

Repeal of Farm Bills

- Prime Minister Narendra Modi, on **November 19, 2021**, announced to repeal the three contentious agriculture laws enacted on September 17, 2020.
- Following the enactment, protests by farmers from across the nation — mainly from Punjab and Haryana — have been ongoing on the borders of the national capital and in different parts of North India.



What were the three laws?

- The three laws are the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020; Essential Commodities (Amendment) Act, 2020; and Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020.
- The farmers feared the laws would abolish the minimum support price (MSP) guaranteed by the government on select crops and leave them at the mercy of big corporations.

Three separate Legislations are as follows:

Legislation 1: The Essential Commodities (Amendment) Bill, 2020

Legislation 2: The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020. Let's call this one the Marketplace law.

Legislation 3: The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020. It is also called the Contract Farming law.

Let us discuss them in detail,

Legislation 1: The Essential Commodities (Amendment) Bill, 2020, also known as the Essential Commodities Amendment

- The Essential Commodities Act was enacted in 1955 for the first time.
- It was aimed to control the production, supply, and distribution of certain commodities.
- The commodities that are regarded as "essential".
- As per the Act's provisions, the items enlisted, such as a food item or a critical drug, could not be hoarded by the companies and supermarkets.
- Also, when there is a shortage, they are restricted to increase the price artificially and so on.

As per the original Act, the list of Essential Commodities included:

- Fertilizer (whether organic, inorganic, or mixed)
- Seeds (including food-crops, fruits, and vegetables, cattle fodder and jute seeds)
- Drugs (medicines)
- Foodstuffs (including edible oilseeds and oils)
- Raw jute (HI jute Textiles)
- Hank yarn (made wholly from cotton)
- Petroleum (and byproducts)

What was the provision in the new Essential Commodities Amendment?

- The new Amendment removes foodstuff such as cereals, pulses, potatoes, onions, edible oilseeds, and oils from essential commodities.
- **Note:** Unless dire circumstances, like a war or famine or an "extraordinary" price rise, only foodstuff would be regarded as essential commodities.
- The new Amendment says the government cannot impose a stock limit. It means it cannot stop a supermarket chain or any other retailer from hoarding.

Note: Unless there is a 100% increase in the price of perishable goods or a 50% increase in the cost of non-perishable goods.

Concerns: According to the critics, this Amendment will lead to increased hoarding and an artificial price rise. And will impact the common people of the country, as prices concerning basic necessities such as foodstuffs -Rice, wheat, potatoes, onions, oils etc., would increase.

Legislation 2: The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020. Let's call this one the Marketplace law.

To understand the bill's clauses, we need to understand "how farmers currently sell their produce?"

- Presently, the State Govt can set up APMC - Agriculture Produce Market Committee in every state in India.
- The APMC sets up markets – or **mandis or yards** – in several places in the state.
- Farmers bring their produce to these places, and wholesale and retail traders come to buy the produce through auctions.
- The APMCs across the country ensure that farmers get a fair price for their produce, and they are not forced to make a distress sale.
- Basically, to get rid of middlemen.
- How does APMC ensure this? The APMCs regulate the buyers and commission agents by providing them licences, levying market fees (and any such charges were always regulated).

What are the provisions recommended in the new Amendment to the Marketplace Law?

- The new Amendment to the Marketplace law says that farmers can sell their produce anywhere (not just in the APMC approved Marketplace). They can sell inter-state or intra-state or even online!
- This law is being brought in to give Freedom of Choice to farmers.
- As per the central govt, farmers will have a variety of marketplaces, the government says, which will be good for the farmers.
- The idea is not to shut down APMCs but to expand a farmer's choices.

Concerns: As per the experts and the critics, few concerns are raised

- Firstly, Agriculture Marketing is a State subject under Schedule 7 of the Constitution, and the Union government cannot make this law unilaterally in the first place.
- Secondly, the APMC markets currently ensure that farmers get the Minimum Support Price – or MSP – for their produce, and the new Marketplace does not mention MSP.
- What is MSP? MSP is the minimum price set by the government for a quintal of produce.
- Researchers, activists, and farmers are worried that if they conduct trade outside of the APMC marketplace, they will not get a fair price, at least the MSP.
- Experts point that this can increase distress sales by farmers, and ultimately, "Freedom of Choice" means nothing if they cannot protect their interests.

Legislation 3: The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020. Also known as the Contract Farming Law

What are the provisions recommended in the Contract Farming Law?

- Farmers can enter into 'written agreements' with anyone, including a company, and sell their produce for a set period as per the contract.
- In other words, companies can now have contracts with farmers for buying produce.
- The companies can set the price for the product, the standards and qualities, and other legalities beforehand.
- Central Govt said this would protect and empower farmers to sell to anyone – a wholesaler, or retail

giant or exporter.

- Farmers will have written contracts that will protect them if the buyer tries to cheat them, and they can sell future produce in present times.

Concerns: As per the Experts, this is wishful thinking! Statistics highlight that 82% of farmers in India are small and marginal farmers, i.e., they farm on 2.5 to 5 acres of land. The farmer who has 2.5 acres of land will be able to go to court against a massive supermarket chain? And what happens if the buyer says the contract cannot be fulfilled because the quality of the crop is not what was agreed – what protection does the farmer have then?

The new Amendment does not ensure all this. There is no mention of a mechanism for fixing a price. Hence, there is also an apprehension that the "free-hand" given to private corporate houses could lead to farmer exploitation.

Considering all these anticipated implications of the Farm Laws, farmers have been protesting since November 25, 2020.

After about one year of their protest, Central Govt has decided to repeal the law. In addition to the repeal of three controversial Farm Laws, the Govt has also decided to launch "Zero Budget Kheti". A committee will be framed to implement MSP more effectively and transparently. The key members of the Committee would include representatives of the Central Govt., State Govts, Farmers, Agricultural Scientists, Agricultural Economists etc.

For more updates, stay tuned!