

Farmers Bills 2020 :

The Central Government enacted the following, Acts in the month of September, 2020, on the ordinances earlier passed in the month of June, 20.

1. The Farmer's Produce, Trade Commerce (Promotion & Facilitation) Act 2020.
2. Farmers(Empowerment), Agreement of Price Assurance & Farm Services Act 2020.
3. Essential Commodities (Amendment) Act 2020.

Need for the new reforms:

- Agriculture Produce Market Regulation dates back to the British raj.
- During 1960s and 1970s most of the states enacted and enforced Agricultural Produce Market Regulation (APMR) Acts.
- APMC (Market Committee) was constituted to frame the rules, thus came into existence through regulated market.
- The Agriculture Produce Market Committee Act (APMC Model Act) was reformed in 2003 as a first attempt by bringing a model Act.
- According to APMC Act, the first sale of agriculture produce could occur only at market yard (Mandi).
- The new Act of 2020, will allow the produce to be sold outside the market.

Problems of earlier APMC Act:

- ✓ The problem of earlier acts was that agriculture produce cannot be sold or purchased outside the market yard.
- ✓ A market fee of about 12 per cent is collected in the yard.
- ✓ The sale should be through authorized agents appointed by the APMC to the trader who obtains license.

- ✓ The agents will have their commission, while selling the produce at the market yard. This process resulted that farmer received less price, the major share goes to the agent/Dalai and the trader.

APMC Model Act 2003:

- ❖ Facilitating contract farming model.
- ❖ Special market for perishables.
- ❖ Allowing farmers and Private Persons to set up their own.
- ❖ Relaxation of licensing norms.
- ❖ APMC revenue to be used for improving market infrastructure.
- ❖ Only 17 states passed the new model act.
- ❖ However in practice these was not much improvement.

New Reforms in 2020:

1. “The Farmer’s Produce, Trade Commerce (Promotion & Facilitation) Act 2020.”

- New Farmer’s Act, 2020, allows the produce could be purchased either in the market yard or outside i.e. at farmer’s fields, storage place or silos. There is no market fee nor the transport charges to be paid by the farmer.
- It allows a barrier free trade within and outside the state with the objective of **“One Nation-One Market”** and also the exporter.
- It permits electronic trading of farmers produce on transaction platform.

2. Farmer’s Empowerment Act 2020 :

“Farmers (Empowerment), Agreement of Price Assurance & Farm Services Act 2020.”

- **Contract farming:** The Act provides for a farming agreement between a farmer and buyer.

- Farmer may enter into a written farming agreement in respect of any farming produce and such agreement may provide for
 - a) The terms and conditions for supply of such produce including the time of supply, quality, grade, standards, price and such other investors.
 - b) The term related to supply of farm services.
- Minimum period of the farming agreement shall be for one crop season or one production of cycle of livestock, as the case may be and the maximum period shall be (5) years.

Disputes settlement:

- The agreement shall provide for a Conciliatory Board as well as a condition for process for settlement of disputes. The board shall have a fair and balanced representation of parties to the agreement. At first for any resolution board should be approached. If not settled, after 30 days, Sub-Divisional Magistrate shall be approached for resolution.

Price:

- The Price of the produce should be mentioned in the agreement. For prices subject to variation, guaranteed price and a clear reference for any additional amount above the guaranteed price must be specified in the agreement.
- The Act Provides for 10,000 FPOs i.e. Farmers organizations to create awareness among farmers and empower them.

Minimum Support Price (MSP):

Government fixes MSP every year basing on fixing fair price.

- ❖ M.S. Swaminathan Report (2006) recommended that the MSP is to be fixed on the weighted Average cost of Production, which includes the input costs like, seed, fertilizer, Pesticides, labour and interest. Over the cost of production, 50 Per Cent cost to be added while fixing the MSP.
- ❖ Government have accepted the proposal of M.S. Swaminathan in the year 2018 and accordingly fixing the MSP since then.

3. “Essential Commodities (Amendment) Act 2020” :

- ❖ Essential Commodities Act 1955; it empowers the Central Government to designate Central Commodities such as food items, fertilizers and petroleum products) as essential commodities. The Central Government may regulate, prohibit the production, supply, distribution, trade and commerce of such essential commodities stock limit.
- ❖ The Act requires that imposition of any stock limit on agricultural produce must be based on price rise. A stock limit may be imposed only if there is a 100% increase in retail price of horticultural produce and 50% increase in the retail price of non-perishable agricultural produce.

Benefits of the new Acts:

- ❖ It will create an eco-system where the farmers and traders will have the freedom of choice of sale and purchase of produce.
- ❖ The monopoly of the trader and the agents of market yards will end, while ensuring fair price.
- ❖ Barrier-free, intra state and inter–state sales are facilitated. One can sell anywhere wherever the price is fair.
- ❖ Agriculture infrastructure which is woefully short now, can be provided by an investor with proper agreements with the farmers. This will help the agriculture productivity, thereby reducing the cost of production thus ensuring better to the farmer.
- ❖ Helps reducing the wastage as storage facilitation improve. In India nearly 30 percent wastage of perishable foods is noticed, which can be avoided by improvement of cold storage facilities, efficient cold chain transport, by value addition and setting agro-processing nearer to the Production areas.
- ❖ Avoids middle man and will bring Price stability and raise farmer's income.

Draw backs:

- ❖ With relaxation of purchase outside APMC, the Market Yards will collapse.
- ❖ In the new acts, the price determination is left to the open market and prone to international market prices of the commodities. The international price of agricultural commodities are usually higher than the domestic prices. Much of the advantages in the price variation may be knocked away by the retailer, trader instead of farmer.
- ❖ While entering into agreement with farmers, the trader or investor being financially powerful, may still exploit the farmer taking advantage of farmers ignorance and less economic.
- ❖ In spite of fixing MSP as per the recommendations of M.S. Swaminathan report of 2006, the farmers are still not able to get the Govt. fixed MSP Price from the trader in real situation.
- ❖ According to Shanta Kumar Committee report (2014) only 14 percent of the farmers are aware of MSP and the procurement of commodities by the government.
- ❖ Complete de-regulation of these commodities lead to dangerous situation of food supply problems during extraordinary circumstances as the Government will have no information on who the players are and the levels of stocks not clear.
- ❖ Experts fear that amendment to Essential Commodities Act would effectively legalize hoarding as the licences will no longer be required to trade in these commodities.

Way Forward:

- ❖ APMC needs to be strengthened with Govt., subsidies and revamping the entire system of Agents / Dalaries.
- ❖ The APMCs or Mandis may not survive with the new law as they collect market fee, allow dalari and farmer to bring the produce incurring the transport cost.

Govt may subsidize the management costs of APMC. Instead of a nominated Chairman of APMC an democratically elected Chairman may replace by making amendments to the Rules. APMC should work for the real benefit of the farmers as an alternative to the trader and compete with the trader in a healthy competition.

- ❖ The empowerment of farmers should be real and the Farmers produce Organizations / Societies should function by themselves, without inferences from bureaucrats or political groups. The FPOs should be formed and empowered in true spirit keeping in view the earlier experiences where farmers societies, cooperatives have failed because of intervention from outside.
- ❖ The Farmers Acts will be effective only when and improved awareness levels of farmers and while making them as real peoples cooperatives or societies. Farmers should be empowered to enter into agreement with buyers on equal partnership and such agreements should benefit farmer as well as buyer and the Indian agriculture.
- ❖ Farmer's productivity per Ha should be improved on par with East and South East Asian countries so that agriculture should be profitable in India.
- ❖ There should be diversification of crops according to the worlds demand of farm produce. The traditional raising of crops of Wheat and rice should be limited to the domestic needs along with reasonable buffer and export the surplus.
- ❖ The horticultural produce is more income earning with less irrigation facility even though the input costs are more and susceptible for risks. Diversification of crops is essential and the FPOs should be empowered and trained to create more awareness to the farmer on raising various crops suited to the locality and the pricing mechanism. government may provide assistance the farmer in drafting agreements with a trader so that farmer will not be at a loss.