malls for Farmers”, 4 *Online International Interdisciplinary Research Journal* 358-364 (Jan. 2014).

During the 1960s-1970s, several States enacted Agricultural Produce Market Regulation (APMR) Act to regulate their agricultural market activities, to safeguard farmers' trading interest, to ensure proper market value of agricultural products by way of auction, to promote healthy competition among buyers and so on. This APMR set up a specified market area (known as 'Mandi'), established Agricultural Produce Market Committee (APMC) for each mandi, provided separate licensing for traders as well as designated commission agents (arhatias) for every mandis. The state government levied market taxes which further utilised to develop market infrastructure such as cold storage, warehouse and all. Even in a few states, this mandi system became mandatory for large-scale agricultural trading. After running a few successful years, several factors viz., involvement of large number of stakeholders, political interference, corruption in APMC system and raise of transition cost in agricultural trading widely affected the interest of farmers. In 1966-67, Government of India introduced Minimum Support Price (MSP) to support agricultural farming as the government was willing to purchase a few listed Agro-commodities at predetermined prices. The National Bank for Agriculture and Rural Development (NABARD) was incorporated in 1981 to provide credit facilities to agricultural farmers.

Since 1991, the Government of India has adopted the policy of Liberalization, Privatization and Globalization (LPG). Thereafter in 2003, one Model Act titled as "The State Agricultural Produce Marketing (Development & Regulation) Act, 2003" was introduced by the Central Government to liberalize Indian agricultural marketing and to create uniform legislation for every States/Union Territories (UTs). Then again in 2017, a new model Act, i.e., "The State/UT Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017" (APLM Act) was drafted. Further, National Agricultural Market (e-NAM) was launched in 2016 as a uniform online trading portal for the entire country. Recently, the Government of India has enacted new Farm legislations in 2020 to reform the subsisting agricultural market in India. (Referred to points 3.2 & 3.3 for details)

Here it is important to mention that though there have no exhaustive list to express steps of Indian Agro-marketing but a common chain of regulated process cycle has been noted below:

**Diagram 1: Steps of Regulated Agricultural Marketing in Indian**



### III. Indian Legal Scenario

Recently in September, 2020, Indian Parliament passed three laws - The Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020; The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Act, 2020; and The Essential Commodities (Amendment) Act, 2020. The Government claims that these legislations will transform Indian agriculture and attract private investment.<sup>44</sup> However, passing of these laws ultimately resulted in farmers’ agitation all around the borders of National Capital Region of Delhi and till date there is no signs of slowing down of this agitation and the only demand of different farmers’ organizations is to repeal of these Acts immediately. The existing central government on their part is advocating the fact that these laws are actually for the benefit of the farmers. The government’s appeasement offers to amend these laws have also been rejected by over forty farmer union leaders.<sup>45</sup> Apart from these protests by farmers’ organisations across the country, State Governments of Chhattisgarh, Maharashtra, and Punjab have said that they might not implement these new central laws. Kerala and Punjab have declared their intention to challenge them in the Supreme Court. In short, passing of these enactments has created huge hue and cry throughout the country.<sup>46</sup> In the background of this present situation let’s discuss the legal scenario of India relating to the agricultural market.

<sup>44</sup> See, Ramesh Chand, “New Farm Acts: Understanding the Implications” 19 *NITI Aayog, Government of India* (Nov. 2020).

<sup>45</sup> See, Priscilla Jebaraj, “Farmers’ protests | Unions reject government proposal to suspend laws for 18 months”, *The Hindu*, Jan. 21, 2021, available at: <https://www.thehindu.com/news/national/farmers-protest-protesting-farmer-unions-reject-govts-proposal-skm/article33628335.ece> (last visited on feb. 05, 2023).

<sup>46</sup> See, Faizan Mustafa, “An Expert Explains: The arguments for and against the three central farm laws” *The Indian Express*, Sep. 29, 2020 available at: <https://indianexpress.com/article/explained/an-expert-explains-farm->

### Constitutional Provision

One of the Directive Principles of State Policy (DPSP) under the Indian Constitution provides important concern to organize agricultural sectors.<sup>47</sup> Article 246 divided law-making power between Parliament and State Legislatures in three lists as Union List, State List and Concurrent List. Although, the subject matter of ‘agriculture’ directly comes under the State List<sup>48</sup> but a few matters pertaining to ‘trade and commerce’ also covered up by the concurrent list.<sup>49</sup> Further, subject matters concerning relief of agricultural indebtedness or agricultural income tax included in State List respectively *vide.*, entry numbers 30 and 46. Article 248 empowers Parliament to make laws in respect of residuary subject matters. Even articles 249 and 250 provide few criteria which after full satisfaction, Parliament shall make laws regarding the matters of state list respectively for national interest or in emergency situations. Further, Articles 251 and 254 prescribe solutions in case of inconsistency between laws made by Parliament and State Legislatures. As per the provision of Article 243G, the State may entrust the Panchayats to work as self-government for preparing plans and implementing schemes concerning economic development and social justice which includes the matter of agriculture.<sup>50</sup>

Parallely, “right to carry on any occupation, trade or business”<sup>51</sup> has been recognized as a Fundamental Right under the Constitution of India but subjected to few restrictions.<sup>52</sup> Part XIII deals with provisions of free Trade, Commerce and Intercourse within India, empowers Parliament and state legislatures to impose restriction thereat, appointment of appropriate authority to carry out concern objectives.<sup>53</sup> So, how far the realization of fundamental rights is concerned, it is also

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acts-and-federalism-6622769/ (last visited on feb. 05, 2023); *See also*. T.K. Rajalakshmi, “State governments in Punjab, Chhattisgarh and Rajasthan get their acts together and pass amended farm Bills in their State Assemblies” *Frontline*, Dec. 4, 2020, available at: <https://frontline.thehindu.com/the-nation/agriculture/farmers-protests-against-central-farm-laws-punjab-chhattisgarh-rajasthan-state-governments-pass-amended-farm-bills/article33099705.ece> (last visited on feb. 05, 2023).

<sup>47</sup>The Constitution of India, art. 48.

<sup>48</sup> *Id.*, sch. VII, List-II, Entry 14: Agriculture, including agricultural education and research, protection against pests and prevention of plant diseases.

<sup>49</sup> *Id.*, sch. VII, List-III, Entry 33: Trade and commerce in, and the production, supply and distribution of- (a) the products of any industry where the control of such industry by the Union is declared by Parliament by law to be expedient in the public interest, and imported goods of the same kind as such products; (b) foodstuffs, including edible oilseeds and oils; (c) cattle fodder, including oilcakes and other concentrates; (d) raw cotton, whether ginned or unginned, and cotton seed; and (e) raw jute.

<sup>50</sup> *Id.*, sch. XI, Entry 1: Agriculture, including agricultural extension.

<sup>51</sup> *Id.*, art. 19(1)(g).

<sup>52</sup> *Id.*, art. 19(6).

<sup>53</sup> *Id.*, arts. 301-307.

secured by another fundamental right as “right to Constitutional remedies.”<sup>54</sup> Apart from that, Articles 136, 226 and 227 are also there to bring attention to the Supreme Court and High Courts.

### **Legislative Framework**

Early post-independence situation of Indian regulated agricultural marketing, its challenges, urge to reform and modification of state Agricultural Produce Market Regulations (APMR) Acts of 1960s-70s have already been discussed above. Other relevant legislations are as follows:

#### *Model Legislations*

- a) The State Agricultural Produce Marketing (Development & Regulation) Act, 2003

The Ministry of Agriculture, Government of India proposed a Model Act in 2003 which may be adopted by every States and this Act consists of a total 112 sections which was divided in fourteen chapters. This Act has objectives to improve regulation in agricultural marketing, promotion of Agri-processing, and establish proper market administration. Apart from the mere APMC market, any person including growers and local authorities were permitted to establish another market within the same locality.<sup>55</sup> Therefore, ‘Agriculturist’<sup>56</sup> was free to choose a suitable market to sell his ‘Agricultural products’.<sup>57</sup> Special market was permitted to operate for notified Agri-produces (like Onions, Fruits, Vegetables, Flowers etc.) within any existing market.<sup>58</sup> Liabilities of APMC were extended to ensure market transparency, instant payment to agriculturist, promote Public Private Partnership (PPP) and so on.<sup>59</sup> This model Act emphasized to appoint Chief Executive Officer for every market committee<sup>60</sup> and also facilitated ‘e-trading’<sup>61</sup> to some extent as well as

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<sup>54</sup> *Id.*, art. 32.

<sup>55</sup> The Model Act: “The State Agricultural Produce Marketing (Development & Regulation) Act, 2003” s. 3.

<sup>56</sup> *Id.*, s. 2(2)- ‘Agriculturist’ means a person who is a resident of the notified area of the market and who is engaged in production of agricultural produce by himself or by hired labour or otherwise, but does not include any market functionary. If a question arises whether any person is an agriculturist or not for the purpose of this Act, the decision of the Collector of the District in which such person is engaged in the production or growth of agricultural produce shall be final.

<sup>57</sup> *Id.*, s. 2(1)- ‘Agricultural Produce” means all produce and commodities, whether processed or unprocessed, of agriculture, horticulture, apiculture, sericulture, livestock and products of livestock, fleeces (raw wool) and skins of animals, forest produce etc. as are specified in the schedule or declared by the Government by notification from time to time and also includes a mixture of two or more than two such products.

<sup>58</sup> *Id.*, s.20.

<sup>59</sup> *Id.*, s. 26-27.

<sup>60</sup> *Id.*, s. 36.

<sup>61</sup> *Id.*, s. 2(17)- ‘e-trading’ means trading in which billing, booking, contracting, negotiating information exchange, record keeping and other connected activities are done electronically on a computer network/internet.

presented a separate chapter (Chapter VII) to promote ‘Contract farming’<sup>62</sup> without routing it through notified markets<sup>63</sup> and annexed proforma of contract farming agreement. Further, it also introduced Common licensing of market functionaries,<sup>64</sup> establishment of several private yards or markets as ‘consumers’/ farmers’ market’ where ‘buyers’<sup>65</sup> can purchase Agri-produce directly from farmers.<sup>66</sup> Chapter X provided incorporation of State Agricultural Marketing Board along with delegated power, functions and liabilities thereon. Section 103 designated the market committee and board members or employees as public servants; section 105 protected authorized personnel from some legal consequences done in good faith and section 106 imposed a precondition to send two months’ prior notice before instituting any suit against the board or any Market Committee.

b) The State/UT Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017

As in 2016, Union Government launched the policy of electronic National Agricultural Market (e-NAM) and for proper implementation of the same as well as based on the suggestion of NITI Aayog (previously known as Planning Commission), Government of India drafted a new Model Act in 2017 as “The State/ Union Territory Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017” (APLM Act). This Act comprised fourteen chapters which consisted of a total 139 sections. This new legislation shifted their concern from contract farming, even the separate chapter for ‘contract farming’ and incidental matters as introduced in the model Act of 2003, has been omitted hereby. Further, a new chapter (Chapter VI) for e-trading was introduced. It also covered marketing of ‘livestock’,<sup>67</sup> defined ‘Agricultural Produce’<sup>68</sup> in a broader sense. This Act also intended to promote national market for agriculture produce,

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<sup>62</sup> *Id.*, s. 2(11) – ‘Contract Farming’ means farming by a person called "Contract Farming Producer" under a written agreement with another person called "Contract Farming Sponsor" to the effect that his farm produce shall be purchased as specified in the agreement. Explanation: ‘Contract Farming Producer’ means individual agriculturist or association of agriculturists by whatever name registered under any law for the time being in force. In North Eastern States where the ownership or control over the agricultural lands lies with village panchayats or similar bodies legally recognized, such bodies will be treated as ‘Contract Farming Producer.

<sup>63</sup> *Id.*, s. 38.

<sup>64</sup> *Id.*, s. 44.

<sup>65</sup> *Id.*, s. 2 (6)- ‘Buyer’ means a person, a firm, a company or cooperative society or Government Agency, Public Undertaking/ Public Agency or Corporation, Commission agent, who himself or on behalf of any other person or agent buys or agrees to buy agricultural produce in the market area as notified under this Act.

<sup>66</sup> *Id.*, ss. 45-46.

<sup>67</sup> The Model Act: “The State/ Union Territory Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017”, s. 2(23): “Livestock” means cows, buffaloes, bullocks, bulls, goats and sheep, and includes poultry, fish and such other animals, and products thereof, specified in the schedule.

<sup>68</sup> *Id.*, s. 2(3)- ‘Agricultural produce’ includes all produce, whether processed or not, of agriculture, horticulture, apiculture, forest excluding trees grown on private land, specified in the schedule.

establishment of Market yard(s) of National Importance (MNI),<sup>69</sup> unified single trading license for inter-state trading,<sup>70</sup> imposition of rational market fee<sup>71</sup> and commission charges,<sup>72</sup> constitute of two-tier market committee as one Agricultural Produce and Livestock Market Committee (APLMC) at state/UT level<sup>73</sup> and others at grass root level.<sup>74</sup> Remarkably, this Act also enriched it with a dispute resolving mechanism before quasi-judicial authorities in a time bound manner.<sup>75</sup> Even, the scope of appeal before Appellate Authority has been provided thereunder.<sup>76</sup>

### *Central Farm Laws of 2020*

#### **A. The Farmers’ Produce Trade and Commerce (Promotion and Facilitation) Act, 2020**

Background of this enactment lies upon “The Farmers’ Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020” which has become an Act (FPTC Act, 2020) of Parliament on 24<sup>th</sup> September, 2020. Preamble of this Act denotes that the Act was passed with a view to provide for the creation of an ecosystem where the farmers and traders will enjoy the freedom of choice relating to sale and purchase of ‘farmers’ produce’<sup>77</sup> which facilitates remunerative prices through competitive alternative trading channels; to promote efficient, transparent and barrier-free ‘inter-State’<sup>78</sup> and ‘intra-State trade and commerce’<sup>79</sup> of farmers’ produce outside the physical premises of markets or deemed markets notified under various State agricultural produce market legislations; to provide a facilitative framework for electronic trading and for matters connected therewith or incidental thereto. This Act consists of twenty sections which are separated into five chapters. Hereby Chapter II (sections 3-7) deals with provision of freedom to conduct trade and

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<sup>69</sup> *Id.*, s. 9.

<sup>70</sup> *Id.*, ss. 70, 72.

<sup>71</sup> *Id.*, s. 66.

<sup>72</sup> *Id.*, s. 65(3).

<sup>73</sup> *Id.*, s. 17.

<sup>74</sup> *Id.*, s. 18.

<sup>75</sup> *Id.*, s. 77.

<sup>76</sup> *Id.*, s. 78.

<sup>77</sup> The Farmers’ Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 (Act 21 of 2020) s. 2 (c)- ‘farmers’ produce’ means,— (i) foodstuffs including cereals like wheat, rice or other coarse grains, pulses, edible oilseeds, oils, vegetables, fruits, nuts, spices, sugarcane and products of poultry, piggery, goatery, fishery and dairy intended for human consumption in its natural or processed form; (ii) cattle fodder including oilcakes and other concentrates; and (iii) raw cotton whether ginned or unginned, cotton seeds and raw jute.

<sup>78</sup> *Id.*, s. 2 (e)- ‘inter-State trade’ means the act of buying or selling of farmers’ produce, wherein a trader of one State buys the farmers’ produce from the farmer or a trader of another State and such farmers’ produce is transported to a State other than the State in which the trader purchased such farmers’ produce or where such farmers’ produce originated.

<sup>79</sup> *Id.*, s. 2 (f)- ‘intra-State trade’ means the act of buying or selling of farmers’ produce, wherein a trader of one State buys the farmers’ produce from a farmer or a trader of the same State in which the trader purchased such farmers’ produce or where such farmers’ produce originated.

commerce in a trade area<sup>80</sup> but subjected to follow few criteria to trade of scheduled farmers' produce;<sup>81</sup> waived any kind of market fee or cess or levy imposed by State for trading thereat;<sup>82</sup> development of Price Information and Market Intelligence System for farmers' produce.<sup>83</sup> Under Chapter III (sections 8-10), section 8 provides provisions relating to Dispute Resolution Mechanism for farmers by designating the Sub-Divisional Magistrate to constitute a Conciliation Board where such disputes must be resolved with binding settlement decisions within thirty days. In expiration of this period, Sub-Divisional Magistrate by itself decide the same within next thirty days and such order is appealable before Collector or Additional Collector nominated by the Collector. The right to operate an electronic trading and transaction platform may be suspend or canceled for contravention of few conditions<sup>84</sup> but scope of appeal is also there.<sup>85</sup> Several penalties to contravene the provisions of this Act has enumerated in Chapter IV (section 11), where any person shall be penalized with fine of Rs. 25,000/- to Rs. 5,00,000/- for violating section 4 and further imposition of Rs. 5,000/- per day in case of continuous contravention.<sup>86</sup> In contravention of sections 5 and 7, such fine amount is Rs. 50,000/- to Rs. 10,00,000/-and additional Rs. 10,000/- per day for continuation. The Chapter V (sections 12-20) consists provisions relating to central government's power and functions to make further orders or guidelines, rules thereof,<sup>87</sup> overriding effect of this Act,<sup>88</sup> restricted jurisdiction of Civil Court.<sup>89</sup>

From the provisions of this Act, it is clear that this Act is advantageous for the farmers in many respects, such as –

- a) Farmers have now got a new avenue with a freedom to sell their produce outside the APMC market and the government has assured that there will be no tax on such trade, which ultimately gives them a higher price for their produce.
- b) Again, the farmers can sell their produce within the State or anywhere else in the country and there is no restriction in this regard. That means, now the farmers can get a higher price for their produce from merchants outside their State.

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<sup>80</sup> *Id.*, s. 3.

<sup>81</sup> *Id.*, ss. 4, 5.

<sup>82</sup> *Id.*, s. 6.

<sup>83</sup> *Id.*, s. 7.

<sup>84</sup> *Id.*, s. 9.

<sup>85</sup> *Id.*, s. 10.

<sup>86</sup> *Id.*, s. 11 (1).

<sup>87</sup> *Id.*, ss. 12, 17, 19.

<sup>88</sup> *Id.*, s. 14.

<sup>89</sup> *Id.*, s. 15.



- c) Farmers will get the freedom to trade anywhere outside state-notified APMC markets, and this includes allowing trade at farm gates, warehouses, cold storages, and so on.
- d) This Act proposes an electronic trading platform for direct and online trading of produce and entities that can establish such platforms include companies, partnership firms, or societies.
- e) This Act also provides that there is no need for any kind of license for traders to purchase agricultural produce in the trade area outside the APMC Mandi. In addition to this, anyone holding a PAN card or any other document notified by the Central government can join this trade. This provides more selling options to the farmers.
- f) In case of any dispute related to sale and purchase of agricultural produce, the matter will be settled within a short span of time, i.e., thirty days by the Sub-Divisional Magistrate.

But there are allegations and counter views of farmers and farmers' organizations which are also to be taken into consideration, such as –

- a) The APMC Mandi system will be abolished due to this Act and once this happens, the farmers will be forced to sell their produce only to corporate companies at a lesser price. In addition, once this Mandi system is abolished, no one will buy farmers' produce at MSP.
- b) The provisions of this law are only for the benefit of the corporate entities and big buyers.
- c) Farmers who have small landholding will face genuine problems in case they are not capable or efficient enough to bargain over big private players.
- d) Farmers will be exposed to the risk of fraud due to the entry of people without license or registration.
- e) Implementation of this Act will lead to corporatisation of agriculture.

**B. The Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020**

This Act also came into existence on 24<sup>th</sup> September, 2020 and provides a national framework to guide and regulate farming agreements with intention to safeguard the interest of farmers. This

Act gives an enlarged scope of few terms like, ‘farming agreement,’<sup>90</sup> ‘force majeure,’<sup>91</sup> ‘person’<sup>92</sup> but the definition of ‘farmers produce’ denotes the same as provided under the FPTC Act, 2020. Detailed provisions of Farming Agreement are covered under Chapter II (section 3-12) and also concerns with the interest of sharecroppers during contract farming;<sup>93</sup> The duration of any farm-agreement is limited for minimum one crop season or one production cycle of livestock and maximum for five years.<sup>94</sup> Section 5 provides rules regarding pricing of farming produce under any farming agreement. For instance, either a predetermined value and in case of price variable Agri-produces, there must have a guaranteed price or it can be linked with the prevailing prices of specified ‘APMC yard’<sup>95</sup> or ‘electronic trading and transaction platform.’<sup>96</sup> Guidelines for selling or purchasing of farming products have been laid down under section 6. Section 7 protects any farming agreement (as per this Act) from the Essential Commodities Act, 1955 or any state agricultural market regulation Acts. Again, for protecting the interest of farmers, section 8 prohibits any kind of conditions to transfer farmers’ land or premises within Farming agreement and section 9 arranges about insurance or credit scheme. Additionally, section 12 directs State governments to notify the Registration Authority to register concern farming agreements. The remaining chapters (Chapter III & IV) of this Act have resemblance with the last two chapters of the FPTC Act, 2020. Point to be noted that this Act provides for a three-level dispute settlement mechanism: the conciliation board - comprising representatives of parties to the agreement, the sub-divisional magistrate, and appellate authority.

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<sup>90</sup> The Farmers’ (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 (Act 20 of 2020), s. 2(g)- ‘farming agreement’ means a written agreement entered into between a farmer and a Sponsor, or a farmer, a Sponsor and any third party, prior to the production or rearing of any farming produce of a predetermined quality, in which the Sponsor agrees to purchase such farming produce from the farmer and to provide farm services. Explanation.—For the purposes of this clause, the term "farming agreement" may include— (i) ‘trade and commerce agreement’, where the ownership of commodity remains with the farmer during production and he gets the price of produce on its delivery as per the agreed terms with the Sponsor; (ii) “production agreement”, where the Sponsor agrees to provide farm services, either fully or partially and to bear the risk of output, but agrees to make payment to the farmer for the services rendered by such farmer; and (iii) such other agreements or a combination of agreements specified above;

<sup>91</sup> *Id.*, s. 2(j)- ‘force majeure’ means any unforeseen external event, including flood, drought, bad weather, earthquake, epidemic outbreak of disease, insect-pests and such other events, which is unavoidable and beyond the control of parties entering into a farming agreement.

<sup>92</sup>*Id.*, s. 2(1)- ‘person’ includes- (i) an individual; (ii) a partnership firm; (iii) a company; (iv) a limited liability partnership; (v) a co-operative society; (vi) a society; or (vii) any association or body of persons duly incorporated or recognised as a group under any ongoing programmes of the Central Government or the State Government.

<sup>93</sup> *Id.*, s. 3(2).

<sup>94</sup> *Id.*, s. 3(3).

<sup>95</sup> *Id.*, s. 2 (a) - ‘APMC yard’ means the physical premises covering Agriculture Produce Market Committee Yard, by whatever name called, established for regulating markets and trade in farming produce under any State Act.

<sup>96</sup> *Id.*, s. 2(c) - ‘electronic trading and transaction platform’ means a platform set up to facilitate direct and online buying and selling for conduct of trade and commerce of farming produce through a network of electronic devices and internet applications.

Thus, this Act provides provision for contract farming, under which farmers will produce crops as per contracts with corporate investors for a mutually agreed remuneration. However, the protesting farmers fear that powerful investors would bind them to unfavourable contracts drafted by big corporate law firms, with liability clauses that would be beyond the understanding of poor farmers in most cases.

**C. The Essential Commodities (Amendment) Act, 2020**

This is an enactment to amend its parent Act namely, the Essential Commodities Act, 1955. The original Act aimed to control production, supply and distribution of certain commodities for the interest of the general public. Now this Act restricts the powers of the government with respect to production, supply, and distribution of certain key commodities by way of amendment of one new subsection. That is to say, concern sub-section (1A) has been inserted to section 3 of the original Act of 1955. This new provision deducted the importance relating to supply of foodstuffs, including cereals, pulses, potato, onions, edible oilseeds and oils. Consequently, these commodities lose protection under the said Act except in some extraordinary situations, such as – war, famine, extraordinary price rise, and natural calamity of grave nature.<sup>97</sup> Further, action on stock limit becomes limited only in case of 100% rise in retail price of horticulture produces and 50% for non-perishable agricultural foodstuffs and the increase is to be calculated over the price prevailing during the preceding twelve months, or the average retail price over the last five years, whichever is lower.<sup>98</sup>

**Legislations to regulate Agro-Markets in States/Union Territories (UTs)**

Agricultural market reforms had started picking pace in Indian states nearly eight years ago when almost eighteen to twenty States/UTs had amended their respective Agricultural Produce and Marketing Committee (APMC) Acts by way of incorporating various progressive changes to rationalise food prices and attract foreign funds.<sup>99</sup> States/UTs like Andhra Pradesh, Rajasthan, Gujarat, Goa, Himachal Pradesh, Nagaland, Karnataka, Chandigarh, Jharkhand, Uttarakhand, Punjab, Odisha, Nagaland, Sikkim, Maharashtra, Jharkhand and Mizoram, etc. have amended their APMC rules to effect direct purchase of agricultural produce from agriculturists by bulk buyer,

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<sup>97</sup> *Id.*, s. 3(1A) (a).

<sup>98</sup> *Id.*, s. 3(1A) (b).

<sup>99</sup> See, Anindita Dey, “Various states start amendment of APMC Act to begin market reforms”, *Business Standard* (Sept. 18, 2014), available at: [https://www.business-standard.com/article/economy-policy/various-states-start-amendment-of-apmc-act-to-begin-market-reforms-114091800773\\_1.html](https://www.business-standard.com/article/economy-policy/various-states-start-amendment-of-apmc-act-to-begin-market-reforms-114091800773_1.html). (last visited on feb. 05, 2023).

retailer and exporter. Most of these States/UTs have taken steps to promote e-trading in agricultural produce. These States/UTs have started contract farming provision whereas a bulk buyer can make arrangements with agriculturists and farmers to procure the produce exclusively for its own use. However, the Bihar Agricultural Produce Markets Act, 1960 has been repealed in 2006 and at present, Bihar do not have any alternative legislation thereof.<sup>100</sup> Even few States/UTs do not have regulated agricultural markets like Kerala, Manipur, Daman and Diu, Dadra and Nagar Haveli, Lakshadweep. Hereby the below mentioned Table No. 1 present the prevalent Agro-market regulating Legislations in each State/Union Territories and Table No. 2 deals with status of reform wise adoption of several features of Model legislations thereof.

Table 1: List of contemporary Agro-Market Regulating Acts of States/Union Territories as up to July 2021

<b>(I) Name of the States/UTs</b>	<b>(II) Title of the Agro-Market Regulating Enactments of States/Union Territories (UTs) in India</b>	<b>(III) Year of Enactment</b>
Andhra Pradesh	Andhra Pradesh (Agricultural Produce and Livestock) Markets Act, 1966 [Act No. 16 of 1966]	1966
Arunachal Pradesh	Arunachal Pradesh Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017 [Act No. 10 of 2018]	2018
Assam	The Assam Agricultural Produce Market Act, 1972 [Assam Act No. 23 of 1974]	1974
Chhattisgarh	The Chhattisgarh Krishi Upaj Mandi Adhiniyam, 1972 [No. 24 of 1973]	1973
Delhi	The Delhi Agricultural Produce Marketing (Regulation) Act, 1998 [Delhi Act No. 7 of 1999]	1999
Goa	Goa Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2007 [Goa Act 11 of 2007]	2007
Gujrat	Gujarat Agricultural Produce Markets Act, 1963 [Gujarat Act No. 20 of 1964]	1961
Haryana	Haryana Agricultural Produce Markets Act, 1961 [Punjab Act No. 23 of 1961]	1961
Himachal Pradesh	H.P. Agricultural and Horticultural Produce Marketing (Development and Regulation) Act, 2005 [Act No. 20 of 2005]	2005

<sup>100</sup> See, The Bihar Agriculture Produce Market (Repealing) Act, 2006 (Bihar Act 23 of 2006).

Jammu and Kashmir	The Jammu and Kashmir State Agricultural Produce Marketing (Regulation) Act, 1997 [Act No. 36 of 1997]	1997
Jharkhand	Jharkhand Agricultural Produce Markets Act, 2000 [Act 16 of 1960]	1960
Karnataka	Karnataka Agricultural Produce Marketing Act 1966 [Karnataka Act No. 27 of 1966]	1966
Madhya Pradesh	The M.P. Krishi Upaj Mandi Adhiniyam, 1972 [M.P. Act No. 24 of 1973]	1973
Maharashtra	the Maharashtra Agricultural Produce Marketing (Regulation) Act, 1963 [Act No. 20 of 1964]	1964
Meghalaya	The Meghalaya Agricultural Produce Market Act, 1980 [Meghalaya Act No. 1 of 1981]	1981
Nagaland	Nagaland Agricultural Produce Marketing (Development and Regulation) Act, 2005 [Act No. 5 of 2005]	2005
Orissa	The Orissa Agricultural Produce Markets Act, 1956 [Orissa Act 3 of 1957]	1956
Punjab	The Punjab Agricultural Produce Markets Act, 1961 [Punjab Act No. 23 of 1961]	1961
Rajasthan	The Rajasthan Agricultural Produce Markets Act, 1961 [Act No. 38 of 1961]	1961
Tamil Nadu (TN)	The Tamil Nadu Agricultural Produce Marketing (Regulation) Act, 1987 [Tamil Nadu Act 27 of 1989]	1980
Telangana	Telangana (Agricultural Produce and Livestock) Markets Act, 1966 [Act No. 16 of 1966]	1966
Tripura	The Tripura Agricultural Produce Markets Act, 1980 [Tripura Act No. 15 of 1983]	1983
Uttar Pradesh	U.P. Krishi Utpadan Mandi Adhiniyam, 1964 [Act No. 25 of 1964]	1964
Uttarakhand	Uttarakhand Agricultural produce Marketing (Development and regulation) Act, 2011 [Uttarakhand Act No. 09 of 2011]	2011
West Bengal	West Bengal Agricultural Produce Marketing (Regulation) Act, 1972 [West Bengal Act No. 35 of 1972]	1972

**Table 2: Reforms done by different States/Union Territories as up to July 2019** <sup>101</sup>

(I) Existing Features	(II) Total number and names of States/ Union Territories (UTs)
e-trading	Twenty-two (Andhra Pradesh, Arunachal Pradesh, Chhattisgarh, Chandigarh, Goa, Gujrat, Himachal Pradesh, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Mizoram, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telengana, Uttarakhand, Uttar Pradesh, West Bengal)
Single unified trading license	Twenty-three (Andhra Pradesh, Arunachal Pradesh, Chhattisgarh, Chandigarh, Goa, Gujrat, Himachal Pradesh, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telengana, Uttarakhand, Uttar Pradesh, West Bengal)
Single point levy of market fee	Twenty-three (Andhra Pradesh, Arunachal Pradesh, Chhattisgarh, Chandigarh, Goa, Gujrat, Himachal Pradesh, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telengana, Uttarakhand, Uttar Pradesh, West Bengal)
Direct Marketing	Twenty-one (Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Goa, Gujrat, Himachal Pradesh, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Mizoram, Nagaland, Punjab, Rajasthan, Sikkim, Telengana, Uttarakhand, Uttar Pradesh, West Bengal)
Setting up private marketing sector	Twenty-one (Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Chandigarh, Goa, Gujrat, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra,

<sup>101</sup> Kavitha Kuruganti, “Agri Reform Bills: What Will the New System, Which Effectively Bypasses APMC Mandis, Look Like?”, *The Wire*, Sept. 21, 2020, available at: [https://m.thewire.in/article/agriculture/farm-bills-new-system-mandis-monopoly-big-players/amp?\\_\\_twitter\\_impression=true](https://m.thewire.in/article/agriculture/farm-bills-new-system-mandis-monopoly-big-players/amp?__twitter_impression=true). (last visited on feb. 05, 2023); See also, Conference of Agriculture Ministers of the States, Department of Agriculture Cooperation & Farmers Welfare, Government of India on Marketing Reforms & Model Act, *Model APLM Act 2017 & Model Contract Farming Act 2018* held on 8 July, 2019, available at: [https://agricoop.gov.in/sites/default/files/Agri\\_Ministers\\_Conference.pptx](https://agricoop.gov.in/sites/default/files/Agri_Ministers_Conference.pptx) (last visited on feb. 05, 2023).

	Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Telengana, Uttarakhand, Uttar Pradesh, West Bengal)
De-regulating fruit & vegetable markets	Seventeen (Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Delhi, Gujrat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Orissa, Rajasthan, West Bengal)
Declaring warehouses/cold storage as market sub-yard	Seven (Andhra Pradesh, Arunachal Pradesh, Karnataka, Maharashtra, Orissa, Telengana, Uttar Pradesh)

**Governmental Initiatives**

*Minimum Support Price (MSP) Policy*

Basically, the price of Agri-produces is dynamic as it depends upon various factors like, market demand & supply, cost of production, natural calamities and so on. If, unfortunately, market price falls thereof, farmers suffer huge losses which induce farmers to restrain from cultivating the same crop next time. Therefore, it results in a huge crisis in supply and major hike in price. Hence, to counter these unforeseen events as well as to safeguard the interests of farmers, Government of India introduced an agricultural price support system named as Minimum Support Price (MSP) Policy in 1965. Whereby, the Central Government guaranteed to purchase few major agricultural produces from farmers with predetermined prices along with few incentives. MSP is determined every year as per recommendations of the Commission for Agricultural Costs and Prices (CACP). In 2006, a study found that 79% of India farmers showed their dissatisfaction to MSP due to various reasons, but still 94% of farmers wanted MSP to continue.<sup>102</sup> Presently in the year of 2020-21, twenty-five types of Agro-produces have been covered under this MSP.<sup>103</sup> Moreover, in exercise of the powers conferred by section 3 of the Essential Commodities Act, 1955, the Central Government passed the Sugarcane (Control) Order, 1966 which provides Statutory Minimum Price (SMP) for sugarcane and now known as Fair and Remunerative Price (FRP).<sup>104</sup>

<sup>102</sup> NITI Aayog, Government of India, “PEO Report No. 231: Evaluation Report on Efficacy of Minimum Support Prices (MSP) on Farmers” (2016).

<sup>103</sup> Farmers’ Portal, Government of India, *available at*: <https://farmer.gov.in/mspstatements.aspx> (last visited on feb. 05, 2023).

<sup>104</sup> The Sugarcane Control Order, 1966 (GSR 1126/Ess.Com./Sugarcane. dated July 16, 1966) cl. 2(g): the concept of Statutory Minimum Price (SMP) of sugarcane was replaced with the ‘Fair and Remunerative Price (FRP)’ of

*Market Assurance Scheme (MAS)*

In 2018, the Central Government in coordination with States launched the Market Assurance Scheme (MAS) with the objective to strengthen the procurement system in case the market price falls below MSP. At that time, the concerned State Government will procure these Agri-produces whenever notified by the Central Government but final decision will lie upon the State Government regarding the process of procurement to its utilization. Therefore, MSP for each Agri-produces (except wheat and rice) will be decided distinct for each State to secure farmers' economical interest thereat. Further, Central Government will cover 30% to 40% of losses, if faced by any state in the course of implementation thereof. Notably, the Central Government allotted Rs. 500 crores for this scheme as well as declared MSP for six Rabi crops for 2018-19.<sup>105</sup>

*Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA)*

This is an umbrella scheme to ensure remunerative prices (MSP) to Indian farmers for their Agri-produces and it has three components namely, (i) Price Support Scheme (PSS), (ii) Price Deficiency Payment Scheme (PDPS), and (iii) Pilot of Private Procurement & Stockist Scheme (PPSS). Physical Procurements of pulses, oil-seeds and copra only come under PSS. On the other hand, Oil seeds as notified under MSP comes under PDPS in a non-physical mode. The PSS and PDPS both provide a part of the difference between MSP and market price to Indian farmers. The PPSS deals with the procurements of oilseeds by private agencies.<sup>106</sup>

*Terminal Markets Complex (TMC)*

TMC has been conceptualized as well as introduced by National Horticulture Mission (NHM) in 2006. Primary objectives of introducing the same were: to provide alternative market arrangement for farmers' trading, to link farmers with a market system which will ensure greater price and proper income opportunity. The TMC is supposed to be connected with a minimum number of Collection Centers (CCs). These CCs are likely to be situated at key production centers to provide

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sugarcane for 2009-10 and subsequent sugar seasons vide. amended notification S.O.2665(E)/Ess Com./Sugarcane dated Oct.10, 2009.

<sup>105</sup> PM editor, "Market Assurance Scheme (Minimum Support Price) For Crops [MSP Prize]", *Pradhan Mantri Yojana: All Central Government Schemes*, (Nov 26, 2020), available at: <https://www.pradhanmantriyojana.co.in/market-assurance-scheme-msp-farmers/> (last visited on feb. 05, 2023).

<sup>106</sup> See, "Pradhan Mantri Annadata Aaysanrakshan Abhiyan (PM-AASHA)", *National Portal of India*, (2018) available at : <https://www.india.gov.in/spotlight/pradhan-mantri-annadata-aay-sanrakshan-abhiyan-pm-aasha> (last visited on feb. 05, 2023), see also, "Cabinet approves New Umbrella Scheme "Pradhan Mantri Annadata Aay SanraksHan Abhiyan" (PM-AASHA)" *PMINDIA*, (Sep. 12, 2018), available at: [https://www.pmindia.gov.in/en/news\\_updates/cabinet-approves-new-umbrella-scheme-pradhan-mantri-annadata-aay-sanrakshan-abhiyan-pm-aasha/](https://www.pmindia.gov.in/en/news_updates/cabinet-approves-new-umbrella-scheme-pradhan-mantri-annadata-aay-sanrakshan-abhiyan-pm-aasha/) (last visited on feb. 05, 2023).



easy access as well as backward linkage with farmers' produce.<sup>107</sup> This 'Hub-and-Spoke' market format, i.e., the Hub (Main Market) and Spokes (Collection Centers) of the Terminal Market may be established, owned and operated by the selected Private Enterprises (PEs) after paying fees to respective government and these PEs include any individual, juristic person, group of persons, government etc. Further, TMC covers a wide range of both perishable as well as non-perishable commodities.<sup>108</sup> These commodities include all types of food-grains, oil-seeds, pulses, cereals, condiments, spices and other agricultural commodities as non-perishables in nature and also several other perishable products.<sup>109</sup>

*Integrated Scheme for Agricultural Marketing (ISAM)*

In 2013, Government of India approved the above-named integrated scheme which includes five sub-schemes namely, Agricultural Marketing Infrastructure (AMI); Marketing Research and Information Network (MRIN); Strengthening of Agmark Grading Facilities (SAGF); Agri-Business Development (ABD) through Venture Capital Assistance (VCA) and Project Development Facility (PDF); and Choudhary Charan Singh National Institute of Agriculture Marketing (NIAM). Primary objective of this ISAM is to provide competitive Agri-markets with adequate infrastructure which will enable farmers to realise better prices as well as to provide nutritious food for consumers at stable and affordable prices. Therefore, this scheme further intended to invite investments from states, cooperatives and private sectors; to create scientific storage capacity; to promote integration of farmers with primary processors; to implement Information Communication Technology (ICT) by way of incorporating a nation-wide information network system; to promote training, research, education, extension and consultancy in the Agri-marketing sector.<sup>110</sup>

*National Agriculture Market (NAM) through Agri-Tech Infrastructure Fund (ATIF)*

The Government of India introduced this scheme in 2015 and allocated a budget of Rs. 200 crores for the same. The main objectives of this scheme are to integrate Agri-markets in every state/UTs as well as across the country, to uniformly streamline marketing/transaction procedures, to promote better marketing opportunities for farmers etc. Although NAM provides a virtual market platform for Agri-produces but in the backend, it has a physical market (Mandi). Several steps

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<sup>107</sup> See, "Operational Guidelines for Setting up of Terminal Market Complex", pt. 2-3 Ministry of Agriculture (Department of Agriculture & Cooperation), *Government of India* (2009).

<sup>108</sup> *Ibid.*, pt. 1 & 6.

<sup>109</sup> Inter-alia includes fruits, vegetables, flowers, spices, aromatics, herbs, medicinal plants, meat products, poultry products, dairy products and fish and marine products, etc.

<sup>110</sup> See, Ministry of Agriculture, Government of India, "Operational Guidelines for Integrated Scheme for Agricultural Marketing (ISAM)", (2014).

before actual such sale like registration for farmers, details at the entry gate, weighment, quality assaying, auctions, monetary transaction between buyers and sellers etc. will take place online on e-NAM. On the other hand, actual delivery will happen through the physical market. Small Farmers Agri-business Consortium (SFAC) has been appointed as the lead agency to implement this scheme as in coordination with Directorate of Marketing and Inspection (DMI), National Informatics Centre (NIC), Strategic Partner (SP), State Governments/ UTs Administration, State Agriculture Marketing Board (SAMB)/ Directorate of Agricultural Marketing, Agriculture Produce Marketing Committee/Regulated Market Committee (APMC/ RMC), etc. However, to avail benefits of this scheme, States/ UTs are under obligation to undertake various mandatory reforms in their concern APMC Acts in respect of three major areas viz., provision for e-auction / e-trading, single trading license and single point levy of market fee across the State.<sup>111</sup> Additionally, the Government of India added a warehouse-based trading module to e-NAM in 2020. Presently, total 1,000 wholesale Mandies as situated in eighteen States and three Union Territories have integrated with e-NAM system and covers near about 175 Agri-produces which includes food grains, oil seeds, fruits and vegetables.<sup>112</sup>

#### IV. Situation After Enacting Central Farm Laws Of 2020

##### Farmers' Protest

Nearly ten thousand farmers raised their protest against these Farm Laws as passed by Parliament in 2020 and they campaigned on the highways outskirts of Delhi since November 2020 with a demand to repeal the same. This protest mainly started from Punjab and Haryana where productivity of Agri-produces is high along with prevalent strong Mandi system.<sup>113</sup> Few major reasons as told by protesters to oppose new Farm laws have been quoted below:

- “This is a death warrant for small and marginalised farmers. This is aimed at destroying them by handing over agriculture and markets to the big corporates. They want to snatch

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<sup>111</sup> See, Ministry of Agriculture and Farmers' Welfare, Government of India, “Operational Guidelines for Promotion of National Agriculture Market (NAM) through Agri-Tech Infrastructure Fund (ATIF)” (2016).

<sup>112</sup> Dr. S.R. Singh, Dr. Satish Chandra *et. al.*, “Performance Evaluation of e-National Agriculture Market”, *CCS National Institute of Agricultural Marketing* 5 (2020).

<sup>113</sup> Prabhaskar K. Dutta, “What is there in farm laws that make them so contentious?”, *India Today*, Dec. 15, 2020, available at: <https://www.indiatoday.in/news-analysis/story/what-are-farm-laws-farmers-protest-msp-1749723-2020-12-15> (last visited on feb. 05, 2023).

away our land. But we will not let them do this.”-Sukhdev Singh Kokri, a protesting farmer.<sup>114</sup>

- “First, farmers will feel attracted towards these private players, who will offer a better price for the produce. The government mandis will pack up meanwhile and after a few years, these players will start exploiting the farmers. That's what we fear.” - Multan Singh Rana, a protesting farmer.<sup>115</sup>
- “We will lose our lands, we will lose our income if you let big business decide prices and buy crops. We don't trust big business. Free markets work in countries with less corruption and more regulation. It can't work for us here.”- Gurnam Singh Charuni, a leader of protesting farmers.<sup>116</sup>
- “The government says it wants to eliminate middlemen in selling farm produce, then why make way for capitalists like Ambani and Adani?” - Amra Ram, All India Kisan Sabha (AIKS).<sup>117</sup>

Additionally, Bhartiya Kisan Union leader Rakesh Tikait stated: “They (Central Government) want amendment in them (Farm Laws 2020) but we want these laws to be repealed. We don't want changes. We will end our protest only when these laws are withdrawn”.<sup>118</sup>

Few major instances of these farmers' protests have been enumerated as follows:

- Around 3,000 tractors participated in the tractor march held on 7<sup>th</sup> January 2021 on Kundli-Manesar-Palwal or Western Peripheral expressway and at least 500 on the Kundli-Ghaziabad-Palwal or Eastern Peripheral expressway.
- Groups of protesting farmers campaigned at Singhu, Tikri and Ghazipur border took out a massive tractor rally against the Farm Laws 2020 on the occasion of 72<sup>nd</sup> Republic Day of India. As per Delhi Police, over 300 barricades were broken and seventeen Government vehicles were damaged by the protesting farmers, forcing their way into the city.

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<sup>114</sup>“Farm laws: Are India's new reforms a 'death warrant' for farmers?”, *BBC News*, Feb. 16, 2021, available at: <https://www.bbc.com/news/world-asia-india-54233080> (last visited on feb. 05, 2023).

<sup>115</sup> *Ibid.*

<sup>116</sup> Soutik Biswas, “What has brought India's farmers to the streets?”, *BBC News*, Dec. 3, 2020, available at: <https://www.bbc.com/news/world-asia-india-55157574> (last visited on feb. 05, 2023).

<sup>117</sup> Shruti Jain, “Interview | 'No Politics Involved in Farmers Protests': Rajasthan AIKS Leader Amra Ram” *The Wire*, Dec. 31, 2020, available at: <https://thewire.in/agriculture/interview-rajasthan-farmers-all-india-kisan-sabha-amra-ram> (last visited on feb. 05, 2023).

<sup>118</sup> “Will end protest only after withdrawal of farm laws: BKU”, *ANI*, Dec. 10, 2020, available at: <https://www.aninews.in/news/national/general-news/will-end-protest-only-after-withdrawal-of-farm-laws-bku20201210131027/> (last visited on feb. 05, 2023).

- A mass protest occurred against these Farm Laws nearby at a temporary Covid hospital in Hisar, where Haryana Chief Minister was scheduled to inaugurate the hospital on 16<sup>th</sup> May, 2021. This situation turned into a violent clash between protesting farmers and police authorities. Consequently, minimum fifty farmers and twenty police personnel have been injured thereat.<sup>119</sup> Thereafter, more than 350 farmers have been booked under several sections of IPC<sup>120</sup> before Urban State police station.<sup>121</sup>

### **Intervention by the Supreme Court of India**

This dispute regarding Farm Laws thereafter went before the Supreme Court of India and several proceedings have been initiated. Therefore, Apex Court decided to merge all connected matters thereat and passed an ad-interim order on 12<sup>th</sup> January, 2021 as allowing applications for impleadment and intervention.<sup>122</sup> The hon'ble Court found three types of petitions are there and these are- First category has challenged the constitutional validity of farm laws and includes petition for challenging the validity of the Constitution (Third Amendment) Act, 1954, by which Entry 33 was substituted in List III in the Seventh Schedule; Second category has supported farm laws as constitutionally valid and also beneficial for farmers; Third category has claimed agitation by farmers in Delhi leads to blockade of roads/highways which infringed the fundamental rights of other citizens to move freely and right to carry on trade and business. Furthermore, three members bench of the Supreme Court has decided to pass following interim order<sup>123</sup>:

1. Implementation of these Farm Laws has been stayed until further order;
2. Continuation of MSP system along with protection of farmers' land holding;
3. Constituted a committee to look into the grievances of farmers relating to the farm laws, to seek views of the Government and to make recommendations within two months.

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<sup>119</sup> Ashok Kumar, "Farmers, police clash at Haryana CM's event", *The Hindu*, May 16, 2021, available at: <https://www.thehindu.com/news/national/farmers-police-clash-during-haryana-cm-visit-to-hisar/article34572230.ece> (last visited on feb. 05, 2023).

<sup>120</sup> Indian Penal Code, 1860 (Act.45 of 1860), ss. 307 (attempt to murder), 147 (rioting), 149 (unlawful assembly), 186 (obstructing any public servant in discharge of public functions) and 269 (negligent act likely to spread infection of disease dangerous to life) and several others.

<sup>121</sup> Sunil Rahar, "350 farmers booked for Hisar incident", *Hindustan Times*, May 21, 2021, available at: <https://www.hindustantimes.com/cities/others/350-farmers-booked-for-hisar-incident-101621537245674.html> (last visited on feb. 05, 2023).

<sup>122</sup> *Rakesh Vaishnav v. Union of India.*, Writ Petition(s) (Civil) No(s).1118/2020 and all other incidental matters. Order dated Jan. 12, 2021.

<sup>123</sup> *Id.*, pt. 14.

### **Committee on Farm Laws**

The aforesaid committee as prescribed by the Supreme Court consist of - (1) Shri Bhupinder Singh Mann, National President, Bhartiya Kisan Union and All India Kisan Coordination Committee; (2) Dr. Parmod Kumar Joshi, Agricultural Economist, Director for South Asia, International Food Policy Research Institute; (3) Shri Ashok Gulati, Agricultural Economist and Former Chairman of the Commission for Agricultural Costs and Prices; and (4) Shri Anil Ghanwat, President, Shetkari Sanghatana. This Committee was directed to hold sittings at Delhi, where representatives of all the farmers' bodies irrespective of their point of protest or opposition may participate. This committee also conducted several meetings with Farmers' Unions in three rounds, Farmer Producer Organisations (FPOs), Private Markets and State Agriculture Marketing Board, Industry Bodies, State Governments, Farmers Group, Professionals and Academicians, Government Officials, Procurement Agencies, Farmers Group between 21<sup>th</sup> January, 2021 to 23<sup>rd</sup> February 2021.<sup>124</sup>

### **V. Findings and Suggestions**

What emerges out of the above analysis is that current Indian agricultural marketing activities are unorganized, fragmented and inefficient in nature. Whereas it is one established fact that ensuring a remunerative price to the cultivators for their produce is the primary function of an efficient system of agricultural marketing. If the agriculturists do not find any easily accessible market outlet where they can sell their produce, they will have little incentive to regard agriculture as a gainful occupation. This, in turn, may demotivate them to set-up agricultural production, which may ultimately result in a grim situation of not availability of adequate food stuffs for people, in general, and for those below poverty line, in particular, as witnessed in many parts of the world today. Therefore, the issue called 'agricultural marketing' needs serious attention. Additionally, it has been found that despite the central government prescribed model legislations consecutively in the year 2003 and 2017, only the state of Arunachal Pradesh fully adopted and updated therewith. Inter alia, several states have adopted few features from this model Acts but in this way, these states are far away from the uniformity and fail to achieve the actual goals behind those model legislations in the contemporary period. Thus, it can be seen as an apathy and unconcern behavior of those state governments towards securing the interest of farmers in Agro-marketing.

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<sup>124</sup> See, "Committee on Farm Laws- appointed by Hon'ble Supreme Court of India *vide*. Judgment dated 12.01.2021", available at: <https://farmer.gov.in/SCCommittee/> (last visited on feb. 05, 2023).

Indian Farmers' Market may be broadly classified in two types based on the nature of Agri-produce – one for perishable items and another for non-perishable items. Therefore, these two Agricultural sub-sectors are facing different problems which need separate solutions. While Kisan Mandis are somehow fulfilling its objectives in case of non-perishable produces but farmers of perishable commodities have no certainty thereof. Currently, complete elimination of middlemen is quite impossible because farmers are not good in trading knowledge, not financially sound, large involvement of brokers, high influence of local political leaders and so forth. Further, to avoid further transportation costs, small and marginal farmers are even less interested to directly bring their produce at kisan mandis as. Therefore, they depend upon local traders who collect small quantities from several farmers and go to the Market with bulk produce. After collecting the same, these agents are able to determine resale price for these Agri-produces by way of predicting and comparing its usual production level (supply) and market demand for a particular season as well as at any area. However, if any farmer directly reaches before concerned Kisan Mandis, in maximum cases they have to bear unofficial tokens from their local politician. Even several transactions are carrying on bypassing these kisan mandis or showing low rates for Agri-produces in order to avoid proper taxation. To that effect, not only the governments deprived from revenue, rather farmers are exploited in this quasi-regulated Agro-market in India. Although direct consumers are paying a high amount for any Agri-produce, farmers are in loss. For example, any farmer sells gingers @Rs.80 per kg in mandis and the very next day these gingers are selling in retail stores @ Rs.200 per kg. Recently, rapidly rising prices of food/seed oils are also showing a red mark as its Maximum Retail Price (MRP) became more than double just within the last two or three years. This huge profit over dynamic market price is dominated by these middlemen just before the retailers or even by retailers. Thus, regulation in respect of farmers markets is not sufficient to offer fair price thereat, rather consumers' markets where directly common people are paying for the same also need to regulate which will ensure proper utilisation of the ultimate buyers' money in favor of farmers. Poor farmers are always vulnerable and often misguided by local influencers and politicians who are benefited (basically in a position of wrongful gain) from this existing Agro-marketing system. Therefore, in the aforementioned circumstance, few suggestions have been forwarded below for the interest of Indian farmers.

- a) First of all, present disputes regarding new farm laws need to speedily resolve and the Indian Judiciary is supposed to be more active in this type of issues. Any type of arbitrary activities of both Central and State Governments are challengeable before Indian Judiciary. So, just on the basis of mere prediction of uncertainty, people need not be afraid to adopt anything new.

- b) As per the demand of protesters against Farm Laws 2020, the Central Government should transform its MSP policy into a legal provision by way of enacting separate legislation or inclusion of the same under FPTC Act, 2020. Also, the Central Government needs to take necessary steps to satisfy the true worry of protesters.
- c) State Governments/ UTs should join hands to uplift the status of Indian Farmers by keeping aside self-interest, vote banks, political differences and any other obstacles which work against the interest of farmers. The Indian free market of agricultural products is supposed to improve the *ex gratia* factor.
- d) Apart from mere farming awareness, farmers are in need to provide knowledge of marketing. Government and NGOs should work together to implement the same by way of educational campaigns. These agencies/ local self-governments also need to concentrate towards finding as well as providing appropriate solutions to resolve several challenges as faced by Indian farmers. The Agricultural Department ought to be more sincere to address these practical issues and proper monitoring over the same.
- e) This step to eliminate middlemen from Agri-marketing will definitely lead to huge unemployment thereat. So, governments need to arrange or generate proper employment opportunities to balance this situation.

We would like to conclude this work with the wording of Mankombu Sambasivan Swaminathan, an Indian Agricultural Scientist:

*“We need a new vision for agriculture to spread happiness among farm and rural families. Bio-happiness through the conversion of our bio-resources into wealth meaningful to our rural families should be the goal of our national policy for farmers.”*