

Indian Agriculture Farm Acts: 2020

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Abstract

Agriculture is a state subject in India, and state-level Agriculture Produce Marketing Acts regulate agriculture marketing. The latter is in charge of establishing Agriculture Produce Marketing Committees (APMCs), which have become a point of contention in these Acts. In order to reform Indian agriculture, the central government introduced three bills, which became law after obtaining constitutional assent in the month of September 2020. The three of the bills implemented: (Promotion and Facilitation) The Farmer's Produce Trade & Commerce Bill, (Amendment) Essential Commodity Bill & (Empowerment and Protection) Farmers' Agreement on the Price Guarantee & Farm Service Bill, 2020. Farmers' protests and marches, as well as political unrest, have erupted in reaction to the introduction of the three bills. The three acts' aim is to reduce state control over the buying, selling, storage, and transporting of farm produce across the country, as well as to make it easier for private players to enter the market, which is currently hindered by entry barriers. Current study is based on the various Farm Acts implemented by the government and its advantages and disadvantages for the Indian agriculture and economy. The Indian Farm Acts, 2020 were likely to make an exposed market for inter & intra-state agriculture trade & take freedom for choice for farmer where the farmer & trader can appreciate the freedom for choice related to sale & purchase of farmer yield that enables remunerative values by viable interchange channel to promote efficient, transparent and barrier-free inter-state and intra-state agriculture marketing. Current study will aid the readers in gaining a better understand and spread awareness about the bills.

Keywords: Agriculture, Bill, Commodities, Contract, Farm, Farmers, Market Price, Produce, State.

Introduction

In order to change Indian agriculture, the central government introduced three bills (Figure 1), which became law after obtaining presidential assent in September 2020. (Promotion and Facilitation) Farmer Yield Trade & Commerce Bill, (Amendment) Essential Commodity Bill & (Empowerment and Protection) Farmers' Agreements on the Price Guarantee & Agriculture Service Bill, 2020 all were the three bills that were introduced[1]. The first legislation loosens restrictions on buying and selling produce from farmers, the second loosens restrictions on stocking, storage, and transportation, and the third loosens restrictions on contract-farming. Farmers' demonstrations and marches, as well as political unrest, have erupted in reaction to the three bills' implementation. The three act's goal is to reduce the size of the problem. In this paper, we effort to clear-up some of the uncertainty surrounding the act by discussing the three laws in depth, as well as their potential effects on agriculture marketing channel players. In India, agriculture is a state subject, and agriculture marketing is controlled by state-level Agriculture Produce Marketing Acts. State-specific legislation governs who can buy produce from farmers, who the farmers can sell to, and where the exchange takes place. Furthermore, we have trade controls on both the foreign and domestic markets. Import and export tariffs, quotas, and suspensions are used to limit foreign trade, while the Vital Commodities Act is used to restrict domestic trade. These limitations are justified for a variety of reasons, including shielding consumers from price increases and producers from exploitative investors and unfairly set prices. The latter is responsible for the development of Agriculture Produce Marketing Committees (APMCs), which has become a source of contention in these Actions.



Figure 1: Illustrating the Three Farm Acts 2020 Implemented by Centre Government

The three acts are based on the idea that they will make it easier for private investors for investing in agriculture-food supply chain, resulting in productivity gains downstream, and these improvements will be approved on farmer in form of the higher production price or low input price, depending on situation. Each bill focuses on a different aspect of agriculture marketing. They're all built to make it easier for different agriculture-food supplying chain to communicate with farmer and plan for accomplishing this by a dependence on conventional Agriculture Produce Market Committee-based mediators and establishing single nationwide market. Although the fact is that the bill's titles include the word "farmer," instead of concentrating specifically on the farmers' welfare. All these three bill depend heavily on the supplying chain players for taking advantage of the new rule, their benefits with farmer. Agriculture industry will become more competitive as a result of the Farm Bill's passage as private players will be able to access the market freely. Since there will be no restrictions on the cultivation, storage, movement, distribution, and supply of certain commodities, it will result in production savings of scale & draw more remote investment and direct foreign investment into agricultural sector as a whole, as well as specific critical commodities. Private investment and FDI in agriculture would help to develop critical infrastructure such as cold storage and other advanced technologies, resulting in increased productivity and reduced wastage of agriculture products, as well as the ability to store for the future. The entry of private players into the agribusiness sector, as well as government deregulation of critical commodities, has resulted in. Private investment and foreign direct investment (FDI) in agriculture will aid in the development of critical infrastructure such as cold storage and other advanced technologies, resulting in improved agriculture productivity and reduced wastage, as well as the potential to store for the future. The entry of private players into the agribusiness market, as well as government deregulation of essential commodities, has had a significant impact on the sector. Contract-farming is one alternative for addressing the issue of low farm production efficiency on a large scale, but it is not the only or most effective solution. There is no evidence that it is a panacea for all of India's small and marginal farmers' problems. To avoid opportunistic conduct, it is critical to keep contract-farming under regulatory oversight. In a few states that have enabled it, such as Tamil Nadu, Punjab, Karnataka, and Himachal Pradesh, contract-farming has flourished in the production of niche commodities like medicinal-herbs, gherkin, poultry, potatoes & horticulture product, resulting in positive outcome in term of growth of industry.

Concerns raised by Farmers	Laws on 'agri market' and 'contract farming' will support big private companies.
	Amendments in the Essential Commodities Act allow black marketing.
	Agri-business firms, processors, wholesalers, exporters and large retailers for farm services will manipulate market situation to gain at the cost of farmers.
	Law on contract farming will put farmer's ownership of land at risk.
	Farmers cannot protect their interests while exposed to large traders in the name of 'freedom of choice.'
	Law makes SDM court the final authority for dispute resolution.
	It's unfair to punish farmers for stubble burning under new ordinance on air quality management without providing them economically viable solutions.
	Proposed Electricity Amendment Bill will force farmers to make payment upfront at the rate decided by private power companies .

Figure 2: Illustrating the Concerns Raised by the Farmers' Unions During the Implementation of Various Farm Laws by the Government

The farmers raised various concerns (Figure 2) and protest over the Farm laws implemented by the Centre Government. The First concern is that the laws on 'Agri market' and 'contract-farming' will enable big private companies to have control over crop purchasing, to set up private agriculture markets and dictate prices, to control supply and prices of inputs for agriculture, to control the storage, cold storage and transport of crops, to monopolies food processing and the new laws will end the regulated 'Mandi' system. The second concern was the Amendments in Essential Commodity Act allow hoarding and black-marketing and expose the entire rural and urban poor to agri-giants and private food-corporation. Agriculture-business firm, processor, wholesaler, exporter & large retailer for agriculture service will manipulate market situation to gain at the cost of farmers is one of the concerns raised by the farmers. Farmers also raised the concern that law on contract-farming put farmers' ownership of land at risk as the Act provides for debt instruments to be operational alongside the contract with companies which will have their own recovery mechanism. Farmers cannot protect their interests while exposed to giant traders in the name of 'freedom of choice'. The laws make SDM court the final authority for dispute resolution farmers say they should be allowed to approach higher courts. It's unfair to punish farmers for stubble burning under new ordinance on air quality without providing them with economically viable solutions. The issue was also raised that the proposed electricity amendment bill will force farmers to make payment upfront at the rate decided by private power companies. Farmers raised huge protest against the threats to MSPs. There are concerns that if agricultural yield is sold on the outer side of Agricultural Produce Market Committee Mandis, Gaining at MSP will be halted under the new laws. Market rates will collapse if MSPs are not implemented. Market tax, fee of rural development & commission of arhatiya's in Haryana and Punjab, the epicenter of protest are 3 %, 3 %, and 2.5 %; and 2 %, 2 %, and 2.5 %, respectively[2]. Punjab and Haryana, for example, are heavily invested in the APMC scheme, with a robust Mandi network and a well-oiled system of arhatiya's or commission agents who help with procurement. The Punjab administration levies a 6% of Mandis tax that generates about Rs 3,500 crore in annual revenue. The price protection net of this network would be reduced if the agriculture market system is deregulated[2].

LITERATURE REVIEW

Agriculture as a formal profession has existed in India for many centuries, making it one of the few countries in the world to do so. The central government introduced three bills to reform Indian agriculture, all of which were signed into law after receiving presidential assent in September 2020. These bills aimed at National-Unified-Legislation, better-prices, advantageous for small and marginal farmers and to encourage private participation. Chatterjee [3] studied the Farm Bill: Principle & Political Economies of Agricultural Market Regulations and found that the un competitive market with entry barrier for a big buyer is seen as a major roadblock to achieve national policy's goal of increasing double, the farmer's income. The government has hailed the legislations as transformative reforms that will eventually free the farmers of India & agriculture from grip of manipulative middle men & unethical State regulated Agriculture Produce Market Committees which is also called as mandis. Narayanan[4] studied the three Farm Bills and its market reform in agriculture. The bills definitely encourage private parties to deal directly with farmers. The experience of agribusiness participation, on the other hand indicate that there are many strong placements effect. Business is picky about where they do business, preferring places with less opposition, stronger substructure, professional farmer & high productivity. Ramaswami [5] providing his perspective on farm laws, believes that agriculture marketing liberalization is the requisite path – a viewpoint that has previously been supported across the political spectrum. The Centre's use of legislation is a departure. There are no immediate benefits for states with procurement surpluses. Fernades [6] studied that the Farmers in India have a virtual license under Indian law. They can save, use, sow, resow, swap, share, and even sell the produce or seed grown in their fields, even if it is a safe variety, in unbranded packaging. In addition, the statute provides for "innocent violations."

Kaur, et al. [7] studied that Comparisons of the 2020 Centre agricultural laws with modifications planned by state. Different acts or laws implemented by the Government that supports various farm practices help supporting the live-li-hood of the farmers. Basant Kumar [8] studied the benefits and harms of contract-farming in Indian agriculture and found that Contract agriculture is tremendously helpful to farmer & companies. Farmers have assurance that their crop will be purchased by the company, and companies, particularly food processor, that have a precise understanding of the amount of raw materials that can be source which are based on their desires. Niti Aayog[9] studied the efficacy of MSPs to farmers to investigate and evaluate the efficacy of India's market policy in light of the government's national price support goals and MSP's effect on establishing a stable and fair crop price regime and to see if MSP's activity has aided the introduction of better technologies, adequate investment, and rural infrastructure. SFAC [10] studied about the National Agriculture Market which is PAN-India e-trading platform that aims to link the present Agriculture Produce Market Committee & another market yard in order to establish a single nationwide market for agriculture supplies. NAM is 'virtual' marketplace with physical market (Mandi) at its core. To encourage the emergence of a popular national market for agriculture commodities NAM must be created. The extent of trade in agriculture commodity at first idea of sale that is when farmer's give yield after the produce is currently limited by APMC controlled market yard's harvest in the local Mandi usually at the Tehsil level if not the district level.

DISCUSSION

Thousands of farmers have demonstrated on Delhi's outskirts in defiance of three farm bills passed by Parliament this year. They are asking that government revoke the new farm laws. The farm bills (Figure 3) were implemented on 27 September, 2020 by President of India Ram Nath Kovind who give his assent to these three 'Agriculture Bills' which were previously passed by Parliament of India. Due to a slew of issues in the country's tightly regulated agriculture sector, millions of India's small and marginal farmer have been living in abject poverty. The major being: (Agriculture Produce Market Committee) APMC and Middlemen. Hundreds of millions of urban Indian pay high rates, while million of farmer are under paid. Moreover, million of farmer who live far from their cities are unable to fly due to higher transportation costs. Over-interference by middlemen and a lack of agriculture infrastructure have stifled India's agriculture development and driven the country's poorest farmers into debt.

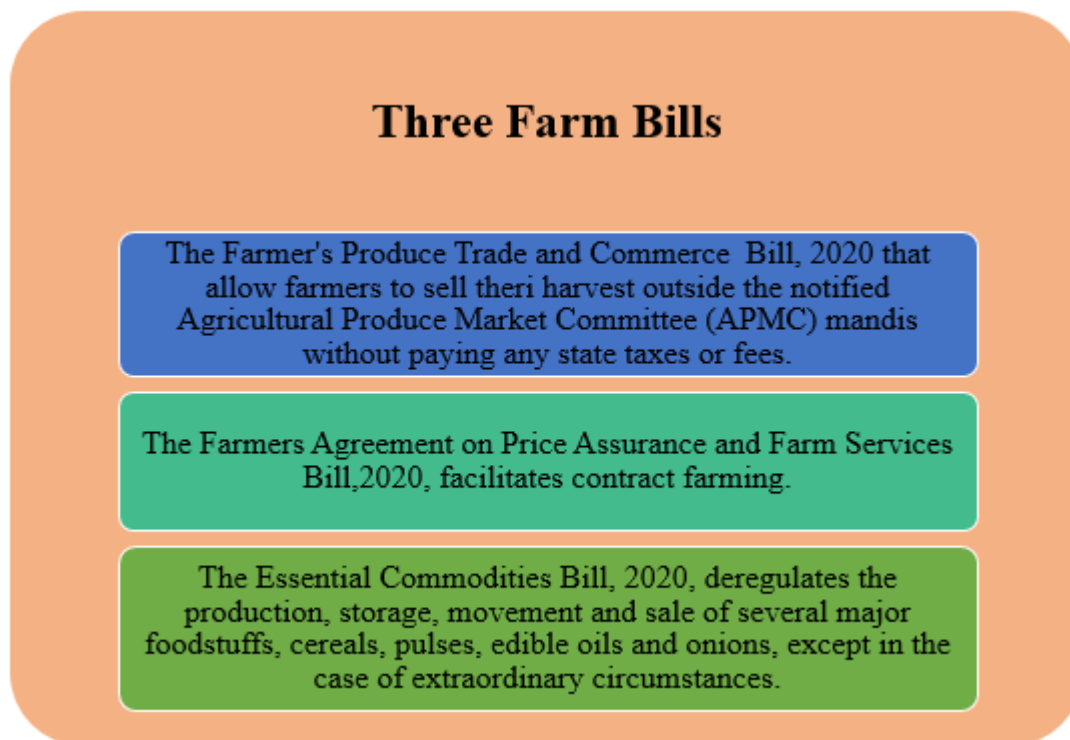


Figure 3: Illustrating Various Farm Bills Passed by the Government

1. *(Promotion and Facilitation) Farmer's Produce Trade & Commerce Bill, 2020:*

The bill permits farmer to exchange their agriculture yield outside of the mandis established by State Agriculture Produced Marketing Committee's law (APMC act). The 'Agriculture Produce Market Committee Bypass Bill,' which is also called, would circumvent all state-level APMC actions. Farmer is free to trade their yield to anywhere, also to anybody. This bill remove all the barriers for intra state & inter-state agriculture trade. Essential crops like onion and potato along with food grains, oilseeds and pulses crop has been excluded from list of this Commodities Act. Farmers can make deals with licensed traders from other states as well. This will increase competitiveness in the market and farmers will get good prices for their produce. Under this bill, any merchant having a PAN number is eligible for trade. Farmers or traders can engage in trade within a state or with other states through electronic trading platforms. This bill will promote the idea of 'One Nation and the One Market' and allows farmer to sell the yield all over the country.

2. *(Empowerment & Protection) Farmer Agreement of Price Assurances & Farm Service Bill, 2020:*

This bill aims for giving farmer a system in which they can involve in contract-agriculture, in which they can arrive into a straight contract with buyer before the sowing season for selling their yield at the pre-determined price to them. This bill is mainly related to the contract-agriculture. It will allow farmer to tieup with large buyer, exporter & retailer and will help farmer to assure price before their sowing. It will transfer market risks from the farmers to promoter and give farmer access to higher quality seed, fertilizers and pesticide. It attracts private investments in agriculturing & link farmhouses to global market. It enables farmer to arrive into direct contracts for sale of produce with corporations that produce food product, wholesaler, retailer and exporter. After the sale of produce is decided with a company or businessman, the buyer will be responsible for providing necessary means or input for good crop yield. Proper agriculture machinery and equipment will be arranged by the buyer. The buyer will provide technical guidance and advice to the farmers and must take full or partial responsibility for crop risks. During crop production, the crop will continue to be owned by the farmers and the crop will be insured and the farmers will also be able to take loans from financial institutions if needed. Crop grown under contract shall exempt from the rule & law that relates to the trade of agriculture yield and the provision of the Essential Commodity Act.

3. *(Empowerment & Protection) Farmer Agreement of Prices Assurance and Farm-Service Bills, 2020:*

This bill aims in giving farmer a system in which they can involve in contract-agriculturing, in which they arrive into direct agreements before the sowing season with buyers to sell their yield to them at pre-determined price. This bill helps in ending annoyance of capitalists and trader. It seems to interest private investments in warehouse, cold storage, processing. It helps to decrease depletion as storage facility to improve that bring price constancy & raise farmhouse income. Cereal, pulse, oilseed, onion & potato removed from list of essential commodity. It will attract the foreign direct investment. This will safeguard the interest of consumer in situation like famine, war, price rise and natural calamities. This bill helps in driven up investment in cold storage & modernization of supplying chain of food. This brings in price stability and prevents wastage of agricultural produce that happen due to insufficient storage facility. This creates positive environment for farmer, consumer and investor. This will strengthening the all over supplying chain mechanism of the agricultural sector. This helps to achieve the government potential to double the farmer's income.

Many issues raised by the Farmers and opposition after the amendment of Farm Bills. One of the issues was against the corporation of agriculture. Farmers are liberated by the (Promotion & Facilitation) Farmer's Produce Trades and Commerce Acts of 2020, which allow them to trade anywhere. Unlike the APMC system, a variety of organizations, including corporations, dealers, and even the end user, can procure from farmers without the need for a license or payment of a fee. This opens the floodgates for corporations to purchase directly from farmers without the need for a middleman. Protesters argue that this would result in the corporatization of agriculture and the economy. Another issue is for lack of regulation in non-APMC markets. Farmers are worried that the new laws benefit business interests at the expense of farmers' interests. Due to the lack of regulation in non-APMC markets, farmers can find it difficult to reach agreements with corporates, as big corporations are driven solely by profit motives. Other issue raised by farmers for loss of state's revenue. In this paper, we have discussed that Centre Government of India implemented various Farm Act in 2020 to change the Agriculture practices to improve the economy of the Country. But these Farm Acts is adversely opposed by the Farmers union. They are against the acts and raised many concerns. According to Farmers these acts comprise contract-farming and agri-market that only support big private firms and not them. These acts-imposed risk of land ownership to farmers. According to them, they cannot protect their produce when exposing to large private traders in terms of freedom-of-choice. Though many such concerns have been opposed by the farmers and protest had been held against Government.

CONCLUSION

Agriculture is state subject in India and agricultural marketing is directed by state-level Agricultural Produce Market Act. State-specific law regulates who can purchase produce from producers, who they can sell to, and where they can trade. These limitations are justified for a variety of reasons, including shielding consumers from price increases and producers from exploitative investors and unfairly set prices. The latter is responsible for the development of Agriculture Produce Marketing Committees (APMCs), which has become a source of contention in these Actions. Each bill focuses on a different aspect of agriculture marketing. They're all built to make it easier for various agriculture-food supplying chain to communicate with farmer. They plan for accomplishing this through a dependence on conventional Agriculture Market Produce Committee based mediators and establishing a single nationwide market. Rather than concentrating specifically on farmer welfare, the bills emphasizing 'farmers' depend heavily on supplying chain players for taking benefit of new rule & share the profits with farmer.

Following are the implemented Act's three core features: (1) Inter-state and intra-state trade is permitted in areas outside of the APMC market yard or other areas notified as part of the APMC market area. There would be an APMC market yard that would remain under APMC's control, and there would be a "trade field" outside the market yard. (2) Electronic trading would be permitted within the designated trade area, and (3) any act of buying and selling outside the designated trade area would be excluded from Mandi fees and taxes, as well as the provision of buyer licenses. Buyers are free to buy anywhere in the world, regardless of whether or not the states have enacted any legislation. The bill reduces transaction costs and makes it easier for new entrants to enter the market (agro-processing industries, farmers producer organizations etc.). The basic hypothesis is that

market access would benefit farmers, that intermediaries have always harmed farmers, and that constraints and entry barriers make markets and the price discovery process inefficient. Some concerns with this act are that the Farmer involve in contract farming is weaker player in positions of capability to convert what they desire. The promoters might not want to deal with crowd of minor peripheral farmer. The sponsor as a big private company, exporter, wholesaler & processor have an edge in dispute. Price limit set for “unusual situations” are this much high that they are never activated. Biggest advantage have liberty to ordinary commodity: it means they order term to farmer, which may result into low prices for the cultivator. Current decisions on ban of export on onion makes uncertainty on its application. State will lose revenue because they will not be able to gather ‘Mandi fee’ if farmer trade their yield outside the listed Agriculture Produce Market Committee. This may finally be ending the Minimum Support Price based gaining system. This will exposed more choice for farmer, reduce cost of marketing and helping them in better price. This will give farmer the right to entering into contract with agri business firm, processor, wholesaler, exporter or large retailer for trade of coming time agriculturing produce at pre-determined prices. This seeks to eliminate commodity like cereal, pulse, oilseed, onion & potato from list of needed commodity. Government’s stances are following for the implementation of bills. MSP procurement will proceed, and farmers will be able to retail their yield at Minimum Support Price rates. The Minimum Support Price for the Rabi period will released soon. Mandi will continue to operate, and trading will take place as normal. Farmers would be able to sell their produce at other locations besides the Mandis under the new system. Agriculture produce trading increases on electronic platform as electronic-NAM system of trading in Mandis. The farmer has full leverage in bond to set a selling price for the product of their choosing, resulting in greater transparency and time savings. They will be paid within three days at the most. A total of 100,000 Farmers Producer Organizations are being established throughout the United States. Grower will not have pursued trader after adopting a contract because these Follow On Public Officers will put all of the small farmer & work to guarantee remunerative prices for agriculture produce. The produce will picked up directly from the farm by the buyer. There would be no need to go to court several times if a dispute arises. There would be a local system for settling conflicts. Agriculture is a subject on which states have supreme authority, and demonstrators argue that the center lacked the authority to enact and pass legislation on the subject in Parliament.

The key focus of the debate and protests is on MSPs and their potential importance in Indian agriculture. Farmers and farmers organizations are the main targets of protests in Punjab and Haryana, where MSP is more prevalent. The Act is based on the concept that alternative marketing channels will favor farmers by increasing returns and allowing for price discovery. However, it is unclear how alternative business outlets can be developed and what mechanism will result in better price realizations. For the sake of the public interest, the central government has the authority to add or delete any important product from the list with the consent of the state governments. Drugs, fertilizers either organic, inorganic, mixed: foodstuff that includes edible oil; yarn which is made entirely by cotton; petroleum products that includes petroleum also; jute textiles & raw jutes; food-crop seed and fruit & vegetable’s seeds, cattle fodder’s seeds, seed, of jute, seed of cotton are all listed as essential commodities in the schedule. The agriculture industry will become more competitive as a result of the Farm Bill’s passage; as private players will be able to access the market freely. Government interference was unnecessary, resulting in unintentional significances. Agriculture Produce Market Committees converted monopsonies, Minimum Support Price administration become arduous, and few states like Haryana & Punjab likely to get benefit by these. Although the lack of physical substructure for buying farms’ yield at Minimum Support Price all around the country, India. The Food Corporation of India started to build up buffer stock which were several times greater as compared to demand. It resulted in both quality and quantity waste of farm produce.

The government could never have afforded to buy all farm produce at Minimum Support Price. Any serious promise of future MSP purchase from all of the farmer would catastrophic. It was necessary to come up with a different solution. The government would never have been able to afford to purchase all farm produce at MSP. Every solemn pledge to buy minimum support price from farmer in the coming time will be devastating. It was important to find an alternative solution. The Indian Farm Acts, 2020 are likely to establish an exposed market for inter and intra state agriculture trade as well as freedom for choice for farmer in terms of selling and buying their produce that promotes reliable, open, and barricade free inter & intra-state farming marketing through facilitated remunerative price by competitive trade channel. The Farm Bills, according to most parts of the

industry and main stakeholders in the agribusiness, are advanced & "idealistic," and decisive stage toward the governmental goal of replicating farmers' income by the year 2022.

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