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The Farm Laws : India's Neoliberal Reforms

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Abstract: *This article looks at how new rules that the Indian government might pass in 2020 might affect farming and farmers. (Which have been taken away since). Experts, the Indian government, and farmer groups all have different ideas about what farmers might expect to gain and lose. The theory of economics is used in this article to figure out how to price inputs and outputs in different types of markets. The farm laws' ability to change how big private companies handle the production, marketing, and storage of agricultural goods raises questions about their ability to change the structures of the market that set prices and levels of output. More research needs to be done on these issues because of the growth of monopsony and oligopoly market structures, markets for agricultural goods, and food markets for end users. The discussion is backed up by facts from the 1980s in the United States about how similar laws affected small farmers and by facts about how the APMC market regulation in Bihar, India, was taken away in 2006. These facts are used to draw some conclusions about reforms and what they mean for the future of farming and farmers in India. This article talks about the most recent agricultural laws in the context of India's neoliberal reforms, which began in 1991. It says that India's agricultural problems are caused by social class and that the current farmer protests must grow into a larger movement for social justice.*

Keywords: *India, Farm Laws, Neoliberalism, Reforms, Social Justice.*

Introduction: In September 2020, the Indian government passed three Acts that have to do with agriculture. Even though opposition parties asked many times for the bill to be sent to a special committee of parliament, it was passed with little debate (Roy 2020). As soon as the Acts became law, farmers began to protest. Farmers who are against the three Acts get help from the opposition party and labour groups (The Hindu 2020). Several state legislatures, such as those in Punjab, Rajasthan, and Chhattisgarh, have passed laws to stop the new rules from going into effect. One Union Minister, the Minister of Food Processing Industries, said in his resignation letter that these rules are "laws and ordinances that hurt farmers." The Indian Supreme Court has put the laws on hold until more decisions are made. But the government says that these rules are good for both farmers and the agricultural industry as a whole. The Prime Minister, Narendra Modi, sent out a tweet.

The Indian farmer has had to deal with unfair treatment from middlemen and many restrictions for a long time. Farmers no longer have to worry about these things because Parliament passed a law about them. These steps will speed up efforts to triple farmers' incomes and make their lives better.

This article talks about the most recent agricultural laws in the context of India's neoliberal reforms, which began in 1991. It says that India's agricultural problems are caused by social class and that the current farmer protests must grow into a larger movement for social justice.

The changes to India's government and economy:

During the 1990s, India made a lot of changes to its economy. These changes included easing trade restrictions, opening markets that had been closed to private investors in areas like defence, pharmaceuticals, and information technology, devaluing the rupee, and making changes to the fiscal and financial sectors. Since the middle of the 1990s, the World Bank says that India's GDP has grown by an average of about 6% per year. Analysts have, however, criticised the country's performance on a number of development indicators, such as poverty, economic inequality, unemployment, and child malnutrition (see Corbridge, Harriss, and Jeffrey 2013). After the reforms, there was a time when urban areas did well but rural areas, where the majority of Indians still live, did not. (Corbridge, Harriss, and Jeffrey 2013)

In her research on neoliberal trends in India and how they affect the agricultural sector, Walker (2008) found that the pursuit of neoliberalism in India has become more and more about taking land by force. Walker says that this has led to an agricultural crisis that has helped domestic and foreign capital by putting rural poor people out of work. Neoliberal policies, especially in the last 30 years, have made it hard for small farmers to pay their bills and put them in a lot of debt. India is one of the places where farmer suicides happen the most (Shakeel, Hussain, and Hashmi 2017). The Indian Ministry of Home Affairs' National Crime Records Bureau (NCRB) says that between 1995 and 2006, about 16,000 farmers killed themselves (Nagaraj 2008).

Farmers' class differences have often been a defining feature of agriculture in the United States. In the 1950s, as the Zamindari system came to an end, tensions arose between the landless peasants and the wealthy landed elite (Lerche 2013). Similarly, the wealthy landowners who already had vast tracts of land benefited disproportionately from the Green Revolution of the 1970s, which enabled India to achieve food grain self-sufficiency (Jodhka 2012). According to Corbridge, Harriss, and Jeffrey (2013), the neoliberal reforms of the 1990s widened the disparity between the affluent rural elites and the impoverished peasantry, which includes agricultural labourers, landless peasants, and small and medium landowners. Since the agricultural industry has undergone changes to its distribution and marketing practices, the present set of farm regulations may be seen as an extension of those developments.

Since the turn of the century, Indian officials have talked about deregulating the agricultural market. The NDA government at the time set up the Guru Committee on Marketing Infrastructure and Agricultural Marketing Reforms. The BJP was in charge of the committee. The 74-page study came out in 2001. (Agriculture Ministry, 2001) Here, it would be smart to highlight some of the report's suggestions. According to the study, if the government wants to "promote strong, competitive marketing systems", it needs to look at all of its current policies, rules, and regulations and get rid of any laws that get in the way of a free market (Ministry of Agriculture 2001, 4). The report had a lot of specific suggestions, such as:

The Essential Commodities Act of 1955 needs to be repealed so that the free market can work as it should. This is because it has led to restrictions on stock storage, freedom of movement, and trade-driven innovation and investment.

The Committee says that direct marketing should be encouraged because it is a different way to sell goods that keeps incentives for better product quality and more output, gets rid of distribution losses, and helps farmers make more money by giving them better technology help and techniques. This market will not be subject to the Agricultural Produce Marketing Act. Instead, it will be run by wholesalers, trade associations, and other investors who are skilled in the private sector. Instead of trying to control how the markets work, the government should be there to make sure everything runs smoothly. (Source: Ministry of Agriculture, 2001)

What new laws have been written?

Acts in question are the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act (FPTCA), the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act (FAPAFSA), and the Essential Commodities (Amendment) Act (ECA), all of which were passed in 2020. The FAPAFSA lets farmers make "farming agreements" or contracts with "sponsors", who agree to pay the farmer a set amount for their crops. When the contract is signed, the parties may agree on the quality, grades, and standards of the work. The Act says that the agreement can be changed or ended at any time for "any reasonable reason" as long as both parties agree to it.

The FPTCA makes it possible to trade agricultural products both within and between states. It also lets electronic trading and transaction technologies be used to make business easier. Before this, the Agricultural Produce Marketing Committees (APMC) fees were a way for the states to make money. The state is not allowed to charge such a fee under the APMC Act or any other state law, says the new law. The main reason the government gives for doing this is that if they did, farmers would be more likely to sell their goods directly to big businesses and merchants outside of mandis, where they could be pre-approved under the APMC model Act of 1955 and possibly get higher prices.

Because of the change to the ECA, some important products, like oilseeds, pulses, edible oils, potatoes, and onions, are no longer considered essential commodities. It also gets rid of limits on how much of some important things can be kept in stores (except under special circumstances). In the end, there won't be any limits on how much you can save.

The government's decision to make these rules is a clear sign that it wants to privatise and de-regulate the agricultural sector of the country in a big way. Under the guise of free markets and free trade, the Indian government is giving up many of its most important development tasks at a time when the COVID-19 outbreak is especially scary (or neoliberalism).

The APMC-mandated mandis, which give farmers access to markets, have a big effect on India's agricultural trade, and not just because they are called "Mandis."

Farmers can only sell food grains to licenced traders at fixed prices that are set through auctions. Then, these middlemen would sell the drugs to major drug dealers and retailers. Farmers get paid in a certain amount of time. When buying and selling goods, the APMCs look out for fraud and look into complaints.

Mandis do have some problems of their own. Farmers don't always get fair prices at mandis because there are so many people in the middle. But it's wishful thinking to think that farmers could sell their goods directly to the public and get better prices. For example, the state of Bihar got rid of its APMC mandis 14 years ago. There is proof that local farmers sell rice in private markets for less than half of the MSP set by the federal government (Manoj 2020). Also, it is hard to move agricultural goods over long distances if there isn't the right infrastructure for logistics, storage, and transportation. Richer farmers might be able to pay for it and benefit from the new arrangements, but this is not a good idea for small farms that haven't grown much yet.

The government is deregulating these markets because it thinks that more participation from the private sector in marketing agriculture will lead to better prices for farmers. But this theory needs to be checked against what really happens. Most of the world's economies have stopped growing because of the outbreak. Early on, when the private sector was making cuts, the government stepped in to help failing businesses and their workers. So, the Indian government made a big mistake when it chose to rely on investments from the private sector during a time of uncertainty.

Also, the government has put a lot of emphasis on technology as a way to fix market problems and get rid of middlemen (such as pricing information, market intelligence systems, and electronic trading platforms). In fact, since farmers can now sell directly to merchants, market disintermediation may lead to better prices for farmers. 2 In reality, this is just a dream. Mitra 2020 says that a lot of agricultural products are already sold outside of APMCs in rural India. This is especially true for the 86% of farmers in India who work on small or very small farms. Most of these farmers depend on buyers and brokers to help them get their goods to market. In the towns and villages of India, where farmers sell their goods, middlemen are everywhere. Even though direct trade on open markets could get rid of some APMC middlemen, like agents and lenders, there are still a lot of chances for new reinter mediation techniques. Because of the rise of new middlemen like local and regional mid-level buyers, lenders, transport providers, and merchants, it is easier to change prices.

Aside from supply and demand, the power structure of the supply chain also affects the prices of agricultural products. Connecting farmers directly to the private sector will make it more likely that new agents will work together to keep prices low. These agents could do this by lying or being sneaky, like by making it take longer to buy the items. This is the norm on the Indian agricultural market. This is the case with Meenakshi and Banerji (2004). Most agricultural goods go bad quickly, which can be good for big businesses and traders who want to buy items for less than their market value.

In this case, the mandis that the APMC needed were an important link between farmers and buyers because they gave both parties legal protection from dishonesty and fraud.

Getting rid of these connections will only make things worse for the farmers (such as fluctuating prices and lack of legal protection). Farmers unions, which are needed for farmers to be able to negotiate as a group, won't be able to have much of a say in the many agricultural disputes that will be settled by a judge. Even though most farmers still can't get to the higher courts, FPTCA disputes can't be solved in civil courts.

The APMC says it is not clear what the government's plan is for selling agricultural products outside of mandis. Since the 1980s, the government has put less money into agriculture (for example, to build infrastructure to help the market grow) (Golait and Lokare 2008). Food security is hurt by inefficient ways of storing and moving food, which may have increased the amount of food made.

Hunger and disputes amongst MSPs:

The three most important parts of India's food security system are the public purchase of food grains, minimum support prices (MSPs), and public distribution networks (PDSs), all of which are in danger because of the new rules. The National Food Security Act (NFSA) of 2013 was put into place to help the poorest people in India.

The Food Corporation of India (FCI) buys food grains at a price called the Minimum Support Price (MSP) and stores them in case of disasters like war, drought, or floods. A buffer stock of 20 million tonnes and a strategic reserve of 5 million tonnes are both required by government rules. As FCI's buffer stock has grown over the past few years, the demand on the already limited storage space has gone up. By April 2021, more than the buffer standards of 80 million tonnes of food grains were stored (Press Information Bureau 2020). India still has a lot of malnutrition and food insecurity, though (Shakeel 2018). The government wants to limit public procurement so that the exchequer doesn't have to pay for as much.

The Commission on Agricultural Costs and Prices says that the government should switch from open-ended to private procurement to fix the inefficiencies in the market (CACP). Price changes have been caused by things like the economic crisis, a big buffer stock, and rising input costs. Because of these things, the MSPs for important commodities like wheat, rice, and maize have stayed higher than their open market prices. The Cabinet Committee on Economic Affairs has said before that the MSP for all necessary rabi crops would go up during the planting season of 2020–2021. (cf. EPW 2020). During times of drought or crop failure, farmers have relied on these MSPs a lot. 4 Even though there is an MSP for more than 20 crops, the government does not buy all of them. 5 If the government stops buying food grains at MSPs, it won't be able to use a network of fair pricing outlets to give important items to India's poor at subsidised prices. Because of this, the PDS and fair pricing stores would no longer be useful. The poor in India will have to deal with rising food prices and the bad things that happen when you don't eat enough. This is terrible news.

Under the FPTCA, a big part of the food grain auction would happen outside of the APMC mandis. Because of this, MSPs would care less about the APMC mandis. Farmers worry that if they don't have MSPs, they'll have to deal with price shocks when APMC mandis are phased out (NDTV 2020). If private buyers could trade on open markets without the right MSP restrictions, it's likely that big buyers would put pressure on farmers to sell their goods for less money. The new rules don't make it illegal for stores or customers to sell items for less than the MSP. The price should be set by a deal between a farmer and agribusinesses, big-box stores, or exporters. The risk is that agribusinesses will use their place in the chain of value to get a better contract. Large companies that buy and sell crops often "hedge" their purchases to protect themselves from price increases. (Financial Times 2010)

Before the ECA, the government bought and stored food grains with the help of private merchants, but only up to a certain amount. Even if there is enough, now that there are no limits on stockpiling, there may be more hunger even if there is enough (Haynes 2008). This could have a big effect on the price and availability of food grains in the area. 6 There are also other dangers. As a result of the end of hoarding and the growth of the private sector, there are now risks of further financialization and more room for large global trading businesses and private equity firms in the Indian agricultural industry. With government help, the growing financialization of the agricultural sector has made it easier for private companies to buy property around the world (Cotula et. al. 2009). Due to state-led infrastructure projects like dams and Special Economic Zones (SEZs), land grabbing has been a controversial issue in India for a long time (see Gadgil and Guha 2005). (See Anwar and Carmody (2016) and Levien (2018) for more information.) Both the possibility that more people in rural areas will be uprooted and moved and the growth of agrarian discontent are very serious problems.

How prices are set in the different market structures:

The new agricultural Acts are meant to improve how food is grown and distributed in many ways. One of the biggest changes that is expected is that big businesses will be able to buy wheat and paddy on the market. Before, only the government could do this. The market will also change from small and medium-sized sellers to big businesses for other grains, vegetables, and fruits. Most likely, the new market structure will be a private monopoly in a certain sector and area. This is why the Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, also called the Contract Farming Act, and the Farmer's Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, were made. Because of these Acts, private markets could be set up in some places. On the sale of agricultural goods in the APMC marketplaces, they don't have to follow any state laws or pay any taxes, levies, or cess. In a few years, these Acts will try to get rid of the need for APMC marketplaces. Because the conditions and terms of the two markets are different, especially when it comes to agriculture, where private markets are better, this will lead to a monopsony of private markets. How prices are set for buyers and how prices are paid by sellers are different in a monopsony market structure than in a perfect competitive market.

When there is perfect competition, prices are set according to the following rules:

The prices are the same as MC, MR, AR, and AC.

If AC is the average cost of production, MC is the marginal cost, MR is the marginal revenue, AR is the average price or revenue, and MC is the marginal cost. In this type of market, the AR/price is made up of the firm's typical profits. In a market with perfect competition, there are many buyers and sellers, but no one is big or powerful enough to buy or sell in a way that changes the market. The goods are the same as each other. There is no cost to sell or advertise. This market is seen as fair because neither buyers nor sellers lose money when they buy or sell something. In this kind of market, the price that the customer pays helps the producer. Manufacturers and suppliers do not get patents or any other rights to their own property. Classical and neo-classical economics say that when this market system grows, it leads to a good level of production and a "fair" distribution of income. But only the book market is set up in this way. As capitalism has grown, some businesses have grown in size by a lot. Some of these companies do business all over the world. They are called transnational or multinational corporations (MNCs) (TNCs). Many of these businesses are only in charge of making one or two products. Since the WTO was set up in 1995, the rules that protect trade names and patents have been changed to also protect plant and animal breeds. Because of this, private industry now knows more about how markets work. They have monopoly (one supplier) or oligopoly (few or few suppliers) power in the markets of sellers and monopoly or oligopoly power in the markets of buyers. Different types of non-competitive markets have different rules about how prices are set.

Price is equal to AR, but MC is equal to MR AR. and that AR is better than AC in the end.

The fact that the price, or AR, is higher than the average cost and that there is a difference between the two shows that people in oligopolies or monopolies are making more money than usual because they control the market. These odd perks are paid for by the customers and buyers. Because of these inefficient market systems, many buyers and buyers are overcharged and taken advantage of. When big private companies have a monopoly or oligopoly over this type of market, they hire workers, hire farmers on contract, or buy agricultural goods from the area they control. Joan Robinson first talked about monopsony in her book Economics of Imperfect Competition, which came out in 1933. People used to think there was a monopoly when one company had all the customers and made them pay the prices that company set, she said. But in a monopsony, no matter how many sellers are in competition, a buyer can set the price by making money off of the results of imperfect competition, no matter how many sellers are in competition. She used the purchase of manufacturing inputs and the use of labour to show how a market structure called "monopsony" works. When workers sell their own labour to a single buyer or employer, they have always been taken advantage of because their average wage rate (AW) is so much lower than their marginal productivity (MP). The way to figure out pay is as follows: MW = MPL APL is higher than AW, where AW is the average hourly wage, MW is the marginal wage, MPL is the marginal labour productivity, and APL is the average labour productivity. In a market with perfect competition, the following things must happen for pay to be set:

MPL + MW + AW = APL

When there is only one company and not much or any other competition for jobs, workers are paid less. The difference between APL and AW shows this (APL-AW). Robinson says that a company is taking advantage of its employees when it uses its market power to pay them less than they are worth. Based on how this model is used in the market for agricultural goods, a large number of sellers or farmers who sell to a single buyer would face the same market conditions (a sizable private firm). How much farmers charge for their goods will depend on the following things?

Since MR > MC > AC, AR or price must be bigger than AC.

When MR = MC, a single-product business decides to buy from farmers a certain amount of their produce. Due to the law of diminishing returns in the supply of inputs, the monopolist makes the most money and profit by paying less to the people who supply inputs, especially farmers. But because of how the market is set up, he may charge customers the same amount as AR while still paying farmers at the AC rate. The client is charged more for the items, even though their value hasn't changed. Oligopsony is similar to monopsony in that the competitors work together or copy the pricing policies of the leader. Farmers should get the same amount of money from the monopsonist /oligopsonist business as they do from AR. The price that is equivalent to AR includes the company's usual profits. But in order to generate abnormal profits, the corporate firm would purchase the product from the farmers at a price equal to AC and then sell the same produce or commodity at a price equivalent to AR, which is greater than AC. The way this market is organised is intended to offer farmers and other market participants less money while raising prices for consumers.

Things are different when it comes to monopolies or oligopolies in the public sector. Monopolies and oligopolies may be controlled by elected politicians and other governmental entities, who can also hold them responsible to the general public. Businesses in the public sector, like FCI, exist to serve the public, not to maximise profits. The objective of FCI is to use the public food distribution system to ensure that the underprivileged have access to adequate food at regulated and reduced rates.

If the new farm acts are intended to do so, monopoly private corporate markets for agricultural products will be established and strengthened. Businesses would be able to charge consumers more while paying farmers less, allowing them to earn more money than normal. To recover back a price that is a little bit more than the average cost of the food, these enterprises will need to depend on both the farmers and the consumers. When the government and its experts came up with the justifications for the new farm legislation, they failed to take into consideration this crucial lesson from economics regarding imperfect competition under monopoly/oligopoly.

India’s agricultural turmoil:

The agricultural situation in India is making the peasants more dissatisfied. 40,000 farmers gathered in Mumbai in March 2018 to demand land rights, higher wages, and support for the agricultural sector. Tens of thousands of farmers demonstrated in the national capital that November. They want a debt forgiveness programme and an increase in agricultural prices. (AlJazeera 2018) In the first nine months of 2020, there were more than 50 significant farmer demonstrations in India. 2020 Bandey The importance of India’s agricultural problem has increased as a result of the new legislation and farmer protests. Farmers who have lost their land protest against the growth of capitalism in rural regions as a way of expressing their rage at the ruling class.

Agricultural capitalism emerged in India, preventing the typical industrialisation of the country. Although agriculture has lost some of its importance to the economy since the 1970s, it still supports more than half of the population (Economic Survey of India 2019–2020). (Economic Survey of India 2019–2020). People who own land still want to rent it out even if there aren’t as many landlords as there once were. Thanks to investments, access to political influence, and employment in the public sector, wealthy peasants or large landowners have also gained prestige outside of rural regions and in cities (Levien 2018). Due to agrarian capitalism’s uneven development in India, various regions of the nation exhibit varying degrees of resistance to such changes (Lerche 2013) or to put it another way, class influences the agrarian discontent in India.

Think about the SEZ Act of 2005 as an example. This legislation was aimed to accelerate the industrial and service sectors by removing land from individuals with assistance from the government (Anwar 2014). “There were a variety of demonstrations against SEZs purchasing land on a national basis. Poor peasants rebelled against accumulation via eviction in West Bengal and Orissa, particularly in Nandigram, and were confronted with violence and persecution by the government. But the affluent landowners in Rajasthan and Haryana protested less about the battle against eviction and more about how the government handled land acquisitions and monetary compensation”. (Kennedy 2020; Levien 2018; Anwar and Carmody 2016)

Punjab, “Haryana, and portions of western Uttar Pradesh, which are considered India’s food basket states, have had more vehement demonstrations against the new agricultural regulations than any other state in the nation. These demonstrations are often spearheaded by land-rich farmers”. (Haq 2020) These new regulations have been placed on hold by the Indian Supreme Court until January 2021, but the farmers’ protest movement is still going strong. Who is orchestrating these demonstrations, or what form or course they may take in the near future, are yet unknown States like Kerala, Karnataka, and Gujarat (the home state of Prime Minister Modi) have all lent their support to the now-expanding protest movement”. (Kumar 2021;

Schmall 2020) It is crucial to comprehend the class makeup of these movements and place them in the context of local agricultural trends.

The new regulations are undoubtedly intended to upend the social, political, and economic structures of rural India and encourage the establishment of additional agribusinesses there. Since the administration plans to eliminate the MSP framework and public procurement, farmers have ample reason to be concerned. However, this will have varying effects on various kinds of farmers. According to Lerche (2013), considering more than one agrarian problem at a time is necessary for a nation like India, which has so many diverse political and socioeconomic conditions. India should instead consider a variety of unique, regionally specific agriculture concerns.

The opposition against neoliberalism in India need to be one of these topics. This is not meant to suggest that effective regulation or redistributive policies are not possible. They are crucial for the growth of the whole country, in fact. The main lesson to be learned from this is that building grassroots movements is crucial to a strong democratic system, which the Modi dictatorship in India is placing in increasing danger. 7 The lack of a revolution has also been a tragedy in India's experience with neoliberal reforms, in addition to the harm done to the poor. (Das., 2015) 8 Although there has been some grassroots resistance to Special Economic Zones, best shown by organisations like the Narmada Bachao-Andolan (Routledge., 2003), there is an urgent need for the revival of old-style class battles today. This class struggle may take diverse local forms, but it may also be connected to bigger national coalitions for social justice based on comprehensive welfare programmes and effective regulation. As one of India's leading experts on rural issues, Palagummi Sainath, recently said in a public speech,

In view of India's massive growth in inequality, the criminalization of dissent, the state's and companies' policies that fail the poor, and the shift in the state's moral compass, the solution lies in "returning to battles of justice." The Tribune (2018)

Summary and Implications for Farmers and Agriculture:

The supporters and opponents of India's new agricultural policies disagree on the subject. According to the government and its supporters, these regulations would benefit farmers and agriculture by increasing the efficiency of the procedures involved in agricultural production and sale. "They argue that increased prices will lead to better farmer revenues and more employment prospects in rural areas. These laws, according to farms and a substantial number of experts, would jeopardise food security, wipe out a sizable number of small and marginal farmers, and compel consumers to pay exorbitant prices. Many marginal and small farmers will lose both their land and their income. There is some indirect information that might provide suggestions about this outcome. However, both the economic theory of imperfectly competitive market systems and the US experience make a resolution to this debate feasible. Farmers are asking that the MSP be made legally binding on all categories of consumers of agricultural goods because they are concerned about its revocation. On the other side, the new agricultural regulations set the stage for unfavourable markets, which will be exploitative, deadly, and disastrous for Indian farmers. Producers of agricultural products may attract consumers who could legally avoid paying municipal taxes by creating parallel private markets. The APMC markets, where farmers basically realise MSP, will become outdated in a few years as a result of this. In the absence of APMC markets, private corporations will decide the prices, which would hurt farmers". (Singh &Bhogal, 2021) Even the current MSP scheme, which falls short of ensuring farmers a livable income, is influenced by both national and international geopolitics. MSPs are substantially below what farmers had hoped for and the formula recommended by the Swaminathan Commission. The MSP is already inadequate; only 6% of farmers really have access to it, and even then, primarily for crops like wheat and rice and partially for cotton.

Regarding the issue of MSP realisation and market infrastructure, the case of Bihar State, where the APMC Act was abolished in 2006, is important. (Singh 2020c) When this legislation was being repealed, it was claimed that doing so would encourage large investment in privately owned markets with state-of-the-art infrastructure and convert the state into a hub for agro-processing, enabling farmers to compete on a global scale. Despite the expanded infrastructure, there were 82% fewer procurement centres, no modern private market emerged, and agro-processing did not grow at all. The Union Government failed to provide the state's farmers with the MSP for wheat and paddy as promised. A study of procurement prices for the years 2016–2017 and 2019–2020 found that private merchants gave farmers prices for wheat, paddy, and maize that were 350–450 per quintal less than the MSP. The development of APMC markets and the purchasing of agricultural goods by government entities, based on Indian experience, are requirements for farmers to reach MSP. The farmers' unions are criticising the new agricultural regulations as a result, and they are requesting that the payment at the MSP level for farmers' sales of their marketed surplus be made legally required for the buyers, including both public agencies and private merchants. The latest litigation in India involving sugar mills demonstrates further difficulties. These mills paid the price promised for sugarcane, but it took them four to five years to pay the farmers what they were due. State or union governments were unable to force mills to pay arrears when such mills stated they were unable to do so due to the drop in global sugar prices.

According to our analysis of different market structures discussed earlier in this article, a completely competitive market is the only one in which farmers get fair prices. Under imperfect market systems like oligopoly/oligopoly and monopoly/monophony, the buyers of agricultural commodities may use their superior market power to pay less to the sellers/farmers and charge more to the consumers. Over time, markets have transitioned from being perfectly competitive to being imperfectly competitive on a global level. Markets now operate as oligopolies or oligopolies, and corporate entities dominate the world. In these markets, vendors may set consumer prices as well as supplier prices for farmers who produce agricultural products (farmers) . According to US experience, consumers are compelled to pay higher prices in agricultural oligopolies, while suppliers of raw agricultural commodities only get a small portion of the distributive margin. It is evident from the contacts Indian farmers have had over a number of years with sugar mills.

Conclusion:

In a monopolistic market system, corporate buyers will set farmer prices. Due of the major buyers' dominant position in the market, farmers lack the holding power to regulate purchase prices. It is incorrect to analyse the price of agricultural commodities in unregulated markets without taking market structure into account. Public/government procurement, in contrast, includes a monopoly that is democratically accountable to the people via governing bodies like the Parliament. In countries like India, prices are decided when the government purchases agricultural goods while taking into account the interests of both consumers and farmers. However, since corporate firms are only accountable to capital or the shareholders, they are forced to maximise profit and are unable to consider the interests of consumers and agricultural product producers. In reality, they raise consumer prices while lowering farmer payments to boost profits. In light of the discussion above, we come to the conclusion that the new farm rules, which enable corporations, involved in production, selling, storage, and processing to benefit from their attempts to maximise prices, will not and cannot improve the welfare of farmers. In India, there are close to 11 billion farmers, 85% of whom have small or marginal holdings and depend mostly on agriculture for their livelihood. Farmers and agricultural workers account up 44% of the nation's total workforce in the agricultural sector, according to the Periodic Labour Force Survey (PLFS) 2017–2018 (NSSO, 2019) It would be very difficult, if not impossible, to swiftly replace the agricultural workforce lost if these tiny and marginal holdings were to be dismantled. Due to technological constraints, neither the industrial nor the service sectors can employ low-skilled rural populations. A huge social catastrophe would ensue as a result of such a move, endangering food security. The administration disregarded this fact when implementing the three pieces of agricultural legislation. There has to be a revision to the new agriculture rules because of the strong criticism from both farmers and opposition parties. For the Indian government to truly prioritise the well-being of farmers, it must implement alternative farm reforms that can improve farmers' living conditions, give them more leverage in the agricultural market, and involve them in processing and marketing. Many people rely on the underperforming public procurement and distribution systems (PDS). One way to restructure agriculture is via cooperative farming and farmer-producer organisations (FPOs). Based on the successful experiences of Amul and MILKFED (in Punjab) farmers may get a bigger portion of the consumer price when cooperatives are established and corporate participation is minimised. There is merit to farmers' calls for new legislation to be drafted in conjunction with states, farmers, and experts, and for the repeal of existing laws.

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