FARM BILLS 2020

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Context

- Farmers have taken to the streets, protesting against three Bills on agriculture market reforms that were passed by Parliament and signed by the President.

Background

- Agriculture employs 58% of India's population and contributes to 15% of GDP. In 2020 the sector has grown by 4%.
- In the past Maharashtra Agricultural Produce Marketing Rules explicitly says that agricultural produce can only be marketed at the APMCs to prevent exploitation of the farmer.
- Such laws lackpracticality, are poor in the enactment and cause a monopoly of market players/ middlemen.
- The produce passes on to wholesalers in the city, who in turn sell it to small retailers or peddlers.
- There is a price rise of Rs 4 to 5 at every tranche. The result is that vegetables, many of which are purchased at Rs 2 or 3 a kg from farmers are sold at Rs 20 to 30 a kilo to urban consumers. Thus, crores of urban Indians had to pay higher prices and millions of farmers have gone underpaid.
- Further, millions of farmers who are situated far away from cities can't travel because of higher costs of transportation. To remove these loopholes the new Farmers bill has been passed by the government.

What are the three Bills?

1. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, allows farmers to sell their harvest outside the notified Agricultural Produce Market Committee (APMC) mandis without paying any State taxes or fees.
2. The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020, facilitates contract farming and direct marketing.
3. The Essential Commodities (Amendment) Bill, 2020, deregulates the production, storage, movement and sale of several major foodstuffs, including cereals, pulses, edible oils and onion, except in the case of extraordinary circumstances.

INDIAN SABJI MANDI

Conclusion

- The purchase by organised retailers curtails the length of the supply chain, giving better prices to farmers and asking for lower prices from consumers.
- Also, contract farming by corporates implies that the corporate will provide technology to the farmers to improve their yield.
- The majority of agricultural marketing already happens outside the mandi network, with only 7,000 APMC markets operating across the country.
- Bihar, Kerala and Manipur do not follow the APMC system at all.
- However, most private buyers are currently small traders at local mandis.
- The removal of stock limits and facilitation of bulk purchase and storage through the amendment to the Essential Commodities Act could bring large corporate players into the agriculture space.
- Although they will bring much-needed investment, they could also skew the playing field, with small farmers unlikely to match them in bargaining power.

What are the broad arguments against the laws?

- The protesting farmers fear that powerful investors would bind them to unfavourable contracts drafted by big corporate law firms, with liability clauses that would be beyond the understanding of poor farmers in most cases.
- In Punjab and Haryana, the epicentre of the protests, the market fee, rural development fee, and arhatiya's commission are big sources of state revenue — with states not permitted to levy these, Punjab and Haryana could lose an estimated Rs 3,500 crore and Rs 1,600 crore each year respectively.
- There are questions regarding constitutionality of the bills, agriculture being a state subject.
- Most of the farmers' protests revolve around the need to protect MSPs which they feel are threatened by the new laws. Farmers fear that without MSPs, market prices will fall.
- Some states like Punjab and Rajasthan are considering legal measures to expand the bounds of their APMC mandi yards to ensure that they can continue collecting taxes on all agricultural trade within their State's borders. States such as Chhattisgarh and Odisha have only seen procurement increase over the last five years, after the implementation of decentralised procurement.
- Paddy farming has received a major boost with procurement at MSPs and farmers fear their newly assured incomes are at stake.
- States are also thinking of using article 254 (2) which essentially allows a state law to prevail over a conflicting Central law in some circumstances.

Sources: *Indian Express, Times of India, The Hindu & others*