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Food Security and Markets: Understanding the Protests over India's Changing Social Contract with Farmers



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A farmer returns homewards from his farm in a village in Haryana on March 5, 2021. The ongoing farmer protests at the Ghazipur border outside Delhi entered the 100th day on March 6. Contentious new agricultural reform laws have led tens of thousands of farmers to block key highways leading to the capital. Multiple rounds of talks have failed to produce any breakthrough on the farmers' key demand to revoke the legislation. Photo: AP

For more than 100 days now India's farmers have protested at the Shinghu, Tikri and Ghazipur borders outside the national capital, New Delhi. Earlier, Punjab's farmers protested within their State for three months before moving to Delhi borders, against a set of laws that would change the nature of the relationship between the state and the agricultural sector, the country's largest employer and the primary driver of the economy.

In this article, Sukhpal Singh, Professor, Indian Institute of Management, Ahmedabad, decodes the set of three legislations, collectively called the Farm Laws in the popular narrative. He points out the inherent weaknesses in the arguments behind the laws, and the inconsistencies and redundancies between the intent and the legal provisions. Although he acknowledges that there is a need to revisit existing laws, Singh argues that it would be unwise to proceed with haste and, in effect, dismantle systems that provide safeguards, for instance, against food inflation and food insecurity. This is more so, when seen against the reality of declining per capita availability of foodgrains over the decades despite progress in sufficiency.

The way out of this impasse, Singh points out, would be to chart out policies that are consistent with India's federal framework and consultative in nature.

1. Introduction:

A set of three legislations, two Acts and an amendment by the Union government in 2020, collectively referred to as the Farm Laws in the popular narrative, have resulted in protests by farmers outside the national capital. Two new laws and the third, an amendment to an existing Act, aim to create a 'one-nation, one-market' framework in what is essentially a federal nation, though with a unitary bias. The two new Union laws passed were the Farmers Produce Trade and Commerce Act 2020 and the Contract Farming Act, 2020. The third legislative measure was an amendment to the Essential Commodities Act (ECA), to remove uncertainties regarding stocking limits on food commodities, which were provided for under the ECA to contain price volatility, a not too uncommon feature in commodity markets. The two new Union Acts are on agricultural markets which, according to the sharing of legislative powers in the Indian constitution, are under the domain of State governments.

The stated purpose behind these laws, to provide better price discovery for the farmer and to make agricultural markets attractive to private investment, are

brought out in the Statement of Objects and Reasons of the Essential Commodities (Amendment) Bill 2020:

"While India has become surplus in most agricultural commodities, farmers have been unable to get better prices due to lack of investment in cold storage, warehouses, processing and export as entrepreneurs get discouraged by the regulatory mechanisms in the Essential Commodities Act, 1955. A High Powered Committee of Chief Ministers who examined this issue, recommended removal of stringent restrictions on stock, movement and price control of agricultural foodstuffs for attracting private investments in agricultural marketing and infrastructure."¹

In effect, the three Acts aim to provide ease of doing business for India's corporate sector right from procurement to stocking, processing and retailing as value chain players. Therein lie the apprehensions of the protesting farmers who have spent more than 100 days camping at the Haryana and U.P. borders outside Delhi. In addition to the protesting farmers, the Acts have attracted serious opposition from as many as six States—Punjab, Chhattisgarh, Delhi, Rajasthan, Kerala and West Bengal—which have passed resolutions against these new Acts², various farmers' unions, many civil society organisations, and a large number of political parties, despite the government claiming and highlighting various benefits of the new Acts at several fora and in Parliament. Moreover, three State governments—Punjab, Chhattisgarh and Rajasthan—even tried to amend the Union Acts at their level, but the respective Governors have not given their assent.³

In this context, this article discusses major aspects of the two new Acts, The Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 (FPTC Act) and the Contract Farming Act, 2020, (CFA) and the amendment to the Essential Commodities Act (ECA), 1955. The next section examines the major contents of the FPTC Act, assesses the goodness of its rationale, and places the spotlight on the realities behind the fears and perceptions surrounding its implications for farmers, commission agents and APMC mandis. Section three

focuses on the design of the CFA and its major flaws in protecting farmer interest leading to genuine concerns among farmers in the light of experience of contract farming in India. Section four dwells on the amendments to the ECA and their implications for various stakeholders, especially consumers. The concluding section discusses ways forward for ending the deadlock on the Farm Laws and for reforming the new Acts from a farmer interest protection perspective.

2.The Farmer’s Produce Trade and Commerce Act, 2020

The FPTC Act intends to promote efficient, transparent and barrier free inter-State and intra-State trade of farm produce outside the physical premises of markets or deemed markets notified under various State agricultural produce marketing legislations. It also seeks to create a facilitative framework for electronic trading. However, as its intent is to bypass the existing (APMC) Mandi system, it is also referred to as the "Mandi bypass Act".⁴

Prior to the amendment, under the State Agricultural Produce Market Committee (APMC) Acts, there was a notified market area and all notified crops or commodity produces were to be transacted within the designated APMC yards and sub-yards. Alternatively, buyers had to seek permission under the amended APMC Acts—as per the model APMC Act 2003 and later the Model Agricultural Produce and Livestock Markets (APLM) Act, 2017—from the local APMC for buying outside the mandi or undertaking contract farming. The produce, however, could still be subject to the same taxes and levies as the produce transacted inside the market yard.

The new Act creates a new ‘trade area’ outside the APMC market yards/sub-yards where any buyer with a Permanent Account Number (PAN, an income tax ID in India) can buy directly from farmer-sellers and the State government cannot impose any tax on such transactions. However, the 2020 action by Haryana government to stop neighbouring U.P. farmers from selling paddy at Minimum Support Price (MSP) in Haryana even after the new Acts had come into force shows that inter-State barriers are not so easy to remove by regulation unless States come on board.⁵

More significantly, the FPTC Act categorises transactions between traders either within a State or across States as farmer's produce. This expanded classification defies logic as once the primary transaction is completed, the farmer is not involved in subsequent transactions. This is similar to Farmer Producer Organisations (FPOs), which perform pre-and post-farming operations, seeking exemption from income tax on the ground that they deal with the produce raised by their members who are farmers and are exempt from income tax.

The payment system provided by the new Act i.e. payment by the trader on the same day or within a maximum of three days is worse than what is already provided under the APMC Act in some States like Madhya Pradesh (M.P.) since 1986, where payment for the produce bought in the market yard has to be made on the same day to the farmer-seller at the market yard. The M.P. APMC Act even provides for MSP as the starting point for auction when it states:

"provided that, in the market yard, the price for such notified agricultural produce of which support price has been declared by the State Government shall not be settled below the price so declared and no bid shall be permitted to start, in the market yard below the rate so fixed (MPSAMB, 2005; p. 37).

So far as the role of FPOs in value chains or farm produce markets is concerned, the FPTC Act provides for e-markets by FPOs although one is not sure how many of them can make use of this opportunity given their poor capital and professional resources. This is similar to APMCs allowing private wholesale markets by such collectives and many such markets exist in Maharashtra now.

In what could be adverse to FPOs, they are treated as farmers under the Union Act. Section 2-b of the Act, states: "'farmer" means an individual engaged in the production of farmers' produce by self or by hired labour or otherwise, and includes the farmer producer organisation'. This, despite the fact that FPOs are not involved in production as most of them carry out pre- and post-production operations such as aggregation, trading and value addition. (All emphases by author.)

At the same time, the trading role of the FPO is explicit in Section 4-1 which states:

"Any trader may engage in the inter-State trade or intra-State trade of scheduled farmers' produce with a farmer or another trader in a trade area:

Provided that no trader, except the farmer producer organisations or agricultural co-operative society, shall trade in any scheduled farmers' produce unless such a trader has a permanent account number allotted under the Income-tax Act, 1961 or such other document as may be notified by the Central Government."

This duality can create problems. Moreover, FPOs are not explicitly named as a part of the definition of person on the buying side, while cooperatives and co-operative societies are. There is even a separate payment mechanism proposed and rules provided for FPOs. It is not clear why this was needed and why producer members' own agencies like Amul need to be told by government when and how to pay their members.

2.1 Inadequate Rationale for New Trade and Commerce Act

It has been argued and believed by most lay people interested in the issue of farm laws and many experts by now that APMC markets have become monopsonistic (a market characterised by a single buyer) due to collusion among traders in these markets, do not discover prices efficiently and suffer from poor modern infrastructure. Therefore, it was reasoned out that farmers need to be given a choice of channels and better price discovering markets like private wholesale markets, e-markets or new trade areas where farmers and buyers could just negotiate a price mutually.

First of all, it is questionable if the agricultural produce directly sold by farmers can be described as 'trade and commerce' as they do not engage in trade and commerce, as also claimed by farmer unions. Therefore, one can argue that agricultural marketing could not be legislated as a trade and commerce activity which will bring it under the ambit of Entry 33 of the Concurrent List, paving the

way for Union legislation. To support this point, trade transactions between an APMC-licensed trader and another APMC or outside trader who buys from this trader are anyway not under the purview of APMCs, as the APMC Act deals only with farmer-level sale of produce: the first transaction between farmer and buyer directly or through a Commission Agent (CA) and not subsequent transactions (Singh, 2020). Therefore, much ambiguity would have been avoided and farmers apprehensions not raised if such subsequent transactions, which qualify under 'trade and commerce', had been separately legislated upon under the Union List where Entry 42 has inter-State trade and commerce as its scope.

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The view that APMC markets are *sarkari* or are not democratic in most States is not true as vibrant elections are held in major States like Gujarat, Maharashtra and Karnataka. That APMCs are not government bodies is clear from the recent statement in the Gujarat Assembly where it was stated that Gujarat has 227 co-operative APMCs and 30 private APMCs and only two new private markets have come up during the last two years. Only some States like Punjab have not conducted elections for APMCs for decades now and all office bearers are nominated.

On the issue of infrastructure, a Report by the Lok Sabha Standing Committee on Agriculture (2018-2019) pointed out that even as early as 2015, 83 per cent of APMC markets had godown facilities, 66 per cent had covered platforms, 76 per cent had drinking water facilities and 65 per cent had toilet facilities. Citing the same survey conducted by the Directorate of Marketing Intelligence, the Report pointed out that 38 per cent of these markets had farmer rest houses, 15 per cent even had cold storages, 29 per cent had drying platforms and 22 per cent had grading facilities.⁶

Another argument for bringing in the central Acts was that the States were not reforming markets fast enough and adequately. Evidence from the same Standing Committee Report, however, speaks to the contrary. Even before the Union government's ordinances in 2020, the States had started to implement the

Model Acts drafted by the Centre, which indicates the extent and speed of reforms. By June 2018, a total of 23 States had permitted direct purchase from farmers, 21 allowed e-trading, 23 had single point levy of market fee, and 22 issued single trading license for the entire State. In addition, 22 States/Union Territories (UTs) had allowed private wholesale markets, 20 permitted contract farming, and 15 even freed fruits and vegetables from APMC regulation altogether.⁷

To add to the irony, just when the ordinances were brought in last year, 27 out of India's 29 States and two UTs had already implemented most of the provisions: single license, single-point levy of market fee, direct marketing and private wholesale markets, through amendments to their APMC Acts. Even as recently as 2019, the 15 Finance Commission's report for 2020-21 introduced performance-based grants for States to incentivise them to adopt the model APLM Act, 2017, the model Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act, 2018 (APLCFA or Contract Farming Act) and the model Land Leasing Act (Rawal et al, 2020).

Paradoxically, although the basic objective of the new Acts is to open up agricultural markets for both buyers and farmer-sellers, the Union Acts bring re-regulation in some States. For instance, Bihar had done away with regulation a long time ago, while Sikkim and Kerala never had any. This goes against the argument for freeing of markets, though that need not be desirable, as the experience of Bihar shows (Singh, 2015; Bera, 2021).

2.2 Why are farmers and *Arthiyas* protesting? Would APMCs die?

The fear expressed by farmers and their unions about MSP arises from the absence of a level-playing field between new trade area and APMC players. There would be

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no taxes in the trade area, in contrast to significant buying costs in APMC market that can go as high as 8.5 per cent in Punjab, including the 2.5 per cent commission for the commission agents (CAs or *Arthiyas*). Therefore, due to lower buying cost, the traders and even agents may move out of the APMC market yards and start buying from new trade areas (non-APMC areas).

Another apprehension is that the Union government can also proactively shift its own buying agencies to the new trade area to buy directly from farmers. This would still give access to MSP for farmers but the CAs may suffer as then they would not be able to charge hefty commission which has been increasing along with every hike in MSP over the decades.

The recent directive of the Food Corporation of India (FCI) to the Government of Punjab to arrange to pay farmers directly for their produce bought by the FCI in Punjab into their bank accounts and not through the CAs is a clear signal that the central agencies are not keen to maintain the *arthiya* as an intermediary. The FCI is reported to have even offered to pass on the 2.5 per cent commission earlier paid to the *arthiyas*, to the farmers in their accounts as an incentive for receiving direct payment. However, the FCI would still buy from the APMC mandis like how the Cotton Corporation of India did in case of cotton during the kharif season without involving and paying the *Arthiyas*.

That existing APMC mandis would face a crisis after the new Act comes into force is clear from the already available reports which suggest that trade is moving outside the APMC markets and the State governments are now lowering the market fee and other cesses to retain some competitive position as seen in M.P. (Arora, 2020; Siddique, 2020; Kakvi, 2020; Dwary, 2021).

The apprehension about MSP and procurement going away⁸ arises against the backdrop of the Acts coming in the context of some recent policy documents like the Shanta Kumar Committee Report of 2015 and the Commission for Agricultural Costs and Prices (CACP) reports suggesting reduced procurement and an end to open-ended procurement from States like Punjab to cut down buying costs of FCI. It is feared that FCI itself may start procuring directly from the new trade area to cut down its buying costs like market fees and *arthiya* commission.

That this set of new Acts will bring new investment in agriculture is a misplaced hope if one goes by the experience of Kerala which never had an APMC Act, or Bihar which repealed the APMC Act in 2006 (Singh, 2018) or Maharashtra which delisted fruits and vegetables from APMC in 2018. It is important to note that laws cannot replace policy. Therefore, a policy has to be in place to get the agricultural

sector and markets going. New investment would need incentives, and not just ease of doing business.

More importantly, from the viewpoint of the farmers, perceived changes in the 'social contract' between farmers in some States and the Union government lie at the root of the apprehensions which

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have resulted in protests and their unyielding positions. This social contract is seen in the form of

government not only promising farmers an MSP for 23 crops but also procuring some of them (mainly wheat and paddy) since the 1960s and farmers responding to it by adopting new varieties and investing in farming which led to sufficient production of foodgrains in India over the decades.

Now, it is feared by farmers that government is not keen to stay committed to this promise and its delivery because it is providing a bigger space and role for private players in this domain. The proposals like deficiency price payment without direct procurement by government besides suggested reduction in public procurement by some government bodies like CACP and other committees like Shanta Kumar Committee are seen from this perspective by the farmers.

In the popular understanding of the farmers, the role of the state would transform from that of a supportive framework for the agricultural sector to that which facilitates, even encourages corporate operations. This is more like a fear of a withdrawal of the state from agricultural markets suddenly and leaving it open to private sector to engage with farmers without adequate protection of the law or support of the state agencies for farmers.

3. Contract Farming Act, 2020

It is important to recognise that contract farming has been in practice in India since the 1960s in seed sector and in other farm produce in many states, Punjab and Haryana to name just two, since the 1990s with multinationals like Pepsico undertaking tomato and potato contract farming. Further, contract farming has been permitted in most States as per the model APMC Act 2003 of the Ministry of Agriculture and Farmer Welfare and later under the model APLM Act,

2017 and more recently in some States under the model Contract Farming and Services Act, 2018.

Tamil Nadu was the first State to pass contract farming Act, the Tamil Nadu Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act, 2019⁹, based on the model Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act, 2018¹⁰, and Odisha did the same in 2020. Now the efforts by these States to reform their markets have been thrown to the winds although some of them had not applied much mind to the enactment of the Acts. The Union government could have used Entry 7 of the Concurrent List to frame a law on contract farming as it would have been about crop contract and not agricultural land contracts which are not allowed under that entry.¹¹

Contract farmers in various parts of India have faced many problems like undue quality cut on produce by firms or no procurement of produce, delayed deliveries at the factory, delayed payments, low price, poor quality inputs, no compensation for crop failure or higher cost of production and even stagnation of contract prices over time, known as 'agribusiness normalisation' (Singh, 2020c).

The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 (MoAFW, 2020), is nothing but a badly designed contract farming Act. The use of the term 'farming agreement' itself is unusual as it is being confused with other arrangements like sharecropping or leasing agreements. Contract farming is about contract first and farming being part of it, not just farming. The biggest perception problem is that it is being confused with corporate farming (corporates doing their own farming on leased or owned land) and it is definitely not that. The Act clearly says that the contracting agency cannot lay any claims on the farmer's land and cannot even lease it.

However, the manner in which the Production Agreement is defined raises fears of land leasing being a part of it. The Act defines a production agreement as:

"Where sponsor agrees to provide farm services, either fully or partially and to bear the risk of output but agrees to make payment to the farmer for the services rendered by such farmer". (MoAFW, 2020, p.2)

How can this be a case of contract farming? Why would a sponsor pay to a farmer for services? How can a buyer bear output (production) risk? The contracting agency only bears and reduces farmer's market risk. Therefore, it is only natural to suspect that this is about land leasing rather than contract farming.

In fact, the Rajasthan Amendment Bill, 2020 is more upfront as it accepts/assumes that leasing is legal under the Act and states:

"Where under a farming agreement, sponsor undertakes the farming by deploying his/its manpower, the sponsor shall be liable to remove his manpower from the agriculture farm/field from the next date of termination of the farming agreement and in the event of manpower of the sponsor continuing in the agricultural farm/field, the sponsor shall be liable to pay damages to the farmer to the tune of such amount as may be notified by the state government from time to time which shall not be less than one thousand rupees per bigha per day". (GoR, 2020)

Even the Model ALPCF&S (P&F) Act, 2018, had land leasing allowed under contract farming definition (Singh, 2018). which was not correct. Going by the nature of activity which the law seeks to address, contract farming, where the primacy is on production of crop by a farmer, can never include land leasing, as in the latter case, the farmer is not involved in production.

3.1 Poor design and role of FPOs

Another flaw in the Act is that basic aspects of contract farming like acreage, quantity, and time of delivery are not specified which is mandatory for any law regulating it as these constitute the building blocks of the activity that is being legislated. The government advertisement claims that farmer can withdraw from

contract arrangement anytime without incurring any penalties. This is again not true and cannot be a part of the arrangement if contract farming has to succeed. The Act also leaves out many sophisticated aspects of modern contract farming practice like contract cancellation clauses, delayed deliveries or purchase, and damages therein, and ‘tournaments’ in contract farming where farmers are made to compete with each other and paid as per relative performance which is banned in many countries (Singh, 2020b).

It is rather unfortunate that the Act links bonus or premium price under contract arrangement over and above the guaranteed or pre-agreed price with APMC

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mandi price or electronic market price which has to be part of the contract agreement. This approach is anti-contract farming in nature. The price like many other basic aspects of contract should be left to the parties to negotiate and cannot be tied to any other channel especially APMC price as this would defeat the stated rationale for bringing in this law, which was to provide alternative channels to farmers and create competition for APMC markets. Having started off by asserting that these APMCs were inefficient in price discovery, going back to the same mandi not only speaks ill of the Act but could also raise apprehensions over the real intent that propelled these laws.

The guidelines also allow sharecroppers to be made a party to the contract and be held responsible for receiving and utilising the inputs as well. This is very surprising, as a contract farming agreement is generally between either a landowner or a lessee as one party and the contracting agency as the other, and not both. The guidelines also mention that contract agreement should be as good as any contract under the Contract Act. If the contract farming agreement has been kept outside the purview of the civil courts, then why give this guideline? It shows a lack of clarity of the various provisions of the Act and raises questions about rationale behind them.

Like the FPTC Act, in the Contract Farming Act too, categorising an FPO as a farmer is not proper. There are many FPOs in India which are undertaking contract

farming directly or indirectly with their members and non-member farmers like in seed production (Singh, 2020a). Therefore, clubbing them with the farmers is not correct. They are more of buyers and suppliers, rather than producers.

That the Act goes all the way to facilitate contract farming is clear from the fact that it mentions that the stock limits Act (ECA) would not apply to contract farmed produce. Why should this provision of another Act be specifically mentioned in another law which has nothing to do with this law directly or indirectly? More importantly, the aspects of farmer empowerment and protection mentioned in the title of the Act have been given a go by in its contents.

4. The ECA Amendment

The amended ECA intends to promote investments in cold storage, warehouses, processing and export infrastructure, provides for relaxation for major cereals, edible oilseeds and oil, pulses, and onion and potato crops though that would still not be absolute freedom from the ECA. This relaxation allows regulation of stock by government only in extraordinary circumstances which may include war, famine, natural calamity of grave nature or extraordinary price rise.

The amended ECA, 2020, permits government to impose stock limits if prices rise about 100 per cent of the previous year/5-year average retail price for horticultural produce and 50 per cent in the case of non-perishables. Further, it states that such orders would not apply to a processor or value chain participant of any agricultural produce if its stock limit is lower than or just equal to its installed capacity for processing or demand for export in case of an exporter. The definition of a value chain participant includes farm producer, processor, packer, storing entity, transporter, and distributor, where in each stage, value is added to the product.

These ECA relaxations sound good from the perspective of various value chain participants but may not really help farmers directly. Only some FPOs may be able to use it for storing their produce for better prices and/or processing/value addition. Moreover, FPOs can benefit only if they have warehouses and are involved in processing, storage, packing, transport, and distribution - any activity which adds value.

The consumer benefit of this relaxation is not a given as it may actually end up leading to larger hoarding, and therefore, higher consumer prices. The more important aspect of this ECA reform was to do away with export bans that can really translate to indirect benefits for the farmers by giving them stable export market access. However, the 2020 imposition of complete ban on onion exports (by Director General of Foreign Trade) with little regard for the provisions of the amended ECA 2020 on perishable produce does not inspire any confidence among investors that the regulations would be consistently followed.

4.1. Implications for food security

Although the Statement of Objects and Reasons of the Act claims that India has attained surpluses in most agricultural commodities, data on per capita availability tell another tale. According to the Agricultural Research Data Book, 2017, between 1961 and 2018, the increase in availability of cereals was only about 26 grams per person per day – a mere six per cent increase over more than five decades. The overall foodgrain availability per person per day grew only by a paltry three per cent or 15 grams over this period. In case of pulses, the availability was actually 14 grams lower per day, that is a 21 per cent decline over these years, and gram availability dropped by 13 grams or 43 per cent over this period, despite some of supply coming from imports.¹²

Added to this poor showing on per capita availability are the levels of hunger and malnutrition that can only worsen with food inflation. Therefore, the "de-fanging" of the ECA would provide windfall gains for monopoly traders and companies who speculate on prices while turning into a nightmare for poor consumers who depend on the market to buy their food supplies, which includes some farmers who are net buyers of foodgrains, despite a reasonably well-run Public Distribution System under the National Food Security Act.

5. Conclusions and Way forward

It is important to ask: Can one size fit all in a diverse country like India in its markets and institutions? For example, Punjab may be ready for contract farming or direct purchase but not Odisha. Some States have functional APMC infrastructure while others have none or have dismantled it like Bihar did with the

stroke of a pen in 2006. Do we need more mandis or more de-regulation? Would only more mandis do, or do we need more functional and effective mandis?

It is also important to recognise that Indian agri-produce markets are decentralised and dynamic. One agrees that the APMCs in some States are inefficient and ridden with corruption and malpractices, but is moving away the solution? Should we abandon the existing structures which would amount to throwing away the baby along with the bathwater, or should we reform the APMC markets as they are the last resort for millions of marginal and small farmers who would never be attractive to corporate buyers whether individually or collectively through FPOs?

Should we not reform APMC markets as they are the last resort for millions of marginal and small farmers?

The decision to do away with APMC regime on grounds of inefficiency and monopsony is similar to the argument against practicing democracy. Should we give up democracy or federalism because it is not working smoothly? If self-reliance is the purpose of these reforms, should it be achieved through corporates or through people's agencies like APMCs and FPOs?

The way forward is to either leave the intra-State agri marketing reforms to the States in the spirit of co-operative federalism, as States are no less keen to permit new channels for farmers and buyers, and compete among themselves, or to amend the Acts in consultation with the States and other stakeholders, especially farmers to make the new Acts deliver the regulatory oversight and farmer interest protection. In the case of first option, the Union government can still legislate on inter-State trade and commerce in farm produce under the Union List Entry 42. Also, it can explore the provision of Entry 7 of the Concurrent List for legislating on contract farming as that is about contracts other than agricultural land and contract farming is about crops/produce being grown under contract.

In the case of the amendment option, in order to win farmer confidence in contract farming, the land leasing provision should be removed from the definition of contract agreement in the Act, and it should be clearly written in the Act that no recoveries other than from farm produce can be made from famers even if they

default. Similarly, the 'APMC mandi bypass Act' should go beyond PAN card for buyer registration and also provide for mechanisms for counter party risk guarantees for farmers and create a level playing field for APMC mandis by imposing some buying costs in the new trade area which can also help build and support existing and new market infrastructure.

With regard to the ECA, there is need to scale down the relaxation or to introduce it in a graded manner as the price rise ceilings provided under the amended Act are too high. Moreover, all players should be brought under it, instead of exempting some completely. We need to remember that the main emphasis of such Acts should still be adequate regulation and protection of farmer and poor consumer interest, and not promotion or facilitation of private business interest.

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