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## **The Changing Landscape of Agricultural Policies in India: From Independence to the Present**

**Sukhdarshan Singh**

Research Scholar, Department of Political Science, Punjabi University, Patiala, sukh6454@gmail.com

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### **ABSTRACT**

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This paper examines the evolution of agricultural policy in India, tracing its development from independence in 1947 to the present day, a transformation that turned the country from a food-deficient nation into a major agricultural producer. This paper analyses agricultural policies in India across four distinct phases. The first phase (1947–1965) was marked by state-led planning, focusing on institutional restructuring like the abolition of the zamindari system and the introduction of tenancy reforms and land ceilings, alongside regulatory measures such as the Essential Commodities Act (1955). The second phase (1965–1990), known as the Green Revolution, achieved food self-sufficiency through the adoption of high-yielding varieties, input subsidies, and the Minimum Support Price (MSP), though it concurrently led to environmental issues. Following economic liberalization, the third phase (1991–2014) introduced market-oriented reforms encouraging global integration. While boosting exports, this period saw agrarian distress due to declining public investment and increased exposure to global price volatility. The fourth and current phase involves deeper structural reforms, exemplified by the introduction and later repeal of the 2020 Farm Laws, which highlighted the enduring tensions between market integration and the foundational legacy of state-led interventions like the MSP framework.

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## Introduction

Despite rapid growth in industry and services, agriculture plays a very pertinent role in India's socio-economic fabric. More than half of the Indian population is directly or indirectly dependent on agriculture for their livelihood. India's agricultural policies have transformed in response to factors such as post-independence nation-building objectives, the green revolution, and market liberalisation.

During British colonial rule, agriculture was subject to exploitative tax schemes, such as the zamindari system in many areas of the country, which benefitted landlords over peasants. A large portion of the rural population was landless. In addition, lack of investment in irrigation, technology, and rural infrastructure caused agriculture to become highly dependent on the monsoon, leading to low production and frequent famines (Bhatia, 1967). In the years immediately following India's independence in 1947, efforts were made to overcome the agricultural crisis caused by colonial control. The Indian government implemented several laws and policies between 1947 and 1960 with the goals of increasing agricultural production, restructuring institutions, and land reforms. These early efforts laid the foundation for later agricultural revolution in India.

Although agriculture is a state subject under the constitution of India, the central government remains an important actor in agricultural policy. It plays significant role both in developing and implementing national policy and in funding much of the policy effort implemented by the states. The administration of agricultural and food policy in India is therefore multifaceted and involves many ministries, agencies, and other institutions at both the central and state levels. The central government's Ministry of Agriculture, which in 2015 became the Ministry of Agriculture and Farmers' Welfare, provides important guidelines for agricultural policies. The implementation and administration of many policies remain the responsibility of the state governments. Since gaining independence in 1947, agricultural policies have played a significant role in national development, food security, rural poverty, and economic growth.

## Post-Independence Agrarian Reforms

The main policy thrust after independence was food security and self-sufficiency. India pursued a policy of agrarian reforms, expansion of cultivated area and large-scale investment in irrigation and power infrastructure. The first major legislation enacted in the agricultural sector was the Zamindari Abolition Act (1950), which eliminated intermediaries, ensured ownership rights to farmers (Thanga & Vanlalkhumtiri, 2023). In the immediate post-independence period, India faced enormous challenges including low agricultural productivity, widespread poverty, and food insecurity. Thus, the initial



agricultural policies were primarily focused on land reforms, the consolidation of small holdings, and the improvement of irrigation facilities. These reforms were designed not only to redistribute land but also to break the hold of feudal structures, thereby creating a more equitable base for rural development.

These initiatives were aimed to increase the productivity of small and marginal farmers by providing them direct access to land and resources. At the same time, the government established various institutions to support agricultural research, extension services, and rural credit, thereby laying the foundation for future technological progress.

Formal planning for the economy began with the launch of the first five-year plan (FYP), 1951-1956, by the Planning Commission. Before independence, 24% of the cropped area in India was irrigated. After partition, this percentage fell to 19% in India and increased to 44% in Pakistan. The government realised that it is pertinent to improve the irrigation infrastructure if it wanted to feed its people. As a result, the first five-year plan focused on stabilising agricultural production by expanding irrigation facilities and bringing more area under cultivation. About 30% of the total plan expenditure was spent on agriculture and irrigation. Several major river valley projects such as Bhakra Nangal, Hirakud, Nagarjuna Sagar, Rihand, etc. were initiated under this plan (Saini & Gulati, 2018).

Thus, the first five-year plan focused on agriculture and irrigation and considered them prerequisites for economic development. The plan also launched large-scale campaigns such as the Grow More Food Campaign to increase agricultural production through improved seeds, chemical fertilizers, and expanded irrigation. In addition, the Government of India encouraged co-operatives in credit, marketing, and processing to empower small farmers. Co-operatives were conceived as organisations that would pool resources, provide credit at low interest rates and ensure fair prices for crops. The Reserve Bank of India supported the formation of co-operative banks to reduce dependence on moneylenders.

The initial amendment to the Indian constitution gave the central government a legal mandate to regulate the production, price, and distribution of essential commodities, with the objective of improving the efficiency of markets and ensuring remunerative prices for producers and affordable prices for consumers. The most fundamental policy instrument is the Essential Commodities Act, 1955, which originally applied to foodstuffs, certain cotton yarn, raw jute and jute cloth, several types of seeds, fertilizers, petroleum, and drugs. The ECA provides control over the production, supply, distribution, and price of essential commodities. It also maintains or increases the supply, ensuring their equitable distribution and availability at reasonable prices (OECD, 2018).



During this period, agricultural trade was strictly regulated, high tariffs and quantitative restrictions was imposed through public trading agencies. Agricultural trade was controlled by agencies such as state trading corporation (STC) and the cooperative federations. STC was the first trading company set up in 1956, primarily to trade with East European countries at the initial years. The role of importing inputs such as fertilizers and chemicals were also undertaken by public sector agencies (Thanga & Vanlalkhmtiri, 2023).

The second five-year plan (1956-61) under the leadership of P.C. Mahalanobis emphasized rapid industrialization and gave less importance to agriculture than in the first plan. However, agriculture was still considered the backbone of the economy that needed modernization to support industrial growth. A large share of investment was gone to heavy industries, such as steel and machine building. This approach was adopted to promote long term economic growth, but led to underinvestment in vital agricultural infrastructure (Bhagwati & Chakravarty, 1969). During this phase, India experienced moderate growth in food grain production. Improved irrigation, the introduction of better seeds, and expanded extension services helped enhance yields, but population growth offset many of these gains. While there were signs of progress, India's agricultural production remained vulnerable to monsoon conditions.

The period 1947-1960 laid important institutional foundations for the future. The focus on planning, land reforms, the creation of cooperative structures, and the emphasis on community development all paved the way for the agricultural programs of the 1960s and subsequent decades, including the Green Revolution. The decades spanning 1960 to 1999 were pivotal in India's agricultural development. From a food deficit country in the early 1960s, India became one of the world's leading grain producers by the late 1990s. This remarkable transformation is attributed to agricultural policy initiatives, institutional reforms, and technological advancements, collectively known as the Green Revolution.

The early 1960s were marked by a series of droughts and food crises. Rapid population growth further increased pressure on food supplies. The United States provided food aid under the PL-480 programme, reflecting India's dependence on external sources to meet domestic food requirements. Against this backdrop of weakness, agricultural policy in the 1960s began to shift decisively towards improving domestic production capabilities and achieving self-sufficiency in grain.

The major agricultural policy currently in place were largely introduced in the 1960s, and covers mainly farm input subsidies, minimum support price and public food distribution and establishment of Food



Corporation of India (FCI). The Food Corporation of India was established in 1965 to improve the distribution and availability of grain in the country to counter the instability in supply of grains.

The Minimum Support Price (MSP) was first announced for rice in 1965. The central government now announces minimum support price on 23 crops. The Commission for Agricultural Costs and Prices (earlier known as Agricultural Prices Commission), which works under the Ministry of Agriculture and Farmers' Welfare, provides its recommendations on MSP to the Department of Agriculture, Cooperation and Farmers' Welfare. In recommending MSP, the CACP considers the cost of production, overall demand supply, domestic and international prices, and inter crop price parity etc.

### **The Green Revolution**

An important phase of agricultural policy began with the advent of the green revolution in the mid-1960s. During this period, the adoption of improved high yield seed varieties became the main source of growth. The Government of India adopted the practice of importing and distributing high-yielding varieties (HYV) of wheat and rice for cultivation in the irrigated areas of the country. This was accompanied by an expansion of extension services and an increase in the use of fertilizers, agrochemicals, and irrigation. During the 1960s and 1970s several important institutions were established, including the Central Warehousing Corporation and the State Agricultural Universities (Arora, 2013).

The term Green Revolution refers to the important measures initiated in the mid-1960s to increase agricultural production through modern inputs and techniques. These innovations, initiated by agricultural scientists like Dr. M. S. Swaminathan in collaboration with international research centers like the International Maize and Wheat Improvement Center and the International Rice Research Institute, included the introduction of high-yielding varieties (HYVs) such as semi-dwarf wheat varieties (e.g. Mexican wheat) and later high-yielding rice varieties. The use of urea and other fertilizers was encouraged to increase crop yields.

After the initial success of the green revolution, the subsequent five-year plans attempted to consolidate these gains and extend modern agricultural practices to other regions of the country. Major initiatives included Operation Flood (1970) led by Dr. Verghese Kurien and the National Dairy Development Board (NDDB) aimed at increasing milk production, modernizing processing and creating a cooperative network on the model of Amul. This "White Revolution" made India one of the world's largest milk producers (Candler & Kumar, 1998). The biggest achievement of the green revolution era was the attainment of self-sufficiency in food grains. The green revolution also had an impact on the agricultural



input industry, resulting in a rapid growth in the fertilizer, seed, and farm machinery industries. A significant increase in the funding of agricultural research and extension, marketing of agricultural commodities and provision of credit to farmers was also noted.

Thus, Indian agriculture has experienced remarkable transformation due to policy changes. The adoption of high-yielding varieties (HYV) in the mid-1960s supported by land reforms, price support policies and investments in irrigation, power, roads, and other rural infrastructure helped to unprecedented growth in foodgrain production. The sector has also undergone changes due to large-scale economic reforms involving structural adjustment and liberalisation programmes since the early 1990s. Although the process of liberalisation in trade and industry began in June 1991, the process of reform in agriculture began in the mid-1990s when India became a part of the multilateral trading system under the World Trade Organisation (Ghosh, 2017).

### **WTO and Indian Agriculture: Policy Adjustments**

The economic reforms of the early 1990s brought about a significant shift in India's overall development strategy. Agricultural policies, which were traditionally characterised by heavy state intervention, gradually moved towards liberalisation, privatisation and globalization. Policy reforms during this period included reducing trade barriers, deregulating domestic markets, and encouraging private sector participation in input supply and marketing (Joshi & Verma, 2018). The Agreement on Agriculture (AoA) of the World Trade Organisation (WTO), negotiated during the Uruguay Round (1986-1994) and implemented since 1995, was the first major multilateral attempt to bring agricultural trade under comprehensive and enforceable international rules. For developing countries like India, where agriculture is the backbone of the economy and where a large part of the population depends on agriculture for their livelihood, the Agreement on Agriculture (AoA) has various implications.

The Agreement on Agriculture (AoA) of the WTO was a significant turning point in world trade in agriculture. The Agreement sought to bring free and fair competition to this sector through a market-oriented agricultural trading system. Prior to the Agreement on Agriculture (AoA), agriculture was largely excluded from the provisions of the General Agreement on Tariffs and Trade (GATT), allowing countries to maintain high levels of protection and subsidies. The Uruguay Round recognised the need to reform agricultural trade by introducing binding rules. The AoA thus aimed at progressive reductions in agricultural protection and subsidies. The agreement calls for fair competition through transparent and predictable policies. It emphasizes on greater integration of agricultural products into the multilateral trading system (World Trade Organization, 1995).



Thus, external trade in agricultural commodities has liberalised in accordance with the provisions of the World Trade Organisation. Tariff and non-tariff barriers have been reduced for many commodities. Quantitative restrictions (QRs) on trade flows of agricultural products have been removed and they have been brought under the tariff system. The number of agricultural commodities, which were earlier routed through state-trade agencies, has been reduced and most commodities, with a few exceptions like wheat and rice, have been brought under Open General Licensing (OGL). The average tariff on agricultural imports has been reduced. Export policies have been liberalised to encourage exports of agricultural commodities through relaxation of export quotas, removal of restrictions on licensing and minimum export price (Ghosh, 2017).

For India, domestic support commitments are the most important aspect of the Agreement on Agriculture (AoA). This includes policies such as price support or input subsidies that directly affect production decisions. Under the AoA rules, developing countries must ensure that their aggregate support measure (AMS) for each commodity does not exceed 10% of its production value (minimum threshold). The Indian government announces MSPs for various crops, mainly wheat, rice (paddy), pulses and oilseeds. The Food Corporation of India (FCI) purchases these at the MSP to build buffer stocks and supply the public distribution system (PDS). The market price support (MPS) uses the external reference price of 1986-1988 for AMS calculation. Because this price is relatively low, the difference between the administered MSP and the reference price can sometimes appear large in absolute terms. However, when expressed as a percentage of the total value of production, the AMS remains within or close to India's de minimis limit (Ministry of Commerce and Industry, 2017).

India provides subsidised fertiliser, electricity, and irrigation to boost agricultural production and safeguard farmers' incomes. Under the AoA, such non-product-specific subsidies should also not exceed 10% of the total value of agricultural output. Official notifications to the WTO so far show that India's non-product-specific support has remained within the de minimis limit, although the method of calculation and transparency have been subjects of controversy. Expenditure on agricultural research and extension services are classified under the green box. Public funding for rural roads, irrigation canals and storage facilities may also be eligible for the green box, if they meet the AoA criterion that they are not directly price distorting.

India's commitments under the World Trade Organization (WTO) Agreement on Agriculture brought focus on export competitiveness and compliance with trade rules. Indian agriculture was increasingly exposed to price volatility, creating both opportunities and risks for farmers. While the liberalisation of



the 1990s bolstered growth in industry and services, agricultural growth rates did not keep pace. This discrepancy highlighted the need for renewed policy attention. Poverty among small and marginal farmers persisted, and there were increasing reports of distress among farmers, particularly in rainfed regions.

The policy reforms of early 2000s started with the National Agriculture Policy (NAP) 2000 that was announced on July 28, 2000. It was a landmark policy statement that sought to provide a comprehensive roadmap for achieving growth in the agricultural sector. The policy aimed to attain over 4% annual growth in the agriculture sector on a sustainable basis, based on efficient use of resources, conservation of soil, water, and biodiversity, and remunerative returns to farmers.

The Policy emphasized on research and extension services to increase crop productivity through improved seed varieties and better farm practices. The policy also focused on the promotion of horticulture, floriculture, animal husbandry, and fisheries to increase income of farmers. The private investment also encouragement in agriculture-related infrastructure such as cold storages, processing units, and marketing channels (Ministry of Agriculture, 2000).

In agricultural marketing, one of the earliest moves toward reforming agricultural marketing was the formulation of the Model Agricultural Produce Marketing (Development & Regulation) Act, 2003. The Model Act was drafted in consultation with various stakeholders and circulated to states as agriculture is a state subject under the Indian constitution. The Model APMC Act allowed private individuals, companies, and cooperatives to establish their own market yards. The act enabled direct purchase of produce from farmers without going through licensed Agricultural Produce Market Committee (APMC) mandis (Government of India, 2003). The central government encouraged states to adopt the Model Act, the degree of implementation varied widely. Some states fully adopted the reforms, while others only partially amended their existing acts, reflecting local political and economic considerations.

Many states had their own regulations for agricultural marketing since before India's independence, and marketing remains under the administration of the states. The union government's Ministry of Agriculture circulated a model State Agricultural Produce Marketing (Development and Regulation) Act to the states in 2003. This was followed by model APMC rules in 2007. The Ministry suggested amendments to the respective state APMC Acts to provide improved regulation in marketing of agricultural produce, development of efficient marketing systems, promotion of agri-processing and agricultural exports and the establishment and proper administration of markets for agricultural produce. The Ministry requested the states to complete the process of modifying their APMC Acts by 2007-08.



Most states adopted all or some provisions of the model act but some did not. Bihar repealed its act in 2006. The situation with regard to the status of APMC act and its implementation is differentiated across Indian states (OECD, 2018).

The National Policy for Farmers (2007) further recognized the need for reforms in marketing, including developing rural infrastructure and promoting agribusiness. The policy stressed on strengthening market infrastructure, post-harvest management, expanding storage facilities and cold chain infrastructure (Ministry of Agriculture & Farmers Welfare, 2007a). The Warehousing (Development and Regulation) Act, 2007 was also introduced to formalize and standardize warehousing practices. A significant outcome was the Negotiable Warehouse Receipt (NWR) system, which allowed farmers to store their produce in registered warehouses and use the receipts as collateral to secure post-harvest credit. This system aimed to reduce distress sales by providing liquidity and empowering farmers to wait for better market prices.

The National Policy for Farmers (NPF) 2007 was drafted under the recommendations of the national commission on farmers chaired by Professor M.S. Swaminathan, the NPF also emphasized on the socio-economic well-being of farmers rather than just production related goals. The policy upheld the shift from focusing primarily on production to increasing farmers' net income. It also focused on water resources management, and improved rural infrastructure.

The government of India also launched a host of schemes to operationalize policy objectives. Key among these were National Food Security Mission (NFSM) and Rashtriya Krishi Vikas Yojana (RKVY) 2007. The National Food Security Mission (NFSM), launched in 2007, sought to enhance the production of rice, wheat, and pulses to ensure food security by promoting the adoption of improved seed varieties, better soil management, integrated nutrient and pest management, and by bringing additional areas under the cultivation of targeted crops, especially pulses (Ministry of Agriculture, 2007b). The Rashtriya Krishi Vikas Yojana aimed to incentivize states to invest more in agriculture and allied sectors. Funds were allocated based on the share of a state's total agriculture expenditure in the previous years. The scheme consisted provision for dairy, fisheries, and horticulture projects (Planning Commission, 2007).

The eleventh five-year plan, covering the period 2007-12, insisted on accelerating yearly agricultural growth to 4%. In specifically addressing water management and irrigation, the plan focused on constructing irrigation projects, increase irrigation efficiency in both surface water and groundwater systems, adopt an integrated approach to water resources development and conservation, and limit the use of groundwater.



On the inputs front, the government subsidises power, irrigation, credit, and fertilizers. The amount of subsidies was increased from Rs. 49,700 crore (or US\$10.9 billion) in 2000-2001 to Rs. 1,42,132 crores in 2012-2013 (or US\$26.12 billion). The value of input subsidies as a percentage of value of agricultural output was 6.78% in 2012-2013. The share of fertilizer subsidy in total subsidies was almost 27% in the central government's revised budget estimates in financial year 2014-2015 (or FY2015). According to the budgetary allocations of government of India, fertilizer subsidy has increased by almost five times. The total amount has increased from Rs. 13,800 crore (US\$3.02 billion) in 2000-2001 to Rs. 67,339 crore (US\$11.13 billion) in 2013-2014. As a percentage of agricultural GDP, it stands at 3.61% in 2014-2015 (Saini & Gulati, 2018). However, according to the Economic Survey 2023–24 tabled in Parliament in July 2024, the Union Government's expenditure on fertilizer subsidies declined by 24.6% during the fiscal year 2023–2024 (Das & Kumar, 2024).

The need for environmental sustainability in agriculture is also identified in policy documents such as the twelfth five-year plan 2012-17. This relates to issues as the use of water and fertilizer in Indian agriculture, among others. The National Mission on Sustainable Agriculture (NMSA) involves co-operation with state level agencies. The mission emphasis on soil and water conservation, water use efficiency, soil health management, and rainfed area development. Adaptation measures were also covered under other schemes such as the National Initiative on Climate Resilient Agriculture (NICRA) and the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY).

Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) launched in February 2019, is an income support scheme aiming to provide direct cash transfers to small and marginal farmers. Under the scheme, eligible farmers receive a total of INR 6,000 per year, distributed in three equal installments. Payments are made directly to the beneficiaries' bank accounts, promoting digital transactions and transparency (Ministry of Agriculture & Farmers Welfare, 2019).

Despite all this, there have been several issues in the Indian agricultural sector with respect to farmer suicides. They are forced to commit suicides because of their indebtedness arising over non-payment of loans taken from moneylenders, banks, and other financial institutions to fulfil their irrigation needs, buy expensive seeds and fertilizers, etc. The expansion in the competitiveness of international agrarian market which is a leading cause of distress among small and marginal farmers in India, due to their falling levels of real income, leading to increasing farmers' suicides in India. Other most common causes of farmer suicides are family problems and illness.



Agricultural policies in India have for a long time consisted of five major categories. They include management of the prices and marketing channels for many farm products, making farm inputs available at government subsidised prices, providing general services for the agriculture sector as a whole (such as research and extension), regulating border transactions through trade policy, and making certain food staples available to selected groups of the population at government-subsidised prices. More recently, environmental measures concerning agriculture have gained prominence.

### **Recent Trends in Agricultural Market Reforms**

The agenda of marketing reforms is also at the priority of central government. A roadmap was initiated in 2014 in the context of moving towards a national market. In one step towards the creation of a national agriculture market (NAM), the central government in 2016 approved the creation of a pan-India electronic trade portal, integrating 585 APMC markets across the country. The central government in April 2017 shared with all the state governments a reformulated marketing act as a recommendation for adoption and to initiate greater marketing changes in agriculture and to encourage a single national agriculture market. It is referred to as the model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017 (APLM Act) (OECD, 2018).

The Government of India launched the National Agriculture Market (e-NAM) in 2016. This online trading portal intended to create a unified national market by linking APMC mandis across different states through a common electronic platform. The platform provided real-time pricing information, empowering farmers to make informed decisions. Farmers and traders could engage in transparent electronic bidding, ensuring competitive price discovery (Government of India, 2016).

Further, In September 2020, the union government passed three acts to transform country's agricultural marketing and supply chain system. These laws were (I) The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 (II) The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 (III) The Essential Commodities (Amendment) Act, 2020.

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 sought to create an ecosystem in which farmers and traders could sale and purchase produce outside designated APMC mandis. Proponents argued this would lead to sell their produce anywhere within India without being restricted by state boundaries or APMC regulations. Trades conducted outside APMC mandis would generally be exempt from the fees and cesses levied by state governments (Ministry of Law and Justice,



2020a). However, farmers feared that it will pave the way to eliminate APMCs and establish monopoly of private players in agricultural marketing.

The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, popularly referred as the Contract Farming Act, established a system for farmers to enter into pre-agreed contracts with buyers. Thus, it mandated a formal, written agreement between farmers and the sponsor (e.g., agribusiness firm, processor, retailer). The act also established a dispute resolution mechanism at the local level, involving conciliation boards, Sub-Divisional Magistrate (SDM), and appellate authorities (Ministry of Law and Justice, 2020b). Critics pointed to power imbalances, where large corporate buyers might dictate terms unfavorable to farmers. Concerns also arose about the effectiveness and impartiality of local dispute resolution mechanisms.

The Essential Commodities (Amendment) Act, 2020 modified the Essential Commodities Act of 1955 by removing certain agricultural products such as cereals, pulses, oilseeds, edible oils, onions, and potatoes from the list of essential commodities except under extraordinary circumstances. The amendment sought to encourage private players to build storage facilities, warehouses, and processing units without fear of sudden government intervention.

After the laws were enacted, farmers particularly from Punjab, Haryana, and Western Uttar Pradesh launched large-scale protests and tractor marches toward Delhi. While the laws did not explicitly mention the Minimum Support Price (MSP) system, many farmers believed that allowing private trade outside APMC mandis would gradually reduce government procurement at MSP (Ghosh, 2021). The new legislation did not abolish APMCs but introduced parallel private markets. Farmers and state governments heavily reliant on mandi taxes worried that this would dilute the existing APMC structure. Smallholders feared exploitation by large corporations in contractual arrangements.

The central government held multiple rounds of talks with farmer unions to address their grievances. The government proposed amendments such as adding safeguards within contract farming and clarifying that MSP would not be dismantled farmers remained steadfast in their demand for a total repeal. Farmers feared that the law would slowly erode the APMC infrastructure, dissuading buyers from purchasing within state-regulated mandis and thus depleting the revenue stream states earned from mandi taxes. Moreover, critics stressed that small and marginal farmers might lack the negotiating power and logistical resources to sell beyond their local mandis. After almost a year of demonstrations, deliberations, and negotiations, the government of India repealed the three laws in November 2021.



The year 2024 was also marked by sustained efforts by the union agriculture and farmers' welfare ministry to introduce 'reforms' in agriculture. In March, it mooted the idea of setting up a National Council for Agricultural and Rural Transformation (NCART) during the first 100 days of the anticipated third term of Narendra Modi as Prime Minister. The NCART was envisaged as an overarching federal body to devise policy and programmes for the agriculture sector. In October, the ministry came up with the idea of a National Agriculture Code (NAC) to standardise agricultural processes including 'crop selection, sowing, irrigation, harvesting, post-harvesting operations, fertilisers, Internet of things technology and storage.'

In November, the ministry issued a draft national policy framework on agricultural marketing and called for farmers to respond in two weeks. All these ideas were mooted without any consultations with either farmers or the states, although agriculture and agriculture marketing are on the state list in the constitution. These attempts stem from the ministry's determined push to corporatise agriculture, pitching it as the solution to the problems that beset India's agriculture sector (Arora, 2025).

Nearly three years after repealing the farm laws due to farmers' protest, central government has now brought a draft national policy framework on agriculture marketing suggesting states move towards a unified national market for agriculture produce through single licensing /registration system and single fee. Allowing setting up of private wholesale markets, permitting wholesale direct purchase by processors, exporters, organised retailers, bulk buyers from farm-gate, declaring warehouses/silos/cold storages as deemed market, allowing establishment & operation of private e-trading platform, single time levy of market fees across the country, and rationalisation of market fee and commission charges are some of the other key suggestions of the government to reform the agriculture market (Mohan, 2025). Thus, the union government is aiming to deregulate agricultural marketing.

Although Indian government provides substantial support in various forms such as input subsidies, minimum support prices (MSP) for key crops, and public infrastructure investments. However, Organization for Economic Co-operation and Development's (OECD) methodology finds that farmgate prices are below international reference prices on average, meaning farmers do not receive prices as high as global benchmarks. The OECD's calculations show that Indian farmers, on balance, receive prices below international reference levels for many key crops, causing their Market Price Support (MPS) metric to register as negative. Because the largest component of Producer Support Estimate (PSE) is this market price support, the overall PSE likewise turns out negative. Thus, OECD concludes that India's agricultural policies effectively "tax" or penalize farmers rather than support them on net.



Although India has Minimum Support Prices (MSPs) for certain crops and subsidies for inputs, there are also export controls, domestic procurement policies, and other forms of market regulation that can depress prices for many agricultural commodities (particularly when MSP does not effectively reach all farmers or all regions). According to the OECD's methodology, if the majority of India's actual farmgate prices fall below the reference price, the result for MPS is negative even if the government sets some minimum support price (OECD, 2022). The government sometimes imposes export bans or export quotas on crops (like wheat, rice, onions, etc.) to ensure domestic availability and manage inflation. These restrictions prevent farmers from benefiting from higher international prices, lowering the price they receive and creating a wedge between local and international markets.

### Conclusion

In the 20th century, the Indian state played a dominant role in agriculture through extensive regulation, price support, and direct procurement via APMC mandis and public agencies. Government intervention ensured stable prices, input subsidies, and assured markets, especially after the Green Revolution. On the other hand, the current phase is marked by market liberalization, reduced state procurement except rice and wheat, and a greater reliance on private players. This shift reflects a transition from a state-led to a market-oriented model of agricultural governance. With the implementation of the WTO Agreement on Agriculture, India has reduced tariffs and relaxed export–import duties on several agricultural commodities. This has further limited the state's ability to protect domestic farmers from international price fluctuations and import competition.

India's agricultural policy is at a pivotal juncture, determined by the imperatives of food security, rural livelihoods, climate resilience, and the need to boost farm incomes. While the government remains an important player through price support (MSP), subsidies, and regulatory oversight, there is an apparent trend toward greater private sector participation especially in areas such as infrastructure development, agri-tech innovations, processing, value addition, and marketing. Various schemes incentivise corporate entities to develop storage, logistics, and processing units in rural areas. Farmers worry that increased private sector participation may erode government procurement and MSP guarantees.

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