

A SHORT NOTE ON NEW AGRICULTURAL REFORMS (FARM BILLS) IN INDIA

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Abstract:

Agriculture is back bone of Indian economy more than 58 per cent of the population depended on the agriculture and allied activities. Although the share of agriculture sector in gross domestic product has been declined from 48 per cent to 14.5 per cent during the last sixty years. The agriculture plays an important role in the development of the state. Half of the total rural workforce and 60 per cent of the livestock depend on agriculture.

The paper concluded that the British rulers first attracted farm produce especially cotton to meet the demand of Manchester mills in England and established regulated market (Karanja) in 1886 under Hyderabad Residency later Royal Commission on Agriculture 1928 recommended regulated Markets throughout India. Moneylenders, commission agents are playing dominant role in agriculture markets than farmers. E-NAMs are promoted with Android for farmers and traders, to benefit farming.

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Keywords: Agriculture, Indian Economy. Public Distribution system

1.Introduction

Agriculture is back bone of Indian economy more than 58 per cent of the population depended on the agriculture and allied activities. Although the share of agriculture sector in gross domestic product has been declined from 48 per cent to 14.5 per cent during the last sixty years. The agriculture plays an important role in the development of the state. Half of the total rural workforce and 60 per cent of the livestock depend on agriculture. It is not able to provide full employment and sufficient income for the people living in rural people. Farm profitability has witnessed a sharp decline due to land degradation, risk and uncertainty associated with agriculture. As farming alone is not able to generate sufficient income to small and marginal farmers are in deep crisis.

2. Objective and methodology: The paper highlights the three farm bills for Agricultural Marketing transition from vocal, local and global level to meet the demand of poor countries. The paper is based on the secondary data, such data collected from the journals, various books, various government reports and internet.

I. History

The concept of agriculture produce market regulations programme in India dates back to British period as raw cotton was the first farm produce to attract the attention of the government due to anxiety of British rulers to make available the supplies of pure cotton at reasonable prices to the textiles mills of Manchester (U.K). Consequently, first regulated market (Karanja) under Hyderabad Residency order was established in 1886, which empowered British Resident to declare any place in the assigned district a market for sale and purchase of agricultural produce and constitute a committee to supervise the regulated markets. This act become the model for sale and purchase of agricultural produce and constitutes a committee to supervise the regulated markets. This act becomes the model for enactment in other part of the

country. An important landmark in agricultural marketing scene in the country has been the recommendation of the Royal commission on Agriculture, 1928 for regulation of marketing practices and establishment of regulated markets. Later, most of the states enacted agricultural produce markets regulation (APMR) acts during sixties and seventies and put these in operation. The need to protect the interest of farmers and to provide them incentive prices to augment the production of agricultural commodities was also felt. Further, problems of local moneylenders extorting high amount of food grains from the farmer at throwaway prices, as interest were common throughout the country. Recognizing the defects like losses to the farmers in terms of undue low prices, high cost of marketing and considerable physical losses of the produce in the agricultural marketing system which the farmers had face, the government, with a view to establishing a mechanism to monitor market conduct introduced from time to time several mandatory regulations. Regulation and development of primary agricultural produce markets was taken up as an institutional innovations and construction of well laid out market yards was considered as an essential requirement for regulating the practices in primary wholesale markets Farmers are required to sell their produce via auction at the Mandi in their region. Traders require a license to operate within a Mandi. However, not all states have passed the bill. Thus, inter-state barriers continue.

II. E-NAM: Technology

Union budget 2015 proposed to create United National Agriculture Market with the help of state Government and NITI Ayog. National Agriculture market or e-NAM markets are proving popular as the crops are weighed immediately and the stock is lifted on the same day and the payments are cleared online. The electronic e-market pilot across India was launched on April 14, 2016 by Prime Minister Narendra Modi. The e-NAM is linked with 785 markets (APMCs) in 17 states and 2 union territories, with over 45-lakh farmer membership in 17 states. An e-NAM mobile application is available on Android for farmers and traders to bid and complete a transact on the app, available in 8 languages. The payment network RTG's/NEFT, debit card and internet banking was also integrated into the app. In 2017 mobile payment, unified payment interface (UPI) facility through BHIM support was added in the app. e-NAM aim to improve the marketing aspect of the agriculture sector. With one license for the entire state and single point levy, an entire state becomes a market and the market fragmentation within the state gets abolished. It will improve the supply chain of commodities and reduces wastage.

III. Farm Bills (July 20, 2020)

The Farmers produce Trade and Commerce (Promotion and Facilitation Act, 2020), look to break monopoly of middlemen, The Farmers (Empowerment and Protection) agreement on price assurance and farm service act 2020, provides an architecture for the contract farming and The Essential Commodities Amendment Act 2020, removes the restriction on stocking movement and export of agriculture commodities. Collectively the bills are designed to reduce the barriers in the agriculture supply chain, liberate agriculture from the dominance of middlemen (Arhtiyas) and enable a framework for assuring farmers a pre-determined price at the time of sowing and minimizing the effect of Cabweb phenomenon. The Acts will enhance competition; private players in creating market infrastructure like productivity and price to the farmer. It will create a single unified market for agriculture, enabling farmers to sell their produce throughout the country.

For creation of ecosystem where the farmers and traders enjoy the freedom of choice relating to sale and purchase of farmers produce which facilitates remunerative prices through

competitive alternatives trading channels; to promote efficient transparent and barrier free inter-state and intra-state trade and commerce of farmers produce outside the physical premises of markets or deemed markets notified under various state agricultural produce market legislations; to provide a facilitative framework for electronic trading and for matters connected therewith or incidental thereto.

IV One Nation and One Market

Freedom to sell at the farm gate will do away with transportation expenses and thus boost incomes. This is a giant stride towards the fulfilment of the dream of “one nation one market”, 73 years after independence. Contract farming will also encourage private investment in the financially starved sector and open the way for growth of agro-based industries and better storage. In many states, affluent farmers have already been reaping the benefits of collaboration with the corporate sector. These laws will help small farmers derive similar gains. Increased support for mechanization and launch of the 1,00 lakh crore-Agriculture Infrastructure Fund etc. have been hallmarks of the Modi government’s effort to help farmers. The Modi government has also provided security cover to 13.26 crore farmers under PM crop insurance scheme and direct cash benefit of Rs 94,000 crore to 10.21 crore farmers through PM Kisan Samman Nidhi. Sardar Patel had famously said, if anyone has the right to walk on this earth with their head held high, it is the farmer of the country. The laws are historic and bold initiatives to empower the country’s farmers and make them Atmanirbhar.

V. Exploitation of farmers

According to Ashok Gulati, former chairman of CACP, has aptly underlined that the agricultural marketing and trade policies in India are highly distorted, restrictive and pro-consumer, often at the cost of farmer. He says, Indian farmers have been implicitly taxed through restrictive marketing and trade policies that have an inbuilt consumer bias of controlling agri-prices. If one calculates the sums involved in this “implicit taxation”, it amounts to Rs 2.65 trillion per annum, at 2017-18 prices, for 2000-01 to 2016-17, cumulatively, for 17 years, this comes to roughly Rs 45 trillion at 2017-18 prices. No country in the world has taxed its farmers so heavily as India has done during this period. This is nothing short of plundering of the farmers’ incomes by ₹ 45 trillion! These reforms are definitely a watershed moment in Indian agriculture that will result in big gains for farmers, providing them the right-to-right prices, thereby creating an enabling environment to increase farm income, which is pathetically low.

Critics have stated that contract farming is anti-farmer. But take the poultry business in India. About two third of all poultry production already runs on a contract farming model. While government of India should indeed guard against Monopsony, one hopes that contract farming will enable agri-business to pool farmers together, while offering investments in their land and access to technology. India’s agriculture sector is witnessing significant transition. Farmers increasingly seek alternative channels to dispose produce. Opening up options will offer them greater choice, while reducing food wastage and overall transportation effort. The average farmer does not go beyond the Mandal headquarters for marketing. The so called freeing of market which the farm acts facilitate will only work to the advantage of big corporates as remunerative price for farm produce remain elusive for most crops in the absence of market intervention by government agencies: opines A.P Rythu Sangam, Prakasam District, secretary, Vadde Hanuma Reddy.

The commission agent system prevalent in most of the markets is also not working to the advantage of farmers. In a State like Punjab, the centre, in addition to MSP to the farmers on wheat and rice, ends up paying 6% as market fee and another 2.5% as commission-to-commission agents, which approximately comes to Rs 3,000 crores per year. Regarding contract farming, already Pepsi and Kellogg's are working with farmers in certain states. More important reforms in terms of better MSPs for edible oils and pulses, and facilitating change in the cropping patterns by substituting less water intensive pulses and edible oil crops in place of cereals are the need of the hour. Similarly introducing edible oils and pulses in greater proposition within the PDS system and supplying a balanced nutritional nux the PDS beneficiaries will, in the long run, facilitate a change in the cropping pattern as well.

VI. Agitations on Farm Bills: Opposition Politics

Farmers belonging to a large number of farmer organisations including over 200 farmer groups affiliated to the All India Kisan Sangarsh Coordination Committee (AIKSCC) blocked the roads and hold demonstrations across the country to protest against three Farm laws passed in parliament. They want to scrap these farm related legislations. Taking the fight against farms laws to the national capital, Punjab Chief Minister, Captain Amarinder Singh on Wednesday staged a dharna at Jantar Mantar to protest against the delay in presidential assent to Punjab's parallel farm bills. Congress MLA's and some supporting parties also joined him. Singh warned that the failure to solve to farmers issue could lead to unrest in the Border State at a time when Pakistan and China were looking for opportunity to create trouble. Noted Economics, Professor of Ludhiana-based Punjab Agricultural University, Sukhpal Singh points out that 86% of Indian farmers have less than five acres of land, and 67% of farmers have less than two and half acres of land. These are the victims of the grave economic crisis. How can these small farmers sell their produce in other markets? What is the purpose of new markets if small farmers cannot participate in them? How will the private markets operate? These new markets will not have any regulation and they won't be taxed by the State Government. State government will regulate only the already running markets. In Punjab, for instance, these markets levy 8.5% tax including 3% market fee, 3% rural development fund, and 2.5% commission of the commission agents. Thus, the tax is around 155/Quintal on paddy and 164/Quintal on wheat. Of course, Modi, advocated that MSP and procurement will continue. Despite the government's assurances, concern persist among farmers and opposition parties.

VII. Public Distribution System Sustainability

The Three Bills are designed to dismantle the basis of agricultural policy created during the Green Revolution. Following the near famine conditions in the mid-1960s, the Green Revolution strategy was built around reducing uncertainty when farmers adopted new technologies. Farmers were given credit to adopt new farming practices, and their returns were assured through guaranteed procurement. The fact that the farmers could only sell in the Mandis went well with a system where the Food Corporation of India (FCI) bought all the rice and wheat that was offered at the Mandis at a procurement price. Farmers could then get the benefits of the Green Revolution technology without the risk of a crash in prices. Now farmers can sell his produce anywhere either in Mandis or outside or corporate sector. Farmers would also prefer to now tap the higher prices in the open market rather than sell at procurement price to the FCI. Without sufficient stocks, the public distribution system (PDS) in our cities would collapse. India would then be in the odd position of a country that sees itself as an emerging global power, even as it steps closer to the bottom of the world hunger index.

VIII Self Reliance of India

Atmanirbhar Bharat Abiyan (ABA), India's Rs.20 lakh crore package for economic revival announced in the context of Covid-19 pandemic, has its third tranche exclusively dedicated to agriculture and allied activities. A set of measures are proposed in the package, with the overreaching objectives of facilitating better and predictable prices for farmers. The proposed measures include working capital facilities for farmers; enhanced procurement activities, measures to strengthen infrastructure, logistics and capacity building, governance and administrative reforms such as amendments to essential commodities act, agricultural marketing reforms and quality standardisation and prices assurance, and additional support to allied activities. Subsequent to ABA proposals, the central government promulgated three ordinance and finally Acts through parliament.

Freeing up agriculture trade from APMC limits, access to modern technology through contract farming and investment in storage facilities will help farmers produce exportable surplus and feed the world after fulfilling domestic needs. The three new Farm laws will create free and efficient agri ecosystem in the country. Government aims to double agri-exports to \$ 60 billion by 2022, providing farmers global platform to get better realisation of their crops. Currently, India's share is 2% in global agri trade of \$ 1,500 billion. We want a sizeable chunk in this business for our farmers. We see new opportunities in value added health fortified processed foods and global organic food market, which is growing at 12%. Government has decided to adopt Cluster-based integrated development and invest in research and development on inputs for Indian soil conditions. It will create export-oriented clusters and organic oriented clusters for Atmanirbhar and sustainable agriculture, said agriculture minister, Narendra Tomar.

China is also following India's lead, and going for Atmanirbharta. Its top decision-making body has decided to turn away from export markets as a growth driver, and to focus more on its domestic markets. It also seeks to reduce vulnerability to trade sanctions by hosting critical technologies and strategies production facilities within its territory. India wants the same, at lower levels of sophistication and higher tariffs.

The two countries talk now of self-reliance when their external trade, in relation to GDP, has been falling for some years. China's two-way trade was 36 percent of GDP in 2019, a sharp fall from its peak of 64 percent in 2006. India's trade GDP ratio peaked later, in 2011, 56 per cent; that figure is down in 40 per cent. These are the biggest falls among large economies. The fall in the case of the US is much smaller, from a peak of 30 percent in 2008 to 28 percent in 2018. Japan has inched the other way, its share of trade in GDP crawling up in the course of a decade from 34 percent to 37 percent. The European Union has seen similar trends and levels for its extra – EU trade. World trade as a whole in relation to global GDP has shrunk only by 2 percentage points in the last decade. The sharp drop in China and India stands out as being among the primary causes. Ahead of Diwali (Nov. 12, 2020) Union Finance Minister Nirmala Seetharaman rolled out 12 measures as the Atmanirbhar Bharat 3.0 stimulus package to boost the economy. She announced package worth Rs. 1.2 Trillion. Production linked incentive package is added, stimulus causes to Rs 2.65 trillions.

VIII Conclusion

In fact, British rulers first attracted farm produce especially cotton to meet the demand of Manchester mills in England and established regulated market (Karanja) in 1886 under Hyderabad Residency later Royal Commission on Agriculture 1928 recommended regulated Markets throughout India. Moneylenders, commission agents are playing dominant role in agriculture markets than farmers. E-NAMs are promoted with Android for farmers and traders, to benefit farming.

BJP Government on July 20, 2020 notified three bills to liberate agriculture from middlemen, enhance competition, create market infrastructure and made entire country for one market i.e., “One nation and one market”. They extended P.M. crop insurance scheme and direct cash benefits of ₹ 94,000 crore to 10.21 crore farmers. Opposition party, congress, and others took the farmers into streets, opposed the three bills, and amended in their own approach. How can a small farmer sell their produce in other markets? Removal of local levy is found in the bills. Ashok Gulati, former chairman of CACP had estimated the total implicit levy on farmers was ₹ 2.65 trillion per annum at 2017 – 18 prices, for 2000-01 to 2016-17 prices. Cumulatively for 17 years covers roughly ₹ 45 trillion at 2017-18 prices. No country in the world has taxed its farmers so heavily as in India. Contract farming is anti-farmer said opposition parties, whereas already the system is working with Pepsi, Kellogg’s in Punjab and Haryana states. By all means, without sufficient stocks, the Public Distribution System would collapse and we reaches bottoms of world hunger index. Atmanirbhar (self-reliance) 3rd tranche introduced and dedicated for agriculture and allied activities to meet challenges of global markets. India will create export- oriented clusters and organic clusters for Atmanirbhar and sustainable agriculture. Finally, farmers will benefit abundantly by possibility of export also. Farmers welfare is nation’s will.

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