

INTERNATIONAL JOURNAL OF LAW
MANAGEMENT & HUMANITIES

[ISSN 2581-5369]

Volume 4 | Issue 5

2021

© 2021 *International Journal of Law Management & Humanities*

Follow this and additional works at: <https://www.ijlmh.com/>

Under the aegis of VidhiAagaz – Inking Your Brain (<https://www.vidhiaagaz.com/>)

This Article is brought to you for “free” and “open access” by the International Journal of Law Management & Humanities at VidhiAagaz. It has been accepted for inclusion in International Journal of Law Management & Humanities after due review.

In case of **any suggestion or complaint**, please contact Gyan@vidhiaagaz.com.

To submit your Manuscript for Publication at **International Journal of Law Management & Humanities**, kindly email your Manuscript at submission@ijlmh.com.

Farm Bill Government Encouraging and Farmer Protesting

RITU PARNA BAGCHI¹

ABSTRACT

The new farm act passed by government has great impact on farmers and indirectly to economy. This paper will describe why farmers are protesting against the bill, why they are feeling insecure. What is the view of common people and what are the loopholes/drawbacks they are thinking this law have? Along with that we will discuss the actual content of three acts and how rural economy, APMC (Agricultural Produce Market Committees) markets, MSP (Minimum Support Price), farmers will be impacted by the new policy.

Keywords: Farmer, Farm Bill, APMC, MSP, Farm law Act, 2020, Agriculture, Economy, Government.

I. INTRODUCTION

Agriculture has a long history in India, dating back to the Indus Valley Civilization. The world's second-largest producer of agricultural products is India. Agriculture employed more than half of the Indian workforce in 2018 and generated 17–18% of the country's GDP. In the months of March to June 2020, the total value of agricultural commodities exported was \$3.50 billion dollars. In 2013, India was the 7th largest agricultural exporter and 6th largest net exporter in the world, with \$38 billion in agricultural exports.

The Indian parliament has enacted three farm measures that are await to have a significant influence on Indian agriculture and agro-trade. Agriculture employs a major portion of India's workforce.

Farm laws contains three bills which was released in the month of June 2020. Before being approved by Parliament during the Monsoon Session by a voice vote. Prime Minister described the approval of the agriculture bills as a "watershed" occasion.

II. THREE FARM BILLS

- *The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act*

¹ Author is a student at Woxsen University, India.

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act provides for setting up a mechanism allowing the farmers to sell their farm produces outside the Agriculture Produce Market Committees (APMCs). Any license-holder trader can buy the produce from the farmers at mutually agreed prices. This trade of farm produces will be free of mandi tax imposed by the state governments.

- ***The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Act***

The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Act allows farmers to do contract farming and market their produces freely.

- ***The Essential Commodities (Amendment) Act***

The Essential Commodities (Amendment) Act is an amendment to the existing Essential Commodities Act. This law now frees items such as food grains, pulses, edible oils and onion for trade except in extraordinary (read crisis) situations.

However, a small number of farmers, farmer organizations, and experts began to voice their deep concerns about the Bills.

III. DISCUSSION

1. Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill

These legislation' provisions may result in the government-run APMCs losing their monopoly (Agricultural Produce Market Committees). As per previous legislation and procedures Farmers are required to sell their product at APMCs that is initial sale of agricultural produce was required to take place in the 'mandis' market yard. The Government of India established APMCs to protect farmers from large retailers and ensure that retail prices did not rise too high. APMCs used approved middlemen to help farmers and the government reach an agreement. These intermediaries monopolized their power in APMCs over time, resulting in cartelization. These intermediaries had a lot of power over farmers.

Farmers can now offer their produce to private gatherings, including enormous companies, under the new enactment. Farmers in India currently have the adaptability to sell their yields anywhere in the nation on account of horticulture measures passed by the Indian parliament. Mandis that work under state APMC laws will be disbanded because of this bill. Farmers will be forced to sell their grain to corporate entities at one-and-a-half price after the APMC mandis ends.

This law states that it allows electronic trading and e-commerce to farmers.

Only 4.4 percent of rural households and 23.4 percent of urban households' own computers, according to NSSO data. Only 14.9% of rural homes have access to the internet through a computer. The new farm law states that it will broadens the scope of farmers' produce exchange regions from a couple of assigned spots to "any spot of creation assortment, accumulation.

In the past Farmers' items have effectively been moved starting with one state then onto the next, and the new law's arrangements are just for the upside of enterprises, not farmers.

2. Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020

This law expresses that a legitimate system for farmers to go into coordinated agreement will be given which will incorporate pricing information.

The main concerns regarding the Agreement on Price Assurance and Farm Services (APAFS) Bill are that it will forcibly take the land of farmers by manipulating the agreement. This is frequently highly fictitious and devoid of facts.

The Minimum Support Price is another issue raised by critics of the farm laws passed by the legislature (MSP). The MSP is the government's minimum price guarantee to farmers in APMCs. This is designed to act as a safety net for farmers, ensuring that selling prices do not fall too low.

Farmers and opponents are now concerned that removing the APMC monopoly will lead to the elimination of MSP. Farmers will be at trouble during dealing with big corporates as the price of goods will be set before production if price of goods fall below the contract price, then it will be beneficial for farmers but if price rise then they have to face loss. There are still concerns about the government's ability to intervene fully if farmers are exploited by private buyers. Farmers' incomes declined rather than grew as they were exposed to market forces, as evidenced by examples from around the world. As a result of the new rules, the MSP system would become obsolete, and they would have no guaranteed income from their farms. The government is now announcing fixed MSPs for approximately two dozen crops. The government agencies, on the other hand, purchase paddy, wheat, and various legumes from the APMC mandis.

The law also defines a dispute resolution mechanism. Which states If a dispute arises in such a business, the subject will be resolved by the Sub-Divisional Magistrate within 30 days.

3. Essential Commodities (Amendment) Act, 2020

Foods including grains, pulses, potatoes, onions, edible oilseeds, and oils are removed from the list of vital commodities, and stockholding prohibitions on agricultural items produced by Horticulture techniques are lifted unless in "exceptional situations."

On the issue of setting or controlling stock limitations, a transparent criterion has been established. This has built-in predictability into the government's action price trigger, rather than relying on simple perception, as has been the case in the past. Under the modified laws, the government can also intervene in the marketplace to exert control. The recent step of implementing an onion stock restriction in October 2020 is evidence of such a provision. The charge that stockbrokers and marketmanipulators have been given a blank check is unfounded. Furthermore, the revisions have not affected agricultural supplies such as fertilizers and seeds, which are important to farmers. The changes to the ECA will promote significant investment in much-needed infrastructure such as warehouses, cold storage, pack houses, and logistics.

It's worth noting that the difference between required and current infrastructure in pack houses is 70%, 98 percent in reefer vehicles, and 94 percent in ripening chambers (NCCD, 2015). Farmers will see a significant increase in income as a result of the construction of these facilities.

Most of the farmers belong to small scale farmers they don't have enough money for buying seeds and pesticides as a result they cannot store crops and they have to sale their crops to big corporate and as a result it will depend on corporate what will be the selling price of goods and how much goods will be available. As a result, there will be high chance of black-marketing of goods.

Imposition of any stock limit on agricultural produce only occur when if there is a sharp increase in prices.

According to the ordinance, inventory restrictions on agricultural products must be based on rising prices. Inventory restrictions only apply when the retail price of horticultural products rises by 100% and the retail price of fresh produce rises by 50%. The price increase is based on the effective price of the last 12 months or the average retail price of the last 5 years, whichever is lower.

Why Government is encouraging?

The Trade Commercial law allows purchasers to purchase farmers' product outside of APMC markets without requiring a license or paying APMC fees. Farming Ordinance establishes a

structure that allows buyers and farmers to enter into contracts (before to the commencement of a crop season) ensuring farmers a minimum price and purchasers a stable supply to buyers. The ordinance that amends the Essentials Act to limit the inventory of agricultural products applies only if retail prices rise sharply and value chain participants and exporters are exempt from product restrictions. This ordinance aims to increase the availability of agricultural products to customers by allowing them to trade freely without the need for a license or a stock restriction.

Which will be resulting in higher pricing for farmers as a result of more competition. The ordinance seeks to liberalize trade and increase the number of buyers.

The Ordinances endeavour to change exchange and increment the quantity of buyers, it is conceivable that this won't be sufficient to draw in more purchasers.

For example- Bihar revoked its APMC Act in 2006 with a comparable objective of drawing in private interest in the business and assigned market control to the concerned sub-divisional officials around there. Because of helpless upkeep, the current framework crumbled after some time, bringing about an absence of fundamental advertising foundation. Farmers encountered challenges such as high transaction fees, lack of price information, and commodities coming from unregulated markets.

A Committee of state Ministers was established in 2010 to overhaul agriculture marketing, found that complete market liberalization did not assist attract private investment. It was stated that in order to promote orderly market functioning and attract investment for infrastructure development, a satisfactory legitimate and institutional design with formative kind of guideline is required. In states that don't have APMC markets, the Standing Committee on Agriculture (2018-19) recommended that the federal government build marketing infrastructure (i.e., Bihar, Kerala, Manipur, and certain union territories).

The Ordinances don't eliminate current APMC enactment (as Bihar has done), however rather confine APMC guideline to the actual furthest reaches of the business sectors they control.

Expanded contest may result from the Ordinances, making APMCs more proficient in offering financially savvy showcasing administrations. Moreover, for farmers selling their goods outside of the APMC markets, the costs currently in actuality in the APMC markets can be utilized as a benchmark, helping farmers in better value disclosure.

IN THE CASE OF FOOD ITEMS, WHOLESAL AND RETAIL INFLATION ARE LINKED.

Large fluctuations in the price of commodities such as legumes and vegetables can be a big

problem for farmers. For rice and wheat, grains with the MSP system enabled (the government procures over one-third of total rice and wheat production), have the lowest price volatility. This is why farmers continue to call for MSP-based procurement for all crops.

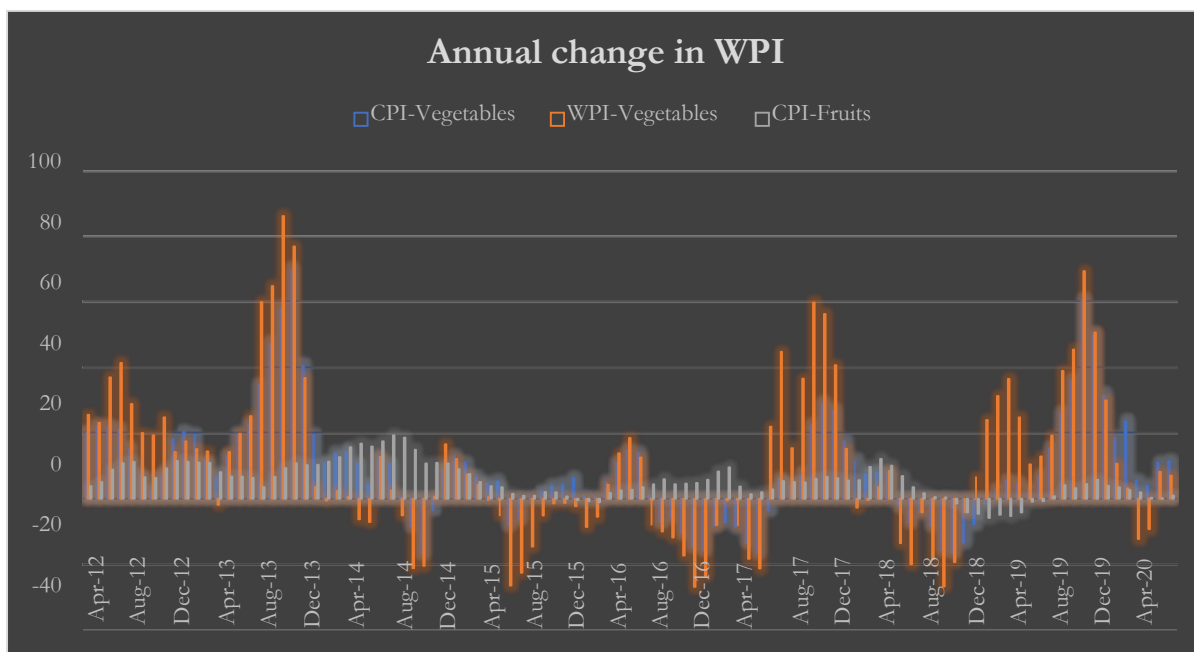
Agriculture employs much too many people to be profitable. This is the primary cause of the agrarian crisis. Even though agriculture accounts for less than 15% of India's GDP, it employs at least 40% of the country's workers.

Agriculture employs far too many people for it to be profitable.

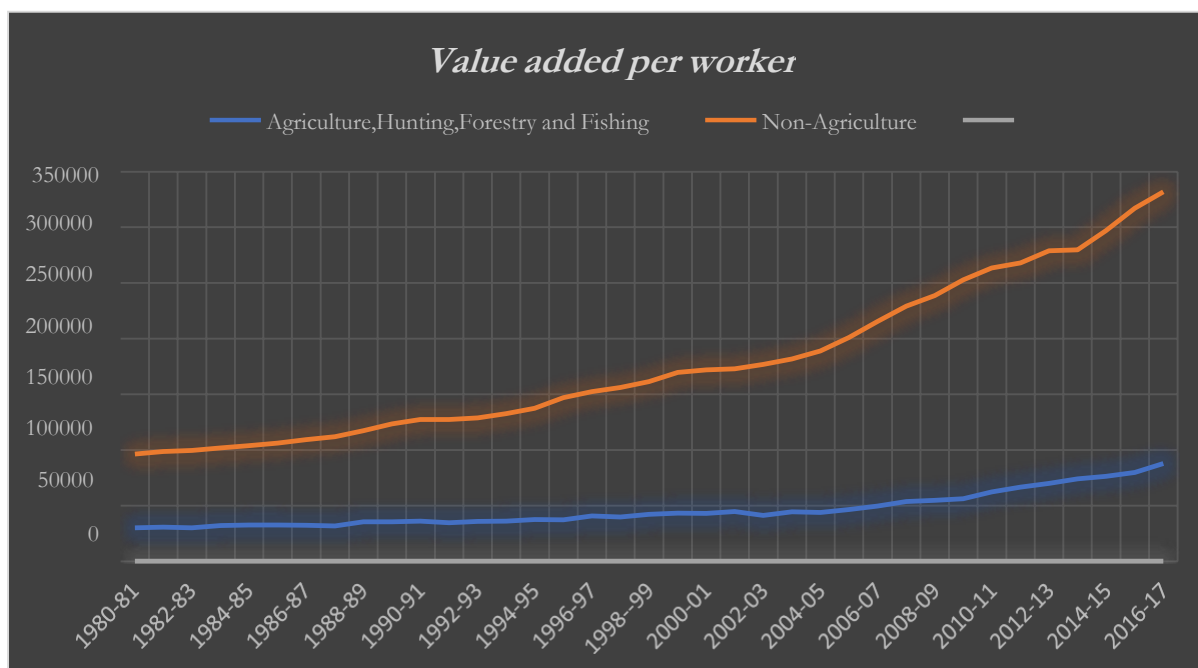
Agriculture in India, especially the green revolutionary nation, is often known to be inefficient. Some of these inefficiencies, such as overuse of groundwater, pose significant risks to the long-term viability of agriculture. The purchase of rice made from MSP from states like Punjab has contributed to the dilemma of agricultural sustainability. But there's more than that.

IN INDIA, AGRICULTURE IS LARGELY UNPROFITABLE.

In India, farming has not always been feasible, even at MSP rates. MSPs, according to the government, provide farmers with a guaranteed return of at least 50% over the cost of production. The government uses the A2+FL cost metric² to compute this mark-up.



² All direct costs incurred by the farmer – in cash and kind — on seeds, fertilisers, pesticides, hired labour, leased-in land, fuel, irrigation, and so on are covered by 'A2.' The term 'A2+FL' refers to A2 plus the value of unpaid family labour.



Hired labour, imputed family labour, seeds, fertilizer's, insecticides, irrigation costs, working capital interest, land revenue, depreciation on agricultural structures and implements, and rent paid for leased-in land are all included. Farmers associations have since quite a while ago requested that MSPs give a 50 percent return above the C2³ cost measure, which incorporates the rental worth of own territory just as premium on fixed capital. At the point when MSPs for rice and wheat are contrasted with these two expense measures, unmistakably they don't cover the total C2. This correlation can't be directed for late years since cost measures are given with a time lag.

GOVERNMENT POLICY HASN'T BEEN HELPFUL.

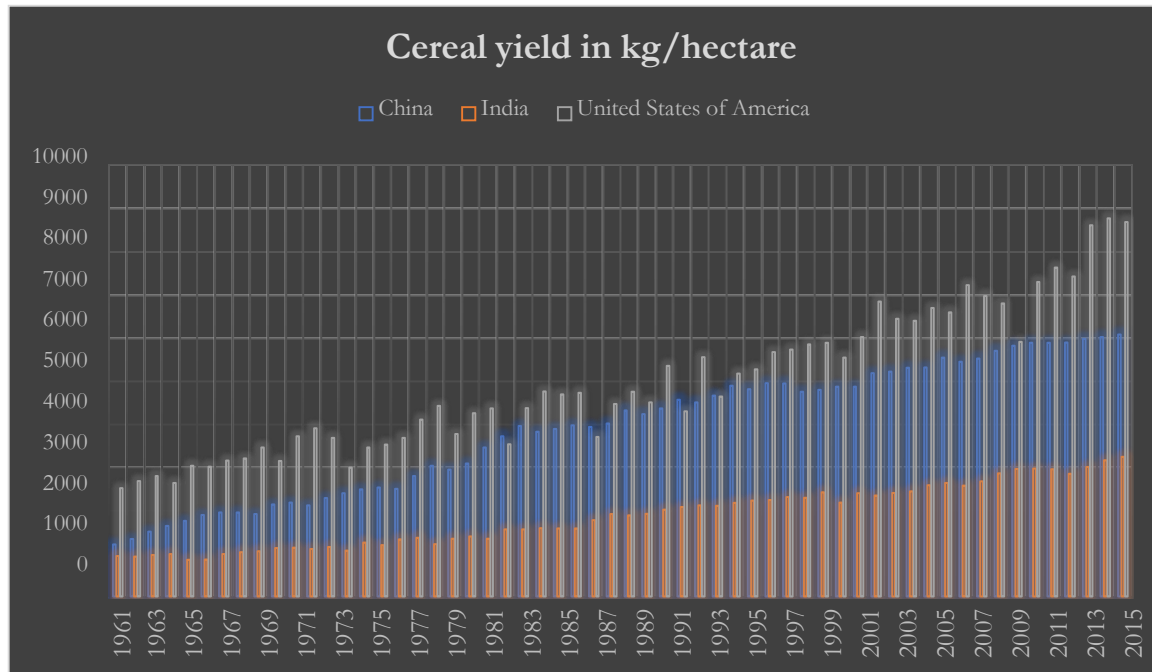
Farm revenue can be improved in one of two ways: by increasing yields or by raising pricing. Both of these issues confront policy indifference. Even in terms of crop yields, India falls behind countries like the United States and China. This disparity has widened over time.

India, on the other hand, contributes undeniably less on agrarian innovative work than China. As indicated by information from the United Nations Food and Agriculture Organization (FAO), China spent 0.62 percent of its worth in horticulture and farming exploration, though India spent just 0.3 percent these figures are for the year 2013, which is the latest year for which information is accessible in the FAO data set. For India, the figures are probably not going to

³ C2' is a more comprehensive cost that factors in rentals and interest forgone on owned land and fixed capital assets, on top of A2+FL.

have changed. The Department of Research and Education of the Ministry of Agriculture spent 0.24 percent of the worth in agriculture

Price intervention frequently takes the form of depriving farmers of any windfall profit from higher prices, while providing no support when prices plummet. MSPs for rice and wheat have grown at a slower rate in recent years as well.



IV. CONCLUSION

The eventual fate of Indian agriculture can't be saved basically by giving farmers more autonomy. Agriculture can possibly have a more promising time to come if the excess labour from cultivating is moved to the non-farm sector, and there is a more grounded interest for agrarian items as wages rise. Since most of Indians can't accepting even a fundamental food basket, numerous observers have made the wrong inference that Indian agribusiness is encountering an excess.

In addition, India's policymakers must acknowledge that agriculture is extensively subsidized by most governments.

V. REFERENCES

1. Battese, George E., and Tim J. Coelli. "Frontier production functions, technical efficiency and panel data: with application to paddy farmers in India." *Journal of productivity analysis* 3, no. 1 (1992): 153-169.
2. Mittal, S. and Mehar, M., 2016. Socio-economic factors affecting adoption of modern information and communication technology by farmers in India: Analysis using multivariate probit model. *The Journal of Agricultural Education and Extension*, 22(2), pp.199-212..
3. Sebby, Kathryn. "The Green Revolution of the 1960's and Its Impact on Small Farmers in India." (2010).
4. Ghosh, Nilabja. "Reducing dependence on chemical fertilizers and its financial implications for farmers in India." *Ecological Economics* 49, no. 2 (2004): 149-162.
5. Nadkarni, Mangesh Venkatesh. *Farmers' movements in India*. Vol. 58. New Delhi: Allied publishers, 1987.
6. Aditya, K. S., S. P. Subash, K. V. Praveen, M. L. Nithyashree, N. Bhuvana, and Akriti Sharma. "Awareness about minimum support price and its impact on diversification decision of farmers in India." *Asia & the Pacific Policy Studies* 4, no. 3 (2017): 514-526.
7. Malhan, I. V., and Shivarama Rao. "Impact of globalization and emerging information communication technologies on agricultural knowledge transfer to small farmers in India." In *World library and information congress: 73rd IFLA General conference and Council*, pp. 19-23. 2007.
