

BEWILDERING MANDIS: INSIGHTS INTO AGRICULTURAL PRODUCE MARKETING COMMITTEES AND THE LAW.

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Abstract

Last November, a historic farmer's agitation was enduring at the capital's borders, which received enormous recognition worldwide. The preliminary ultimatum was the annulment of the three farming legislation, and prolonged outstanding statutory backed Minimum Support Price (MSP) founded on the Swaminathan Commission. The Union with the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act of 2000 coveted to liberalise the market for private players, facilitate the interstate movement of agricultural produce in confluence with One Nation One Market and reexamine the distressed state's Agricultural Produce Marketing Committees (APMCs). These laws received vehement protests, and finally, the government admitted to repealing them. However, this protest successfully attracted the focal point of discussion toward those who practice agriculture as a livelihood. The National Commission on Farmers and multiple committees continually accentuated the importance of the agricultural marketing system in strengthening the agricultural system.

The present article will pivot around the pertinence and inadequacies of the APMCs and diagnose hindrances. Further, the investigation would concentrate on interconnections between APMCs and MSP, elements behind protests, and recommendations for eliminating the existing impairments in the

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legal, institutional and regulatory framework administering the structure.

Introduction

India is unfailingly a motherland of revolutionists, and carrying a perspective against iniquities is a natural trait; earlier, after decades, an agrarian protest transpired. It activated under the pennant of Samyukta Kisan Morcha –(an umbrella body of the farmer union) on November 2020; thousands of farmers trudged toward the peripheries of Delhi and sustained their dissatisfaction in adverse weather and pandemic,¹ against the antagonistic legislations,² which resulted that over 600 farmers lost their lives.³An in-depth exploration divulges that the complaints are not precipitous but outbreaks of earlier grievances.⁴ Unbendable defiance from stakeholders that these convivial market enactments based on laissez-faire approaches⁵ would wipe out regulatory support of agricultural produce marketing committees (APMCs), and corporations would employ

¹ Neel Kamal , Farmers,protest: 333 days & 600 deaths later, stir still strong, The Times of India ,Oct 26, 2021,

http://timesofindia.indiatimes.com/articleshow/87269191.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst(last visited Nov. 2, 2022)

² PRS legislative research, *The Farm Laws Repeal Bill, 2021*, available at <https://prsindia.org/billtrack/the-farm-laws-repeal-bill-2021> (last visited Oct.15, 2022).

³ Ishaan Gera , *Over 600 deaths, at least Rs 5,000-cr loss: The cost of farm protests*, Business Standard, Nov. 20, 2021,https://www.business-standard.com/article/economy-policy/over-600-lives-lost-daily-loss-of-rs-777-cr-the-cost-of-farm-protests-121111900891_1.html(last visited Nov. 3, 2022).

⁴ Sudhir Kumar Suthar , *Contemporary Farmers, Protests and the New Rural–Agrarian in India*, Vol. 53, No. 26-27, Jun. 30, 2018, Economic and Political Weekly , <https://epw-nlul.refread.com/journal/2018/26-27/review-rural-affairs/contemporary-farmers-protests-new-rural-agrarian.html>(last visited Oct.16, 2022)

⁵ Sukhpal Singh & Shruti Bhogal, *MSP in a Changing Agricultural Policy Environment*, Vol. 56, I No. 3, 12 ,Jan. 16, 2021, Economic and Political Weekly, <https://epw-nlul.refread.com/journal/2021/3/commentary/msp-changing-agricultural-policy-environment.html> (last visited Oct.6, 2022).

ruthless market persuasion in apprehending agriculture.⁶ Also, perceived as an endeavour to encroach upon the states domain, which contributed to a disruption of the federal arrangement,⁷ and disassembling the Minimum support prices (MSP) and public procurement.⁸ Further cited that by installing private markets without acknowledging statutory endorsed MSP, the state is seeking to escape the accountability and attention⁹ from agriculture inefficiencies and debt-ridden farmers towards agricultural marketing.¹⁰ This maneuver is to build an electronic National Agricultural Market (e-NAM),¹¹ and simultaneously make the agricultural system more World Trade Organisation (WTO) compliant. Although, it will modify the previous philosophy of preparing India's agricultural policy towards an agricultural export hub and unfurl the indigenous markets for advanced nations.¹²

In disagreement, experts speculate that the farmers, income can advance if assigned a considerable share of the supply chain. It obliges stocking, export promotion, legal and institutional adjustments, and expenditures in agri- market infrastructure.¹³

⁶ MUJIB MASHAL & EMILY SCHMALL, ET AL., "WHAT PROMPTED THE FARM PROTESTS IN INDIA? THE NEW YORK TIMES, JAN. 28, 2021, [HTTPS://WWW.NYTIMES.COM/2021/01/27/WORLD/ASIA/INDIA-FARMER-PROTEST.HTML](https://www.nytimes.com/2021/01/27/world/asia/india-farmer-protest.html) (LAST VISITED OCT.8, 2022).

⁷ PRITAM SINGH, *BJP'S FARMING POLICIES, DEEPENING AGRO BUSINESS CAPITALISM AND CENTRALISATION*, VOL. 55, NO. 41, OCT.10, 2020, ECONOMIC AND POLITICAL WEEKLY, (LAST VISITED OCT.6, 2022).

⁸ *Supra* note 5.

⁹ Bills of Contention, Vol. IV, No. 39, 7, Sep. 26, 2020, Economic & Political Weekly, (last visited Oct.6, 2022).

¹⁰ Biswajit Dhar & Roshan Kishore, *Indian Agriculture Needs a Holistic Policy Framework Not Pro-market Reforms*, Vol. IVI No.16 ,27, Economic & Political Weekly, (last visited Oct.10, 2022).

¹¹ Barbara Harriss-White & Mekhala Krishnamurthy , *Agro-food Systems and Public Policy for Food and agricultural Markets A Discussion* Vol. IV No.51 ,70, December 18, 2021, Economic & Political Weekly, (last visited Oct.6, 2022).

¹² *Supra* note 10 at 28.

¹³ Ashok Gulati & Devesh Kapur et al., *Reforming Indian Agriculture*, Vol. IV No. 11, 40, Mar. 14, 2020, Economic & Political Weekly (last visited Oct.8, 2022).

Further, guarantee of disengagement of regulatory restrictions and intermediation, authorising marketing outside the APMCs, fostering barrier-free, direct sales to processing conglomerates via contract farming,¹⁴ and intra-state trade in the spirit of one nation, one market,¹⁵ so that producers and traders can entertain buyers with their preferences can deliver positive results.¹⁶ Integrated with digital technology and online platforms, agri-markets would uplift traders and farmers in accessing multiple markets throughout the season, simultaneously expanding farmers, bargaining power, diminishing commissions, and faster payment.¹⁷ Even majority of marketable surplus commences outside the APMCs, this intervention access direct purchase, and farmers would become “price dictators”.¹⁸

Concerning MSP, procurement, and APMCs, interdependence, experts surmised that implementing MSP is an administrative decision; therefore, it does not mandate any legislation. The Union has previously ensured a 50% or higher margin on cost A2+ imputed cost of family labour, sustenance of buffer stock of pulses. Further, strategies like PM- ASHA extend to indemnify any damage to states on MSP. Another rationale is that the MSP coverage is below 7%, including socially purchased crop output, reaches 11 %, constituting only 7 % of total agricultural output. The intent was to uphold the MSP intact for crops already encircled and conceive an environment for enhancing the price actualisation of the other produce. Also, the existence of APMC does not guarantee MSP, citing Bihar and Kerala, where 20 lakh

¹⁴ Rajib Sutradhar , *The FPTC Act, 2020 A Blinkered Vision*, Vol. IV, No. 31,19, Jul. 31, 2021, *Economic & Political Weekly* (last visited Oct.9, 2022).

¹⁵ Ramesh Chand, *New farms act understanding the implications*, Nov. 2020, 5, Niti Aayog, available at <https://www.niti.gov.in/sites/default/files/2020-11/NewFarmActs2020.pdf> (last visited Nov. 8, 2022).

¹⁶ Lok Sabha, *One India, One Agriculture Market*, unstarred question no: 2471, Mar.9, 2021, <https://loksabhaph.nic.in/Questions/15.aspx?qref=21146&lsno=17> (last visited on Oct. 30, 2022).

¹⁷ *Supra* note 13.

¹⁸ *Supra* note 15 at 8.

tons (LT) and 7 (LT) has solicited.¹⁹ Removing all charges protects consumers and improves trader's to farmers, settlement. Likewise, forewarning that any move against and legalising MSP without withdrawing the impediments will be detrimental to trade and push purchase prices expensive.²⁰ *In the intervening period*, the issue reached the Apex Court in *Rakesh Vaishnav and Ors v Union of India and Ors*²¹, which further deferred three farm laws until they resolved their legitimacy. Regardless, because of large-scale protests and bitterness across the country, on Nov 19 2021 Prime Minister announced the rollback of the farm legislation citing that, “*I apologise to the country's people... we could not convince farmers*” and assured to incorporate a committee to address farmers, grievances concerning those legislations and make recommendations.²² Recently, after the elapsing of nine months, a committee on MSP and four sub-groups formed under the chairmanship of a former agricultural secretary to promote crop diversification, zero-budget farming, micro-irrigation, and ensuring MSP.²³ However, all disagreements have been interrupted, and considerable time has elapsed; the farmers, necessities and requests are still pending. Though, these oppositions jolted the conscience, conveyed distress, and brought into prominence non-remunerative returns to farmers at international fora and called for profound policy and academic concentration towards the viability of agriculture as a

¹⁹ Gopi Sankar & Gopal Naik, *Markets for Farmers Revisiting the Role of Mandis in the Context of Farm Law's Repeal*, Vol. VII No. 8, 33, Feb. 19, 2022, Economic & Political Weekly page (last visited Oct.29, 2022).

²⁰ *Supra* note 15 at 19.

²¹(2021) 1 SCC 590

²² India today, *Three farm laws to be rolled back, says PM Modi, urges farmers to leave protest sites*, Nov.19, 2021.

<https://www.indiatoday.in/india/story/govt-will-repeal-three-farm-laws-farmers-pm-modi-1878436-2021-11-19> (last visited Oct.25, 2022).

²³ Outlook India, *As Farmers Protest In Delhi, MSP Panel Forms Four Sub-Groups For Key Farming Issues*, Aug.22, 2022, <https://www.outlookindia.com/national/as-farmers-protest-in-delhi-msp-panel-forms-four-sub-groups-for-key-farming-issues> (last visited Oct.26, 2022).

livelihood.²⁴ Again, it introduces a question about why there is an initiation of disassembling the existing APMC structure, despite deep historical underpinnings. Second, whether APMCs and MSPs can exert remunerative prices, along with APMCs, readiness to regulate transactions between the farmer and trader.

However, via preamble and committee recommendations, the government conceded that the arrangement is enduring severe malfunctions. The existence of state instrumentalities like the Food Corporation of India, the Public Distribution System, the Essential Commodities Act, the Commission for Agricultural Costs and Prices, and MSP ratified these assumptions, and the existence of both illustrates the quandary of Agri-markets.²⁵ Therefore, the present study will pivot around the pertinence, inadequacies of the APMCs, and recognise the existing impediments. The assessments would be motivated towards interconnection between the APMCs and MSP, factors for the farmers, agitation, and findings that bestow statutory mandated MSP to straighten out all disturbances coupled with suitable measures for redressing the same.

Agricultural Sector at a Glance

Agriculture endures as a potent sector, as it is the foundation of raw materials and revenue generation, contributing to the requirement for industrialised products. Its consequence is overwhelming that an upsurge of 1% in agricultural output will raise 0.5% of industrial production and national income by 0.7%.²⁶ The pertinence ascertains from the assignment of a

²⁴ The Swaminathan committee reports , *National Commission on Farmers serving farmers and saving farming from crisis to confidence second report*, XXVII, Aug. 11, 2005, <https://ruralindiaonline.org/en/library/resource/serving-farmers-and-saving-farming-towards-faster-and-more-inclusive-growth-of-farmers-welfare---fifth-report-volume-ii/> (last visited Oct. 29, 2022).

²⁵ *Supra* note 11 at 66.

²⁶ The Hindustan Times, *25 years of change: Why India's farm sector needs a new deal*, Jul. 26, 2016, <https://www.hindustantimes.com/business-news/25-years-of-change-why-farms-in-india-need-a-new-deal/story-9LXMbxV7BIDx54f9JvQabP.html> (last visited Nov. 5, 2022).

colossal budget of around Rs 1,51,521/- crores in 2022-23.²⁷ The Economic Survey 2019-20 showcases the total GVA depressing trend from the period of 2009-10 to 2013-14, which is 18.3%, 2014-15 to 2018-19 is 17.4%, and 2018-19 is 16.3%, against the industry proportion, which remains at 29.6%.²⁸ Nevertheless, a recovery in the 2021-22 economic survey was registered, which stayed at 18.8% and 20.2% in 2020-21, owing to the pandemic.²⁹ The growth in GVA of agriculture and allied sectors for 2021-22 is hovering at merely 3.9%.³⁰ Even the portion of Gross Value Added (GVA) of crop production in the agricultural sector is hardly 10.7% against the livestock, which is 5.2%, and forestry and fishing stayed at 1.3% and 1.2%.³¹ Another explanation is the multiplying gap between agricultural and non-agricultural income; at the same time, the latter ascended over time; the former remained unprotected owing to inflation, input costs, and living costs, which swelled to 3.15 times.³² The significant decadal growth (compound annual growth rate) for agriculture was merely 3.5% in the 1980s against the non-agriculture, attaining 8.5% in 2000-2010.³³ In divergence, the industry and services sectors, which comprise

²⁷Ministry of Finance, *Budget at a Glance 2022-2023*, 2022, https://www.indiabudget.gov.in/doc/Budget_at_Glance/budget_at_a_glance.pdf (last visited Nov.5, 2022).

²⁸ Ministry of Finance, *Economic Survey 2019-20 Agriculture & Food Management*, Vol.2, 15, https://www.indiabudget.gov.in/budget202021/economicsurvey/doc/vol2chapter/echap07_vol2.pdf (last visited Nov.5, 2022).

²⁹Ministry of Finance, *Economic Survey 2021-22 Agriculture & Food Management*, 234, <https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap07.pdf>(last visited Nov.3, 2022).

³⁰ Ministry of Agriculture, *Annual Report: 2021-22*, 3, https://agricoop.nic.in/sites/default/files/Web%20copy_eng.pdf (last visited Nov.3, 2022).

³¹ *Supra* note 29 at 237.

³² Ramesh Chand & Raka Saxena et al., *Estimates and analysis of farm income in India, 1983-84 to 2011-12*, Vol.50, No.22, 139, 145, May 30, 2015, Economic and Political Weekly https://www.jstor.org/stable/24482496?seq=5#metadata_info_tab_contents (last visited Nov.6, 2022).

³³ *Supra* note 19 at 35.

above 80% of GVA, commit 54.4% of the workforce, the agriculture reports for 18.29%, containing 45.6% workforce in 2019-20.³⁴ This downtrend reaffirms in the 2011 census estimates, with the engagement of 54.6% workforce, which dwindled to 46.1% in 2015-16.³⁵ Besides, the complication lies with the unequal workforce *deterioration contrasted* with the agricultural contribution to the GDP, as there stood disappointment by the state to supply purposeful employment.³⁶ This diminishing workforce and speeding income gaps pushed Indian agriculture towards the 'farmer excluding path';³⁷ elucidating that most farmers will quit farming as an occupation. Although, this transition is sluggish, as a disappointment of non-agriculture sectors to induce engagement,³⁸ compelling the rural workforce to rehearse this loss-making exercise. In supplement, a record 140.57 million tonnes (MT) of food grain is produced in 2020; the central pool previously encompassed 73.45 (MT), above 300% of the reserve norm of 21.4 MT correlated with FCI procurement of over 92 MT above stocking norms.³⁹ The entire subsidy of approximately 132407.87 crores in 2019-20 is adequate to underscore the

³⁴ Ramesh Chand & Jaspal Singh, *Workforce Changes and Employment Some Findings from PLFS Data Series*, Niti Aayog 1, (2022) ,[https://www.niti.gov.in/sites/default/files/202204/Discussion_Paper_on_Workforce_\(last visited Nov.4, 2022\)](https://www.niti.gov.in/sites/default/files/202204/Discussion_Paper_on_Workforce_(last%20visited%20Nov.4,%202022))

³⁵ K J S Satyasai, & Ashutosh Kumar et.al., *Farmers welfare in India: A state-wise analysis*, July 2021, 8, NABARD, <https://www.nabard.org/auth/writereaddata/tender/1710224557farmers-welfare-in-india-a-state-wise-analysis.pdf> (last visited Nov.7, 2022).

³⁶ *Supra* note 4.

³⁷ Neelam Patel & Bruno Dorin, et al., A new paradigm for Indian agriculture from Agroindustry to Agroecology, India Headed for a World without Agriculture?, https://www.niti.gov.in/sites/default/files/2022-11/India_Headed_for_a_World_without_Agriculture.pdf (last visited Nov.7, 2022).

³⁸ Ramesh Chand, *Presidential Address Transforming Agriculture for Challenges of 21st Century*, Dec.27-29, 2019, 102, Annual Conference Indian Economic Association, https://www.niti.gov.in/sites/default/files/2020-01/Presidential_Address.pdf (last visited Nov. 9, 2022).

³⁹ *Supra* note 9 at 7.

sector.⁴⁰ This abundant produce is problematic to distract owing to depressed global costs and crises like war and pandemics.⁴¹ The statistics presented unquestionably indicate the dismal state of the agricultural sector and the motivations for launching reforms.

Evaluating the Agricultural Marketing System in India

The appearance of a dynamic marketing system in stimulating agri-sector development is tremendous, which stood highlighted by the National Commission on farmers, specifying that: “An efficient marketing system is essential for the development of the agricultural sector, providing incentives to the farmers for commercialisation, increasing production, and giving appropriate signals for production planning and research activities.”⁴² Agricultural markets are a crucial link between producers and consumer. It comprises capital formation via trading agricultural produces, storing, transporting, processing and commissions; it generally commences where production ends and concludes where consumption begins.⁴³ The current APMCs are not unfamiliar or contemporary to the Indian agricultural system but rather consequent to the continuing contemplations of about a century-old system. The chronological reinforcements were founded with the onset of the first regulated market under the Hyderabad Residency Order

⁴⁰Food corporation of India, *Annual Report: 2020-21*, 10, https://fci.gov.in/app/webroot/upload/Finance/ANNUAL%20REPORT%2020-2021_2.pdf (last visited Nov. 7, 2022).

⁴¹ Kristalina Georgieva & Sebastian Sosa et al., *IMF Blog, Global Food Crisis Demands Support for People, Open Trade, Bigger Local Harvest*, Sep. 30, 2022 <https://www.imf.org/en/Blogs/Articles/2022/09/30> (last visited Oct.29, 2022).

⁴² The Swaminathan committee reports, *Serving Farmers And Saving Farming Fifth and Final Report- Towards Faster and More Inclusive Growth of Farmers Welfare*, Oct. 4, 2006,

<https://ruralindiaonline.org/en/library/resource/serving-farmers-and-saving-farming-towards-faster-and-more-inclusive-growth-of-farmers-welfare---fifth-report-volume-ii/> (last visited Oct.29, 2022).

⁴³ *Supra* note 11 at 64.

1886. Later, the promulgation of the Berar Cotton and Grain Market Act of 1887 entrusted the British residents to acknowledge any place in the district as a market for selling and purchasing agricultural produce and equipped a committee to supervise the regulated markets. Finally, a considerable impulse through the Royal Commission on Agriculture 1928 established regulating marketing practices and specifying regulated markets/yards. Afterward, a Model Bill of 1938 circulated, as agriculture was a provincial subject.⁴⁴ After Independence, India started dangling on foreign food compensation from the United States-PL480 wheat and accomplished its necessities.⁴⁵ With the changeover in public policy to achieve self-sufficiency, constrain inflation, safeguard farmers from traders, mischief, and expedite agricultural advancement, regulated markets were indispensable.⁴⁶ Recognising this emptiness, as agriculture marketing is a state subject, ⁴⁷ majority states from 1960 to 70s legislated their APMC Act, and rules aided them, e.g., the Uttar Pradesh Krishi Utpadan Mandi Adhiniyam, 1964, and the Punjab Agricultural Produce Markets Act, 1961. These legislations established a network of physical markets comprises of wholesale assembling markets or market yards/sub-yards, which further paved the way for a conducive environment of remunerative prices through the legitimate interplay of market forces, administrative market operations, and transparent transactions.⁴⁸ In supplementing the coveted aspirations and eliminating the supply side constraints, various incidentals or ancillary, product-specific enactments like the Essential

⁴⁴ Directorate of marketing and Inspection, *APMC and reforms, Brief History of agricultural marketing regulation, its constraints and reforms in the sector*, <https://dmi.gov.in/Documents/Brief%20History%20of%20Marketing%20Regulation.pdf> (last visited Nov. 10, 2022).

⁴⁵ Biswajit Dhar & Roshan Kishore, *Indian Agriculture Needs a Holistic Policy Framework, Not Pro-market Reforms*, Vol.VI, No. 16 ,28, Apr.17, 2021, *Economic & Political Weekly* (last visited Nov. 11, 2022).

⁴⁶ *Supra* note 42.

⁴⁷ INDIA CONST. Entry 28. List II .

⁴⁸ Ministry of Agriculture, *Marketing Infrastructure & Agricultural Marketing Reforms*, 5, <https://agricoop.nic.in/sites/default/files/apmc.pdf>, (last visited Nov. 11, 2022).

Commodities Act of 1955 and Sugarcane (Control) Order of 1966 were enacted.⁴⁹ These regulated markets undoubtedly influenced transactional methods, marketing practices, basic amenities, and services conducive to an efficient marketing system. Therefore, comprehensive advances in marketed surplus-output ratio, standardisation of market charges, shifting of burden towards buyers, availability of market information, market sales, commission squeezing up to 50%, endorsement of correct weighting, and swift transactions.⁵⁰ Recognising the positive impact, state governments increased the strength from 286 markets in 1950,⁵¹ to 6920 regulated Mandis, combining 2591 principal Market yards and 4329 sub-market yards. Regardless, with duration, the agri-markets encountered assorted iniquities and were necessitated to strengthen the design.⁵² The evolution commenced with the arrangement of an Expert Committee in 2000, which recommended a reorientation of policies through amendments in the State Agricultural Produce Marketing Regulations Act and the Essential Commodities Act and acceptance of warehousing receipt in facilitating institutional credit to the marketing sector. Further submitting to the Ministry of Agriculture, a task force was constituted, and recommendations were tabled in the national conference of state ministers in 2002. Again, a committee under the chairmanship of K M Sahni introduced the Model APMC Act of 2003,⁵³ which incorporates requirements for liberalisation, contract farming, direct purchase outside APMC, single point of levy, single registration, and trading outside notified area⁵⁴. In comparison, states are reluctant to incorporate them; only 18 modified their APMC acts, and 10

⁴⁹ *Supra* note 24.

⁵⁰ *Id.*

⁵¹ *Id.* at 2.

⁵² Rajya Sabha, *Operational agricultural mandis in the country*, unstarred question no. 1465, Jul.29, 2022 <https://pqars.nic.in/annex/257/au1465.pdf> (last visited Nov. 7, 2022).

⁵³ Ramesh Chand, *e-Platform for National Agricultural Market*, vol. II No. 28 , 16, Jul. 9, 2016, , *Economic & Political Weekly*, (last visited Nov. 1, 2022).

⁵⁴ *Supra* note 44.

enforced them.⁵⁵ Even states included provisions that thwarted reforms and renewed the original position.⁵⁶In 2004 exertions were erected to retrieve fruit and vegetables from the APMC domain, and in 2017, the State/UT Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act (APLM Act) was drafted and disseminated. This Act encompasses arrangements for eliminating constraints inside and outside APMC markets, prerequisites of shops for trading, fresh produce marketing exceeding the APMC domain, and proclamation of the entire state as a single market area. However, APMCs will endure the actual jurisdiction in issuing licenses and imposing taxation on the independent wholesale market and direct purchase.⁵⁷ This model Act was exhaustively discussed with states, and Arunachal Pradesh alone embraced the Model Act; reforms in other states lasted as a document.⁵⁸ The structure brings decisive impact though concluded in a regulated framework, enables self-sufficiency, and is a marketing platform for farmers. Besides, it sorrowed from severe distortions constraining remunerative returns, dis-incentivising private sector participation, and commission agents developed into essential characteristics; therefore, the price discovery procedure in the country remained ineffective, and the effectiveness of the regulatory framework downgraded to a significant measure.⁵⁹Last 18 years, agri-markets have become disillusioned or diverted from their purposes and goals, and unanimity is advancing toward transformation; restoring this, the Union exercised a statutory route to execute market reforms.⁶⁰ These laws receive mixed reactions; however, experts acknowledge that legislation neglected to appreciate the

⁵⁵ *Supra* note 14 at 20.

⁵⁶ *Supra* note 53 at 16.

⁵⁷ *Supra* note 44.

⁵⁸ *Supra* note 15 at 7.

⁵⁹ *Supra* note 19 at 33.

⁶⁰ Ramesh Chand, *Agricultural Challenges and Policies for the 21st Century*, No.6/2022, NABARD Research and Policy Series, file:///C:/Users/Administrator/Desktop/Niti%20aayog%20on%20agriculture/Paper_Agri-Challenges-and-Policies_NABARD.pdf (last visited Nov. 5, 2022).

perpetuating issues of un-remunerative MSP and dysfunctional public procurement and would assemble an exploitative free market, which destroys the existing APMCs with parallel markets. Besides, it aggravates tax-free purchases and simultaneously downgrades state revenue or fiscal federalism; mass welfare, rural developmental activities, and agricultural viability would holdup.⁶¹ The prime obsession is eliminating intermediaries with no registration provisions, as they act as market distortions. In comparison, they recreate a meaningful role in high-volume business and have satisfactorily imbibed in regional conditions.⁶² Nevertheless, formulating legislation without addressing local/state variations, commodity specificity, institutional preconditions, addressing structural asymmetries, organisations, and structure of agri-markets will hamper the public-oriented markets. Also, reliance on overburdened non-specialist administrators in the dispute resolution mechanism possessing no experience and knowledge of price information is a short-sighted measure.⁶³ Similarly, the Union refuses to acknowledge that the marketing system is already private, with the state operating as a regulator, excluding government procurement. Experts believe that there remained regulatory barriers despite needing to be more sufficient to prevent private players from entering; as a result, large businesses would not command these laws would accomplish those pursuits.⁶⁴ The admittance of private players is no panacea; there are associated eliminations like consolidation of the supply chain in resource-endowed areas adjoining municipalities; they mediate via local agents and shop for the best suitable products without developing any competence. Likewise, big farmers endowed with resources were able to appropriate higher returns; as a result, the land rentals will downgrade, and the absence of auction in the private purchase is another exclusion.⁶⁵ Even if the intermediaries are

⁶¹ *Supra* note 5.

⁶² *Supra* note 11 at 70.

⁶³ *Id.*

⁶⁴ *Id.* at 71

⁶⁵ *Supra* note 14 at 20.

eliminated, as their presence in production, credit, and input markets is detrimental; guidance can be elicited from the Madhya Pradesh APMCs model, where domination is bestowed to Farmer producer companies (FPCs), primary agricultural credit societies (PACS), and cooperatives.⁶⁶ As a result, corporations buy high-quality varieties via their single-license procurement centres and choupals without government acquisition.⁶⁷ Again, the agents have assembled their space through full-time, licensed traders for FCI or local agents for corporations. Though their performance has been maintained nominal, with the installation of Primary Agricultural Credit Societies (PACS) and the aggressive performance of the cooperative banks and State Warehousing Corporation.⁶⁸ Since India is a welfare state catering to numerous producers and consumers, maintaining economic justice and federal character is also an aspiration.

Liberalization, Privatization and Globalization

After 1991, it brought 17 years to duplicate per capita income, and agriculture and allied sectors (GVA) doubled in 23 years and will retain the same duration to renew.⁶⁹ The average annual growth rate of agriculture continues at 3%, whereas the non-agriculture sector showed 6% in the 1990s, 10% in 2004-09, and 7.5% in 2010-15.⁷⁰ The rationalization, being agriculture, remained aloof from the 1991 policy, apprehending that these reforms were detrimental and in reaction to the World Bank and IMF commitments; however, it proceeded with

⁶⁶ Sukhpal Singh, *Arthiyas in Punjabs APMC Mandis Inadequate Analysis and Solutions*, vol II No. 15, Apr. 9, 2016, 69, *Economic & Political Weekly* (last visited Nov. 7, 2022).

⁶⁷ Mekhala Krishnamurthy, *States of Wheat the Changing Dynamics of Public Procurement in Madhya Pradesh*, vol xlvii no 52, 73, Dec. 29, 2012, *Economic & Political Weekly* (last visited Nov. 7, 2022).

⁶⁸ *Id.* at 77.

⁶⁹ *Supra* note 60.

⁷⁰ *Supra* note 53 at 15.

overwhelming expansion in the other sectors.⁷¹ The agricultural sector failed to take edge due to the absence of inner liberalisation and domestic reforms. ⁷² Thereupon, the system became slanted towards a few commodities, contributing to abundance production and a demand-supply mismatch, together with disadvantageous export price competitiveness of commodities in the global market, making it challenging to deflect. In contrast, the importation of extensive quantities of edible oil and pulses owing to a dearth of marketing facilities, post-harvest infrastructure, logistics, and threats in diversification oppresses the state treasury.⁷³ Correspondingly, the non-performance of other sectors owing to the scarcity of government intervention makes the situation more deplorable.⁷⁴

Overprotective Mechanisms

Preliminary, the government, through central and state legislations, endeavoured to accomplish self-sufficiency, farmer's-consumer welfare, canning supply-side constraints, controlling malpractices, and orderly functioning of the markets through the adoption of transparency in storing, packing, quality, blending, and processing. Regardless, numerous enactments like The Prevention of Food Adulteration Act, 1954, the Essential Commodities Act, 1955, and the Agriculture Produce (Grading & Marketing) Act, 1986, regulate every component between producer and consumer. In addition, the enforced constraint on the notified commodities marketing in APMCs, mandatory license conditions, disallowance of direct sales, and specific orders regulating products like meat, vegetable oils, milk, fruit, pulses, edible oilseeds, and edible oils

⁷¹ *Supra* note 15 at 3.

⁷² RAMESH CHAND, *Farm Incomes in India :the context of Development and Institutions* ,Agricultural development, Rural Institutions and Economic Policy, 59-81 (Gopal K.Kadekodi and Brinda Viswanathan, Oxford University Press 1d. 2009).

⁷³ *Supra* note 15 at 4.

⁷⁴ *Id.*

act as a deterrent.⁷⁵ The state APMCs oblige farmers to sell in government-controlled marketing yards to limited traders; as a result, they are readily manipulated and acquire hardly a portion of customer price.⁷⁶ The deliberated legislative instruments, with duration, outlasted its utility and experienced disproportionate control; and strengthened a monopoly in favour of states, discouraging the private sector and cooperative sectors from establishing and operating markets correlated with storing marketing and processing commodities. This culminated in minimum transparency in marketing and licensing procedures, deterioration of the producer-consumer relationship, and impeding access to an alternative market. Correspondingly, the sector remained immune from imminent investments or capital formation from the corporate and outlasted with less than 0.5% annual investments.⁷⁷ Concerning the Essential Commodities Act, the NCF pointed out continual modifications, even the Model Act of 2003, which prescribes removing restrictions on licensing, storage, and movement of food grains, including sugar, oilseeds, and edible oils. However, these transformations were retrogressed in 2006. This resumption of restrictions under a government order of 2016 devised apprehension in investors, intellects and caused severe setbacks to agricultural infrastructure, storage, logistics, and supply chain modernisation. In the era of surplus production, the act broke down to mitigate the price hike and harboured a meager conviction rate of 0.27% in 2017.⁷⁸

Relation between MSP and APMCs

As stated, the state contradicted any relationship between the APMCs and MSP. However, evidence revealed that MSP

⁷⁵*Supra* note 42 at 131.

⁷⁶ Government of India , *Raising Agricultural Productivity and Making Farming Remunerative for Farmers An Occasional* , NITI Aayog, Dec. 16, 2015, <https://www.niti.gov.in/sites/default/files/2019-07/RAP3.pdf> (last visited Oct. 11, 2022).

⁷⁷ *Supra* note 15 at 5.

⁷⁸ *Id.* at 7, 8.

connected with actual procurement and expansion of APMC instead of dismantling⁷⁹ would ultimately benefit farmers.⁸⁰

Besides, the public good essence of APMCs cannot be undermined, as it brings roads and development, contributing to other externalities.⁸¹ In 2006, Bihar dismantled APMCs and envisioned an increment in agricultural markets, whereas it remained stagnant. Also, a new informal market is established roadside with 1% municipal tax without state obligation to deliver infrastructure.⁸² Bihar constitutes 97% of small or marginal farmers, and 96% farmers are impelled to auction paddy below 30% of MSP,⁸³ and public agencies, procurement percentage remains at 8%. Here, the private bodies determine the costs and grade, which is under no obligation to adhere to state mandates. Also, the unsatisfactory operation of PACS in settlements, sluggish procurement, and the dearth of convenient storage facilities forced farmers to auction below the MSP.⁸⁴

The green revolution consolidated and profited the northern states and assembled market segmentation and income disparities,⁸⁵ and agri-markets endured as an instrument of the success of the green revolution by furnishing a guaranteed market for produce at prefixed prices, which further incentivised farmers to accept the technology.⁸⁶ Even market interventions

⁷⁹ Manish Kumar, *The Government's Retreat from Agricultural Policy Experiences from Bihar*, Vol. 56, No. 4, Jan. 23, 2021, *Economic and Political Weekly*, (last visited Nov. 11, 2022).

⁸⁰ Deepankar Basu & Kartik Misra, *An Empirical Investigation of Real Farm Incomes across Indian States between 1987-88 and 2011-12*, Vol. 57, No. 26-27, Jun. 25, 2022, [https://www.epw.in/journal/2022/26-27/review-rural-affairs/empirical-investigation-\(last visited Nov. 5, 2022\)](https://www.epw.in/journal/2022/26-27/review-rural-affairs/empirical-investigation-(last%20visited%20Nov.%205,%202022)).

⁸¹ *Supra* note 14 at 21.

⁸² *Supra* note 79 at 17.

⁸³ *Supra* note 14 at 21.

⁸⁴ *Supra* note 79 at 18.

⁸⁵ S Mohanakumar & Premkumar, *Minimum Support Price and Inflation in India*, Vol. 53, No. 47, Dec. 01, 2018, *Economic & Political Weekly* (last visited Nov. 1, 2022)

⁸⁶ *Supra* note 14 at 19.

designed to achieve self-sufficiency, food security, control inflation, and income support to farmers through APMCs, against market fluctuations achieved a monumental triumph. About 879 lakh tones (LT) of paddy, amounting to Rs 1.66 trillion, and 390 LT of wheat costing about Rs 75,000 crore was procured in 2020-21, spawning around 2.1 crore farmers.⁸⁷ It is disconcerting that after colossal procurement and government expenditure, the FCI's share is less than 10% of total production,⁸⁸ even the MSP awareness remains below 6%, and only 26% of farmers accessing APMCs.⁸⁹ Almost 60% concludes with private traders barring Punjab and Haryana, with dominant government procurement; the proportion remains at 43.39% and 47.32%. Presently, deterioration in market arrivals is documented owing to accessibility, as pointed out by the Committee on Doubling Farmers Income, which is 434.48 sq km less than the 80 sq km recommended by the NCF.⁹⁰ It establishes a mismatch between consumers, and farmers, prices and depresses direct sales for high-value crops and quality produce.⁹¹ Additionally, carrying the production to APMCs without MSP as a statutory right does not guarantee the price.⁹² Even the MSP announced is insufficient, as C2 is the base/reference of the MSP estimation with an additional 50% margin determined by the Swaminathan commission. The government used the formula $A2 + FL$ and a 50% margin⁹³ and, as per estimates, merely 6% of agricultural produce is solicited

⁸⁷ Krishna Veera Vanamali, *What is the Minimum Support Price, or MSP?*, Business standard (Dec. 21, 2021), <https://www.business-standard.com/podcast/economy-policy/what-is-minimum-support-price-ml> (last visited Sep. 30, 2022)

⁸⁸ *Supra* note 9 at 7.

⁸⁹ Harish Damodaran, *Explained: Why it's an underestimate to say only 6% farmers benefit from MSP*, Oct. 6, 2020, *The Indian Express*, <https://indianexpress.com/article/explained/explained-why-its-an-underestimate-to-say-only-6-farmers-benefit-from-msp-6704397/> (last visited Oct.28, 2022)

⁹⁰ *Supra* note 19 at 34, 35.

⁹¹ *Id.*

⁹² *Supra* note 5 at 12.

⁹³ *Id.* at 13.

at MSP.⁹⁴ These unequal state interventions allowed merchant cartels to manipulate and further exacerbate distressed sales without storage or transportation facilities.⁹⁵ As APMCs and local markets/small traders operate at proximate foundations, MSP will become a minimum threshold price.⁹⁶ With bulk trading beyond APMCs, these recent regulations do not bring any meaningful transitions.⁹⁷ Also, it is acknowledged that statutory-backed MSP cannot function unless supported by demand and supply-side factors. After price declaration by the Commission for Agricultural Costs & Prices (CACP), the price would depend on demand-side factors and potential open market price.⁹⁸ Farmers are fetching remunerative prices only from government procurement, as imbalance persists in the marketing system. Therefore, expanding MSP horizons towards more crops, instead creating a competitive environment in the open market, would incur a high fiscal expenditure; in the past, states dwindled to share the costs and losses in pulses and oilseeds.⁹⁹

It can be hypothesized that both MSP and APMC are intertwined, and the positive consequences of MSP will have a multifarious influence on the other.

Issue of APMCs Market Fees and Coverage

With an improvident view of generating APMCs revenue through taxes, cess, and other charges, instead considering as an instrument of rural development. States assessed tremendous commission prices devoid of enhanced services, which is 4 to 6 times higher; however, it appears sustained in government acquisition.¹⁰⁰ The obligated trading of agricultural commodities

⁹⁴ *Id.* at 12.

⁹⁵ *Supra* note 85.

⁹⁶ *Supra* note 15 at 8.

⁹⁷ *Supra* note 14 at 20.

⁹⁸ *Supra* note 60.

⁹⁹ *Supra* note 15 at 6.

¹⁰⁰ *Id.* at 10.

in APMCs, associated with market fees, user charges, levies, and commissions, fluctuates broadly across states, as is 3.5% in Karnataka, 2% in Madhya Pradesh, 1–2% in Uttar Pradesh, and 5-8.5% in Arunachal Pradesh, West Bengal, Punjab, and Haryana., against the prescribed 1.5%.¹⁰¹ Besides multiple levies on sale/purchase transactions, incumbent farmers are constrained to pay Mandi cess or user charges without usage though indirectly, along with disproportionate broker /commission agents'fees, though they are statutorily fixed.¹⁰² Further, the complicated administrative structures, center-state, and inter-state multiple taxations misstate trade and marketing.¹⁰³ In comparison, APMCs mandate revenue to operate adequately and would be dysfunctional if the government continued putting hindrances like farm laws. The earnings generated by Uttar Pradesh APMCs post farm laws is barely Rs. 614 crores in 2021-22¹⁰⁴ against Rs 1,823 crore in 2018-19 and Rs 1,211 crore in 2017-18.¹⁰⁵ Even Punjab earned Rs 3,600 crore from trade fees, FCI extends 2.5 % to commission agents, and approximately 36,000 traders secured Rs 1,600 crore; roughly three lakh workers comprise a proportion of Rs 1,100 crore.¹⁰⁶

Even though the present interventions, destined to assemble a unified market, culminated with two markets and tax

¹⁰¹*Supra* note 15 at 9.

¹⁰² *Id.* at 11.

¹⁰³*Id.* at 6.

¹⁰⁴ The Times of India, *CM sets ₹1,500 cr target for mandis*, Jul. 22, 2022, http://timesofindia.indiatimes.com/articleshow/93042116.cms?utm_scpst, (last visited Nov. 11, 2022).

¹⁰⁵ VIRENDRA SINGH RAWAT , *UP SETTING UP PRIVATE AGRICULTURAL MANDIS IN BID TO DOUBLE FARM EXPORTS*, DEC. 2, 2019, BUSINESS STANDARD, <HTTPS://WWW.BUSINESS-STANDARD.COM/ARTICLE/ECONOMY-POLICY/UP-SETTING-UP-PRIVATE-AGRICULTURAL-MANDIS-IN> (LAST VISITED NOV. 1, 2022).

¹⁰⁶ Parikshit Goyal, *Why Punjab stands to lose from farmers, produce trade and commerce ordinance*, Jun. 30, 2020, <https://www.downtoearth.org.in/blog/economy/why-punjab-stands-to-lose-from-farmers-produce-trade-and-commerce-ordinance-72040> (last visited Nov. 13, 2022).

structures. Concerning coverage, the best-performing state, Punjab, has an APMCs coverage of 74 Sq. Km, which protracts to 2257 Sq. Km in Assam.¹⁰⁷ The average primary wholesale agricultural markets are parked at a spread of 50 km from the farm gates.¹⁰⁸ The small and marginal farmers, over 70%, control an average of 1.1 hectares of land, cultivating small agri-commodities, and have an inadequacy of capabilities and the inefficiency to substitute for high-value crops.¹⁰⁹ Further, the high transportation and transaction costs and the APMCs locations impede the accessibility and engagement of buyers; this aggravates distress sales to the local agents or village traders at locally dictated prices. Consequently, these agents, devoid of any value addition, auctioned them at the APMCs at an optimal and market-linked price.¹¹⁰

Lack of Infrastructure

It was examined that the public expenditure in the agriculture sector diminished below 1%. The growth of APMCs downgraded to 22% compared to production, which ascended to 70%. The number of APMCs fell short of 42,000, as the National Commission on Farmers recommended.¹¹¹ Even the majority requires the basic infrastructure of grading, storage, and drying facilities, resulting in wastages of approximately Rs. 44,000 crores at 2009 wholesale market prices.¹¹² With high insistence on regulation instead of trade promotion, without increasing storage capacity, entrepreneurial competencies,¹¹³ standardisation, appropriate grading arrangements, as they are

¹⁰⁷ *Supra* note 24 at 403.

¹⁰⁸ Ministry of Agriculture, *Operational Guidelines for Operation and Management of Gramin Agricultural Markets (GrAMs)*, 1, <https://agricoop.nic.in/sites/default/files/Operational%20Guidelines%20for%20Operation%20and%20Management%20of%20Grameen%20Agricultural%20Markets%20%28GrAMs%29.pdf> (last visited Nov. 11, 2022).

¹⁰⁹ *Supra* note 15 at 5.

¹¹⁰ *Supra* note 24 at 286.

¹¹¹ *Supra* note 14 at 19.

¹¹² *Id.*

¹¹³ *Supra* note 24.

voluntary in domestic markets, and market infrastructure, which remains at quarter compared to output growth, is functioning as a bottleneck in achieving domestic growth and export prospects. Likewise, no substantial growth has registered in exports, and inadequate APMC infrastructure is ignored to sync with output growth and regulations restricting transactions outside the APMC markets, leaving farmers with no preferences except local traders.¹¹⁴ This relationship has exacerbated access to credit; and engendered a system of interlocked transactions, further pilfering the farmers, bargaining power.¹¹⁵

Technical Know-How

The State Land Use Boards should be conferred with the obligation via their professional experts on meteorological, marketing, and management information. The benefits of commodity futures markets forget to be passed on to farmers, as there is a necessity for accurate data on commodity prices for farmers and agro-food processing industries to speculate the crops grown and post-harvest sales.¹¹⁶

Hills Agri-markets

The underperformance of hill agricultural markets hinges on inadequate storage, private markets near the production areas, route connectivity, APMCs network, and high transportation costs; besides, allocating space distribution for periodic markets and restricted pre-harvest sales to specified traders is a contributing element. With minimal government intervention, private players are reticent to invest in rural market yards and collection points in remote areas. The commodities food parks sponsored by the state and diversification towards horticulture, plantation, medicinal, and aromatic plants instead perishable

¹¹⁴ *Supra* note 15 at 9.

¹¹⁵ *Id.* at 8, 9.

¹¹⁶ *Supra* note 24 at 38.

products can furnish the requisite augmentation. The experiments of the Himachal Pradesh Marketing Committee's model on apple trading can illuminate new insights.¹¹⁷

Government Initiatives

Together, the government strengthened APMCs, increased farmers' participation, and ensured competitive and profitable production. A scheme for extending financial assistance from the Agriculture infrastructure fund to APMCs encompasses interest subvention at 3% up to Rs. 2 crores for seven years. Further, under the National Agriculture Market (e-NAM), financial assistance of Rs. 75 Lakh for generating capacity through assaying equipment and infrastructure. Presently, 1000 Mandis from 18 states have harmonised with the e-NAM. Also, a Central Sector Scheme for establishing 10,000 FPOs by 2027-28 has been proffered; the primary pursuit would be the enhancement of productivity through efficient, cost-effective, and sustainable resource use and acknowledging higher returns through better liquidity and market linkages. The assumption would be the produce cluster area and specialised commodity-based approaches for strengthening the One District One Product. The arrangement detected a productive impact, and relatively 1963 FPOs have registered.¹¹⁸

Gramin Agricultural Markets

Another climacteric development in the rural agricultural market infrastructure came via Gramin Agricultural Markets (GrAMs). The preamble states that the small and marginal farmers consist of prevalence; both production and post-production activities are confronted with efficiency. The market establishes the produce price; agriculturalists must be integrated with a transparent and efficient market network.¹¹⁹

¹¹⁷ *Id.* 38.

¹¹⁸ *Supra* note 29.

¹¹⁹ *Supra* note 108.

These rural agri-markets strengthen farmers' bargaining power by ensuring preparatory or preconditioning services and access to wholesale agri-markets and concurrently facilitate farmers' ability to auction their supply directly to the consumers without APMCs, physical negotiation, or via e-NAM.¹²⁰ Many states solicited to establish direct producer-seller markets under diversified designations; the DFI Committee has endorsed the installation of 22,000 primary retail and agricultural markets by seizing the benefit of the continuing periodical markets across the country.¹²¹ In 2018-19, integration with Mahatma Gandhi National Rural Employment Guarantee Scheme, which promoted GrAMs. Also, a corpus of Rs. 2000 crore for upgrading GrAMs and 585 APMCs is established through Agri-Market Infrastructure Fund (AMIF).¹²² In response to a question in the parliament, the government responded that GrAMs would be electronically linked to e-NAM, also calling for excluding the same from state APMC and forming an inter-Ministerial Committee to coordinate.¹²³

E-National Agricultural Markets

Elicit the enduring impediments and disseminate information on prices, as they were unavailable.¹²⁴ A Central Sector Scheme for promoting the National Agriculture Market (NAM) through the Agri-Tech Infrastructure Fund (ATIF) was inaugurated in 2015. The objective is to stimulate Pan -India trade in agricultural commodities, streamline marketing procedures, and uniformity and transparency in auctions.¹²⁵ Also, fostering

¹²⁰ *Id.* at 5.

¹²¹ *Id.* at 2, 3.

¹²² Press Information Bureau, *Development of Agricultural Marketing Infrastructure*, Mar.20, 2020, <https://pib.gov.in/PressReleasePage.aspx?PRID=1607344>(last visited Nov. 10, 2022).

¹²³ Lok Sabha, *Gramin Agriculture Markets*, unstarred question No. 1782, Jul.2,2019,<https://loksabhaph.nic.in/Questions/QResult15.aspx?qref=1938&lsno=17>(last visited Nov. 8, 2022).

¹²⁴ *Supra* note 14 at 20.

¹²⁵Ministry of Agriculture and Farmers Welfare, *Operational Guidelines for promotion of National Agriculture Market (Nam) through Agri-Tech*

competition through the eradication of trading cartels, price manipulations, interstate movement from surplus to deficit states,¹²⁶ market-driven diversification, along with narrowing reliance on MSP.¹²⁷ Lastly, doubling farmers, income and furnishing quality products at affordable prices to consumers.¹²⁸ It is an electronic trading portal that incorporates the APMC *Mandis*; trading initiates in virtual form, sponsored by the physical market. The significance can be assembled from the initial budget allocation of 200 crores in 2015 to Rs. 1171.93 Crores, and asserted that 1000 Mandis of 18 States covering 1.72 Crore farmers and 2 lakh traders have registered, and integration of 1000 is planned.¹²⁹ Regardless, the coverage of over 6000 APMCs and 22,932 periodic rural markets emerges as a mammoth task, where considerable trading concludes with village-level intermediaries. The online platform's progress implies impractical without strengthening coordination among states, regulatory reforms, and institutional, infrastructural, and logistical investment in APMCs. Also, a deficiency of trained personnel handling computer software, laboratories, and testing equipment for assaying and quality specification prevailed.¹³⁰ In states like Punjab, with an extensive APMCs network, markets flooded the yield within days of harvesting. During this brief window, assuring the marketing of produce and remunerative price without the present procurement arrangement would be troublesome.¹³¹

Infrastructure Fund(ATIF), Sep. 2016 <https://enam.gov.in/web/docs/namguidelines.pdf> (last visited Nov. 6, 2022).

¹²⁶ *Supra* note 53 at 17.

¹²⁷ *Id.* at 18.

¹²⁸ *Supra* note 125.

¹²⁹ Press Information Bureau, *Integration of E-MANDIS into E-NAM Platform*, Feb 4, 2022, <https://pib.gov.in/PressReleasePage.aspx?PRID=1795508#:~:text=Since%2031st%20March%202018,integrated%20with%20e%2DNAM%20platform.> (last visited Nov. 10, 2022).

¹³⁰ Mekhala Krishnamurthy & Shoumitro Chatterjee, *Understanding and misunderstanding e-NAM*, Jan. 30, 2020, <https://cprindia.org/journalarticles/understanding-and-misunderstanding-e-nam/> (last visited Nov. 3, 2022).

¹³¹ Sukhpal Singh & Shruti Bhogal, *Commission Agent System What Ought To Be Done* vol I, No.32, Aug. 6, 2016, 131, *Economic & Political Weekly* (last visited Nov. 3, 2022).

Due to payment constraints and collection, it predominantly became demanding for traders to fulfill high-volume commodities online orders within duration. Swapping towards direct electronic payments for all transactions is challenging in a credit advancement and cash disbursement system. Indeed Karnataka preferred to exit owing to the omission of competition from external traders. Although economic integration facilitates barrier-free movement, it supplements competition and specialisation by expanding the output and competition in the intermediation and logistics sectors. However, there are associated risks affecting food security; even competition and intermediation are hinged on personal relations at various levels of the commodity system and distributed across different elements of exchange and circulation. The trading competition would undervalue only the retail and the farm gate price and be unable to raise consumer prices. ¹³²Therefore, economic integration mandates greater institutional capacity, public investment, and regulatory innovation; lastly, the transition would be consummated by acknowledging the workforce depending on the APMCs.¹³³

It is unmistakable from the explanations deliberated that the regulated markets could have performed effectively if these abnormalities are discharged.

The Way Out

The discussion established that policy interventions would not manage the structural annoyance of the agricultural sector, and substantial reforms were mandated. The impairment of APMCs emanates from the government's flawed policies, marginalising them via legislation after disregarding the public good character, extracting intermediaries, introducing private players, and trivialising the operation of the public sector in the agri-market

¹³² *Supra* note 130.

¹³³ *Id.*

system exhibit the improvident supposition of government in a competitive environment.¹³⁴

APMCs and MSP beneficiaries are nearly 90 million farmers, both providing a substantial opportunity to engage with daily price discovery. Also, researches pointed out that farmers accumulate more in APMCs compared to private markets.¹³⁵ About 1 lakh small farmers in the United States have vanished without regulated markets and insufficient prices.¹³⁶ Therefore, the role of APMCs cannot be negated. Correspondingly, bolstering APMCs reinforces cooperative federalism, states should be given pre-eminence in discharging constitutional obligations on reforming agriculture, and Union and States should renounce from instituting any measures distorting production and undermining the agri-markets. As the union disseminates subsidies of about 1%–1.2% of GDP, it should incarcerate itself to extensive farmers, interests, like discovering new varieties of seeds and climate change.¹³⁷

The dissension around APMCs deciphers new vistas for states to revolutionise them into farmer-oriented institutions and bureaus of economic upliftment. Establishing post-harvest management services, combining information, credit, transportation, storage, and quality assessment-based transactions, such as warehouse-based sales, can give the requisite push.¹³⁸ Also, strengthening of MSP, public marketing infrastructure, reducing farm costs, improving market efficiency, expanding APMCs¹³⁹ or assured markets to augment the MSP scope in remote areas helps to downsize the transportation costs that FCI incurs and become workable for

¹³⁴ *Supra* note 128 at 133.

¹³⁵ *Supra* note 19 at 38.

¹³⁶ *Supra* note 14 at 21.

¹³⁷ Shoumitro Chatterjee & Devesh Kapur, et al., *Agricultural Federalism New Facts, Constitutional Vision*, Vol. 1 Vii No. 36, Sep.3, 2022, 46, *Economic & Political Weekly*, (last visited Nov. 13, 2022).

¹³⁸ *Supra* note 19 at 38.

¹³⁹ *Supra* note 5 at 15.

procurement in troubles like the pandemic would enable to achieve the aspiration.¹⁴⁰ Concerning legislative upgrade, the functioning, upgrading, and extension, after a warning from Bihar,¹⁴¹ exacerbating competition via allocating more licenses without shop allotment under the model APLM Act, 2017, and recurrent review of commission agent licenses as they pass over, like family property, would enhance the efficiency. Therefore, eliminating institutional support would only be practicable by resorting to better alternatives; otherwise, it would exhaust time and resources.¹⁴²

In contrast, the private sector is well recognised for its exclusionary characteristics, price-setting mechanism, and subverting the provincial conditions;¹⁴³ subjecting farming to corporate aspirations and relentless market forces would be catastrophic.¹⁴⁴ Besides that, the NCF analysing their versatile role in regulated markets, advocated the admittance of private players in establishing infrastructure projects via the reduction of bureaucratic controls, simplification of procedures, like land acquisition for designating markets and collection centres, and deregulating the APMC Act before specifying new markets.

Further, the commission proposed subsidy provisions, availability, accessibility of credit at a concessional rate, foreign technical assistance or machinery, complementary investment by the government, designation of market development projects as 'infrastructure projects under Section 10(23G) of Income Tax Act, of 1961. In the legislative sphere, the NCF specified arrangement for empowering private and cooperative sectors to establish, operate, levy, and collection of service charges on agriculture marketing infrastructure and supporting services, marketing without licensed traders, and operational guidelines for contract farming towards processing and marketing firms,

¹⁴⁰ *Supra* note 14 at 20, 21.

¹⁴¹ *Id.*

¹⁴² *Supra* note 79 at 17.

¹⁴³ *Supra* note 14 at 20.

¹⁴⁴ *Supra* note 5 at 15.

including minimising of tax incidence with single point levy.¹⁴⁵ As specified, the APMCs encounter vast technical and marketing inefficiencies, and implementing some fundamental provisions of the model APMC Act of 2003 can advance towards requisite marketing reform and remunerative prices. The APMCs and Essential Commodities Act, 1955, responsible for creating an environment of mistrust and thwarting the admittance of private players, demands scrutiny and reconsideration.¹⁴⁶

Through farm laws and commission investigations, one frequent element surfaced is the continuation of intermediaries in the APMCs. It is recognised that excluding them would upset revenue and sustainability, as they sustain long-term liaisons with farmers based on credit advancements linked to the sale. Even Punjab and Haryana state agencies solicit through commission agents; they do the first transaction and make instant payments to farmers. These agents are politically well-associated and can confront if eliminated.¹⁴⁷ Therefore, cooperatives should be given primacy over commercial entities, as they are another form of commission agents. The former can fetch state grants, export incentives, tax exemptions, land leases at a nominal rate, and marketing support.¹⁴⁸ The inspiration can be elicited from successful APMCs market models; structural readjustments emerge as a better option, as numerous buyers in APMC markets with guaranteed and immediate payments exist. It has been experienced that the culmination of marketing transactions via the tender process can retrieve better prices, and completion of the trading process within a day, coupled with payments from the cooperative, can generate better results. Strong credit-marketing inter-linkages devoid of rent-seeking practices make it lucrative for farmers to satisfy their liquidity demands from cooperatives on the pretext of a future sale. The cooperatives also work as a buyer with an assured sale. In contrast, the traders profited from the reduced

¹⁴⁵ *Supra* note 24 at 406.

¹⁴⁶ *Supra* note 76.

¹⁴⁷ *Supra* note 67 at 76.

¹⁴⁸ *Supra* note 130 at 130, 131.

transaction costs, significant market arrivals, and preferences to purchase quality produce. The cooperatives play the dual role of agents and buyers, offering farmers benefits and excluding intermediaries.¹⁴⁹

Empowering the small/ marginal farmers associated with expanding the agri-markets, prospects through establishing retail market platforms near the suburbs facilitates producers and consumers connect. This will culminate in remunerative prices to farmers and optimal return of consumers, money. The institutions like GrAMs turned out to be better option than APMCs. For optimal operation, it should be precluded from the APMCs domain. Also, the DFI endorsed New Market Architecture, scheme in which GrAMs, at the village level, should be the first mile facilitators and service transactions point for terminal destinations.¹⁵⁰

It is suggested that commodity-based farmers, markets, farmer's producers, organisations, involvement of cooperatives in agricultural marketing, formulation of modalities for contract farming, and increasing awareness about quality products can transmit outstanding developments. Also, after the pandemic, the role of the supply chain supported by upgrading information systems, capacity building, bio-safety standards, and trade literacy for farmers has become more significant.

Therefore, an inclusive approach towards production, processing, marketing chain for other stakeholders, infusion of marketing credit, and minimisation of post-harvest losses through training and equipment can also positively impact.

Advancements in research and technology, enhanced appearance of the private players in pre and post-harvest of produce, and efficient markets will endow agriculture to address the challenges of the 21st century and assist towards the aim of a new BHARAT. A carefully harmonised action between the centre and the states can ensure that agriculture proceeds

¹⁴⁹ *Supra* note 19 at 38.

¹⁵⁰ *Supra* note 108.

towards the successive development phase alongside other sectors.¹⁵¹ These agri-market reforms demand tangible political support and field-level efficiencies to implement and regulate the market.¹⁵²

The drafted arrangements are leaned on flawed premises, invariant without considering stakeholders; therefore, resolutions demand constitutional frameworks on which the APMC structure endures. Therefore, actual performance otherwise, the enthusiastic endeavours of doubling the farmer's income, reaching the 5 trillion dollar economy, and ATMANIRBHAR will stay a distant imagination.

¹⁵¹ *Supra* note 60.

¹⁵² *Supra* note 67 at 76.