India's New Farm Act 2020: Farmers' Point of View

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Abstract- At the end of September 2020, Farmers' Produce Trade and Commerce (Prsomotion and Facilitation) Bill 2020, Farmers' Agreement on Price Assurance and Farm Services (Empowerment and Protection) Bill 2020 and Essential Commodities (Amendment) Bill 2020 were approved by the President of India and notified as legislation. The primary provision is to assist the farmer of the country for doubling its income but with the involvement the corporates. The farmer will be free from commission agents but will be contingent on corporates and other trading companies. As per the Indian constitution, agriculture is a matter of state government and the central government brought these laws in terms of trade and commerce which simply signifies that these laws are for the traders and farmers are considered as traders. But the farmer of India was never into trading before. And hence this trader will lose the electricity subsidies also. As a result of these laws, there will be a huge price increase in the agriculture products but the major portion of the profit will be taken by the corporates. The farmers will remain at same level, perhaps at a risk of losing income and their lands as government may not procure their farm produce after a span of time or simply the corporate companies will not miss any opportunity to lose any profit to government.

Keywords – Farm laws, Contract Farming, Farmer, Agriculture.

I. INTRODUCTION

On 27th September, President Ram Nath Kovind signed the three Agriculture Bills earlier passed in both Lok Sabha and Rajya Sabha by voice vote amid strongly opposed by the opposition parties [7]. Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill 2020 permits the trade of farmers' produce beyond the premises of Agricultural Produce Market Committee (APMC). Farmers' Agreement on Price Assurance and Farm Services (Empowerment and Protection) Bill 2020 provides farming agreement between a farmer and buyer i.e. contract farming prior to production and rearing of any farm produce. Essential Commodities (Amendment) Bill 2020 removes the commodities like cereals, pulses, oil seeds, edible oils, onions and potatoes from the list of essential commodities which will end the imposition of stock holding limits except under extraordinary circumstances. Most of the farmer unions want Union Government of India to roll back these farm laws and they are protesting for the same.

II. GOVERNMENTS' JUSTIFICATION ON FARM LAWS

The Union Government of India has said that these bills will accelerate the growth in agriculture sector and dream of the Prime Minister- doubling the income of the Indian farmer will come true soon. According to Government of India Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill 2020 will allow a farmer to trade his farm produce at any place even e-trading, trade is not bound to APMC only [7]. The taxes for inter state or intra state trading are removed to increase the trading approach of the farmer. Farmers' Agreement on Price Assurance and Farm Services (Empowerment and Protection) Bill 2020 will empower the farmer as there will be a written contract between the farmer and the investor in which the guaranteed price of the produce will be fixed before the production or rearing of farm produce. The minimum period of this agreement will be of at least one crop and a maximum of 5 years and with mutual consent it may be extended [7]. If there exists any dispute then it can be sort out at Sub Divisional Magistrate and appellate authority. Essential Commodities (Amendment) Bill 2020 will increase the stock limit of the farmer. Following this law, a farmer can store as much his produce as he wants to. By stocking a particular farm produce, a farmer can sell it at a better price when its demand goes high. Upon implementing these farm laws, private sector will directly invest in agricultural technology to improve the production and quality of farm produce and ultimately a farmer will get a better income for its production. The private sector companies will raise the level of farmers by introducing new techniques and facilities. Also the farmer will get a better price through competition and cost cutting transportation as the Mandi Commissions are no more. Agriculture Minister Narendra Singh Tomar has assured that the Minimum Support Price mechanism will stay, and adequate protection of land ownership was in place to protect farmer interests [6].

III. Farmers' Perspective

A. Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill 2020

23 Agricultural crops have MSP, but the Governments primarily buy only rice and wheat [5]. As per reports of procurement of rice, 89% in Punjab and 85% in Haryana is procured by Government [5]. Farmers feel that upon implementation of these laws, the Government procurement process will be killed along with the MSP (Minimum Support Price). Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill 2020 will allow the farmer to sell his agriculture produce outside APMC which will lead to the direct sale of the agriculture produce to any private firm. This will bypass the Government and hence the price of this produce will be decided by the purchaser. For an example, in Punjab, government has fixed the MSP for maize Rs 1850 per quintal but government itself is not procuring the maize, so the farmers have to approach some private firm urgently because a farmer is not able to store it for long. Also a farmer cannot sell his product at a distance beyond his limits as he cannot afford the carriage charges from that income. As a result, recently in Punjab farmers got only Rs 700-1000 per quintal of maize. A similar is happening with other crops also in entire India where government is not procuring the produce. The removal of APMC will enhance the private firms as well as the farmers as there will be no commission agency if a farmer will choose to sell his crop outside APMC. Basically this will be a loss for state governments also as the fund collected by the APMCs is kept reserved for the rural developments. The Punjab government charges a 6% mandi tax (along with a 2.5% fee for handling central procurement) and earns an annual revenue of about ₹3,500 crore from these charges [8].Considering the situation in Punjab the government had formed Punjab Mandi Board which is a state government agency that will procure the crops and the revenue collected from the mandi system is utilized for making various village link roads and other rural development works. If farmers are given an option to sell their produce outside the Mandi (Marketing yard) without paying any commission, the Punjab Mandi Board will be abolished soon and hence the rural development works will be highly impacted. Gamani Corea, former Secretary-General, UNCTAD stated, "Globalization instead of being an equalizing process, has only widened the gap between the two in terms of monopoly in science and technology, flow of capital, access to natural resources, communication and nuclear armament" [1] which clearly states that standardization of the crop price is the need of the farmer.

Another community known as "Aarhtiyas", the commission agents are fearing to lose their business as they are bypassed by these laws. Most of the farmers are under debt in Punjab. Farmers get the income only after harvesting their crops and these crops are mostly harvested twice a year. In the mean time for their daily needs and their regular social and agricultural requirements they approach their respective Aarhtiya for financial assistance. Aarhtiya never refuses them as he knows that upon harvesting the crop, he will get his money back along with interest. Upon implementing the new farm laws, Aarhtiyas have to lose their business as the payment will be directly credited to the farmers' account and hence the farmers will also suffer for their financial needs from time to time. The National Sample Survey Organization (NSSO) Report 2005 indicates that 1 in 2 farm households are in debt and only 10 per cent of the debt was incurred for non-production purposes. Also, 32.7 per cent of farmers still depend on money lenders and these money lenders are basically aarhtiyas. Bypassing them will raise the defaulters and hence for their needs the farmers will reach out to banks or other similar resources. Agrarian distress has led farmers to commit suicide in recent years. The major causes of the agrarian crisis are: unfinished agenda in land reform, quantity and quality of water, technology fatigue, access, adequacy and timeliness of institutional credit, and opportunities for assured and remunerative marketing. Adverse meteorological factors add to these problems [3]. Limiting the aarhtiyas will hence lead to increase the farmer suicides figures.

B. Farmers' Agreement on Price Assurance and Farm Services (Empowerment and Protection) Bill 2020

Contract farming is nothing new. During the British period there was indigo plantation through contract farming. But that was exploitative [9]. In the first place there is no credible enforcement mechanism for contract farming in India. Secondly, since the size of the holdings is small the company will have to enter into contract with a large number of farmers. This increases costs of the company. Thirdly, there is a lack of comprehensive crop insurance scheme in India [9]. Contract Farming schemes contribute to technology adoption and productivity growth, but not always to profitability, and therefore the results suggest limited potential for contract farming to increase incomes and reduce poverty [4]. India has access to about 4.5 per cent of the present water, and about 2 per cent of the total land resources available but houses about 17 per cent of the world population. Therefore, the pressure on land and water is very high and for this, we need to capitalize on cost of agriculture production, its quality and technology transfer [2]. On the other side, the agriculture-based food industry requires timely and adequate inputs of good quality agricultural produce. Against this backdrop, contract farming is considered to be a real instrument to address many of the traditional limitations of the agriculture sector [2]. In any market price of any entity depends on the demand. In agriculture sector, it is very difficult for a farmer to survey the demand of a farm produce before cultivation of a crop. Majority of Indian farmers are dependent on nature, especially as an irrigation source. Sometimes the farmer has to face crop damage losses due to heavy rain or hailstorm or moisture in the grains. So farmer can neither predict the demand nor the availability/supply of the farm produce before selling it. This new law will allow the farmer to opt for the contract farming in which a written agreement will be there between the farmer and the firm which will either use his land for the crop production or in a way that the firm/vendor will pay the farmer directly at a particular fixed rate and this rate will be written in the agreement and of course this rate is decided before harvesting the crop. Noble prize-winning economist Joseph Stiglitz said that trade agreements will now forbid most subsidies excepted for the agricultural goods. Also, the farmers found a bug in this law as well. There is a provision in this law to approach to the local Sub Divisional Magistrate for any kind of dispute in the agreement. If any of the parties want to appeal they can approach to the District Magistrate and this will be the last approach. This way the disputes are kept out of any court. The total resolving rights are given to the local administration. Farmers clearly say that among the two parties farmer is not powerful than the other financially as well as politically. Hence the contracting party (firm/vendor) may approach the local administration easily to enforce the unfair decision as they will not be challenged at any level again. The agreement duration is minimum of one crop and maximum up to five years. Upon mutual consent it may be extended further. In this matter suppose a big land mafia firm jumps in, and they agreed with the farmer for five years and upon harvesting they claim no payment to the farmer due to any reason like poor quality, or loss in resources or any other reason intending to grab the farmers' income. A farmer cannot trust or even stand in front of them to take the matter to the local administration. In this way there are fair chances for agricultural land grabbing especially of the poor land owners. In order to increase the crop produce, demand for fertilizers and pesticides will increase rapidly and hence abnormal hikes in fertilizers and pesticides will be seen, ultimately the farmer will have to bear this pressure. Delayed payment for crop produce, lack of credit for crop production, scarcity of water for irrigation, erratic power supply and difficulty in meeting quality requirements have been found to be the major constraints faced by contract farmers.

C. Essential Commodities (Amendment) Bill 2020

The Government of India regulates the production, supply, and distribution of a whole host of commodities it declares 'essential' in order to make them available to consumers at fair prices. The MRP (Maximum Retail Price) can also be fixed by the government. Government can put a cap on stocking limit of that commodity that is declared as essential. After this amendment the commodities that have been deregulated are food items including cereals, pulses, potato, onion, edible oilseeds and oils. Hence there will be no limit on stocking of these products [6]. Farmers in India don't have resources to stock any farm produce, so this law again enhances the privatization in agricultural sector which is not acceptable by farmers. They are saying that the giant companies of India had already set up their infrastructures for stocking of the grains etc. By implementing these laws, the market giants will stock the grains by purchasing directly from a farmer at a nominal price and stock it for a long period in a wait to increase the demand by reducing the supply resulting in a huge price increase. Not only farmer but every food eating entity will be affected by this law. In a country like India where a huge population is not able to fulfil the daily feeding requirements, these laws will enhance the corporates to jump in agriculture sector seeking huge profit opportunities, ultimately resulting in an increase of such population.

IV.CONCLUSION

The new farm laws are subjected to increase the farmers' income by enhancing the privatization in agriculture sector. But these are more focused on the enhancing corporates and even rights of the farmers are at risk. Agriculture, the largest sector of Indian population, till date is working on a basic model-cultivate and harvest. Modern farmer who believes in marketing is very rare. The overall price of the food items will increase rapidly in a very short span of time but the profit of the farmer will remain either same or less than earlier because these profits will be created by the corporates or other firms involved in this and they will grab these profits. As per farmers' point of view, there are provisions in these laws for the corporates that will grab their land fairly or unfairly. In fact, sooner or later the farmers will have to work as labor at their own lands. This is the reason that the farmer is protesting on roads in the national capital in this chilled weather. Not only farmers, small agriculture- based industry will be ruined on a large scale along with farm labor resulting in increase in starvation figures of the country. Agriculture employees the 60% of Indian population and contribute only 20.6% of the nation's GDP [1] and upon privatization, this will decrease further as the companies will seek their profits too. Farmers of India want the Swaminathan Commission report to be implemented, these laws are designed in a way that it meets some of the commission recommendations but the main agenda behind the Swaminathan commission report was to stop farmer exploitations and reduce the suicidal rate in farmers and hence to make the farmer debt free. This agenda is ignored while drafting these laws.

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