



AN ANALYTICAL VIEW OF THE FARM BILLS 2020

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Abstract: Agriculture is the backbone of the Indian Economy as it employs around 41.49 percent of the total workforce. The agriculture sector contributes around 17 percent of the total GDP. Here, in the Monsoon Session of the Lok Sabha the three bills recently tabled in the parliament, which introduced major changes to the agriculture sector. These bills seek to provide a new ecosystem by offer freedom of choice to the farmers related to production and trade their produce outside the government mandis i.e., APMC (Agriculture Produce Marketing Committee). This will be helpful to achieve the 'One Nation-One Market' concept. But these bills face opposition in some states like Punjab, Haryana, UP, etc. on several issues related to the ending of MSP (Minimum Support Price) on essential food items, promotion of contract farming, increasing the involvement of private investors which leads to the upper hand of agri-businesses and big retailers in negotiations, removal of a middleman (Arhatiya) which leads to black marketing, more exploitation of poor farmers as well as consumers, closing of APMCs, penalize farmers for stubble burning and release the power from subsidies, etc. This article deals with how to overcome these shortcomings and gives an analytical view of the Farm Bills 2020.

Keywords: Farmers Bill, Contract Farming, Employment, Trade, Agriculture Marketing

1. Introduction

The government of India has undertaken a new approach in the agriculture sector by bringing new reforms in the performance of agricultural practices and agriculture trade activities. These reforms make farmers free from restrictions on the sale of their products, provide a new ecosystem to the farmers where they freely perform agricultural activities. [1] According to these bills now, farmers sell their produce directly in the market and make the market open for private investors. These bills focus on promotion, facilitation, empowerment of farmers, and protecting the farmers. These bills are:

- 1.1. The Farmers Produce Trade, and Commerce (Promotion and Facilitation) Bill, 2020.
- 1.2. The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020.
- 1.3. The Essential Commodities Amendment Bill 2020.

The president of India assigned these bills on September 27, 2020[2]. According to ECA farmers were restricted from selling their produce anywhere other than APMCs [3]. This bill leads to opening of the market for private investors to help to accelerate the growth of capital stock, and this will lead to growing the supply chain of farm produce at the national and international markets. But in some states, these bills are highly criticized by different groups of farmers and cooperation in Punjab, Haryana, and western UP. Let us discuss what are these bills all about.

2. Bills context

2.1. The Farmers Produce Trade, and Commerce (Promotion and Facilitation) Bill, 2020

According to this bill, farmers are free to sell their products other than local APMC (Agriculture Produce Marketing Committee). The Government removes all restrictions related to the intra trade and the inter-state trade of agricultural produce in India, and this will facilitate, "One India one Agri-market." [4] Other facilities are provided such as e-nam to promote electronic trade, cold storage facilities, warehouses, processing units, etc.

2.2. The Farm (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020

This bill brings light to contract farming i.e., agricultural production is carried out based on an agreement between the buyer and farm producers [5]. This bill gives an opportunity to the farmers to directly deals with a large number of buyers, exporters, and retailers. This law helps farmers to make assured prices before sowing, transfer of market risk from farmers to sponsors, gives farmers access to high-quality seeds, fertilizers, and pesticides.

2.3. The Essential Commodities (Amendment) Bill, 2020

Under this bill, the government of India removes MSP (Minimum Support Price) on certain essential food items such as pulses, oilseeds, edible oils, onion, and potatoes, and allows the central government to regulate the supply of these food items only under special conditions of war, famine, misery, etc. [6]

3. For the bills and Against the bills

"It's a time for social distancing but farmers are out on the road, protesting against laws that promise to better their lot with freedom to choose their markets and set their own prices" –Vishwa Mohan [7]

3.1. The 1st Bill: Now, let's have a look at how does it help farmers: It helps to end the monopoly of the traders, it helps to engender competition among buyers, it helps to yield better returns and raises farmers' income, helps farm produce to move freely from surplus to deficit regions, it helps to create a national market, high intimidation cost mandis will go and lastly it helps to facilitate consumers with better and cheaper products. [8]

Yes, of course, all these points seem to be remarkable once, but they face criticism at farmers' level as first, it seems to end the monopoly of traders but it may lead dangerous situation by giving full control in the hands of private investors, it seems to engender competition among buyers which creates inefficient demand in the economy. It helps to yields better returns to farmers and raises their incomes if farmers have proper knowledge about the right price of their products and have proper knowledge when it comes to the situation of negotiation. It helps farm produce can move freely from surplus to deficit regions but do not clarify the transport cost burden which farmer bear during transportation of surplus produces from one region to another. It helps to create a national market but forgot about those 86 per cent of agricultural workforce, including small and medium farmers those who have only around 2 or less than the 2-hectare land area which gives them less exposure in the global market [9]. There is no surety that the consumer will get better and cheaper products as private hands never work for welfare Instead, they seek their profit first which may increase farmer's exploitation by purchasing farm produce at low prices from farmers and sale it at a high price to the consumers to meet their profit

motive. Further, for a large number of small and marginal farmers, there is only one option left i.e., APMC mandis as the last resort [10].

3.2. The 2nd Bill: The bill talks about employment and protection of farmers with the help of contract farming. The government takes good steps as around 10,000 Farmers Producer Organizations (FPOs) are being formed throughout the country, by this, all organization will bring small farmers together and work to ensure the remunerative price of their produce [11]. This seems to be in the favor of farmers, but as we know the Indian agriculture sector is a hub of small farmers which will not allow farmers and retailers to deal in contract farming. Because small farmers will never feel comfortable putting their points in front of big retailers. The government forms a board of committee to solve legal matters related to contract farming, but due to not having a representative member in a board, farmers feel insecure and hesitate to accept this bill. Whereas the big companies never seek profit to deal with small farmers, and they shy away from them. On this, the government of India clarifies by saying that the farmer will have full power in the contract to fix the sale price of his choice for the produce [12]. But in case the big company would like to cancel their contract with farmers at the time of the harvest what will farmers do? Already APMCs will close down where will farmers' sell their produce? When it comes to employment the closing down of APMCs will not only affect farmers' sale but those workers who work in these mandis and earn their livelihood what they will do? As big companies or retailers have more power in their hands this will make farmers feel fear of losing the game of gaining the right price of their produce. MSP also one of the important aid given by the government which is neglected in this bill. All these points face controversy, and the Indian government gave their clarification, but what is mandatory is farmer's education as if they know their rights, so that, they will not lose their game of contract farming even, they may turn it into the game of winners where no loser exists and agriculture sector move towards growth and development.

3.3. The 3rd Bill: According to the government of India this bill helps to end harassment of traders, middleman, and businessmen, help in attracting private investment in cold storage, warehouses facilities, and all this leads to reduce wastage of food items as per study around 25 percent of perishable food items get wasted before reaching to the customer all this because of not having proper storage facilities [13]. So this bill helps to improve price stability which leads to raise farmer's income and reduce consumer's fear related to inflation caused by an increase in the price of the product. Whereas the essential commodities bill will give powers in the hands of private retailers or invertors as they will purchase at a low price from the poor farmers, and store it. And sale out when they get a good price of that product which causes a picture of exploitation of poor farmers and consumers. This seems in favor of private investors.

4. Now the Questions arise

- 4.1. Are they stop APMC working and does it affect the employment of those who are work in APMCs?
- 4.2. Are they being the cause of the end of MSP Support?
- 4.3. Are they helpful in promoting Contract Farming?
- 4.4. Are they providing powers in the hands of private investors to control the agriculture sector?

4.5. Are these bills will make disappear commission and patronage structure?

4.6. Are they really helpful to achieving “One Nation-One Market” concept?

5. Opposition of Bills

These bills create a huge blunder in Lok Sabha and Rajya Sabha, many ministers are not in favor of these bills some of them sign a resignation from their post and leave their jobs to show opposition for these bills. And this will not be going to end here as in Punjab, Haryana and Western UP farmers go on sticks and lockouts, and use banners to show their opposition. On papers, these bills seem to be in full support of farmers which brings glory in the agriculture sector but practical farmers know these bills are going to reduce or to end their rights. The opposition parties, including TMC, Congress, DMK, and BSP, other Indian ministers opposed the farm bills 2020, saying that these bills work against the interests of small and marginal farmers [14]. Farmers will become a puppet of private investors' hands and face huge exploitation which ends their farming life. As farmers are forced to involve commission agents, state mandis, and bureaucrats to sell their produce in other regions. This will emerge the need for a private middleman for negotiating the prices of farm produce on the behalf of farmers. And most important this will lead to shut down APMC mandis, which will increase unemployment in the economy, as workers who work in APMCs will be going to lose their jobs. Another big cause of opposition is MSP (Minimum Support Price), according to the 3rd bill the farmers will not get MSP on essential food items. Currently, farmers protesting against these bills, and have reached on a partial agreement with the government, but the main issues of contention remain unresolved. The government of India has agreed only on not penalize farmers on stubble burning and safeguard power subsidies. Farmers have decided to protest continue until their demand not met [15].

6. Conclusion

After the completion of seventy-three years of independence still, Indian farmers are struggling whether it is related to decision-making on what to produce to increase income, how to produce to get a good yield, and where to sell their products to get a good return. In case disputes will take place the small farmers do not know how to approach supreme authority to settle the dispute. All these problems have only one solution before making new bills the Indian government should provide education and proper training to the farmers. If the farmers have the correct knowledge they will adopt the right approach to deal with all situations whether it is related to what to produce how to produce, for whom to produce, and where to sell their products to get the right price all these problems get sorted. And at last, every policy is a piece of a masterwork of brilliant minds which seems outstanding on paper but it fails at the time of implementation and to remove this problem the only solution is present in the form of having proper knowledge on all hands. This will lead to making these bills work smoothly in the favor of farmers, retailers, and consumers point, and this will be helpful to achieve the ‘One Nation-One Market’ concept.

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