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Farm-Laws 2020 in the Perspective of Agricultural Price Policy

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ABSTRACT

The lop-sided production with an unwarranted surplus in wheat and rice and deficit in oilseeds and pulses may be largely attributed to biased agricultural price policy (APP). Wheat and rice are regularly purchased at minimum support price (MSP) by Food Corporation of India (FCI) without any cap whereas NAFED purchases a maximum of 25 quintals per farmer and not more than 25 per cent of pulses and oilseeds production in the year concerned. FCI is also reimbursing taxes and arhatia commission in wheat and rice procuring states, while states purchasing pulses and oilseeds have to forego all taxes. Since the 1970s, Punjab and Haryana have been the main beneficiaries of MSP and some big farmer-cum-traders in Punjab have formed strong Farm-Unions (FUs) to bargain for the waiving of quality norms, waivers of loans, and declaring farmers' deaths as suicides. Now, these unions are spearheading the agitation against the three farm laws of 2020. The paper attempts to link these farm-laws with the issues thrown up by the APP. Besides regional bias, the other negative outcome of procurement at MSP is non-participation of stockiest and processors in purchases at the time of harvest. It is due to the known stocks of NAFED and FCI, from where they purchase at prices below MSP. Government of India is losing on both counts by purchasing at a higher price and selling at a lower price than the market. Perhaps, Government of India may have introduced the laws as Ordinances before passing them as Acts to reduce purchases from the *kharif* of 2020 itself. The easing of stock limits under ECA, bringing in the concept of 'trade area without any tax" and non-mention of MSP as a reference price may be linked to this problem of APP. But after the protest by the Punjab dominated FUs, most of the apprehensions have been addressed, except for legalising the MSP.

Keywords: Minimum support price, Price support scheme, Agricultural produce marketing Committee, Trade area, Farmers' unions, Farm agreement

JEL: Q13, Q11, Q18

I

INTRODUCTION

Agriculture in India is at a critical juncture as reflected in the farmers' demands for loan waivers and higher minimum support prices (MSPs), especially since 2015 (Sangwan, 2019 a,b). The crisis is multi-dimensional. The basic problem is the small average farm-size of 1.08 hectares (ha). In 2015-16, marginal and small farms accounted for 68.5 per cent and 17.6 per cent of total holdings, with average sizes of 0.38 ha and 1.4 ha, respectively (Government of India, 2020a). Our law of inheritance augments the problem by continuously increasing the small and fragmented holdings. Studies have brought out that all the marginal and small farms without irrigation are not viable (Babu *et al.*, 2021). The price of the crops is also emerging as a national issue because the announced MSPs for 23 crops are not realised by the farmers, except for a few crops in some states. Without dovetailing with the generic problems of farming, the Government of India announced in 2017 that it would double farmers' income by the year 2022. In this regard, providing higher MSPs at cost A_2 plus family

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labour in 2018 may be the first macro step (Government of India, 2018b). The second step may be the passing of three farm Acts in September 2020, echoed as agricultural marketing reform laws by Government of India. This paper limits itself to explaining the need for the Farm Acts of 2020 in the perspective of the issues arising from the on-going agricultural price policy (APP) since the 1970s.

Context of the Paper

The APP in our country is implemented through the procurement of wheat and rice at MSP by the Food Corporation of India (FCI) and the pulses and oilseeds by the National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) under a price support scheme (PSS). This paper, after its introduction in Section I, critically examines the APP for cereals versus pulses and oilseeds in Section II. The issues emerging from the execution of the APP, especially for pulses and oilseeds, are brought out and discussed in Section III. An attempt is then made to link the issues emanating from the APP with agricultural laws of 2020 in Section IV. This section also comments on the apprehensions of the farmers and the amendments offered by Government of India.

Data Base

The study is based on secondary and primary data. The secondary data was collected in 2018 for a study with the involvement of the author as a consultant (NABCONS, 2019). It was updated in July 2021 from the publications of the Directorate of Economic and Statistics (DES), the Ministry of Agriculture and Farmers' Welfare (MAC and FW), NAFED, and FCI. The analysis also incorporates the perceptions of 3400 farmers in 8 states who had sold pulses (gram, tur, Urad) and oilseeds (rapeseeds, soyabean and groundnuts) at their MSPs. The author himself visited some of the states to get feedback from the ground. It enabled him to guide the segregation of the data collected by field teams and analyse the data in the report.

II

AGRICULTURAL PRICE POLICY IN INDIA

At present, we have a huge stock of wheat and rice, i.e., about 2-3 times our buffer requirement, whereas, the country is still importing pulses and especially oilseeds of about Rs.80000 crore per annum. The lop-sided production may be largely attributed to the biased implementation of APP for wheat and rice versus pulses and oilseeds. To illustrate, wheat and rice are purchased by FCI at their MSPs without any cap on quantity for individual farmers or their overall production in a state. Whereas pulses and oilseeds are procured with a cap of 25 quintals per farmer and a purchase limit of 25 per cent of total crop production. Further, procurement under PSS is not regular as it is allowed to a state if the production in the year is surplus and the price is likely to fall below the MSP.

Further, States arranging FCI purchases claim about 4 per cent of purchase-value as fee/cess and its commission agents (arhatias) are claiming 2.5 per cent as commission and some expenses for cleaning, etc. While the States implementing the PSS, have to give undertaking to forego the market fee, cess, etc., on the quantity to be procured by NAFED. Even the arhatias are not involved in PSS and State has to arrange for procurement at a nominal fee. The farmers of selling wheat and rice are paid within 72 hours while the growers of pulses and oilseeds selling to NAFED are getting payment after 20 days or more. Owing to more benefits in the States procuring wheat and rice at MSPs; some big farmers-cum-arhatias have formed strong farmers' Unions (FUs) to bargain for waiving of quality norms, loans from banks and even compensation for farmers' suicides.

Regional Bias in Procurement of Wheat and Rice

Along with lop sided production, discriminatory price policy for wheat and rice versus pulses and oilseeds has resulted in bias regional benefits too. During the triennium ending 2020-21, the wheat procurement as per cent of their total production was 35.8 per cent at all India level (Table 1). It may be noted that Punjab and Haryana are the only States purchasing 100 per cent of market arrivals since 1970s while other States were either not procuring or doing partially in recent years. In the *rabi* marketing seasons (RMS) of triennium ending 2021-22; of the total procumbent of 369.6 million tonnes of wheat by FCI, Punjab, Madhya Pradesh, Haryana, Uttar Pradesh and Rajasthan contributed about 35, 24, 24, 11 and 5 per cent, respectively. The states of Madhya Pradesh, Uttar Pradesh, Rajasthan and Uttarakhand have started procurement in the last 5 years and prior to that Punjab and Haryana used to account for about 80 per cent in the FCI purchases.

TABLE 1. STATE-WISE PROCUREMENT OF WHEAT AND RICE

(*in lakh tonnes*)

	Wheat Average during in Triennium ending RMS (2020-21)			Rice Average during Triennium ending RMS (2018-19)		
State (1)	Total procurement (2)	Per cent of total production (3)	Per cent of all India procurement (4)	Total procurement (5)	Per cent of total production (6)	Per cent of all India procurement (7)
Punjab	128.0	70.2	34.6	114.3	89.0	28.4
Haryana	88.0	72.3	23.8	38.4	85.0	9.5
Madhya Pradesh	89.9	52.1	24.3	13.0	28.2	3.2
Chhattisgarh	-	-	0.0	37.5	57.2	9.3
Rajasthan	17.1	17.0	4.6	-	-	0.0
Uttar Pradesh	41.5	13.0	11.2	29.2	18.1	7.3,
Bihar	0.2	0.3	0.1	Neg	Neg	0.0
Odisha	-	-	0.0	38.0	49.0	9.4
Telangana and AP	-	-	-	83.1	56.3	20.7
Others	4.9	-	1.3	48.8	-	12.1
All India	369.6	35.8	100.0	402.3	35.6	100.0

Source: CACP Rabi and *Kharif* Price Policy Reports. *Note*: means nil/negligible or not available.

Table 1 also shows that the rice procurement during the triennium ending KMS 2018-19 was 35.6 per cent of its all India production. The contributing States are Punjab, Telangana and Andhra Pradesh, Haryana, Chhattisgarh, and Odisha and Uttar Pradesh accounting for about 28, 21, 10, 9, 9 and 7 per cent, respectively. But in rice too, the procurement in Punjab and Haryana is 89 and 85 per cent of their total production compared to all India average of 36 per cent. It has pushed up all India rice procurement to about 50 per cent of all India production in 2020-21. Thus, farmers of Punjab and Haryana are historically the main beneficiaries of procurement by FCI. Besides, the State and arhatias have earned taxes and commissions.

Procurement of Pulses and Oilseeds

The procurement of pulses and oilseeds is not regular as per the PSS guidelines (Government of India, 2018a); hence, their procurement for longer period of 2014-15 to 2019-20 is shown in Table 2. As per the Annual Reports of NAFED, the procurements in this period are higher than that 2009-10 to 2013-14 (NAFED, 2021 and earlier years). Actually, higher purchases under PSS started from the *khari*f 2017 as prices had crashed in 2016-17 after demonetisation (Kishore, 2017). The pulses and oilseeds procured as per cent of total production during are 6.40 and 1.92 per cent in the recent period compared to just 0.17 per cent and 0.38 per cent in the earlier period. Their procurement was the highest in *kharif* 2017 and *rabi* 2018-19 when it was as high as 12.3 per cent of their production (Government of India, 2019). The state-wise shares are also shown in the Table 2.

TABLE 2. PROCUREMENT OF PULSES AND OILSEEDS AT MSPS DURING 2014-15 TO 2019-20

(*in tonnes*)

State	Pulses		Oilseeds	
	Procurement	State share	Procurement	State share
(1)	(2)	(3)	*4)	(5)
All India	8138379.62	100.00	3458781.04	100.00
Gujarat	411408.71	5.06	1545569.17	44.69
Rajasthan	1795639.32	22.06	1005842.75	29.08
Madhya Pradesh	2658148.92	32.66	181508.94	5.25
Maharashtra	1303078.67	16.01	27550.67	0.80
Karnataka	1030032.94	12.66	13702.68	0.40
AP and Telengana	799778.27	9.83	115474.70	3.34
Tamil Nadu	8294.17	0.10	1170.90	0.03
Haryana	1602.25	0.02	542958.80	15.70
Odisha	8290.10	0.10	10482.64	0.30
Uttar Pradesh	115300.75	1.42	9953.50	0.29
West Bengal	6789.37	0.08	4566.29	0.13
Jharkhand/Bihar/A and Nicobar	16.15	0.00	0.00	0.00

Source: *Annual Reports* of NAFED Ltd and *Agricultural Statistics at Glance* of DES, Government of India.

In pulses, the beneficiary farmers were from the states of Madhya Pradesh, Rajasthan, Maharashtra, Karnataka, Gujarat and seven others while the oilseeds beneficiaries were from Gujarat, Rajasthan, Haryana (South) and Madhya Pradesh and seven others. Madhya Pradesh alone accounted for about 30 per cent of both. It is to be noted that all these states/ area are less irrigated than that of wheat and rice. Despite limited quantity purchased under PSS, its number of beneficiaries is much more than that of wheat and rice. It may result in somewhat correction in regional bias. Moreover, it may reduce the annual import bill of for the oilseeds and pulses. Hence, it may be in the social and national interest to procure total production of pulses and oilseeds.

III

IMPACT OF IMPLEMENTATION OF AAP

The foremost objective of the procurement at MSP is to bring up the market price of the commodity around or above the MSP by reducing its supply in the market. It may incentivise farmers to increase production to achieve self-sufficiency and export. Further, with adequate stock, government can stabilise their market prices over time and seasonal variations during a year. The important issues thrown up from execution of APP especially the PSS are as under.

Procurement Failed to increase Market Prices

It is well documented in case of wheat and rice that their market prices are below the MSP especially in the states where procurement are not arranged. Under PSS too, despite frequent and higher procurement of pulses and oilseeds; their market prices have not increased except during the drought years 2015 and 2016 (Table 3).

TABLE 3. FARM HARVEST PRICES AND MSPS OF IMPORTANT PULSES AND OILSEEDS

(*Rs./quintal*)

Crop/MSP/FHP /FHP (1)	2010-11 (2)	2011-12 (3)	2012-13 (4)	2013-14 (5)	2014-15 (6)	2015-16 (8)	2016-17 (9)	2017-18 (10)	2018-19 (11)	Correlation coefficient (12)
Tur- MSP	3000	3200	3850	4300	4350	4625	5050	5450	5675	
Tur- FHPs	1966	3165	3655	4077	4828	6380	4673	3999	4400	-0.63
Moong- MSP	3170	3500	4400	4500	4600	4850	5225	5575	6975	
Moong - FHP	NA	NA	NA	5054	6735	7766	5005	4414	5400	-0.51
Urad -MSP	2900	3300	4300	3400	4300	4350	5000	5400	5600	
Urad -FHP	NA	NA	NA	3637	4795	9447	6302	3578	5000	-0.57
Groundnut-SP	2300	2700	3700	4000	4000	4030	4220	4450	4890	
Groundnut FHP	2792	3490	4276	3061	3599	3771	4268	3843	4100	-0.22
Soyabean MSP	1440	1650	2200	2500	2500	2600	2775	3050	3399	
Soyabean-FHP	2085	2212	2952	3521	3494	3450	2741	2587	2521	-0.88
Gram MSP	1760	2100	2800	3000	3100	3125	3425	4000	4400	
Gram FHP	2275	2930	3500	2976	3259	4054	5562	4927	3719	0.32
R and M MSP	1830	1850	2500	3000	3050	3100	3350	3700	4000	
R and M FHP	2432	3103	3280	3212	3460	3717	3259	3559	3398	0.37

Source: MSPs from CACP and FHP from DES and taken as averages of Important States

Table 3 shows that the MSPs of main pulses have surpassed their farm harvest prices (FHPs) during the period 2012-13 to 2018-19 e.g., tur and moong since 2016-17, urad from 2017-18 and gram from 2018-19. In oilseeds, the MSP of groundnut and soyabean and mustard have been above the FHPs since 2013-14 and 2016-17, respectively.

The correlation coefficient (CC) between MSP and FHP was negative with the values as 0.63, -0.51, -0.57 for tur, moong, urad but positive 0.32 for gram. It was negative for groundnut and soyabean as -0.22, -0.88 but positive 0.37 for mustard. The negative correlations for most pulses and oilseeds prove that the hypothesis of increases in market price after Government intervention in procurement at MSP has proven wrong. However, farmers have realised higher income due to more purchases at the continuously increasing MSPs.

Sometimes it is argued that farmers may be given higher MSPs at par with international prices (IPs) to make the country self-sufficient in pulses and oilseeds, but our MSPs have already surpassed the IPs as revealed in the commodity profiles of pulses and oilseeds, published by DES (Government of India, 2019). It is to be noted that WTO conditions also restrain unabated increase in MSPs.

Withdrawal of Processors from Market

Discussions with a few commission agents in APMC markets of Junagadh in Gujarat, Gulbarga in Karnataka and Surajgarh in Rajasthan brought out that the bulk purchasers like dal and oil-mills and feed units are staying away from purchases in the market. It is the main reason for non-increase of FHP after procurement under PSS. One dal-mill owner in Gulbarga told, “I don’t purchase for stocking during harvest season as I know the huge stock with the NAFED which has to be sold before the next harvest. NAFED is continuously selling after the procurement season without any strategy; hence, I purchase from NAFED much below the MSP at the time of my requirement without incurring any cost in storage and interest on working capital.” Thus, the processors were taking benefits Rs.1000 to Rs.1500 per quintal as against Rs.500 to Rs.1000 by the farmers. On both counts, Government of India was losing Rs.1500 to Rs.2000 per quintal. Their other plea for not stocking was the stock limits imposed on traders and processors since October 2015. Similarly, wheat and rice prices are bargained by their processors and wholesale traders with FCI (Sangwan and Deep, 2015). It may be one of the reasons for bringing the market reforms via Ordinances on 5 June 2020 to reduce the procurement in the KMS of 2020-21.

Reduction in Season Variation of Prices

One of benefit of adequate stock with NAFED may be reduction in seasonal variations. An exercise was carried for the main arrival markets of Gulbarga of Karnataka for tur, Bundi of Rajasthan for urad, Alwar of Rajasthan for gram, Nagaur of Rajasthan for moong, Rajkot of Gujarat for groundnut, Buldhana of Maharashtra for soyabean and Kota of Rajasthan for mustard. The 12 months’ average prices of the crop concerned in above markets and its coefficients variations (CVs) of monthly prices during the period 2013 to 2018 are given in Table 4.

TABLE 4. SEASONAL VARIATIONS IN THE PRICES OF MAIN PULSES AND OILSEEDS, 2013 TO 2018

	Average Price and Coefficient of Variation during 12 months of						
Market and crop	Year	2013	2014	2015	2016	2017	2018
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Gulbarga- Tur	Average Price	4234.20	4501.52	7850.65	7616.84	4058.73	3980.83
	CV	5.40	10.07	28.07	18.56	7.12	8.83
Bundi Urad	Average Price	3130.67	4385.76	7933.21	8165.67	4166.11	3131.92
	CV	10.93	10.78	22.82	24.51	18.94	4.41
Alwar Gram	Average Price	2995.85	2732.04	4012.04	5306.90	4928.00	3801.99
	CV	10.40	4.29	15.01	38.83	8.46	6.81
Nagaur- Moong	Average Price	4992.17	6566.21	7377.91	5723.26	4406.74	4820.59
	CV	4.19	10.18	7.90	15.95	4.82	3.99
Groundnut -	Average Price	3920.00	3347.00	4319.00	4779.00	3897.00	3535.00
Rajkot	CV	16.74	5.84	5.86	13.43	11.39	2.41
Buldana-	Average Price	3358.63	3545.75	3342.55	3327.92	2642.25	3194.25
Soyabean	CV	10.94	10.96	7.33	12.83	4.81	5.50
Kota-Mustard	Average Price	3277	3136	3938	4009	3423	3651
	CV	5.51	5.13	12.44	4.22	2.85	2.43

Source: Agmarket.gov.in, CV means Coefficient of variations.

The Table 4 shows that CVs of the four pulses and three oilseeds are much lower in 2013 and 2014 but jumped very high during 2015 and 2016 but again come down almost equal to 2014 and 2015 or even lower. It may be due to adequate stock with NAFED which was continuously sold after the procurement season. Thus, government has succeeded in satisfying farmers and consumer, though by incurring high cost to exchequer.

Pan India Awareness of about MSPs

The implementation of PSS was more widespread in 12 States (Table 2) and even the number of farmers benefited are much more than wheat and rice. The Tur-Board officials in Gulbarga told that the number of registered farmers in the tur-producing districts was exceeding the expected numbers. Hence, they have to reduce per farmers quantity from 25 quintals. All the sample farmers were not only aware of MSP but actually selling too at the government centers. Increasing awareness about MSPs is also confirmed in NSSO 77th and 70th rounds for the years 2012-13 and 2018-19 (Government of India, 2021b). It has made the MSP as a national issue and it is one of the demands of the protesting farmers.

MSP Instrumental in Achieving Higher Production

It is well proved that the price realised in previous year increase acreage allocation under a crop in the next year (Sangwan, 1985). As a preliminary analysis**, t**he correlations were computed between acreage under important pulses and oilseeds in current year and respective MSPs in the previous year for the period 2011-12 to 2016-17 **(**Table 5).

TABLE 5. CORRELATIONS BETWEEN MSP AND ACREAGE OF PULSES AND OILSEEDS (2011-12 TO 2016-17)

State (1)	Gram (2)	Tur (3)	Moong (4)	Soyabean (5)	Urad (6)	Groundnut (7)
India	0.76	0.51	0.60	0.70	0.53	-0.27
Andhra Pradesh	-0.31	0.49	0.43	0.05	-0.02	-0.66
Gujarat	-0.30	0.41	-0.44	0.74	0.29	0.09
Karnataka	0.35	0.48	0.67	0.88	0.03	-0.10
Maharashtra	0.92	0.54	-0.37	0.99	-0.35	0.46
Odisha	0.16	-0.96	0.77	0.02	-0.41	-0.74
Rajasthan	0.30	-0.53	0.40	0.43	0.47	0.70
Telangana	0.32	0.13	-0.51	0.50	-0.48	0.33
West Bengal	0.57	0.89	0.36	0.73	0.75	-0.87

Source: Acreage from DES and MSPs from CACP, computed from annexure 3.3 to 3.8.

The correlations in Table 5 are positive and above 0.50 with all India data except groundnut which may be more cultivated under rain fed conditions. At State level too, the CCs were positive for gram in Maharashtra and Rajasthan; tur in Karnataka; moong in Odisha and Karnataka; soyabean in Gujarat, Maharashtra and Karnataka; urad in West Bengal and Rajasthan and groundnut in Rajasthan. Thus, the farmers in most of the states have allocated more acreage under pulses and oilseeds in response to higher prices realised by selling at MSPs.

IV

ISSUES EMERGING FROM APP AND FARM LAWS OF 2020

The report of the PSS study was submitted to MA and FW in March 2019. It may be one of the inputs in the discussion foray before bringing three laws: The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, The Essential Commodities (Amendment) Act, 2020; and the Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 (Government of India, 2020b). This section discusses the main issues thrown up by the extant APP and their links with the farm laws, if any.

Procure All Oilseeds for Self-Sufficiency

It has been amply proved in the above study (op cit) and earlier ones that higher prices through MSP have been instrumental in the acreage allocation behaviour of farmers. Taking a clue from wheat and rice, a committee of Government of India has also recommended more purchases of pulses under PSS to achieve their self-sufficiency (Subramanian, 2016). Since 2016-17, the production of pulses has reached its peak of 25.23 million tonnes (mt) which is near to our requirement. Our pulse imports were about one mt in 2019-20, which was hovering around 6 mt till 2017-18. It is to be sustained by ensuring their MSPs.

Similarly, the area under oilseeds like groundnut and mustard also indicates an increasing trend after their higher procurement at MSP since 2017. But still, domestic production is giving only 10 mt of oils and we are importing vegetable oils to the extent of 13-15 mt costing about Rs.80000 crore. Along with procurement, Government of India has increased the prices of pulses and oilseeds in India more than wheat and rice. As a result, the shifting of irrigated acreage from wheat to mustard and moong has already started in Haryana, as reported in the Tribune on October 2, 2021 (Sangwan, 2017). We can reach self-sufficiency in oilseeds in the next 3-4 years, if total production of oilseeds is procured at MSP like wheat and rice (Sangwan, 2021a,b,c,d).

How to Involve Bulk Purchasers in Procurement?

As discussed in Section III, the processors of dals, oils, feeds, and flour do not purchase raw products in the markets during the harvest seasons for their own stock. They purchase it from the known stocks of NAFED and FCI at discounted prices. Government of India bears the liability of purchasing at a higher MSP and selling at a price lower than the MSP. The stock limit was another alibi for not purchasing by processors. Therefore, *the Essential Commodities (Amendment) Act (ESA),* may be directly linked to this issue. This Act removes restrictions on inter-state mobility of agricultural commodities and also does away with any stock limit for the processors or value chain participants, especially up to their installed capacity or export order in all situations. Hence, the Act also encourages the processors to purchase at the time of harvest. It was not opposed by the farmers at the initial stage; but now, the FUs allege it as a favour to big corporate for profiteering. It is only an apprehension because the variations in annual agricultural production in recent years have been less than those of the pre-green revolution period; thus, market arrivals in the following season are more certain and will act as an automatic check against profiteering.

The other Act, 'The Farmers' Produce Trade and Commerce (Promotion and Facilitation**)** is also linked to this issue. It brings in the concept of 'trade area' wherein, any person with a permanent account number may engage in inter-state and intra-state trade in agricultural commodities. The 'trade area' will be in addition to the existing APMC markets at locations like farm-gates, factory premises, cold storages, silos, or any tradable structures or places. It also incentivises the processors to purchase at their site as trade areas will be exempted from market fees/cess and also saves on arhatia commission, loading and unloading, and transport costs from APMC. Following farmers' and others' concerns (Sangwan, 2020b), the Government of India has offered states the authority to levy taxes and cess. Even after that, the processors will have benefits in purchasing at their site.

Apprehension about MSP in the Acts

Further, as per the trade promotion and facilitation Act, Government of India, through its organisations, may develop a price information and market intelligence system for agricultural commodities and a mechanism for its dissipation. It may be a process to link prices with the market, as there is no mention of the MSP in the Act. The discrimination bias in price is apprehended when a single factory owner is chased by 100 sellers. Moreover, all the produce of farmers, especially of lower grade, may not be purchased and there will be a problem with market clearance. A farmer may have to go to many places to sell his left-over lower grade produce.

The third, 'The Farmers' (Empowerment and Protection) Agreement on Price Insurance and Farm Service Act," puts more emphasis on quality, grade, pesticide residue, and standard of farm produce. The Act states that the price of standard produce to be paid may be determined and mentioned in the agreement. In determining the price, the Act says that it may be linked with any suitable price, but it also does not mention reference prices as the MSP.

Thus, the question of MSP has become entangled with the farm laws. It is apprehended that both the above Acts, with no tax in 'trade areas' outside APMC and no reference to MSP, may destroy the APMC-MSP regime. The author also echoed his opposition to these bills (Tribune, 28 Sept., 2020 and Mainstream Weekly-26 September, 2020). But after 11 rounds of talks with the FUs; Government of India has offered to make amendments to the laws to address most of the apprehensions (Sangwan, 2021), except for legalising MSP (Government of India, 2020b).

How to Ensure MSP for all Crops?

Ensuring MSP is paramount to sustain farming in India. Even major agricultural producing countries such as Australia and the United States guarantee their farmers a minimum guaranteed price (MGP). But it is not through legalising but through area planning. Being a student of area planning since long, I have been harping on the subject since 2017 (Sangwan, 2017; 2020b,c,,d; and 2020a). It may not be possible to approve plans for small individual farms in India, but MSP may be used as an instrumental variable in area allocation. Registration may be made mandatory before sowing of a crop to ensure purchase at MSP. After reaching a desired level of a crop area, its further registration may be stopped and a farmer can opt for the next best remunerative crop. Thus, the area planning is sine-qua-non for ensuring MSPs for all crops.

V

CONCLUSIONS

The review of APP reveals that the new farm laws may have been brought in to address some of its anomalies by removing the stock limit and introducing the concept of a tax free 'trade area'. The main aims of the Acts appear to involve the processors in the procurement; otherwise they are taking undue benefit of government known stocks. The Acts also attempt to link purchases with market prices, which may be synchronised with the MSP through contract farming. But the farmers, especially the FUs of Punjab, who are long time beneficiaries of the MSP regime, are strongly protesting. However, strong support has not come to them from states other than Punjab, Haryana and Tarai regions of Uttar Pradesh (Singh, 2021) and Uttarakhand. After talking with the FUs, Government of India has offered amendments to address most of their apprehensions, except legalisation of MSP, which is not practical due to its multiple implications on the overall economy. The prolonged agitation along with Corona-19 has become detrimental to Government of India and the involved States whose residents and economies are suffering. Keeping in view the impasse, the SC has stayed the operation of the Acts for one and half years. The FUs, in addition to the amendments offered by the Government of India, may demand a longer period of time to keep these Acts in abeyance to pave way for fresh thinking and avoid the strict measures by the SC.

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