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Farm Laws and India's new Reforms

Editorial ***Dr. J. Felix Raj, SJ***

Agriculture is the mainstay of the Indian economy, contributing about 21% of the national Gross Domestic Product (GDP). Around 60% of India's population depends on agriculture, and about 41% of the total labour force is associated with it.

Agriculture ensures food security for the country and also provides raw materials to industries. India earns substantial foreign exchange by exporting agricultural products. Agricultural development is, therefore, a precondition for our national development. If schools and colleges are the temples of knowledge and wisdom, villages are the temples of prosperity.

Our Farmers, who are the backbone of our nation's welfare, are facing various problems in their farming activities like low income due to the absence of organised markets, inadequate transportation and storage facilities, scattered and small landholdings and so on. These problems have forced them into frequent protests and often, suicides.

According to the National Crime Records Bureau, the number of suicides committed by farmers and farm labourers stood around 12,000 per annum prior to 2015. Data on farmers' suicide have not been published since 2015. Their suicide rate accounts for 10% of the total suicides committed in India.

As many as 248 Indian farmers have died during their recent protests in and around Delhi, according to the data collected by Sanyukat Kisan Morcha (SKM). The 2020–2021 farmers' protest is an ongoing protest against the three farm laws, which were passed by the Parliament of India in September 2020.

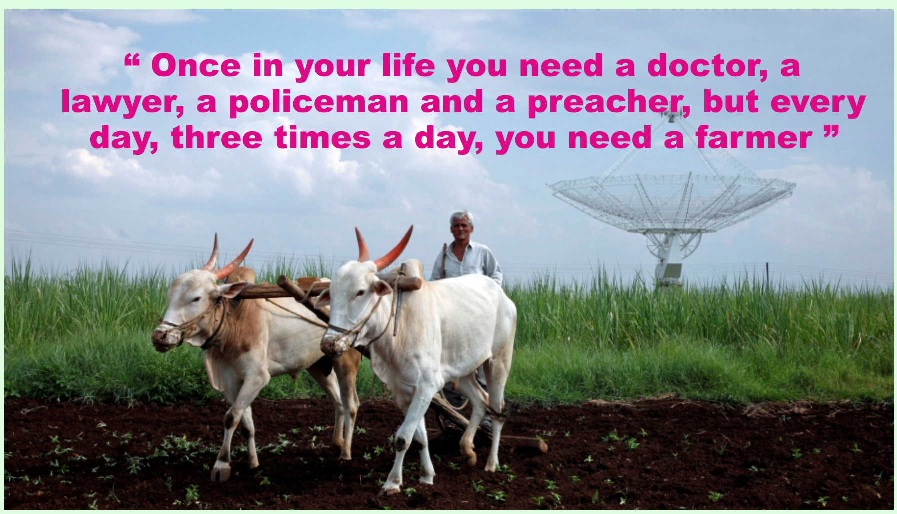
The laws are: The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act; The Essential Commodities (Amendment) Act; and The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act.

The three contentious laws that will change the way India's farmers conduct business have sparked one of India's biggest protests and a continuous standoff with the government.

How many farmers are there in India? This is an enduring question with no definite answer. There are multiple estimates, by the government and by private bodies, depending on policy implications and government schemes. In a speech in September 2020, Prime Minister Narendra Modi noted that 85% of India's farmers own small tracts of land.

Modi was defending the new controversial farm laws and trying to make a larger point on why collective contract farming – which, one of the three laws seek to allow – would be beneficial for India's farmers.

But, if one were to ask the government about the number of farmers or the translation of 85% into numbers, one may not get an easy answer. This is because the Indian



government itself does not quite know how many farmers are there in India, or indeed, who really is a farmer.

When a pertinent question was posed in the Rajya Sabha by BJP MP Ajay Pratap Singh in November 2019, the Agriculture and Farmers' Welfare Minister, Narendra Singh Tomar responded not by providing the number of farmers but by providing data for the number of operational landholdings in the country. The government's ambiguity has serious implications for the design and beneficiaries of the schemes meant to help them, including its flagship PM-KISAN (Pradhan Mantri Kisan Samman Nidhi).

Since September 2020, tens of thousands of protesting farmers have been demanding the repeal of the laws. They have been camping out on highways in the outskirts of

Delhi. Nearly a dozen rounds of talks between the 30-odd farmer unions and the government have yielded no results.

Pro-reform economists have largely welcomed the move, saying the new laws will help improve farm incomes, attract investment and technology, and increase productivity. But angry and worried farmer groups see the laws as unfair and exploitative.

They are worried about the Minimum Support Price (MSP) assurance. The MSP assurance has emerged as the main sticking point in their protest. There is an apprehension among them that allowing outside-Agricultural Produce Marketing Committee (APMC), trade of farm produces would lead to lesser buying by the government agencies in the approved mandis.

While the government says the farm laws open up new avenues for the farmers to increase their income, the protesting farmers say the new laws will make them vulnerable to private traders. The protesting farmers say the new laws would thus make the MSP system irrelevant and they would not have any assured income from their farming.

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The next issue July - September, 2021 will be on 'Ignatian Year and Jesuit Universal Apostolic Preferences'.

Decoding the New Farm Laws and their Impact on Indian Agriculture

Dr. Sovik Mukherjee

Background

Over the last few months, in the midst of the ongoing COVID-19 pandemic wave, Indian agriculture has been hogging the limelight. The source of the controversy is the introduction of three farm ordinances, namely, — i) Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, ii) Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 and iii) Essential Commodities (Amendment) Act, 2020 (earlier bills and now – having received Presidential assent after a tempestuous and abrupt passage through Parliament – are now Acts).

The government has hailed these laws as revolutionary reforms that will finally liberate the Indian farmer and Indian farming from the clutches of exploitative middlemen and State-regulated APMC (Agricultural Produce Market Committee) markets, also known as *mandis*. Critics, on the other hand, see this transition to deregulation of agricultural markets as a way of encouraging 'unregulated corporatisation' and as a precursor to the abolition of the existing 'price support and regulatory protection'.

Why are these 'watershed' reforms?

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) (FPTC) Act, enacted by the Central government, allows farmers to sell and buy farm produce anywhere in the country, including outside of APMC mandis.

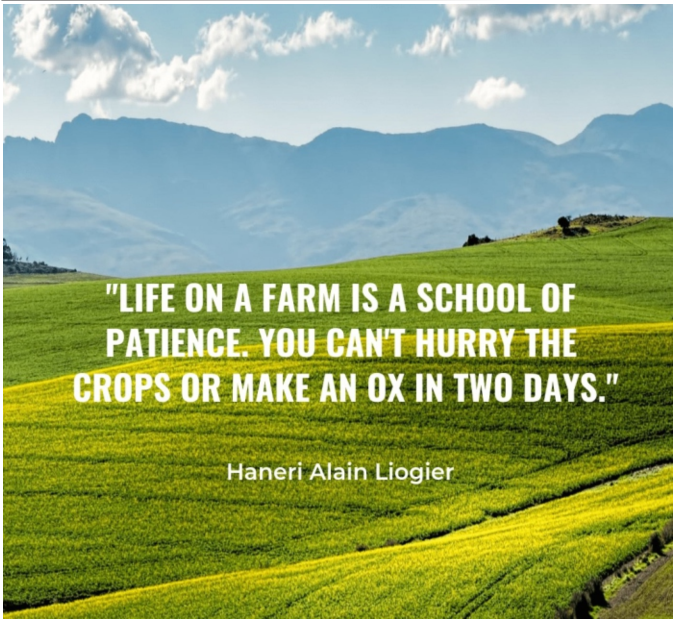
The new law talks about an electronic platform for the selling and/or purchase of farm produce in order to facilitate e-commerce in agriculture with an option of government intervention to regulate the system. For the first time, farmers will have the opportunity to quote the price for their produce. Traditional supply chains involve six to seven transactions between the production point and end use. FPTC will result in compressing the value chains thereby eliminating excessive exploitative intermediation.

APMC markets, over the years, have come to be used for revenue generation and rent-seeking under the cover of regulation, and at the cost of producers and consumers. It is also pertinent to point out that the mere existence of APMC markets does not ensure minimum support prices (MSP), as seen in the case of many crops in Punjab and Haryana and with wheat and paddy in several states. The government's perspective is, there is no basis for linking up the continuation of MSP to the new Act. If the government wants to reform them, it does not need the support of any act to do so.

The Farmers' Empowerment and Protection Agreement on Price Assurance and Farm Services Act — or the Agreement on Price Assurance and Farm Services is greatly simplified and an improved version of the Contract Farming Act that has already been adopted by 20 states. The new Act shifts the balance in the favour of farmers. It removes the complicated system of registration/license, deposits, and various other compliances in contract farming provisions in various states.

For example, Nestle, has been enjoying a very successful partnership with farmers in the Moga district of Punjab in the dairy (milk) sector since 1961 which is almost similar to what is provided in "Agreement on Price Assurance and Farm Services" Act. The government argues that the new Act has no provision for leasing out land by the farmers in any manner to the sponsor or firm. Therefore, apprehensions like corporates usurping the lands of the farmers, or forcibly taking their assets by manipulating the agreement are totally misplaced.

The Essential Commodities Act (ECA) has been modified for agriculture and food stuff, which includes cereals, pulses, potato, onion, edible oilseeds and oils. The modification says that the Central government may regulate the supply of the above commodities only under extraordinary circumstances, which may include war, famine, extraordinary price rise and natural calamities. The modification lays down a transparent criterion on imposing or regulating stock limit and in no way dilutes the power of the government to intervene in



the market for price control like it did for onions in October, 2020. The commodities of farmers' interest like fertilisers and seeds have not been touched by the modification in ECA. As the government puts it, surprisingly, agitating farmers' groups are protesting the move, despite the fact that it is obviously in their best interests – it would stimulate investment in warehouses, cold storage facilities, pack houses and logistics, as well as reduce food wastage, volatile price swings and price crashes due to gluts.

What are the protests for?

I strongly believe that India's farm laws needed to be changed and that the country's food grain market needs to be more accessible. Farmers in states where they were previously prohibited from selling grain outside of specified state-regulated areas known as mandis are now permitted to do so under the new laws. As Basu (2021) argues, farmers will have more options, *ceteris paribus*. Farmers must, however, trust the government in order to believe in the *ceteris paribus* condition. They obviously don't, and on closer examination, there are good reasons for it.

The farmers of Punjab, Haryana and western Uttar Pradesh, are the ones, primarily protesting. There are two angles to the story that warrants immediate attention. First, the procurement of the production is quite high in Punjab and Haryana, irrespective of the landholdings. If Minimum Support Prices (MSP) is there, farming is profitable. If it is withdrawn, it will lead to losses as the cost of production is quite high. The MSP system has made farmers dependent on the central pool procurement system (Varghese, 2020).

Second, in states like Punjab and Haryana, the epicentre of the protests, the market fee, rural development fee, and *arhatiya's* commission are 3%, 3%, and 2.5%; and 2%, 2%, and 2.5% respectively. These are big sources of state revenue. With states not permitted to levy market fee/cess outside APMC areas under the new laws, Punjab and Haryana could lose an estimated INR 3,500 crore and INR 1,600 crore each year respectively ("What are farm bills, who are opposing and why - an explainer", 2020). If this happens, it will have significant fiscal consequences for these states.

As already mentioned, the fear among farmers is that the next step in the agricultural reform process will be doing away with government procurement process as well as the MSP. This is going to hurt the farmers from Punjab and Haryana, who benefit massively from the huge incentives in growing rice and wheat — the widespread protests in India's northern granaries are a reflection of their legitimate anxieties in this regard.

The MSP policy has led to excess production and excess procurement of rice and wheat by the government over the years. According to Mohan and Kamal (2020), as of September 2020, the Food Corporation of India (FCI) has 700.27 lakh tonnes of rice and wheat. As per the stocking norms for food grains, FCI needs to have an operational and strategic reserve of 411.2 lakh tonnes as of July and 307.70 lakh tonnes as of October. These massive stocks of rice and wheat are despite the government deciding to distribute a lot of rice and wheat for free to bring down the negative impact of the COVID-19 pandemic.

In fact, if the government procurement is lowered (even without the MSP being done away with), the price of rice and wheat will fall. If private markets are established, it will fall even faster. To put it in the context of excess supply, this is something that the big farmers of Punjab and Haryana don't want, hence, the protests.

Also with regards to the Electricity (Amendment) Bill, 2020, Direct Benefit Transfer (DBT) is a new addition to Section 65 of the Bill that proposes transferring subsidies directly into the consumers' accounts (Shrivastav, 2021). The provision is made in order to help discoms, which are largely state-owned, improve their financial health. The farmer would be responsible for paying the electricity subsidy, which the government would reimburse at a later date. Following the recent delays in the payment of LPG subsidies, the once bitten, twice shy cultivator has become skeptical of the government's timely repayment as promised. I feel that there are other economic concerns as well which need to be looked at apart from the ones already highlighted.

We have large agri-business firms, wholesalers, traders and large retailers. They will have an upper hand over the small farmers with cash in hand while formulating legal guarantee agreements. This would make the small farmers sacrificial goats. Introducing the corporate sector means giving more power to manipulate the market situation. Is it feasible for the small farmers to take their produce to the city or other state? Who will pay the transport charges? Are majority of our farmers educated enough to browse the internet to know rates, or have money and other resources to sell their produce in other markets? Can the farmers bargain with the market forces (read private players)? Many questions, few answers.

Concluding remarks

Despite the vision and the intent, the acts are riddled with flaws. This confusion and blurring of the agricultural landscape with private players coming into the picture is unlikely to lead to any transformative change.

By ignoring the voices of key stakeholders, the government has sown the seeds of resentment, and is now facing a backlash. The central government's planning and decision-making processes must be much more inclusive in order to fully transform agriculture in India.

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Deconstructing the Farm Bills/The Farm Bills and The Bengal Farmer

Dr. Saswati Chaudhuri ***Dr. Biswajit Mandal***

The 2020 Indian farmers' protest is an ongoing protest against the three farm acts passed by the Indian Parliament in 2020. The acts have been described as ‘anti-farmer laws’ by farmer unions, while opposition politicians also say it would leave farmers at the ‘mercy of corporates’.

Rewinding to a 'Kisan' rally in Uttar Pradesh on the 28th February, Prime Minister Modi had unleashed a dream of doubling farmer's income by 2022. Probably, one of the measures that the Union government proposed to subvert this end was in the form of the three Farm Bills in September 2020 — by liberalising access to agricultural markets, removing existing barriers to storage of agricultural produce, and facilitating contract-farming.

For better exposition it is important to introduce the bills to the readers. The first one pertains to Essential Commodities (Amendment) Bill, the second one pertains to facilitating contract farming [Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill], while the third bill, that is, the Farmers Produce Trade and Commerce (Promotion and Facilitation) Bill has mainly stirred the hornet's nest.

There is no denying the fact that the agricultural sector has still managed to employ more than half of India's population while cornering only a meagre 15% of its GDP. The sector was in a dire need of policies aiming towards its revival. The sector had been facing problems in the form of fragmented landholdings, unorganised sourcing of agricultural produce, inefficient supply chains, post-harvest losses emanating from marketing and storage inefficiencies and imbalances of international trade.

However, the newly introduced bills strive to address these structural inefficiencies plaguing the sector by liberalising the agricultural sector.

As with everything in this country, different political parties have been trying to usurp the clout of the farmers' protest and different arguments are doing the rounds positioning themselves on either side. However, I would like to put forth some points:

Firstly, the Bills are a stark attempt to transform farmers into stock exchange traders who would at

the same time be adept at finding their way through the meandering alleys in the texts of contracts. This would be too much to ask from them as it is beyond their skill and not a part of their knowledge domain.

Secondly, the above attempt by the Bill would deliberately position the farmer in an unknown world. Their lack of knowledge and skill would augment their transaction cost in those fields, as they would have to hire expertise. Additionally, when such contracts are signed with multinational companies, farmers shall either be forced into paying hefty fees to lawyers to be able to dissect such contracts for them, or, in the alternative, open the floodgates of their exploitation at any time by such companies.

Thus, there is a direct infringement on the freedom to earn a livelihood by the farmers – a violation of Article 43 of the Directive Principles of State Policy.

Thirdly, to make matters worse, the definition of 'farmers' appears to be inherently flawed in the Bills. Labourer, tiller and cropper cannot be brought into the ambit of the definition.

Fourthly, in the context of contract farming, a 'farming agreement'bestows more and, rather an unbalanced, power on the sponsor to refuse the yield without citing any proper reason. Thus, the farmers are liable to exploitative treatment and that too in a legitimate fashion by virtue of

the bills. The quality check of the farm produce would be carried out by a 'third party' and no safeguards have been ensured to limit any sort of bias of these agents. Hence, the farmers would be forced to bare themselves to unabashed exploitation at the expense of filling up the corporate coffers.

Fifthly, the farmers have no right to appeal – a provision which is akin to crucifixion of the farmers at the altar of democracy. It is as if the state has elevated itself to a god-like status whose decisions are immune to challenge. Clearly the Bills seem to defy the safeguards that the fathers of the Constitution created it to stand for.

Bengal Farmers' Reluctance To Join The Protests

However, what strikes us is that the farmers' unrest is being advocated by a section of farmers in Punjab and Haryana and not by India at large. The Bengal farmers are no exception to this too. At least we have not come across any organised debate or protest from them. West Bengal is home to about 70 lakh farmers with average landholdings of 0.77 hectares, while Punjab has farmers with average landholding of 3.6 hectares and Haryana with 1.6 hectares. In other words, the Bengal farmer is not as prosperous as his northern protesting brethren and the fear of the corporates taking over agriculture is not well founded for them. The corporates would rather concentrate on Punjab, Haryana and Rajasthan having 33.21%, 19.47% and 14.35% of the operational holdings. Not surprisingly, they are the ones out on the streets fighting the Government before it's too late.

On top of that, the marketable surplus of the Bengal farming households is quite less and in no way can induce the farmers to be worried over the commercial aspect of the sale of their products. In fact, they might be more worried in searching for alternative earning opportunities to augment their household income, rather than whiling away their precious time in protests. So the question looming large is whether the Bengal farmers are not taking part in the active protests entirely driven by economics? It is a well researched fact that movements all over the world have always been successful only with appropriate political patronage. Freedom movements or wars of liberation are fought with an emotional zest but not sector specific movements. The Nehru government had also experienced this changed attitude of the countrymen, once India was liberated from British rule, and the masses could not be aroused by mere oratory when the “Grow More Food” programme was re-launched. Using the same logic, the ratio of the farming to the non-farming household in Bengal is 7:13. Naturally the non-farming section of the society is not affected by the farm bill and the protest in its wake. We should not forget to mention in this context the poverty-stricken condition of the Bengal farmers. The intermediaries and traders in the unorganised sector enjoy a prosperity alien to the farmers. The political leaders are more aligned to this strong and powerful lobby who is least bothered with the raging protest in the wake of the farm bills. So the lack of a culture of strong protests in the Bengal farming sphere is easily understood.

The Three Recent Farm Laws: Long Overdue

Dr. Mallinath Mukherjee

Post-Second World War period witnessed rapid decolonization and the evident urge on the part of the relatively under-developed nations to utilize their independence to foster rapid nationalistic development so as to reduce the gap between the developing and the developed worlds. These newly independent developing economies of Asia, Africa and South America were large reservoirs of rapidly growing populations, mass absolute destitution, widespread unemployment, absence of animal spirit-driven industrial enterprise and backward agriculture. Even with more than two-thirds of the working population engaged in agriculture, most of such economies were chronically dependent on food imports.

In 1967 William and Paul Paddock authored the insightful book 'Famine 1975! America's Decision: Who Will Survive?' Wheat has always been the primary cereal used for relief from hunger and famine. The United States, Canada, Australia and Argentina used to grow relatively large amounts of wheat, but historically the United States used to be the 'sole hope of the hungry nations'. W. and P. Paddock emphatically observed, 'Yet the United States, even if it fully cultivates all its land, even if it opens every spigot of charity, will not have enough wheat …' to keep alive all the starving nations and, therefore, the United States would have to decide which nations it would send food to and to which nations it would not. The obvious policy recommendation was the 'classical triage method' that implied 'forget those who need a lot of food support'.

India, with a large and rapidly growing population, had been in the list of nations that the United States should better forget. Brain-storming accelerated and Agricultural Science and Agricultural Economics became increasingly important for education and research. The rationality of the three recent farm laws enacted by the Government of India cannot be judged without taking explicit note of the very serious implications of a possible global incidence of unemployment and mass hunger following the period of decolonization.

Agricultural research picked up momentum and agricultural universities and research centers were established on a war-footing. Professor Norman Borlaug invented the 'High-Yielding Variety' (HYV) of wheat seed in Mexico. It was potentially capable of overcoming the land constraint that arrested steady increase in food production. Popularly known as the 'New Agricultural Strategy', most of the economies started modernizing agriculture with the HYV seeds and the other complementary inputs. 'Famine 1975' could be avoided or, at least postponed.

Then came the compulsion to revisit an old memory. In the 19th century modern technology came to be used in rubber plantations. It was potentially capable of enhancing income from rubber plantations. Yet, the plantation owners showed little interest in the modern technology. The HYV seeds of the 1960s were potentially capable of raising food production and, yet, the farmers of different countries, including India, were found to have had an explicit dislike for agricultural modernization. Food for thought came from the almost forgotten memory of rubber plantations. The paradoxical response of the plantation owners in the 19th century as well as that of the agricultural land owners in the 20th century became a fertile breeding ground of a very rich crop of economic literature. The desirability of the three recent farm laws need to be analysed taking careful note of this paradoxical response of the powerful agrarian property owners.

While the two issues – 'Famine 1975' and 'hostility to agricultural modernization' – have global relevance, we shall, hereafter, concentrate only on their implications for India.

Some facts need to be posited as pre-requisites for analytical dissection:

(1) We shall be using the data published by the Ministry of Agriculture and Farmers' Welfare, Government of India, in 2019 (Agriculture Census, 2015-16, Phase - 1).

(2) Average size of operational holdings in India declined consistently from 2.28 hectares in 1970-71 to 1.08 hectares in 2015-16. It implies a process of continuous subdivision and fragmentation of cultivable land (Page 20 of the Report).

(3) Table 1(a) [Page 21] reported that the numbers of marginal, small and semi-medium operational holdings increased while those of medium and large holdings decreased steadily over the period 1970-71 to 2015-16. The number of small holdings, for example, increased from 36,200,000 to 100,251,000 – almost a three-fold increase. The number of large holdings, on the other hand, decreased from 2,766,000 to 838,000 – less than one-third of what it had been. It implies increasing pauperization of the poor farmers through distress sale of parts of their land and increasing oligarchic power of the rich farmers through purchase of land.

(4) The Report highlights inter-state variations in the extent of inequality in the agricultural sector of our country. Table 6 [Page nos. 37 & 38] reported that in 2015-16 as much as 81.7% of the total cultivated land in West Bengal had been marginal and small operational holdings while in Punjab, the corresponding figure was only 9.69%. While as much as 65.43% of the total cultivated land in Punjab had been medium and large operational holdings in 2015-16, the corresponding figure for West Bengal was as little as 5.54%. Thus, 12.76% of the land in West Bengal had been semi-medium operational holdings, the corresponding figure for Punjab being 24.88%. The scenario had been similar between Odisha, Bihar, Tamil Nadu etc. as states of disproportionately large share of cultivated land under marginal and small operational holdings on the one hand and Haryana, Maharashtra and Uttar Pradesh as states of disproportionately large share of cultivated land under large, medium and semi-medium operational holdings.

At this juncture, we may briefly bring in the three recent farm laws. The three recent farm laws duly enacted in September, 2020 (the Honourable Supreme Court of India, in January 2021, stayed their implementation) are: Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020; Farmers' (Empowerment and

Protection) Agreement on Price Assurance and Farm Services Act, 2020; and Essential Commodities (Amendment) Act, 2020. The first law gives freedom to the farmers to sell their produce anywhere and without any fees levied by the state. The second permits contract farming at pre-negotiated prices with an explicit dispute resolution mechanism. The third opens up space for competitive markets, including market-determined stockholding in cereals, pulses etc. by taking such goods out of the list of essential commodities.

Now, we may address the pertinent issue of why these laws had been long overdue and are, therefore, welcome structural changes in Indian agriculture.

The vast majority of the Indian farming community consists of marginal and small farmers working on tiny (marginal and small) operational holdings with hardly any food security. Destitution and emergencies (like sickness, natural calamities etc.) compel them to beg and borrow for survival at the subsistence level. Unfamiliar with banking habits, afraid of the rural oligarchy and of losing even their tiny inherited land (if they borrow from banks against the mortgage of land and fail to repay), poor farmers borrow from the rich landlords-cum-money lenders who have been known to them for generations. The vicious circle of indebtedness and hunger-driven surrender begins. The Rural Credit Survey Committee observed in the 1950s that 'the Indian farmer is born in debt, lives with debt and bequeath debt to the next generation'. The system introduced in independent India has meticulously perpetuated 'destitution breeding destitution' for over seven decades creating powerful oligarchic lobbies who have been getting huge rent from agricultural backwardness and hapless misery of the poor farmers. Important as this argument is, it needs elaboration.

Food price varies inversely with stock. Before the harvest stocks are depleted and food price is high. After harvest food price is low due to fresh stocks. For easy tractability, let there be only one cereal – rice. Let the price of rice be ₹ 2,000 per quintal after harvest and ₹ 4,000 per quintal before harvest. Let there be a poor farmer with a small inherited land that he cultivates. His bare subsistence consumption is 10 quintals of rice per annum. The family lives from hand to mouth, i.e., the farmer grows just 10 quintals per year. The farmer's daughter is grown up and her marriage is scheduled. The farmer needs ₹ 5,000 urgently. Let this be the pre-harvest season. The rich landlord-cum-money lender gives him the money by selling 1.25 quintals of rice in the market. Interest on loan is assumed away for simplicity (although it does not mean that the interest burden is zero on the farmer).

The farmer has to repay immediately after the harvest and here is the game of getting the poor farmer trapped. Marriage gets over and subsequently, after the harvest, the farmer sells 2.5 quintals usually to the same rich farmer (given oligarchic cartels) to repay the loan (at 100% interest rate in real units over a few months!). Now the farmer is left with only 7.5 quintals which is grossly inadequate for subsistence. The farmer now borrows for survival consumption and the cycle of indebtedness becomes stronger and stronger often reducing the poor farmer to the state of unwritten bonded labour attached to the rich farmer.

The pertinent question is: why doesn't the poor farmer take production loan to augment his annual production through the new advanced technology and come out of the debt trap? The poor, unfortunately, cannot dare. The rich farmer is the lord since only he may be approached in exigencies. The rich farmer-food trader-village money lender- cartel is deeply entrenched. The rich in rural India have multiple sources of income – from land, from informal lending and from free bonded labour. The rich farming community has a vested interest in keeping backward agriculture in perpetual backwardness. This vicious circle is made stronger by the nexus between the rural oligarchy and the meticulously maintained mandi-bureaucracy. This oligarchy needs to be broken and the best way is to pro-actively encourage freedom to the poor in an environment of competitive market.

Hence the three acts. Competitive markets reduce cost (illegal deductions in the mandis, e.g., poor quality deduction, dust component deduction, mandi fees etc.), enhance efficiency, encourages modernization without, in any way, endangering food security. The acts do not suggest closure of the public distribution system, withdrawal of the minimum support prices etc. The acts provide for state intervention in the event of any food crisis. Competitive markets in life-saving drugs, clothing and other daily essentials have been functioning in India. The oligarchy is worried since the laws loosen their grip over the poor farmers. No wonder, protests have come primarily from Punjab, Maharashtra, Haryana while the states of the Eastern, North-Eastern, Central and Southern India have not been agitating.

In Punjab the market fee, the rural development fee and the arhatiya's commission are 3%, 3% and 2.5% respectively which together contribute, on an average, ₹ 3,500 crore annually. Similarly, in Maharashtra, Haryana etc. where most of the farmers are marginal or small and most of the operational holdings are marginal and small, the three recent laws are long overdue structural changes. Wining and dining the bureaucracy by the rural rich need to come to an end for an efficient Indian agriculture and a stronger India.

Much Ado About Farm Laws: Amendments Highlighted

Sneha Singh

Indian democracy has witnessed a theatrical depiction of farmers' agitation similar to Shakespearean plays. Farmers moved to the Red fort with tractors and in groups voicing concerns over the amendment of Farm Laws on the 26th of January, 2021. But what was all the noise about it is discussed herein.

Farming is the primary occupation of 70% of rural households in India and contributes 16% to the GDP of the nation. The food crops produced by these farmers are largely procured by the Food Corporation of India (FCI) which also provides the minimum support price (MSP) as decided by the government to the farmers. FCI, along with the state governments sets up the purchase points for the farmers.

The striking reality is that only 6% of the population of farmers avails the benefits of MSP and the rest deal with middlemen or agents who buy, procure from the farmers and for their commission, sell or store the grains and products to be sold to the highest bidders, either the government or private players.

But today:

- Food grains production has drastically increased since the 1950s;
- There has been a rise in scams (read the 'pulses scam' investigated in 2015);
- Multiple complaints of violation of stock limits have always been a matter of concern to the law makers;
- Since agriculture and Markets are state subjects, being Entry 14 and 28 in List II, it was argued that the amendments by the Union Government was against the cooperative federalism proposed by the Constitution of India;
- However, it also cannot be ignored that the Union Government exercised such power as per Entry 33 under the Concurrent List.

Changes made by the Union Government, in an attempt to introduce '*corporate-led*' agriculture sector amidst the pandemic, introduced drastic changes in the central acts related to farming. The three laws amended were: (a) The Farmers' Produce Trade and Commerce (Promotion and Facilitation Act) 2020; (b) The Essential Commodities (Amendment) Act, 2020; and (c) The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020. The amendments allow the farmers to perform inter-state and intra-state transactions freely and increases competition between the sellers providing good competitive prices to the buyer.

The legal implications in these were that the Central Farm Laws, as they are known, collectively seek to facilitate 'barrier-free' trade of farmers' produce outside the markets notified under the various state Agriculture Produce Marketing Committee (APMC) laws; secondly, it defines a framework for contract farming; and thirdly, it regulates the supply of certain food items including cereals, pulses, potatoes and onions only under extraordinary circumstances such as war, famine, and if there is an extraordinary price rise.

It also introduces a liberalized agricultural marketing system with the aim of increasing the availability of buyers for farmers' produce. Anyone with a PAN card would be able to buy farmers' produce in the 'trade area' outside the markets notified or run by the APMCs. Buyers do not need a license from the state government or APMC or pay any tax to them for such purchase in 'trade area'.

The Central Acts do not provide for the MSP. They do provide for a contractual agreement for buyers and farmers to enter into prior to the production or rearing of any farm produce. This agreement must specify a minimum guaranteed price that the buyer will pay to the farmer for the sale. The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 provide that any stock limit will not apply to the farming produce sold under a farming agreement.

Before amendments, states functioned through Agriculture Produce Marketing Committees (APMC) which regulated the market regime in the respective states and was also repressive in terms of practices for the welfare of the

farmers. Multiple intermediaries between the farmers and the final consumers have led to low realisation by farmers. Minimum Support Price is available only for 23 or 24 crops. Therefore, these amendments will affect the farmers who produce traditional crops. The aggregations will get freedom from the MSP of the government. Farmers have a safety net in the form of subsidies and the amendments have failed to even recognize that there is farmer credit which almost all farmers in the country have to deal with.

The amendments have introduced a three-tier dispute resolution mechanism. Instead of approaching the civil court, the disputes between farmers and related to farming produce could be settled through conciliation and appeal that may be dealt with by the Sub-Divisional Magistrate before being filed with the Appellate Authority. This could lead to resolution of the disputes with less time taken and cost for the parties being well represented. But the prohibition of approaching the Civil Courts by the Farm Laws was seen as a violation of fundamental right of access to justice.

It may be said that there is a need of increasing private investment in agriculture with large industries actually investing in the agricultural sector. But the downside is that the corporate purchases are erratic whereas the farm produce is consistent. In farming fundamentally each producer is a small producer and the aggregation of the farmers for the scope of the amendments becomes very critical. Farmer Produce Organization is theoretical but the implementation of the same is difficult.

The price fluctuations are irrational and based on various factors that are outside the control of farmers or these organizations. Farmers with one or two acres of land cannot afford to take more risks nor predict demand and produce. Making a farmer an entrepreneur as projected in the amendments is too creative to be realistic. It also cannot be ignored that the big corporates brought into the picture by these amendments may stock up their quota at the time of harvest when the prices are low and may not buy when the price of the produce increases.

Hence the Supreme Court stayed the implementation of the execution of the amendments and the Centre paid the MSP to the farmers and bought the produce. The farmers heaved a sigh of relief because all they wanted was the government to be the largest purchaser of their produce and payment of the MSPs. It should also not be overlooked that it pressurises the government to make 100% procurement and such purchases despite overflowing godowns.

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