EVOLUTION OF AGRICULTURAL PRODUCE MARKET REGULATION IN INDIA

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ABSTRACT:

This paper provides a detailed study on the inception of the regulated markets in India. The concept of regulated agriculture markets is not indigenous to Indian sub-continent. Originating during the British Raj with establishment of first regulated market in Karanja, Maharashtra in 1886. This practice gained momentum after the framework gained momentum post-independence with the enactment of various state-level Agricultural Produce Market Committee (APMC) Acts. These laws aimed to protect farmers from exploitation by middlemen and ensure standardized, transparent trade of agricultural produce through designated mandis. Over time, however, the system faced criticism for excessive control, lack of competition, bureaucratic inefficiencies, and limited market access beyond APMC yards. In recent years, both the central and state governments have introduced several reforms—including model APMC Acts, e-NAM (electronic National Agriculture Market), and the controversial 2020 farm laws—to liberalize and modernize agricultural marketing. This paper traces the historical development, structural transformation, and policy shifts in India's regulated agricultural markets.

Keywords: Regulated Markets, Agricultural Marketing, Middlemen, Minimum support Price, Farmers. Agriculture Produce Market Committees.

1.1 INTRODUCTION

Agriculture provides livelihood to almost half of India's working population, but its contribution to GDP was limited to 17.5 % in 2015-16 at current prices.[1] Over the past few decades, the manufacturing and services sectors have expanded significantly, emerging as major drivers of the nation's growth. In contrast, agriculture's contribution to GDP has steadily declined- from over 50% in the 1950s to merely 15.4% in2015-16 (at constant prices).[2] Inia ranks among the world's leading producers of major crops including wheat, rice, pulses, sugarcane and cotton. In 2013 it accounted for 25% of global pulses production-highest contribution by any single country- along with 22% of rice and 13% of wheat output.[3] Agriculture forms the foundation stone of Indian economy, playing a vital role in national economic growth and shaping standards of over half of the country's population.[4] Approximately two third of the total population depend on agriculture product. The Agricultural Produce Market Committees (APMCs) hold a pivotal position in regulating and structuring agricultural marketing and trade within various states. Regulated markets across the country function on democratic principles, as they are empowered to elect their own Agricultural Produce Market Committees (APMC's). These committees typically comprise 15 to 17 members, including representatives of farmers. traders, marketing and procession cooperatives, warehouses, as well as officials from marketing and related departments. The APMC's are entrusted with implementing the provisions of APMC Act. Nonetheless significant variations in their composition can be observed different states.[5]

2.1 AGRICULTURE DURING THE BRITISH RULE

Prior to the Agriculture Produce Markets act, the agriculture in Indian sub-continent was largely unregulated. The farmers were growing the crops and they were then sending it to to the local sellers and selling their produce as per the rates fixed by the shopkeepers or the local traders themselves. Under British rule, land revenue systems like the Zamindari and Mahalwari systems dominated, with high taxes and land concentration in the hands of landlords. Small and marginal farmers had little land security and often worked under tenant-like conditions,

[1] Government of India, Ministry of Finance. (2017). *Economic survey 2016–17* (Vol. 2, Ch. 10, p. 184).
[2] Government of India, Ministry of Finance. (2017). *Economic survey 2016–17* (Vol. 2, Ch. 10, p. 184).
[3] Ministry of Agriculture, Government of India. (2016). *State of Indian agriculture 2015–16* (p. 2). https://agricoop.gov.in/sites/default/files/State%20of%20Indian%20Agriculture%202015-16.pdf
[4] Acharya, S. S. (2004). *Agricultural marketing in India.* Oxford & IBH Publishing Co.
[5] Pal, S., & Mruthyunjaya. (n.d.). *Institutional change in Indian agriculture.* National Centre for Agricultural Economics and Policy Research.

further weakening their bargaining position. The British rulers commercialized the agriculture in India. The farmers in India were growing crops for their own personal usage. The commercialization of Indian agriculture started after the year 1813 when the industrial revolution in gained pace in England.[6] The reason for such commercialization was that India was far behind in industrial development as compared to the European countries of eighteenth century. It was commercialized to primarily feed the industries which were functioning in Britain. The British industries could grow only when they were provided those agricultural products on large scale which were demanded by British industries for manufacturing purposes or could generate for British capitalist in the Western markets.

The British Raj introduced the newly introduced land tenure arrangements , namely the Permanent Settlement and the Ryotwari system which led to the making of the agricultural land a freely exchangeable commodity.[7] The ownership rights were given to zamindars which led to the making of a class of wealthy landlords. The landowners could buy or sell this land. Further, the agriculture which had earlier been the lifestyle of the Indian household was now beginning to be used for trading in national and international market. In addition, the cultivation of cash crops commercial crops such as cotton, jute, sugarcane, ground nuts, tobacco- owing to their growing market demand- saw a significant increase.

The commercialization of agriculture in India was imposed upon the majority of peasants through artificial means and without their consent. It emerged under the coercive policies of the British rather than as a voluntary initiative of the peasantry.[8]

It was realized by the British Raj that if the certain policy changes are not brought in the agrarian sector of the colonial India it will lead to farfetched effects which could de-stabilize the British government. In order to protect their vested interest, the British government brought the regulated markets in the undivided India.

3.1 REGULATED MARKETS

The origin of regulated markets in India could be traced back to the pre-independence era. The

[6] Chandra, B., Mukherjee, A., Mukherjee, M., Panikkar, K. N., & Mahajan, S. (1989). *India's struggle for independence* (p. 233). Penguin Books.
[7] Dutt, R. C. (1902). *The economic history of India under early British rule* (pp. 112–115). Kegan Paul.
[8] Commercialization of agriculture during British rule in India. (n.d.). https://www.rncollegehajipur.in/rn/uploads/products/Commercialization%20of%20Agriculture%20During%20British%20Rule%20%20in%20India.pdf

concept of regulation of agrarian markets is not indigenous to the country. In the pre-British era the kingdoms used to have haats or bazaars in which the vendors used to come from all around the area to sell their produce. These traditional markets were situated close to public places like temples or open areas where the sellers could buy and sell their produce. Once the British took over they commercialized the agriculture produce in the country felt the need to regulate these markets so as to ensure un-interrupted supplies of the raw materials to the industry situated in England.

3.2.1 PRE-INDEPENDENT INDIA

For the attainment of this goal, the British government enacted the first regulated market (Karanja) under Hyderabad Residency Order.[9] This market was established in 1886 in the Country and in order to regulate this grain market the Berar Cotton and Grain Market Act of 1887 was passed.[10] Under this Act the British government could declare any area under the assigned district to be a grain market. This Act acted as a model for many similar acts in the other parts of the empire.[11] After the passing of the Berar Cotton and Grain Market Act, 1887 the British government constituted the royal commission on agriculture. This commission was headed by Linlithgow and he also served as the governor general of India from 1936 to 1944.[12] This commission was set up to give its recommendations on improving the conditions of the agriculturists in the country.

The Royal Commission on Agriculture observed that "the prosperity of the agriculturists and the success of any policy of general agricultural improvement, depend to a very large degree on the facilities which the agricultural community has at its disposal for marketing, to the best advantage, as much of its produce as is surplus to its own requirement". Acting upon these recommendations, India witnessed the establishment of regulated markets for agricultural commodities. To further strengthen the agricultural marketing system and to protect farmers interest by addressing systemic deficiencies, the Royal Commission on Agriculture (1928) and the Central Banking Enquiry Committee (1931). Based on the commission's recommendations, regulated markets for agricultural produce were instituted across the country. [13]

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[9] S.S. Acharya, *Agricultural Marketing in India* 21 (Oxford & IBH Publishing Co., New Delhi, 2004)
[10] Government of India. (1928). *Report of the Royal Commission on Agriculture in India* (Vol. I, p. 253).
[11] Kahlon, A. S., & Tyagi, D. S. (1983). *A study of agricultural marketing in India* (p. 45). Allied Publishers.
[12] *Ibid.* at 10.
[13]Kahlon, A. S., & Tyagi, D. S. (1983). *A study of agricultural marketing in India* (p. 10). Allied Publishers.

The Directorate of Marketing and Inspection was constituted in 1935 and by 1938 it has drafted a Model Bill aimed at regulating agricultural marketing.[14] DMI recommended that the state governments introduce market regulations to safeguard the producers from the prevalent malpractices in agricultural trade. Since agriculture falls within the domain of the state government. the role of DMI, functioning under the central government, was confined to an advisory capacity. The primary objective of such regulation was to shield farmers from exploitation while simultaneously fostering the growth of an efficient and effective marketing system- one that could guarantee remunerative prices to farmers for their produce and ensure the supply of commodities to consumers at reasonable rates. Prior to independence , around 250 regulated markets existed, in the country but most of them were mostly confined to cash crops like cotton.[15] During the period of planned economic development in India, an increasing number of markets and agricultural commodities were brought under regulatory control.

Food-Grain Policy Committee, 1943 was set up to find out the solution to the increasing inflation in the colonial India due to the onset of the World war-II.[16] Following the outbreak of World War II , the primary concern of the Government of India regarding food was the issue of prices , with particular emphasis on wheat.[17] The most problematic issue for the British raj at that time was to regulate the prices of wheat especially in the Bengal region of India which was suffering from the famine which lead to the killing of the 1.5 to 2 million people.[18]

3.2.2 POST-INDEPENDENT INDIA

In 1947 India finally got independence from the British Raj, but in its wake the British left behind a crumbling economy. Agricultural Prices Commission 1965 was constituted by the government on August ,1, 1965 and the chairperson of this commission was Shri. L.K Jha.[19] This commission was set up to bring into existence the Commission for Agricultural Prices Commission. This body was constituted for the purpose of advising the government on fixing the minimum support rice for the farmers by taking into consideration various factors like that

[14] Government of India. (1931). *Report of the Indian Central Banking Enquiry Committee* (Vol. I, p. 305).
[15] Acharya, S. S., & Agarwal, N. L. (2004). *Agricultural marketing in India* (p. 47). Oxford & IBH Publishing Co.
[16] Government of India, Department of Food. (1943). *Report of the Food-Grain Policy Committee* (p. 3).
[17] Mooij, J. (1998). Food policy and politics: The political economy of the Public Distribution System in India. *Journal of Peasant Studies, 25*(2), 77–101.
[18] Sen, A. (1981). *Poverty and famines: An essay on entitlement and deprivation* (pp. 52–55). Oxford University Press.
[19] Government of India, Ministry of Food and Agriculture. (1966). *Report of the Agricultural Prices Commission: 1965–66 season* (p. 1).

of the prices of the seeds, fertilisers, weather conditions, inflation rates etc.

Later on, in the year 1985 this commission was renamed as the Commission for Agricultural Costs and Prices (CACP). At present the CACP is deciding the price of 23 commodities which includes cereals.[20] This commission is coming under the control of the Ministry of Agriculture and Farmers Welfare, Government of India.

3.2.2.1 AGRICULTURE PRODUCE MARKETS

The operation of physical markets is governed by the provisions of the respective APMC acts, which are designed to ensure the orderly marketing of agricultural produce. The authority to establish such markets rests solely with the state governments through institutional framework prescribed under their APMC legislation. Market functionaries are mandated to obtain licenses or permissions from the state authorities, as specified in the Act, prior to undertaking any trading activity. Furthermore, the APMC regulations clearly delineate their roles and responsibilities- for instance , price discovery must be carried out through mechanism such as open auction or tendering to secure transparency and competitive pricing.

The Act outlines the constitution, functions, and powers of Agricultural Produce Market Committees. These committees are pivotal in overseeing the operations within the market area, ensuring that transactions are conducted transparently and fairly. Market committees are also crucial for infrastructural development within the market area, enhancing facilities like storage, grading, and transportation that can support efficient marketing.

The Act grants these committees the authority to regulate and monitor trade practices, prevent market malpractices, and resolve disputes among traders and farmers. They also facilitate the grading, packaging, and labelling of agricultural produce to maintain quality standards and enhance market competitiveness. Furthermore, the committees are vested with powers to collect market fees, issue licenses to traders, and manage market yards effectively.

The introduction of scales and labels, while intended to enhance market transparency, has faced sustainability challenges, particularly when it challenges the market power of wholesale intermediaries.

[20]Government of India, Ministry of Agriculture and Farmers Welfare. (n.d.). *Commission for Agricultural Costs and Prices: An overview.* https://cacp.dacnet.nic.in/.

The regulatory framework has fulfilled important objectives by addressing several malpractices and inefficiencies in agricultural markets, thereby ensuring farmers a fair return for their produce.[21] With free trade being practised all over the country these regulations have said to lose their importance as they were formulated at the time when private trade was under-developed and exploitive in nature.

In order to allow private player, participate and initiate direct contact between producers and consumers in the agriculture marketing certain reforms were introduced. The reform process has been marked by several government initiatives, including the circulation of the Model Acts of 2003 and 2017 and the introduction of e-NAM.[22] Apart from new initiatives taken in agricultural marketing sector, there are various other laws like Warehousing (Development and Regulation) Act, 2007[23] and Food Safety and Standards Act (FSSA), 2006[24]. The Warehousing Regulation act aims to promote the development of warehousing infrastructure while safeguarding farmers from distress sales by enabling pledge financing. Likewise, to uphold food safety and quality standards in agricultural produce, the Food Safety and Standards Authority of India (FSSAI), constituted under the Food safety and Standards Act, 2006, administers certification programs and provides guidance to farmers and industries for compliance with the Act. Collectively these initiatives contribute to fostering a favourable trade environment for agriculture commodities. The Warehousing Regulation Act is aimed at strengthening warehousing infrastructure and shielding farmers from distress sales by enabling pledge financing. Likewise to uphold food safety and quality standards in agricultural produce, the Food Safety and Standards Authority of India (FSSAI), constituted under the Food Safety and Standards Act, 2006 , has introduced certification programmes and provides guidance to farmers and industries for compliance with the Act. Collectively, these measures contribute to creating a more conducive environment for agricultural commodities.

(I) State-Level Market Regulation Act

Under the constitution of India, agriculture falls within the within the purview of the State list and in most Indian states, agriculture marketing is administered by Agricultural produce

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[21] Acharya, A. (2004). How ideas spread: Whose norms matter? Norm localization and institutional change in Asian regionalism. *International Organization, 58*(2), 239–275. https://doi.org/10.1017/S0020818304582024

[22]Government of India, Ministry of Agriculture and Farmers Welfare. (2018). *Report of the Committee on Doubling Farmers' Income, Vol. XII: Marketing reforms* (pp. 15–18). https://agricoop.gov.in/dfi-reports.

[23] The Protection of Plant Varieties and Farmers' Rights Act, 2001, No. 37 of 2001.

[24] The Food Safety and Standards Act, 2006, No. 34 of 2006.

Market Committees constituted under the APMC acts. These committees are responsible for the developing market infrastructure, regulating the sale of agricultural produce, collecting market fees on such transactions and overseeing completion with in agriculture marketing. At their inception and for many subsequent years, APMC's were regarded as a progressive and democratic mechanism designed to secure better prices for agricultural produce through open auctions, while also protecting farmers from excessive marketing costs and post-harvest losses.[25]

Under the APMC framework, it is mandated that the State, or, where applicable the Central Government, procures designated 'notified' farmers agricultural produce, generally by means of authorized traders and commission agents. These intermediaries, authorized by the APMC, facilitate the procurement process and levy a commission on the farmers in return for their services.[26] In addition , the APMC levies a market fees on both farmers and traders , which is subsequently utilized by the committees for developing and maintaining market infrastructure. APMC's were conceived as platforms to facilitate farmers marketing activities, with the objective of preventing their undue exploitation at the ends of traders and mercantile capital.

Over time, the APMC system experienced significant decline, largely attributable to the vested interests of middlemen, short sighted policymaking and bureaucratic inefficiencies. The enforcement of the Essential Commodities Act and related regulations further curtailed the freedom and competitiveness of the agricultural markets. As state governments began deriving revenue from the APMC's, they increasingly appointed their own nominees to the APMC boards, resulting in a nexus between political actors, traders and commissioned agents. Additionally, the agricultural Produce Market Regulation (APMR) act requires traders to obtain licenses, which could only be issued on the condition that the applicant owned shop or warehouse space with in the APMC premises.

[25] Al Jazeera. (2018, November 30). *Angry India farmers march to parliament to highlight farm crisis.* https://www.aljazeera.com/news/2018/11/30/angry-india-farmers-march-to-parliament-to-highlight-farm-crisis

[26] Government of India, Planning Commission. (2011). *Report of the Working Group on Agricultural Marketing Infrastructure, Secondary Agriculture and Policy Required for Internal and External Trade* (p. 22). https://planningcommission.gov.in

The various APMC acts could be summarised in the table given below:

Sr. No.	**State**	**Year**	**Name of the Act**	**Key Features**
1.	Madhya Pradesh	1960	Madhya Pradesh Krishi Upaj Mandi Adhiniyam	The Madhya Pradesh State Agricultural Marketing Board, commonly referred to as the Mandi Board was established in 1973 under the provisions of the Madhya Pradesh Krishi Upaj Mandi Adhiniyam, 1972. It functions as a three-tier structure, with the first tier comprising regulated markets. These markets serve as the primary physical and institutional infrastructure where farmers initially dispose of their marketable surpluses.[27]
2	Punjab	1961	Punjab Agricultural Produce Markets Act	The agricultural regulated markets function under the Market Committees. The Punjab State Agricultural Marketing Board (PSAMB) was established under this Act to guide, supervise and control the market committees.
3.	Haryana	1961	Haryana Agriculture Produce Markets Act	The foundational text of this act has been taken from Punjab Agricultural Produce Markets Act.
4.	Uttar Pradesh	1964	Uttar Pradesh Krishi Utpadan Mandi Adhiniyam	The act mandates the establishment of regulated market committees (Mandi samitis) Each Mandi Samiti is responsible for a notified market area and oversees agricultural marketing there.
5.	Rajasthan	1964	Rajasthan Agricultural Produce Markets Act	The Act provides for the establishment of regulated markets (mandis) to ensure fair trading practices and to protect the interests of farmers.
6.	Gujarat	1964	Gujarat Agricultural Produce Markets Act	The Act provides for the declaration of specified areas as market areas where the purchase and sale of agricultural produce are regulated. Under this act the entire state has been declared to be a unified market which allows seamless transactions when it comes to agriculture produce.

[27] AERC, Jabalpur. (n.d.). *Market imperfections and farm profitability in Madhya Pradesh* (Research Study No. 132). Ministry of Agriculture and Farmers Welfare, Government of India.

7.	Andhra Pradesh	1966	Andhra Pradesh (Agricultural Produce and Livestock) Markets Act	The Act allows the state government to declare the entire state as a single unified market area. This facilitates seamless trade across different regions within the state without the need for multiple licenses.
8.	Karnataka	1966	Karnataka Agricultural Produce Marketing (Regulation and Development) Act	Karnataka pioneered the Unified Market Platform (UMP), an electronic trading platform that integrates all Agricultural Produce Market Committees (APMCs) across the state. UMP facilitates transparent price discovery, real-time market information, and online payments, enhancing efficiency and farmer participation.
9.	Tamil Nadu	1987	Tamil Nadu Agricultural Produce marketing (Regulation) act	The state government has the authority to declare the entire state, excluding areas under the control of Agricultural Produce Market Committees (APMCs), as a unified market area. The government can notify structures like silos, warehouses, and cold storages as private market sub-yards.
10.	Bihar	1960 (repealed in 2006)	Bihar Agricultural Produce Markets Act (repealed)	The repeal of the APMC Act in Bihar was intended to facilitate the creation of alternative markets, attract private investment in agricultural trade and strengthen market infrastructure. [28]
11.	Jharkhand	2000	Jharkhand Agricultural Produce Markets Act	This act was enacted after the Jharkhand was made a separated state. It is very similar to the previous APMC act which was applicable in Bihar

(II) MODEL APMC ACT

In 2003, a model APMC Act was enacted by the central government for the first time to bring policy reforms in the agro-markets. This Act had the revolutionary yet controversial provisions of direct purchase, private wholesale markets, new markets along with APMCs, and contract selling for farmers. [29]As per the APMC model, the market committees were given the

[28] Kishore, A., & Kishore, P. (2021, June 1). *Impact of agricultural reforms in Bihar: Test case for new farm laws. Ideas for India.* https://www.ideasforindia.in/topics/agriculture/impact-of-agricultural-reforms-in-bihar-test-case-for-new-farm-laws.html

[29] Tiwari, S., & Tripathi, L. K. (2020). A study on the APMC and its policies: Finding challenges & possible solutions to overcome. *Journal of Commerce and Trade, 15*(2), 21–29. https://doi.org/10.26703/JCT.v15i2-3

responsibility to maintain transparency in the market pricing and transactions, provide market-oriented extension services, promote agricultural processing so as to improve the produce's value, ensure full payment to the farmers on the same day for the produce sold in the said markets, setting the dates on which the farmers can bring their agricultural produce to the market, and to form and promote Public-Private Partnerships in these markets. Juridical persons, growers and local authorities are permitted under the act to apply for the establishment of new markets for agricultural produce in any area. Under the existing law, markets are setup only at the on the initiation of State Governments only. Consequently, in a market area, more than one market can be established by private persons, farmers and consumers.[30] There will be no compulsion on the producers to sell their produce through existing markets which are wholly and solely administered by the Agricultural Produce Market Committee (APMC). However, agriculturist who does not bring his produce to the market area for sale will not be eligible for to get selected as a member of the committee.

(III) Marketing Co-operatives

Although co-operative marketing societies came into being with the Co-operative Societies Act of 1912, it was the Report of All India Rural Credit Survey (1951) which recommended integrating co-operative credit and marketing societies in the rural areas for an effective solution to the credit and marketing problems of the farmers.[31] The successive Five-year plans also stressed the need for development of co-operative marketing. This resulted in the wide network of primary level co-operative marketing societies having strong linkages with all the important terminal markets in the country. In majority of the states' wholesale agricultural produce markets are organised at the secondary level and the Marketing Federations are at the top of the State level while in some of the states there are intermediate markets at the district level itself. The National Agricultural Co-operative Marketing Federation of India (NAFED) is the highest body of the co-operative marketing system at the National level.

The number of co-operative marketing societies at the time of independence was less than 500. However, due to the four decades of meticulous planning, their number has increased to 2633 (general purpose) and 3290 (specialised in one or more agricultural commodities) marketing

[30] Directorate of Marketing and Inspection. (n.d.). *Salient features of the Model Act on Agricultural Marketing.* https://dmi.gov.in/Documents/Marketing.pdf

[31] Reserve Bank of India. (1954). *All India Rural Credit Survey Committee report* (Vol. I: General report, p. 341).

societies, as at the end of 1987-88.[32] As of April 2025, India has approximately 800,000 registered cooperative societies spanning various sectors, including agriculture, dairy, fisheries, banking, and marketing. These cooperatives collectively engage over 400 million individuals across the country.[33] In December 2024, the Indian government launched an ambitious initiative to establish 200,000 new cooperatives over the next five years.[34] In the process of commercialization, the contribution of institutions has been significant. Regulated markets, cooperative marketing societies , and government bodies such as the Food Corporation of India, Cotton Corporation of India, APEDA , MPEDA , and various Commodity Boards have played a constructive role in fostering this growth.

(IV) E- NAM PORTAL

In the 21st century, Information Technology has emerged as focal point owing to its rapid connectivity and ease of access. Acknowledging this, the Government of India, through the Department of extension Education, has launched a digital portal aimed at connecting farmers with online platform. The National Agricultural Market is an all-India electronic trading platform that integrates existing APMC markets into a unified network, thereby facilitating the creation of a single national market for agricultural commodities. The NAM Portal provides a single portal which is a window service for all APMC related information and services it is to provide to the farmers and traders alike. This encompasses information on commodities arrivals and prices, trade offers for purchase and sale, the facility to respond to such offers, along with other related services. Through the e-NAM portal, the Government of India has established a unified agricultural market by means of an online trading platform operating at the both State and National levels. The system seeks to bring uniformity and procedural streamlining across integrated markets, eliminate information asymmetry between buyers and sellers, and enable real-time price discovery based on actual demand and supply. It further enhances transparency in the auction process, ensures farmers greater access to a nationwide market with prices reflecting the quality of their produce, facilities online payment, and provide consumers with

[32] Government of India, Directorate of Marketing and Inspection, Ministry of Agriculture. (1988). *Report of the Agricultural Marketing Advisor* (p. 58).

[33] Mukherjee, S. (2025, January 26). *How India's Ministry of Cooperation is reshaping the cooperative sector. Business Standard.* https://www.business-standard.com/economy/interviews/omcs-prioritise-cooperatives-for-ethanol-boosting-their-economic-clout-125012101008_1.html

[34] "Press Trust of India. (2024, December 25). *Govt launches 10k agri cooperatives, aims for 200k target in 5 yrs: Shah. Business Standard.* https://www.business-standard.com/industry/agriculture/govt-launches-10k-agri-cooperatives-aims-for-200k-target-in-5-yrs-shah-124122500514_1

better quality commodities at more competitive prices.[35]

(V) FARM ACTS, 2020

In an effort to initiate reforms in the agricultural sector, the Central Government introduced model farming Acts in 2017. However, several of the reforms proposed in these model legislations were not adopted by many States. Consequently, in the first week of June 2020, the Centre promulgated three farm ordinances.[36] In September 2020, the President gave assent to the three farm acts. The following are the three acts passed and their salient provisions.

1. **The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020:** The Act was enacted with the objective of liberalizing agricultural sales and, marketing beyond the jurisdiction of notified APMC areas, thereby facilitating inter-state trade and establishing a framework for online trading of agricultural produce. It broadens the permissible trade zones for farmers produce from designated locations to any place of the production, collection or aggregation. The legislation expressly prohibits state government from imposing any market fees, cess or levy on the farmers. Traders or electronic trading platforms for transactions carried out in an 'outside trade area'. Its central purpose was to dismantle the monopoly of the state-regulated markets and enable farmers to sell directly to private buyers. Empirical studies and surveys, including those conducted by the NSSO, reveal that a substantial portion of agricultural trade already occurs outside APMC's mandis, often in an unregulated and non-competitive environment. The act was passed with the objective of opening up agricultural sale and marketing outside the notified Agricultural Produce Market Committee (APMC) areas for farmers, to remove barriers to inter-State trade and provides a framework for online trading of agricultural produce. It expands the scope of trade areas of farmers' produce from select areas to "any place of production, collection, aggregation". This act strictly prohibits state governments from levying any market fee, cess, or levy on farmers, traders, and electronic trading platforms for the trade of farmers' produce conducted in an 'outside trade area'. The act was passed with

[35] Sonawane, H. P., Shirke, V. S., & Tarde, V. J. (2020). e-NAM awareness and constraints faced by the farmers in marketing of farm produce. *Asian Journal of Extension Education, 38*, 47–54.
[36]Government of India, Ministry of Law and Justice. (2020, June 5). *The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020; The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020; and The Essential Commodities (Amendment) Ordinance, 2020.*.

the objective to break the monopoly of state-regulated agriculture markets and allow the farmers to sell directly to the private buyers. Many studies and surveys, including those by the NSSO also reveals that most of trade relating to agriculture takes place out-side APMC mandis, which is most of the time unregulated and is done in a non-competitive trading environment. Legalizing such transactions without provision of market fee is expected to incentivize organized buyers and entities to directly purchase from the farm gate or aggregate point.[37]

2. **Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020:** The act establishes a national framework for contract farming, offering farmers a string legal basis to enter into written agreements with multi-national companies for the production of agricultural commodities. Such agreements concluded prior cultivation or rearing, specify terms and conditions relating to supply, quality, grade, standards, pricing and associated survives. The Act also outlines a structured dispute resolution process, comprising three tiers: The Conciliation board. The Sub-divisional Magistrate and the Appellate Authority.

3. **Essential Commodities (Amendment) Act, 2020:** The Act liberalizes trade in cereals, pulses, oilseeds, edible oils, onions and potatoes by excluding them from the schedule of essential commodities. It eliminates legal restrictions on their production, storage, movement and distribution, while stocking limits on these items are to be imposed only under 'extra-ordinary circumstances. The central government is allowed to regulate the supply of these commodities during war, famine, extraordinary price rise and natural calamity of grave nature and annual retail price rise exceeding 100% in horticultural produce (basically onions and potatoes) and 50% for non-perishables (cereals, pulses and edible oils).[38] The amendment further grants exemptions to exporters and processors under the specified circumstances. It mandates that any stock limits on the agricultural produce must be linked to stock food articles while curtailing the government discretion to impose arbitrary restrictions. The Essential commodity bill took a significant step by excluding some everyday items from the essential commodity

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[37] Srivastava, S. K., & Saxena, R. (2021). New farm Acts, 2020: Rationale and challenges. *Current Science, 120*(6), 981–988. https://www.jstor.org/stable/27310316

[38]The Essential Commodities (Amendment) Act, 2020, No. 22 of 2020, § 3(1A).)

list.[39]

The introduction of these new acts sparked extensive debate regarding their impact on the farmers welfare and the agriculture sector. Their enactment triggered widespread farmer protests. beginning in Punjab in September 2020and subsequently spreading across several northern states, culminating in thousands of farmers camping at Delhi's border for over a year. Despite multiple rounds of negotiations between the government and the farmers union, the impasse persisted for more than nine months.

These new Acts, however, were widely debated on their implications for farmers' welfare and the agriculture sector. The enactment of these laws triggered widespread farmer protests in Punjab from September 2020, which subsequently extended to several states across northern India. For more than a year , thousands of farmers staged sit-ins protests along the borders of Delhi, demanding repeal of the legislation. Despite multiple rounds of the negotiation between the government and the farmers unions, the deadlock persisted unions, the deadlock persisted for more than nine months. During the course of agitation, hundreds of farmers lost their lives.[40] On the 19 November 2021, Prime Minister Narender Modi declared the repeal of the three contentious farm laws, following year-long protests of an unprecedent scale, during which thousands of farmers had been stationed at Delhi border points since November 2020.[41]

4.1 CHALLENGES AND POLICY GAPS

Farmer often lack access to reliable price information across different markets, compelling them to accept the prices dictated by traders. [42] To tackle this issue market prices are routinely broadcast by the government on radio and television, with newspapers also update farmers on the last price fluctuations.[43] Despite such measures, many small and marginalized farmers in India still dispose of their produce immediately after harvest , a period when market prices are

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[39] Palit, P. K. (2021). Indian Agriculture Act, 2020 and farmers' protest in India: An anthropological study. In N. H. Laskar & N. Jabin (Eds.), *Political thought: Indian and Western* (p. 313).

[40] Singh, S. (2021, January 8). The (repealed) Union Contract Farming Act, 2020: Corporatizing Indian agriculture. *Economic and Political Weekly.* https://www.epw.in/journal/2022/2/commentary/repealed-union-contract-farming-act-2020.html5

[41] Giri, D. K., & Kammardi, T. N. P. (2021, January 26). *India's farmers want the agrarian crisis to end. IPS Journal.* https://www.ips-journal.eu/topics/economy-and-ecology/indias-farmers-want-the-agrarian-crisis-to-end-5670/

[42] Niti Aayog. (2021).).

[43] Ministry of Information and Broadcasting. (2021)

generally at their lowest.

The traditional APMC system has been plagued with several structural inefficiencies that the government has attempted to address. Like monopolies in the other sector- whether by the state, multinational corporations, or APMC's - the concentration of power in regulated markets has proved detrimental to both farmers and consumers. Farmers face significant entry barriers in state – controlled markets due to high license fees and rents, which restrict participation largely to urban elites or collective groups of villages. Commission agents often operate as cartels, manipulating auction processes, depressing procurement prices, and reselling at higher margins. The farmers are further burdened by compulsory payments such as market fees, commissions, APMC cess and in some states, VAT. Additionally agents sometimes withhold part of payment without transparency and farmers are rarely provided acknowledgement receipts by small and fragmented landholding which hinder individual farmer's effective access to markets. The conventional APMC framework was fraught with several challenges, which government has sought to address through various reforms.

Many farmers lack timely access to reliable information on market prices, which diminishes their bargaining power. Further, insufficient transportation infrastructure often causes delays and contributes to higher post-harvest losses.[44]

5. Conclusion

The evolution of agricultural produce market acts in India reflects the country's gradual, yet fragmented transition from state-controlled, monopolistic markets toward a more liberalized and competitive marketing system. From the Berar Cotton and Grain Market Act of 1939, which laid the groundwork for regulated markets, to the modern-day debates around e-NAM and private trade, the legislative landscape has expanded to address the complexities of agricultural marketing in an increasingly interconnected economy.

State-level APMC Acts brought initial reforms and structure to agricultural trade but gradually became riddled with inefficiencies—chiefly due to restrictive licensing norms, exploitation by intermediaries, and the lack of infrastructure [45]. Research indicates that despite these Acts being

[44]Hans, V. B., et al. (2024). Agricultural marketing in India: Challenges, opportunities, and transformations. *Medicon Agriculture & Environmental Sciences, 6*(2), 39–54.

[45] Pani, S. K., & Jena, D. (2020). Agricultural marketing in India: A review on challenges and prospects. *Journal of Critical Reviews.*

designed to protect farmers, they inadvertently confined them within restricted market areas, thereby limiting their ability to receive competitive prices.

The Model APMC Act of 2003 was a critical attempt to liberalize the sector, introducing provisions for private markets, contract farming, and direct sales. However, as highlighted in studies by the JETIR Journal (2024)[46] and FFTC (2024)[47], the uneven adoption across states significantly diluted the intended benefits. The more recent Farm Acts of 2020, although aiming to further dismantle APMC monopolies, sparked massive opposition and were ultimately repealed in 2021, revealing a deep trust deficit between policymakers and farmers.[48]

In conclusion, the future of agricultural marketing in India hinges not only on the reform of laws but also on the robust execution of policies, inclusive stakeholder dialogue, and the creation of a farmer-centric marketing ecosystem. As various studies have suggested, legal reform must be complemented by infrastructure development, regulatory simplification, and the promotion of transparent and competitive markets for real transformation to occur.

[46] Parihar, A. K. (2025, May). Economic reforms and agricultural transformation: Evidence from post-1991 India. *JETIR, 12*(5), 1–2. https://www.jetir.org/papers/JETIR2505A05.pdf

[47]Kalaivani, P., & Vimalraj, T. (2025, April). Problems encountered by the farmers in marketing agricultural produce in Coimbatore region. *JETIR, 12*(4), 1–5. https://www.jetir.org/papers/JETIR2504220.pdf.

[48] Rathore, R. (2024). *Trends and challenges of agriculture marketing in India. International Journal of Environment, Agriculture and Biotechnology (IJEAB).*