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# Farmers' Laws, 2020: A Salt and Pepper Outlook

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V. KAVITHA<sup>1</sup>

## ABSTRACT

*Though agriculture is a backbone of our country but still every day farmers are sailing in a boat without paddle. After Independence our Indian Government passed many land reform laws for the welfare and upliftment of farmers. Due to Globalization and emergence of technological advancement, our Government decided to set up a new trend in the field of agriculture which resulted to the enactment of three legislations under one roof called "Farmers' laws - 2020" namely, Farmers (Empowerment and protection) Agreement on Price Assurance and Farm Services Act, 2020, Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 and Essential Commodities (Amendment) Act, 2020. This Paper tries to assess the scope and object of the three legislation to conclude whether it truly benefited or not to the life of farmers.*

*"The farmer is the only man in our economy who buys everything at retail, sells everything at wholesale, and pays the freight both ways."*

— *John F. Kennedy*<sup>2</sup>

## I. INTRODUCTION

The Farmers are the backbone of this Country and an agricultural work what he is doing is the primary sector of our Indian economy. Every person in the world needs food for which we depend upon the farmers who are the great creature of God. The condition of farmers in India is critical. We are hearing suicide news of farmers every week or month. The reason for the worst condition of farmers is Global warming. Since Global Warming is hampering our planet in every way, it affects our farmers too. Because of global warming, there is a delay in season. As different crops have their own season to ripe, they are not getting nourishment. Crops need proper sunlight and rain to grow. So if the crops are not getting it they get destroyed. This is one of the main reasons why farms are getting destroyed. Moreover, farmers are all living a difficult life from past

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<sup>1</sup> Author is an Assistant Professor, Government Law College, Chengalpattu, India

<sup>2</sup> John Fitzgerald Kennedy (May 29, 1917 – November 22, 1963) often referred to by his initials JFK, was an American politician who served as the 35th president of the United States from 1961 until his assassination near the end of his third year in office. [https://en.wikipedia.org/wiki/John\\_F.\\_Kennedy](https://en.wikipedia.org/wiki/John_F._Kennedy), accessed:09.06.2021

years. The problem is they are not getting enough pay. Since the middlemen get most of the money, so a farmer gets nothing in hand. They provide food for all us but haven't get single meal a day. As a result, they attempt suicides.

## **II. REASONS BEHIND THE REGULATION OF AGRICULTURAL MARKETING**

Why the farmers life is very unstable? The reason behind this question is fluctuation in demand and supply of farm produce due to natural causes. If the season supports, they produce more and supply rises thereby lowers down the demands which leads to lower cost of farm produce. Here, consumer gets benefited whereas farmers would be affected. On failure of seasonal rain, or flood etc., which lowers down the supply of farm produce thereby creates demand which led to the rise of cost of the farm produce. Here, farmer gets benefited and consumers would be affected. In this scenario, let we discuss the regulations made in the Agricultural marketing so far.

## **III. HISTORY OF APMR<sup>3</sup> & APMC<sup>4</sup>**

History of agriculture produce market regulation programme in India dates back to British period as raw cotton was the first farm produce to attract the attention of the Government to make available the supplies of pure cotton at reasonable prices to the textile mills of Manchester-UK. Consequently, first regulated market (Karanja) under Hyderabad Residency Order was established in 1886 in the Country and the first legislation was the Berar Cotton and Grain Market Act of 1887, which empowered British Resident to declare any place in the assigned district a market for sale and purchase of agricultural produce and constitute a committee to supervise the regulated markets.

An important landmark in the agricultural marketing scene in the country has been the recommendation of the Royal Commission on Agriculture, 1928 for regulation of marketing practices and establishment of regulated markets. In pursuance, Government of India prepared a Model Bill in 1938 and circulated to all the States but not much headway was made till independence. Later, most of the States enacted Agricultural Produce Markets Regulation (APMR) Acts during sixties and seventies and put these in operation. All primary wholesale assembling markets were brought under the ambit of these Acts. Well-laid out market yards and sub-yards were constructed and for each market area, an Agricultural Produce Market Committee (APMC) was constituted to frame the rules and enforce them. Thus, the organized

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<sup>3</sup> . APMR-Agricultural Produce Markets Regulation

<sup>4</sup> . APMC- Agricultural Produce Market Committee

agricultural marketing came into existence through regulated markets.

#### **IV. MSP<sup>5</sup>, CACP<sup>6</sup> & APMC AT GLANCE**

MSP is a “**minimum support price**” for any crop that the government considers as remunerative for farmers and hence deserving of “support”. It is **also the price** that government agencies pay whenever they procure the particular crop. MSP was introduced in the mid sixties when India was food deficit. The Commission for Agricultural Costs & Prices recommends MSPs for **22 mandated crops** and fair and remunerative price (FRP)<sup>7</sup> for **sugarcane**. CACP is an attached office of the **Ministry of Agriculture and Farmers Welfare**, Government of India. It came into existence in **January 1965**. The **list of crops** are as follows: **Cereals (7)**: Paddy, wheat, barley, jowar, bajra, maize and ragi, **Pulses (5)**: Gram, arhar/tur, moong, urad and lentil, **Oilseeds (8)**: Groundnut, rapeseed/mustard, toria, soyabean, sunflower seed, sesamum, safflower seed and niger seed, **Raw cotton**, **Raw jute**, **Copra**, **De-husked coconut**, and **Sugarcane** (Fair and remunerative price). The CACP **considered various factors** while recommending the MSP for a commodity, including **cost of cultivation**. It also took into account the **supply and demand situation** for the commodity, **market price** and **implications for consumers** (inflation), **environment** (soil and water use) and **terms of trade between agriculture and non-agriculture sectors**.

In India, agriculture is a state subject<sup>8</sup>. So the states have enacted the APMC Acts to develop market yard as market place and to provide regulation on marketing practices of notified agricultural produce. The APMC Act also provides for the formation of APMC that are responsible for the operation of the markets. Once an area is declared a market area and falls under the jurisdiction of a Market Committee, no person or agency is allowed freely to carry on wholesale marketing activities. This monopolistic behaviour hindered the freedom of choice based marketing and to get a fair prices for their produce by the farmers.

Thus Government of India had circulated the Model APMC ACT, 2003 to the States to reform their APMC Acts. But there was no homogeneity in their reforms which led the Union Government to enact three Central legislation called “ The Farmers’ Produce Trade and commerce (Promotion and Facilitation) Act,2020<sup>9</sup> by exercising the authority given under

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<sup>5</sup> MSP- Minimum Support Price

<sup>6</sup> CACP- Commission for Agricultural Costs & Prices

<sup>7</sup> FRP- Fair and Remunerative price

<sup>8</sup> Agriculture comes under Entry-14 in the State Subject

<sup>9</sup> Received the assent of the president on 24.09.2020 and published in the Gazette of India, Ext., Pt.II,S.1, dated 27.09.2020

Art.249<sup>10</sup> of the Indian Constitution, Farmers (Empowerment and protection) agreement on Price Assurance and Farm Services Act, 2020<sup>11</sup> and also made an amendment called Essential Commodities Amendment Act,2020<sup>12</sup> to the existing Essential Commodities Act,1955.

## **V. SALT AND PEPPER OUTLOOK OF THREE FARM LAWS, 2020**

According to the first Act<sup>13</sup> above mentioned, any farmer, or trader or electronic trading and transaction platform shall have freedom to carry on the inter-state or intrastate trade and commerce in farmers' produce in a trade area<sup>14</sup> and any person having a permanent Account number or any farmer producer organization or any agricultural co-operative society may establish and operate an electronic trading and transaction platform for facilitating inter-state or intrastate trade and commerce of scheduled farmers' produce in a trade area.<sup>15</sup>

So through the above provisions, a farmer can sell beyond the APMC yard and get more price for their farm produces. The more choice is available to the farmers for selecting the traders as like best among the rest. It removes the fear in the mind of the farmers about wastage of farm produce when supply rises. Not as like APMC( Mandi System) they can as fast as possible sell their farm produce of his own choice that too with the good price as he likes.

A pepper outlook of the Act is the online selling of farm produce leads to deterioration of mandi system which encourages the indirect privatization and moreover lack of digital knowledge on the part of the farmer makes this provision as a mirror without images. Last but not the least about the Act is the state could not levy any market fee, cess on any farmer, or trader or electronic trading and transaction platform for doing trade and commerce in trade area<sup>16</sup> there by states lost their revenue which tremor the financial relationship between the centre and the state.

Farmers' (Empowerment and Production) Agreement on Price Assurance and Farm Services, Act 2020 provides the provision for Farming Agreement<sup>17</sup> in which a farmer can enter in to a written farming agreement with the sponsor like traders, large scale food processors, agro based

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<sup>10</sup>. Art:249 of the Indian constitution-Power of Parliament to legislate with respect to a matter in the state list in the national interest.

<sup>11</sup>. Received the assent of the president on 24.09.2020 and published in the Gazette of India, Ext., Pt.II,S.1, dated 27.09.2020

<sup>12</sup>. Received the assent of the president on 24.09.2020 and published in the Gazette of India, Ext., Pt.II,S.1, dated 27.09.2020

<sup>13</sup>. Farmers' Produce Trade and commerce ( Promotion and Facilitation) Act,2020

<sup>14</sup>. Section 3 of the Farmers' Produce Trade and commerce ( Promotion and Facilitation) Act,2020

<sup>15</sup>. Ibid at Section 5

<sup>16</sup>. Ibid at Section 6

<sup>17</sup>. Section:3 of the Farmers' (Empowerment and Production) Agreement on Price Assurance and Farm Services, Act 2020

firms in respect of any farm produce including time of supply, quality, grade, standards, price and the terms related to farm services. The minimum period of the farming agreement shall be for one crop season or one production cycle of lives stock and the maximum period shall be five years.

Advantages issues on the part of the farmer in the contract farming is assured price for their produce, reduce wastage by selling their produce at door steps reducing the marketing and transaction cost. Other advantages aspect under this Act is providing a provision for Dispute settlement system<sup>18</sup> namely conciliation through which both can settle their issues as to quality, non payment of price as agreed by them. And an aggrieved can go for an appeal against the order of the sub- divisional authority.

Here we need to think about the literacy rate of farmers. Even people in cities too make their thumb impression instead of signature. In this scenario how can we expect the farmers would know the legal clause in the farming agreement which easily led to the room for an exploitation. Enforcement mechanism for the non- payment of farm produce too a blunt knife as big shots get through it easily.

With this background, “Putting sword in to the sheath” we need to discuss an issue raised in the “*PepsiCo Vs Gujarat Potato farmers case*”<sup>19</sup> where PepsiCo claimed monopoly for FC-5 Potato seed variety for which they got patent right under the Protection of plant varieties and Farmers Rights Act, 2001. PepsiCo uses the potatoes grown from this variety to make its popular product ‘Lays Chips’. PepsiCo India sued four farmers for a sum of Rs 1.05 crore, accusing them of having infringed its rights by growing crops using FC-5 seeds. Farmers accuse PepsiCo of having obtained a breeder certificate for the FC-5 potato variety through fraudulent means. Following PepsiCo’s move, farmers’ organizations across Gujarat and other states launched a campaign against the multinationals, demanding immediate government intervention. After the Gujarat government stepped in, PepsiCo India withdrew its case. But the matter remained unsolved.

## VI. THE ESSENTIAL COMMODITIES ACT 1955

The Essential Commodities Act (ECA) is an act of the Parliament of India was enacted in 1955 to regulate the production, supply, and distribution of certain commodities or products,

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<sup>18</sup>. Section:13 & 14 of the Farmers’ (Empowerment and Production) Agreement on Price Assurance and Farm Services, Act 2020

<sup>19</sup>. The Hindu. 2021. *Pepsico agrees to withdraw cases against Gujarat farmers*. [online] Available at: <<https://www.thehindu.com/business/Industry/pepsico-to-withdraw-case-against-gujarat-potato-farmers/article-27013935.ece>> [Accessed 21 July 2021].

the supply of which, if obstructed due to hoarding or black marketing, would affect the normal life of the people. The list of items under the Act includes foodstuff, drugs, fertilizers, pulses, and edible oils, as well as petroleum and petroleum products. The Centre can include new commodities as and when the need arises, and take them off the list once the situation improves. Recently, the Central Government has notified order under the Essential Commodities Act to declare masks and hand sanitizers as Essential Commodities up to 30<sup>th</sup> June 2020<sup>20</sup>. This notification will prohibit the black marketing and hoarding of these two essential commodities. And these two will be removed from 1<sup>st</sup> July 2021 due surplus availability.

## **VII. RELATION BETWEEN SEC. 2 OF THE ECA AMENDMENT ACT, 2020 & SEC.7 OF THE FARM SERVICES ACT, 2020**

The Essential Commodities Amendment Act 2020 brought an amendment to the section.3 of the 1955 Act. The new provision says, the production supply, & distribution of essential commodities is only be regulated in the circumstances such as War, famine, Natural calamities & Extraordinary price rise. And additional clause to the section says, The Government will take action to control the situation by placing the concern goods in the essential commodities list when the price rises up to 100% that to available for the perishable goods and for Non-perishable goods the price hike rate is 50%. Sec.7 of the Farm Services Act 2020 pave the way by clearing restriction to the stock limit of farm produce under the farm agreement which creates demand of particular goods in the market.

## **VIII. CONCLUSION**

We can't expect every time every law should be accepted not even a pinch of bitterness. As Supreme court of United States held, "when public need requires acquisition of property, the need is not to be denied because of an individual's unwillingness to sell."<sup>21</sup> Likewise, due to population explosion, advancement in technology, to increase exports all these leads to the reform in the regulation of production, supply and distribution of farm produce. Unavoidably, it is a need of an hour. But still, "where there is a will there is a way" Government should provide some more provisions for stringent actions & penalties against the exploitation of farmers. **"Democracy is the Government of the people, by the people, for the people."**<sup>22</sup> -

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<sup>20</sup>. Dipak K Dash, July 7,2020,<https://timesofindia.indiatimes.com/india/masks-hand-sanitizer-out-of-essential-commodities-list-from-july-1-due-to-surplus-availability/article-show/76829934.cms> accessed.09.06.2021

<sup>21</sup>. U.S.ex.Rel.T.V.A Vs Welch 327 US 346

<sup>22</sup>. Abraham Lincoln (February 12, 1809 – April 15, 1865)was an American lawyer and statesman who served as the 16th president of the United States from 1861 until his assassination in 1865. Lincoln led the nation through the American Civil War, the country's greatest moral, cultural, constitutional, and political crisis, [https://en.wikipedia.org/wiki/Abraham\\_Lincoln](https://en.wikipedia.org/wiki/Abraham_Lincoln), accessed:09.06.2021.

**Let's Hope for the Best..**

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