

**INTERNATIONAL JOURNAL OF LAW  
MANAGEMENT & HUMANITIES**  
**[ISSN 2581-5369]**

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**Volume 4 | Issue 1**

**2021**

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# Farmers Bill 2020

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## ABSTRACT

*On September 27, 2020, the president of India Mr. Ram Nath Kovind gave his assent to the three farm reform bills – The Farmers’ Produce Trade and Commerce (Promotion And Facilitation) Bill 2020, The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill 2020, and The Essential Commodities (Amendment) Bill 2020. These bills have been passed by the parliament in the recently concluded Monsoon season. Our Prime Minister Mr. Narendra Modi hailed by passage of these bills by saying “A watershed moment in the history of Indian agriculture!”*

*But the thing to worry about is the farmers for whose betterment these Acts have been made are on streets protesting these Acts. Farmers organizations like Bhartiya Kisan Union (BKU) and the All India Kisan Sangharsh Coordination Committee (AIKSCC) have been protesting the bills from September 2020 itself. They have raised the slogan of ‘KISAN BACHAO MANDI BACHAO’ in this article we will discuss the reforms brought by new Acts, why are farmers protesting and way forward.*

## I. INTRODUCTION

On 20 September 2020, Prime Minister Narendra Modi referred to the bills as a **watershed moment** (turning point) in the history of Indian agriculture that will empower tens of millions of farmers. The government maintains that these bills will make it effortless for farmers to sell their produce directly to big buyers.

The three acts which are mentioned in this bill are:

- a) The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020
- b) Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020
- c) Essential Commodities (Amendment) Act, 2020

## II. MEANING

Through this, farmers can enter into ‘written agreements’ with anyone, including a company,

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and sell them their produce for a set period of time, as per the contract. In other words, companies can now have contracts with farmers for buying produce. They can set the price for the produce, the standards and qualities.

### **The Essential Commodities (Amendment) Bill, 2020**

The Essential Commodities Act was first brought in several decades back – in 1955. The Act basically controls the production, supply and distribution of certain commodities that are essential for public. This implies that companies or any other organizations cannot indulge into malpractices such as hoarding of essential items in situations when there will be shortage of those essential items and they can't also increase the price of such items.

## **III. EXPLANATION TO THE ACTS**

### **Farmer's Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020**

1. To create an ecosystem where farmers and traders enjoy the freedom to sell and purchase farm produce outside registered 'mandis' under states' APMCs.
2. To promote barrier-free inter-state and intra-state trade of farmers' produce
3. To reduce marketing/transportation costs and help farmers in getting better prices
4. To provide a facilitative framework for electronic trading
5. States will lose revenue as they won't be able to collect 'mandi fees' if farmers sell their produce outside registered APMC markets.
6. What happens to 'commission agents' in states if entire farm trade moves out of mandis?
7. It may eventually end the MSP-based procurement system.

### **The Farmer (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020**

1. Farmers can enter into a contract with agribusiness firms, processors, wholesalers, exporters or large retailers for sale of future farming produce at a pre-agreed price
2. Marginal and small farmers, with land less than five hectares, to gain via aggregation and contract (Marginal and small farmers account for 86% of total farmers in India)
3. To transfer the risk of market unpredictability from farmers to sponsors
4. To enable farmers to access modern tech and get better inputs
5. To reduce cost of marketing and boost farmer's income.

6. Farmers can engage in direct marketing by eliminating intermediaries for full price realization.

### **The Essential Commodities (Amendment) Bill, 2020**

1. To remove commodities like cereals, pulses, oilseeds, onion and potatoes from the list of essential commodities. It will do away with the imposition of stockholding limits on such items except under "extraordinary circumstances" like war.
2. This provision will attract private sector/FDI into farm sector as it will remove fears of private investors of excessive regulatory interference in business operations.
3. To bring investment for farm infrastructure like cold storages, and modernizing food supply chain.
4. To help both farmers and consumers by bringing in price stability.

## **IV. CONTROVERSIES REGARDING THE FOOD BILL**

The list of Essential Commodities As per the original Act, includes these things:

Drugs (medicines), fertilizer, whether inorganic, organic or mixed; foodstuffs, including edible oilseeds and oils; yarn made wholly from cotton; petroleum and petroleum products; raw jute HI jute textiles; seeds of food-crops and seeds of fruits and vegetables; seeds of cattle fodder and jute seeds. The new Essential Commodities Amendment removes foodstuff such as cereals, pulses, potato, onions, edible oilseeds and oils, from the list of essential commodities – unless there are dire circumstances, like a war or famine, or an “extraordinary” price rise.

Further, the new Amendment says the government cannot impose a stock limit that is, it cannot stop a supermarket chain or any other retailer from hoarding unless there is a 100% increase in price of perishable goods, or 50% increase in price of non-perishable goods.

Experts say that this will lead to increase in malpractice such as hoarding & not only this, it can also lead to a consequence of artificial increase in the price of those goods which all people need to survive.

While some people say that setting the MSP in the law is problematic because the MSP will have to change frequently, and changing the law again and again is a pain. Others point out that the law can at least say that the trade will have to be above MSP. Experts are of the opinion that eventually, freedom of choice would mean nothing if they cannot protect their interests.

According to the government, the contract will protect and empower farmers to sell to anyone a wholesaler or retail giant or exporter. They will have written contracts which will protect them if the buyer tries to cheat them, and they can sell future produce today.

Experts, however, say that 82% of farmers in India are small and marginal farmers that are likely to go to the court against massive supermarket chains.

## **V. CONCLUSION**

The Bills propose to create a system in which the farmers and traders can sell their purchase outside the Mandis. Further it also encourage intra-state trade and this proposes to reduce the cost of transportation.

Further the Bill formulates a framework on the agreements that enable farmers to engage with agri-business companies, retailers, exporters for service and sale of produce while giving the farmer access to modern technology.

It also provides benefits for the small and marginal farmers with less than five hectares of land. The bill also attracts FDI. Due to high competition in business industry there are high chances that farmers will get a far good amount for their crops instead of suffering from financial crisis. There is a political angle also as the farmers are being provoked that they will be exploited and their lands would be captured by big companies. This is just a way of misguiding them as how can companies illegally capture a farmers land.

Besides this there is also an advantage for farmers that if their crop is not getting sold in their local area, then they can move in other states for selling their produce.

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