

Workshop on Making Agricultural Markets 'Deliver'
New Delhi, 10 April 2025

Agricultural commodity markets are vital and active elements in the processes of economic growth, accumulation, development, and environmental and social change. They link production and consumption, connect local commodity markets to larger circuits of capital and commerce, and interact between the agrarian and the non-agrarian economy through the constant movement of raw materials, inputs, information, money and labour. They have existed historically in different forms across India and have evolved over time. Given their essential role in society, both for securing life and livelihood, government intervention in agricultural markets will always be a reality and a matter of political contestation and negotiation.

Unfortunately, public policy debate and deliberation on India's agricultural markets remains caught between existing APMC mandi laws versus deregulation, and dominated by a single state intervention—MSP procurement—and the debate on its essential role versus its distortionary effects as an instrument for ensuring price stabilisation and farmers' income. Perceptions of what markets represent vary. In the process, we lose sight of the critical differences in market structure and organisation across commodities and within states and agro-ecological regions. We also limit our understanding and imagination of the range of state interventions and investments. Most of all, we fail to focus on the livelihood and welfare outcomes for the millions of citizens—producers and consumers—who depend on the effective functioning of agricultural markets every day and across seasons.

When we approach the question of markets and value creation, we tend to focus only on monetary value: price, costs, profit and income, without fully acknowledging the non-monetary forms of value and risk that markets produce, including effects on the environment, agroecology, and health and nutritional outcomes. Value creation needs to be understood better.

One of the other key problems that has shaped our response to the policy dilemmas in this field is that policy and legal frameworks have often brought together the related yet distinct aims and activities of *regulation* and *promotion* of agricultural markets in omnibus acts and through a series of state institutions, often in conflicting and contradictory roles. The presence of large agri-business companies in the market space have added to the complexity of the debate on markets, while the predominantly informal or semi-formal, small-scale, regional and local actors and enterprises whose activities actually make and maintain agricultural markets in practice are usually simplistically characterised as 'inefficient' intermediaries. The term 'reform' is fraught with suspicion on all sides and raises the inevitable question: regulation and promotion of markets for whom and in whose interests?

Even as the policy debate appears polarised and paralysed, on the ground, agricultural markets are dynamic. Our understanding of the changing landscape and the effects of new actors and interventions become quickly outdated and are partial at best. One of our critical assumptions is that a better understanding of and deliberation on agricultural markets must include but not be restricted to regulation while recognizing that the form and extent of asymmetries of power that characterise these markets makes public regulation important. In considering regulatory design and implementation, we also need to respect the federal compact, the freedom of farmers to sell anywhere in India and the powers given to state and central governments under the Constitution. The realities of market governance need to be addressed head on and not as an afterthought.

But regulation cannot solve many of the critical structural conditions that weaken the *terms of engagement* of primary producers in agricultural markets. After all, even markets that are relatively well regulated cannot guarantee remunerative prices and provide effective risk mitigation and management of all market risks. This will require other complementary and comprehensive interventions. Strengthening the *terms of engagement and exchange* of farmers in markets also requires non-regulatory policy measures, public investment (in physical infrastructure and the digital space) and institutional support. This is also true when it comes to interventions to strengthen the terms of exchange for consumers and for other key market actors and enterprises whose livelihoods depend on agricultural trade.

While agricultural markets share many features across the world, the structure and political economy of Indian agriculture and agricultural markets requires grounded and original thinking. It is against this background that we are hosting this dialogue and deliberation. Through a structured yet open discussion, we aim to first enable a better understanding of agricultural markets as they exist, are evolving, and are experienced in practice. The second objective is to build on a shared understanding towards a more comprehensive and contextual policy framework for India's agricultural markets.