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Impact of Farm Bill on Indian Agriculture

Dr. G.R. Joshi

Assistant Professor, Department of Commerce and Management, Government First Grade College, Shikaripura. Pin-577427 Shimoga dist., Kuvempu University

ABSTRACT

India is a country where the main population depends on agriculture sector. Approximately 58% of India's population is dependent on agriculture as their primary source of livelihood, which includes 70% of rural households, with 82% of these being small and marginal farmers. According to the Farm Census 2015-16, about 86.2% of small and medium farmers owned less than 5 acres of land. In 2020, the Union government enacted three new farm laws to address the structural weaknesses inherent in the sale, marketing and stocking of agriculture produce in the regulated/wholesale markets. This has provoked serious discussion, criticism and even protest, especially in Punjab and Haryana to the extent that the Supreme Court put them on hold for some time. The Farmer Bills aim to give farmers the freedom to sell to any buyers outside the APMC premises; enter into contracts with buyers directly and lifts restrictions on stock limits to incentivise private investment in agriculture. The Farmer Bills, however, seem promising on paper but doesn't acknowledge the practical difficulties associated with the proposed set up. The agrarian population has often been at the receiving end of the consequences of mistimed policies of the Government. The agricultural sector has been ignored despite being the primary source of livelihood of the majority of the population. This sector has faced economic, social and environmental neglect resulting in vast-ranging problems in the overall development of the country.

Key words:- Farm Bill, Trading, Economy and Reforms

INTRODUCTION

India's agricultural sector has been liberalized and sort of privatised by the new Farmers bill 2020 by eliminating the dangerous middlemen, facilitating better realizations for farmers, attracting investment and enhancing technology in the sector. Agriculture employs 58% of India's population and contributes to 15% of GDP. In 2020 the sector has grown by 4%. Approximately 58% of India's population is dependent on agriculture as their primary source of livelihood, which includes 70% of rural households, with 82% of these being small and marginal farmers. According to the Farm Census 2015-16, about 86.2% of small and medium farmers owned less than 5 acres of land. The agrarian population has often been at the receiving end of the consequences of mistimed policies of the Government. The agricultural sector has been ignored despite being the primary source of livelihood of the majority of the population. This sector has faced economic, social and environmental neglect resulting in vast-ranging problems in the overall development of the country.

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 lack in practicality and are poor in the enactment and cause a monopoly of market players or 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. This system has been going on for 25 to 30 years. Thus, crores of urban Indians had to pay higher prices and millions of farmers have gone underpaid. Also, price rises do not lead to farmers' gains. If open marketing was allowed, millions of farmers would have gained at least Rs 4 or 5 more per kilo for their produce and enjoyed better lives financially today.

Furthermore 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.

Farm Bill or The Indian agriculture acts of 2020 were three acts initiated in our Parliament in September 2020. The bill was approved in September 2020 in Lok Sabha and Rajya Sabha. It was given assent by President on 27 September 2020.

According to the ruling government, these acts are reforms to accelerate growth in agriculture through private investment. It intends to support small farmers in attracting better deals and investment in technology to improve productivity. Since the passing of the law, there has been a massive protest by farmers which led to the staying of the law by the Supreme Court in January 2021 for redressal of farmers' grievances.

OBJECTIVES OF THE STUDY;-

1. To understand the content of three farm bill introduce by government.
2. To study the pros and cons of the farm bill to farmers.
3. To study the impact of farm bill agricultural sector.

METHODOLOGY

This study is based on the secondary data collected from varies newsletters, periodicals, articles, reports, books, journals, and literatures, on the subject for the aim of gathering the most recent updated information's on the topic was gathered from the e-sources available online.

SIGNIFICANCE OF THE STUDY

The study focuses on the impact of the three agriculture reform bills making farmers vulnerable as the centre government gave an edge to corporate and agri-business companies. The introduction of these bills during the pandemic further worsened the situation. These bills will affect not only the farmers but every individual of the country in one way or the other. So, the objective of study is to review the impact of three new farm bills on agriculture sector in India during Covid-19 pandemic. The focus of the study is that the lacunae's in the bills in its current form may definitely not be fruit bearing.

FARM BILL

In 2020, thousands of farmers and their families camped on the three borders of the country's capital city for months. They were protesting the government's three agricultural reform bills that were passed hurriedly through Parliament, without following due process.

In short, the bills:

1. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020

- The new law would create an environment where farmers and traders will appreciate the right to choose between selling and buying agricultural products.
- It would also facilitate inter-state and intra-state barrier free trade and trade beyond the physical premises of markets notified under the Marketing Laws of State Agricultural Produce.
- No fee will be levied will be charged from the farmers for the sale of their produce and they will not have to bear transport costs.
- The Bill also proposes an electronic trading in transaction platform for ensuring a seamless trade electronically.
- Farmers will be given farmers free exchange at the farm gate, cold storage, factory processing units, etc in addition to mandis.
- Farmers would be able to participate in direct marketing, thereby removing the intermediaries contributing to full price realisation.
- 2. Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020

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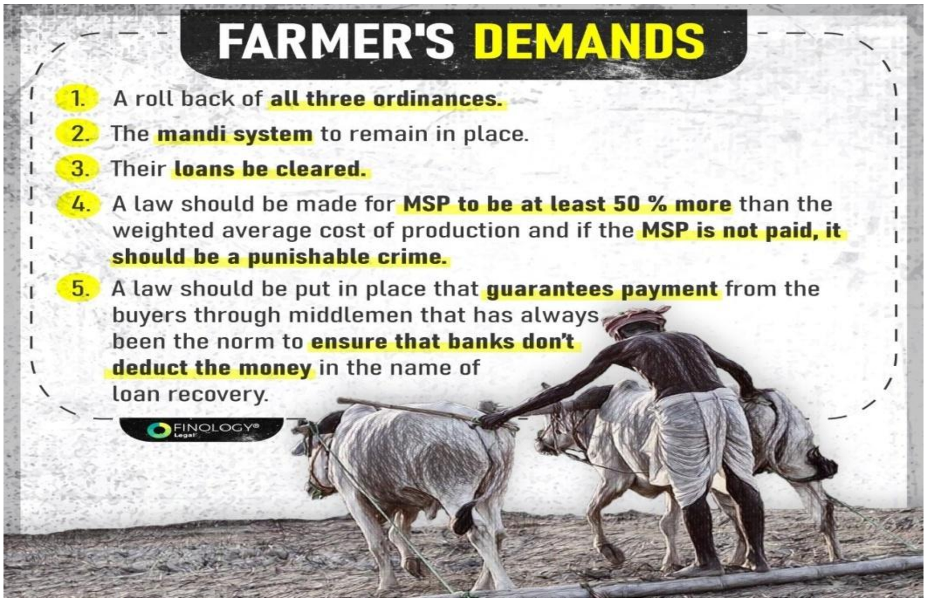
- The new enactment will enable the farmers for participating in with processors, wholesalers, aggregators, wholesalers, huge retailers, exporters and so forth, on the same battleground. Price guarantee will be given to farmers even prior to planting of harvests. In the event of higher market price, farmers will be authorized for a higher price well beyond the base cost.
- The risk of market unpredictability will be passed from the farmer to the sponsors.
- Farmers would be protected from the rise or fall of market prices due to previous price determinants.
- Farmers will have access to technology, innovation, improved seeds and other inputs resulting in increase in revenue to the farmers and resulting in Motivation to research and new technology in agriculture sector.
- With clear time lines for redress, an efficient dispute resolution process has been established.

3. Essential Commodities (Amendment) Act, 2020

- To exclude foodstuffs such as cereals, pulses, potatoes, onions, edible oilseeds and oils from the list of essential commodities, except in 'extraordinary circumstances' from the list of essential commodities, to remove stock limits on such products.
- Demands that any stock cap on agricultural goods willbe imposed on the basis of price increases.



WHY THESE REFORMS ARE NEEDED?

As per the government, these reforms are meant to increase the growth in agriculture sector b private sector players for building infrastructure and to provide a better supply chain from farm consumers bowl at national as well as international levels. These bills are supposed to support s (which are about 65-70 per cent of total farmer's population in our country) who are not havin power & access to modern technologies to increase their productivity.

The 1st bill allows farmers to sell their crops outside the designated APMC's to whomsoever they According to government, farmers will get better price due to competition in buyers i.e. APMC Players. But if famers sell their produce directly to Private players, the state Government will be en side as there will be no or less collection of taxes in the form of Mandi fees & commission. As (Empowerment and Protection) Agreement on Price Assurance Bill, farmer can enter in contract f private firms related to agriculture sector or supply chain sector to sell the produce on mutually which is pre-decided by both the parties entering into the contract. While, Farm Services and Essential Commodities (Amendment) Bill attempts to remove cereal seeds, edible oils, onions & potatoes from the list of essential commodities. Now by doing, it remo on storage of the commodities mentioned and this will increase hoarding.

FARMERS ARE DOUBTFUL ABOUT THE BILL

Farmers are worried regarding getting the MSP for their produce in regulated market. As per the Committee which was set up to recommend restructuring of Food Corporation of India (FCI) in that only 6 percent of farmers are getting MSP for their crop. Rest 94% of the farmers are selling their produce at price lesser than the MSP. Only 6 percent getting benefits of MSP in regulated market, so if the private players will enter; this percentage with an even 6%. And if private players (MNC) will enter into the market many Arthiyas0 and comm. will lose their jobs.

THE PROS OF THE FARM BILL TO FARMERS

a) The farmers will have a vast territory and an alternate channel through which they can sell their produces by creating a competitive market favourable as per them. There will be a corresponding market ecosystem for the farmers. As earlier they could only make deals through the NAM system.
b) Farmers can't bound to pay commissions to commission agents at their stall to sell their crops. The farmers are having a free and more flexible system.

c) According to an amendment to the Essential Commodities Act, the main goal of this act is to remove the insecurities of the farmers and at present, the traders purchasing from farmers should consider that stocks are excess, they hold stocks and prices are penalized. Such things can avoid losses for the farmers.
d) As per the bill, the minimum support price remains the same and the government procurement will continue.
e) The APMC system has led to rising of a cartel led by traders. Though there is an unfair market and it pays farmers only the minimum support price for their produces.

THE CONS (DISADVANTAGE) OF THE FARM BILL 2020
a) The Act is against India's soul of cooperative federalism and also encroaches upon the functions of the state. The constitution tells that agriculture and markets are consider State subjects, on the other hand, Central Government debates on the topic that trade and commerce in food items is a simultaneous list and constitutional decorum shall be maintained.
b) The State governments no longer can collect the market fee and levy cess and this will mostly add to a loss of revenue to the State Governments.
c) As per this Act, there will be drowning of APMC (Agriculture Produce Market Committee) which in turn highlights the slow elimination and assured procurement of food grains by the government of MSP.
d) This Act is in need of farmers to sign farm agreements and before the production of crops. Against other terms, the price that needs to be paid should be mentioned in the agreement beforehand. If there are variations in prices then the agreement must include a guaranteed price and remove references for additional amounts. All of this will include bonuses and premiums. Due to no mechanism for price fixation, the farmers are not protected against price exploitation. As the corporate houses are a free bird, there are possibilities of exploitation and owing to the unorganized nature of our agro sector. This also might lead farmers to lack resources when they are in need of legal battle with corporate.
e) The Essential Commodities Ordinance have eliminated cereals, pulse, oilseeds, edible oils, onion, and potatoes from the essential commodities list. There is a regulation regarding such produce even during the war, famine, extraordinary price rises and natural calamities with only exemptions being exporters and processors. The exporters, processors and traders might hoard produces at lower prices and can release only when the prices will go up and States would have no dominance over the handiness of stocks.
f) As the government assures MSP (minimum support price) and the law mandates this which makes farmers more concerned with MSP.
g) More than 500 farmers union and transport unions are standing in protest against this Farmers Act Bill 2020 along with that are demanding the Government to repeal all three Acts.

IMPACT OF FARM BILL 2020 ON FARMERS
As the Farmers Bill was passed, farmer unions raised concerns and strongly demanded the laws to be repealed. Supreme Court of India's stay order was welcomed but the farm laws were vehemently rejected.

From October till January,11 rounds of inconclusive talks took place between the central government and farmers from 14 October 2020 and 22 January 2021; all were indecisive.

The farmer unions are of the opinion that the laws will lead to the end of Mandi system. The mandis were established to protect the interest of farmers and to help them get at least the minimum selling price for their harvest.

The farmers fear that they will be left at the mercy of corporates ending the relationship with agricultural commission agents. These middlemen provide farmers the financial loans, timely procurement facility and adequate prices.

In wake of the end of APMC mandis, there will be encouragement towards abolishing Minimum Support Price (MSP). Thus the farmers are demanding minimum support prices to be guaranteed by the government also.

SUGGESTIONS

1. As per the report by Shanta Kumar Committee only 6% of the farmers are able to get MSP for even in regulated market of APMC. The same situation will be continuing even after the bill and become worse as even if private player will enter. Government should order that even if farmer private companies, companies can't purchase it less than MSP. Then leave it to farmers that we to APMC's or to private players.

2. Same is the case with contract farming, in contract farming farmer may get price more than M get the price lesser than the MSP. The current market price at which farmer sell his produce after the contract farming companies may be less than MSP or may be more. If it is more, it will be proof farmers but if it will be less farmers will suffer a loss. Both prices MSP and at which contract farming will purchase are announced before sowing but the current market price may vary. So, to

protect being exploitation MSP should be given to each and every farmer. Because small and marginal farmer weak negotiation power with respect to big private players.

3. To give the negotiation power and to create the better facilities for marketing and storage in farmer needs to come forward and to set up Farmer Producer Organization. It will be a win-win both farmers and private player. On behalf of FPOs the local leader or any Board of Director sho the companies regarding the terms and conditions of contract farming, this way farmers can be Exploitation.

CONCLUSION

Liberalization of trade and expansion of the market could make the Farmer bill, 2020 vulnerable to exploitation and monopolization. Perhaps the government is required to look into the matter again, identifying the loopholes, and make the necessary amendments that ensure the well-being of every entity associated with this bill. The three agricultural bills have generated undue apprehensions due to the politicization of the issue. A small section of farmers in parts of India has some reservations about these reforms. Respecting the sentiments of the protestors, the government of India has initiated a series of talks with their representatives. Union Ministers have been part of the negotiations, and eleven rounds of talks have already been held. The Government has even offered to keep the laws on hold, an offer iterated by no less than the Prime Minister of India. As highlighted by the Prime Minister of India in his speech in Parliament, any discrepancy and apprehension pertaining to these three bills could very well be addressed by discussion among various stakeholders with the intent to find a solution and the government is open to it.

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