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Decoding Farm Laws

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Abstract:

The Government by enacting three recent bills for agricultural and marketing, contract farming and essential commodity, has tried to eliminate the unhealthy and exploitative rules and system. The APMCs not only remain functional as a platform for marketing of agricultural produce but are going to be strengthened and become more transparent thanks to increased competition which may be a pre-requisite for a well-meaning market. The Govt is committed to form investments for the choice system for marketing, better than the prevailing ones, as provided within the new Acts. This provisions must be implemented with vigor and objectivity.

***Keywords*—**Farmer, Farm Bill, MSP, New farm law, Act, 2020, Agriculture, Farm bill, Farmer

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I. INTRODUCTION

Indian Agriculture is characterized by many farmers cultivating quite 200 field, horticultural and plantation crops across the country in three distinct seasons of Kharif, Rabi and Zaid (summer) on over 141 million hectares of farmland . This generates quite 1000 million plenty of farm produce taking together food grains, oilseeds, sugarcane, and fiber crops. Baring sugarcane, all other produce is marketed through the APMCs marketing system domestically with some exceptions like basmati rice, grapes and little fraction of onion and flowers being exported. Over the amount , the marketed surplus ratio (MSR) of all the commodities has increased such a lot in order that in crops like sunflower and safflower the marketed surplus ratio is 100 and cotton and jute on the brink of 100 (GOI, 2019)'. In more crops also, the MSR has increased substantially during recent years. the opposite characteristics of the agricultural produce marketing in India is that these produces arrive in huge bulk within the market during a very short span of your time , many an time, beyond the absorption capacity of the domestic demand and therefore the reform the management capacity of the prevailing market infrastructure and the procedure. The worth discovery within the markets of APMCs apart from those which are under e-National Agriculture Market (eNAM) has been opaque and heavily monopolistic, within the hands of select aggregators and commission broker. The advances like contract farming for a pre-decided and mutually agreed price of a commodity experimented within the past on crops like tomato, potato, barley, etc. in Punjab and Rajasthan et al. had mixed response and farmers at large had reservations in entering the contracts. The investment and active private participation are dismally low thanks to frequent imposition of the essential commodity act (ECA) limiting the storage, often much less than the prevailing inventory of the economic establishments or the warehouse capacity of the private traders. The ECA won't to be imposed without thorough analysis. It cut on the larger private investment and proved prohibitive instead of facilitative.

Since 2000 onwards, multiple attempt were made to modernize the agricultural marketing system in India. In 2003, model APMC Act was formulated and shared with the States, followed by a Committee of State Ministers, In-charge of Agriculture Marketing to market Reforms underthe Chairmanship of Minister of Agriculture and marketing, Maharashtra submitted its report. As a follow up, the fruit and vegetables were brought out of APMC regulations and 20 States adopted thereto. More concerted effort started after 2014. Consequently, Model Act on Agricultural Produce and Livestock Marketing (Promotion Facilitation), 2017, Model Act on Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) 2018 were formulated and launched by the Govt . It must be noted that these model acts were prepared after thorough consultation and discussion with states, union territories, and experts and institutions. These Model acts were prepared to facilitate States to enact their own laws suitable to their local needs and conditions but received very lukewarm response.

On June, 2020, the Govt promulgated three ordinances on farmers produce trade and commerce, farmer agreement of price assuranceand farm services; and essential commodity. Subsequently, the three Bill, i.e., The Farmers' Produce Trade and Commerce (Promotion andFacilitation) Bill, 2020, The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020 and therefore the Essential Commodity (Amendment) Bill, 2020 were gone by the Parliament on 20 September, 2020 to exchange the ordinances. These Bill were considered by many as path-breaking and historic that might bring change in agriculture the way we had been doing and searching at it. However, a fraction of farmers, farmer bodies and expert started expressing the intense apprehensions about these Bills. Bills. The so-called ill effect of those bills is being propagated amongst the farmers, largely, on imaginary grounds that these laws will cause withdrawal of MSP, deprive the framers from their lands in favourof massive private players and cause hoarding of essential cause hoarding of essential commodities. These apprehensions, though imaginative, have somehow percolated deeply during a section of the farmers, the most important being those that are the most important beneficiaries of APMC dominated procurements and therefore the price realization Another apprehension is about diluting the present-day agricultural marketing thereby affecting the advantages of many the farmers. While such ideological argument will continue, we must understand some basic facts that have necessitated such changes for the advantage of the farmers and people engage in agriculture. [1][2]

II. Discussion

1) The Farmers' Produce Trade and Commerce(Promotion and Facilitation) Bill, 2020

Post 1991 liberalization, the gap within the income of the farmers and non-farm worker has been growing wider reflecting that the advantages of the reforms in farm sector were insufficient and fragmented and will not boost the income of the farmers. India is probably going to supply huge surplus of agricultural commodities in next 10 (NITI Aayog, 2018) much beyond the absorption capacity to the domestic market. The inadequacies of infrastructure and systems of selling system present-day agricultural might not be ready to handle this surplus. We'd like to become more competitive in terms of handling storage, quality standards for the worldwide export destinations in developed and developing countries. Besides, for import substitution of edible oils, fruits and nuts and other agricultural teems, we require investment for post-harvest infrastructure, and logistics which has not been coming thanks to restrictive regulations of the APMCs/ECA A market or aggregation centreon the brink of production sites with some mechanism of price assurance can encourage the tiny and marginal farmers (SMF) to diversify towards high-value crops. Although, the negotiation time from production cite to markets has reduced over time thanks to the road network development, the agriculture markets are too sparse and fragmented resulting in glut and therefore the price crash in some markets while shortage and high prices at major demand centres. Higher private investment could happen with reforms in agricultural market resulting in price assurances and unabated flow of food items from centre of production to major centre of consumptions. The reforms will cause creation of alternate channels of selling and more competition within the transaction resulting in transparent price discovery and better price realization to the farmers.

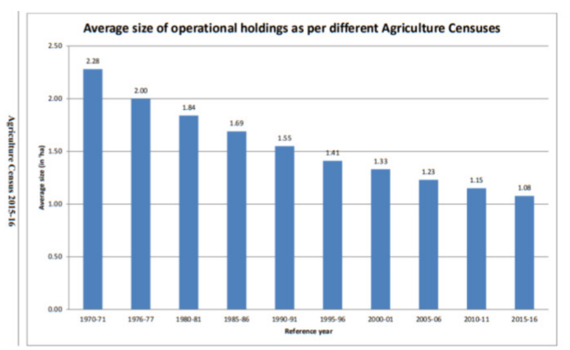

Figure 1. Average size of operational holdings as per different Agriculture Censuses

The agriculture census 2015-16 has put quite 86 percent farmers under small and marginal category with average holdings of 0.38 ha to about 68.5percent farm households. This suggests the likely surplus with them for offering to sale is low and far low to approach any APMC mandi individually thanks to lack of economy of scale. It's noteworthy, that there are about 2560 principal market yards and 4393 sub-yards within the country. On a mean one mandi serve about 472 sq km against the norm of 1 market yard at about 80 sq km area. The aggregators or kunjdas come to rescue to the tiny growers but they use to supply much less price to producers. These are none but the representatives of commission agents for vegetables like Tomato, Potato, Brinjals, Green Peas and fruits like Mango, Guava, etc. The well settled village merchants within the rural markets are the aggregators for staples since decades and therefore the same system is working even today except in some states where the general public procurement has taken a deep dive to villages a minimum of for rice and wheat. U.P., M.P. and Chhattisgarh are such States within the recent times. What's happening within the states/UTs like Kerala, Jammu and Kashmir, North Eastern States and in Bihar is everyone's guess. We'd like more markets to facilitate to scale back the time to barter these destinations and active and direct sale by the farmers instead of going the route of commission agent as has been happening within the APMCs. What would be more important, is to determine a strong and accountable market intelligence system full of technology and well-trained scientific manpower to attenuate the probabilities of any manipulation within the prices of the produce. The FPTC Act provides for the liberty to sell and buy farm produce at anywhere within the country, promote e-commerce and allows fixing of an electronic platform. It also offers the chance to the Govt to intervene to manage the system, if the new system fails to figure satisfactorily. The FPTC Act, 2020 legalizes all the transactions which were earlier anesthetize the regulations and restriction by the APMCs. The direct purchase from the farmers at their farm as provided within the FPTCAct, 2020 are going to be empowering him to make a decision the worth of his produce. The State must encourage FPOs to become aggregators and in due course they're going to become active price negotiator instead of passive recipients of the worth decided by commission agents within the APMC mandi. [3][4]

Figure 2 the Farmers' Produce Trade and Commerce Bill, 2020

2) **The Farmers (Empowerment and Protection)Agreement of Price Assurance and FarmServices Bill, 2020**

The major apprehensions about the Agreement on Price Assurance and Farm Services (APAFS) Bill 2020 is that corporates will deduct the lands of the farmers forcibly by manipulating the agreement. This is often highly imaginary and barren of any facts. It's noteworthy that the old contract farming act was adopted by the 20 States. The APAFS Bill 2020 is an improvement over the old one. The APAFS Bill 2020 will facilitate an assured price to the farmers for his produce as mutually agreed between farmers and sponsor before the commencement of production operations, and therefore the technologies, services and inputs on mutually agreed terms and conditions for the assembly of desired quality produce. Further, the sponsor's role is restricted to shop for the produce at pre-decided price as agreed beforehand and supplying the standard inputs and services to farmers as per the contract. The sponsor neither permitted to lease-in the land of the farmers, nor he/she can erect any assets permanent nature on farmers' land or modifying it or acquiring the ownership rights. The physical boundaries of the farmers land will remain intact so is his ownership rights. The farmers are going to be the only custodian of all production operations also. In fact, the APAFS is historic within the sense that farmers are empowered to not only negotiate for the worth of his produce before production except for the primary time within the history of Indian Agriculture, a farmer will dictate his terms for price settlement to a buyer. The contract farming with Nestle, for milk in Punjab's Moga district operating since 1961 might be an example to cite. Over one lakh farmers are related to the contract. Nestle has been providing the technical guidance, feed, vaccines and veterinary services to exploit producers. A high order supply chain has been established supported a pre-announced weekly price supported the fat and solid content within the milk. The assets of the farmers haven't been taken by the MNC.[5][6]

Figure 3 Farm Services Bill, 2020

3) The Essential Commodities (Amendment) Act, 2020

The ECA has been modified for agriculture and food stuff. The availability of commodities enlisted in ECA like cereals, edible oils and oils can only be regulated under extraordinary circumstances like war, famine, extraordinary price rise and natural calamities. The transparent criterion has been laid down on imposing or regulating stock limits. This has inbuilt predictability within the Government's action price trigger instead of mere perception as wont to happen within the past. The Govt can intervene within the marketplace for control under the amended act also. The recent action in imposing the stock limit on onions in October 2020 is that the testimony of such provision. The criticism that a blank check has been given to stockiest and market manipulators is baseless. Further, the commodities like fertilizers and seeds, which are of much interest to farmers, haven't been touched by the modifications. The modifications in ECA will encourage the large investment in creating much needed infrastructure like warehouses, cold storages, pack houses, and logistics. We must note that the gap between required and existing infrastructure is 70 percent in pack houses, 98 percent in reefer vehicles and 94 percent in ripening chambers (NCCD, 2015). By creating these infrastructures, much needed income to farmers are going to be augmented to an outsized extent.[7][8]

Figure 4 Essential commodities bill 2020

Farmer's Concern

Last few months has been marked with the protest and agitation by the farmers in Haryana and Punjab and other states on the three bills gone by Parliament on 20 September 2020. These protests have settled two major consequences. First the Liberalization within the agriculture isn't being allowed to be percolated well with farmers on the grounds barren of the facts and imaginary. Two, the Govt all institution Sneed the engage seriously in communicating with farmers for such a significant turn that has shaken the established system and traditionally deep-rooted relations between Adhatiya-Commission agent and farmers. This relationship, over the years, worked beyond the worth of produce and cemented as social safety and therefore the Adhatiyas are being projected face saviour when farmers are in distress although, the farmers wont to repay heavily for this so-called Charity by Adhatiyas. Another argument is that the primary market yards and Sub yards under the APMCs have also been providing employment to many the landless and unemployed Semi skilled and unskilled labourers. There's got to educate the farmers that APMC lead Mandi system of Agriculture marketing, in India, has been opaque and monopolistic. The farmers were denied the access to participate in price Discovery and therefore the direct transaction it had been beat the clutches of the middleman and Commission agents. The Govt by enacting three bills for agricultural marketing, contract farming and essential commodity, has tried to eliminate the unhealthy and exploitative rules and procedures. The AMPCs not only remain functional as a platform for marketing of agricultural produce but will strengthened and become more transparent thanks to increased competition which may be a pre-requisite for a well-meaning market. The Govt is committed to form investments for the choice system for marketing, better than the prevailing ones, as provided within the new Acts. These provisions must be implemented with vigor and objectivity.[1][2]

III. CONCLUSIONS

The States need to take these proactively and therefore the Centre should provide matching grants, if needed for creating alternative mechanism. While the e-NAM and other initiatives will advance,presumably with the positive impact in long fun, the immediate action should be creating the notice amongst farmers about the positives of the amendments with some live examples and records of benefits supported the important learnings of the farmers themselves instead of annualized or derived data of the surveys and reports that there seems to be a trust deficit for the explanations unknown to several. The 721 KVKs, one in each district, under ICAR-SAUs governance may offer an excellent service in connecting the farmers through the ICT platforms and other communication means. We should always plan and launch a campaign for awareness on recent market reforms through KVKs aptly funded by Department of Agriculture and Farmers Welfare and supported by the State Governments.

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