



Agri-Reforms 2020: Boon or Bane for Farmers *A Great Debate*

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The recent agri-reforms in the form of three new laws – Farmers Produce Trade and Commerce (Promotion & Facilitation) Act, 2020; The Farmers (Empowerment & Protection) Assurance and Farm Service Act, 2020 and The Essential Commodities (Amendment) Act, 2020 – which were recently passed by the Parliament and notified in the Gazette. Earlier, on June 5, Ordinances on these were promulgated by the President of India, under Article 123 of the Constitution of India. While there have been widespread protests by farmers and opposition political parties, the government has been defending these laws. No doubt there is a consensus on the urgent need for remunerative income for farmers, but there are political economy divergences on how such a problem needs to be catered. These news and articles, talking about the pros and cons of these new laws, point towards this political economy divergence, which is somewhat akin to the debate during 1991 liberalisation of economy.

Article/Op-ed	Key Takeaway
<p>Farm Bills 2020: How they benefit farmers, agritech startups, agri warehouses, and private players YourStory October 14, 2020</p>	<p>The new reforms are particularly beneficial for small and marginal farmers, who own less than two acres of farmland each. These smallholder farmers make up over 80 percent of the agrarian population, and are not the ones protesting. Puneet Sethi, Co-Founder and Director, FarmPal (an agritech platform that organises the post-harvest supply chain), says, “We have discussed the bills with our farmers, and by and large, there does not seem to be any opposition to them. Large farmer dynamics are very different from small farmers with marginal landholdings who constitute most of Indian agriculture. The larger farmers who tend to benefit more from the earlier scenario might have more reason to protest.”</p>

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<p>We need laws that give farmers more space to sell their produce — new farm laws fit this bill <i>By Ashok Gulati</i> The Indian Express October 12, 2020</p>	<p>Having analysed the MSP business over decades, let me say clearly that the regime was the creation of the era of scarcity in the mid-1960s. Indian agriculture has, since then, turned the corner from scarcity to surplus. The policy instruments of dealing with shortages are different from those dealing with surpluses. In a surplus economy, unless we allow a greater role for markets and make agriculture demand-driven, the MSP route can spell financial disaster. This transition is about changing the pricing mix — how much of it should be state-supported and how much market-driven. The new laws are trying to increase the relative role of markets without dismantling the MSP system.</p>
<p>Farm laws: Supreme Court issues notice to Centre The Times of India October 12, 2020</p>	<p>The Supreme Court on Monday, 12th October, issued a notice to the Centre on petitions challenging the three farm laws passed by the Parliament seeking response from the Centre within four weeks. The SC notice was issued to the Centre on a petition filed by Chhattishgarh Kisan congress leader Rakesh Vaishnav.</p>
<p>The clamour...and silence...over MSP in the Farm Bills <i>By Devesh Roy and J V Meenakshi</i> The Times of India October 06, 2020</p>	<p>In practice there is wide variation in the implementation of the MSP, across crops, states and categories of farmers. A 2016 report by the Niti Aayog notes that all surveyed Punjab farmers reported selling at the MSP, while other states often saw only one-third of farmers reporting sales at the MSP, and some, none at all (with sales at the lower open market prices). The report also finds that large farmers are able to sell a greater share of their produce at the MSP as compared to smaller farmers, who often rely on aggregators to sell their output. An announced MSP without credible purchases by state agencies, is not only ineffective but can have unintended deleterious consequences.</p>
<p>Farm laws — not choice, just noise <i>By P Chidambaram</i> The Indian Express October 04, 2020</p>	<p>From Prime Minister Narendra Modi to the Agriculture Minister to the Finance Minister to the CEO, Niti Aayog to the BJP's president to the BJP's spokespersons, everyone is singing the same tune. Their argument is that farmers were 'tied' to the APMCs and, now, they have the choice to sell outside the APMCs. Of course, they will not support their argument with data. Whether a state has APMCs or not and whether an APMC is accessible or distant, the fact is that 94 per cent of the farmers have no choice except to sell their produce outside the APMC in an unregulated environment. From the Prime Minister to the spokespersons, none will explain why the farmer is portrayed as bound, hand and foot, to an APMC and the middlemen, when the fact is that 94 per cent of farmers are not.</p>

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<p>Labour, farm Bills signal the end of inspector raj, freedom for farmers <i>By Akhilesh Mishra</i> The Indian Express October 03, 2020</p>	<p>The Indian farmer, even seven decades after Independence, had been treated in exactly the same exploitative way that the colonial British had treated them — as captive sources of producing cheap food grain while living at subsistence levels. There was no freedom to choose the point of sale for his produce, he could not decide the price of his product and had no say in selecting the buyer. At the other end of the chain, the end consumer was equally short-changed with frequent cycles of persistent high inflation. The only beneficiaries of this perverse system were middlemen who thrived under political protection.</p>
<p>What economists like Ashok Gulati still don't understand about agriculture in India <i>By Yogendra Yadav</i> The Print September 30, 2020</p>	<p>On paper, the economic rationale for these laws follows from the textbook of economics and can be stated best in Prof. Gulati words: these laws “provide greater choice and freedom to farmers to sell their produce and to buyers to buy and store, thereby creating competition in agricultural marketing. This competition is expected to help build more efficient value chains in agriculture by reducing marketing costs, enabling better price discovery, improving price realisation for farmers and, at the same time, reducing the price paid by consumers. It will also encourage private investment in storage, thus reducing wastage and help contain seasonal price volatility”.</p>
<p>How the new farm bills are exploitative <i>By Sachin Pilot</i> Hindustan Times September 29, 2020</p>	<p>The bills represent an unprecedented encroachment into the rights of the states: Agriculture is a state subject under the Constitution. The bills divert attention from the anti-farmer stance of the government. Small and marginal farmers form 86% of the farming community and contribute over 50% of crop output. This majority faces substantial bottlenecks in connecting to markets and the bills bring no relief to them. There has been no systematic attempt by this government to infuse capital, technology and knowledge to make farming on small land-holdings profitable.</p>
<p>On farm bills, government must get its act together, but Opposition is misguided <i>By Ashok Gulati</i> The Indian Express September 28, 2020</p>	<p>Why is there so much opposition? The Congress is leading the charge. But its manifesto for the 2019 general election said, “Congress will repeal the Agricultural Produce Market Committee Act and make trade in agricultural produce — including exports and inter-state trade — free from all restrictions”. And further: “We will establish farmers’ markets with adequate infrastructure and support in large villages and small towns to enable the farmer to bring his/her produce and freely market the same” (points 11 and 12 of the manifesto under the section on ‘Agriculture’). I fail to understand how this is different from what the three bills are about? I don’t have any political affiliation, but all my professional life has been spent in analysing agri-policies.</p>

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<p>Fooling all the people all the time <i>By P Chidambaram</i> The Indian Express September 27, 2020</p>	<p>Undoubtedly, the APMC Acts restrict free trade in agricultural produce, but the market yards serve as safety nets. In Punjab and Haryana, the fees collected at the market yards contribute significantly to the state’s revenues which are applied to develop agricultural and rural infrastructure. Nevertheless, I hold the view that the APMC Acts must, in course of time, yield in favour of free trade enabled by multiple, easily accessible markets. On the contrary, what the Modi government has done is to weaken the safety net (of MSP) and dilute public procurement. Farmers are protesting on the streets because they fear that the MSP will be done away with. State governments are worried that Public Procurement and PDS will be jeopardised.</p>
<p>Agrarian reforms: Can over-reliance on MSP harm agricultural states? <i>By Shweta Saini and Siraj Hussain</i> Financial Express September 26, 2020</p>	<p>The biggest issue of agitating farmers is that they were not consulted while framing these Bills. They fear that with the implementation of FPTC, among other things, state APMCs will slowly die due to constraints of resources, leaving farmers to the whims of ‘exploitative’ traders and corporate buyers. According to us, there are two basic assumptions of these agitating farmers. For them, the only alternative to APMC is a ‘villainous’ and ‘exploitative’ corporate buyer/trader. And, by producing MSP crops (mainly rice and wheat) and selling them in assured markets at assured prices, farmers think they are maximising their gains and are safeguarded for future.</p>
<p>Will the farm bills benefit farmers? The Hindu September 25, 2020</p>	<p>These Bills represent fairly important changes in marketing regulation and are what many were asking for because of the flaws in the APMC system. But at the same time, they are worrying for two reasons. The first is in what they say. The Bills have lacunae: lack of regulation, regulatory oversight and reporting. They’re somewhat non-transparent. The second is what they do not say. You can’t have marketing Bills that are devoid of the larger context of State intervention in agriculture, and agricultural policy.</p>
<p>Landmark bills free the farmer: The Modi government is heralding the path for farmers to be atmanirbhar <i>By Amit Shah</i> The Times of India September 24, 2020</p>	<p>Indian agriculture has for long suffered from apathy and policies rigged to benefit others at the cost of the farmer. Under successive Congress governments, ringing tributes were ritualistically paid to the industry of “kisan”, but the loudly declared intent to help farmers never translated into ground reality. Committees were formed with the avowed objective of developing agriculture and improving farmers’ lot, only to consign the recommendations of experts commissioned for the job to the growing pile of files never acted upon.</p>

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<p>Farm Bills reveal an inexplicable insensitivity and ingratitude towards farmers <i>By Sukhbir Singh Badal</i> The Indian Express September 24, 2020</p>	<p>The government has sought to address apprehensions of the farmers by declaring that it has no intention of discontinuing or diluting either the practice of the MSP or of the assured procurement of farmers' key crops by government agencies. So what then sets the government and the farmers on a collision course? What, after all, is so critically important because of which one of the longest-standing allies of the BJP and a key founding member of the NDA has first had to plead with the government to listen to the farmers and later to quit the government.</p>
<p>On Farm Bills, Catchy Hashtags From Government Aren't Enough <i>By Kalikesh Narayan Singh Deo</i> NDTV September 24, 2020</p>	<p>The recent days have seen some action along with the usual lip service paid to the sector. The Modi Government, in its usual big bang style, has passed bills in parliament seeking to change the age-old system of procurement through the government-sponsored <i>Mandis</i> despite steep opposition from even their own allies. There is no doubt that the current system has many inefficiencies and much red tape, resulting in a corrupt alliance between middlemen and rent-seeking establishments. Certainly, the current system needed reform and overhaul, but not just one limited to catchy phrases. On the face of it, increased competition should result in a more efficient market.</p>
<p>We must not allow political opportunism to overshadow the key measures enunciated through farm bills <i>By Hardeep S Puri</i> The Indian Express September 23, 2020</p>	<p>The landmark farm bills passed on September 20 will create an ecosystem where farmers and traders enjoy the freedom of choice of sale and purchase of farming produce to facilitate remunerative prices to farmers through competitive alternative trading channels. This will promote barrier-free inter-state and intra-state trade and commerce of farming produce outside the physical premises of markets notified under state agricultural produce marketing legislation. In this way, they will facilitate farmers with more buyers for their produce at their doorsteps. The farm bills also lay the ground of a legal framework for fair and transparent farming agreements between farmers and sponsors.</p>
<p>Farm bills, silent on MSP, will throw small farmers to big sharks <i>By Amarinder Singh</i> The Indian Express September 23, 2020</p>	<p>What these laws will do is to throw the small farmers to the big sharks, where market forces will control the pricing, procurement and marketing mechanism, and these helpless farmers will be left running from one retailer/trader to another to sell their little produce season after season, with no bargaining power to demand or get the price they deserve. The financial security for which they are currently dependent on the existing marketing system will become a thing of the past, and the promise of a bright future will disappear just as the one on doubling of their farm incomes by 2022 receded long ago into the recesses of their distant memory.</p>

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<p>Farm bills: Are India's new reforms a 'death warrant' for farmers? BBC News September 23, 2020</p>	<p>Beyond the political fracas, the bills have also split opinions - while Prime Minister Narendra Modi called the reforms a "watershed moment" for Indian agriculture, opposition parties have termed them "anti-farmer" and likened them to a "death warrant". Agriculture, which employs half of India's population, has long been in desperate need of reform. But the new - and controversial - bills are unlikely to be a panacea for farmers' troubles. Their goal, in essence, is to allow greater play of market forces in agriculture. One view is that this will improve farm incomes, attract investment and technology, and increase productivity. It will also free the farmer from the control of middle men who effectively run wholesale markets.</p>
<p>Farm Bills: How Narendra Modi is revolutionising India's agriculture sector Gulf News September 23, 2020</p>	<p>One legislation will introduce a framework for contract-farming to attract corporate investments in Indian agriculture while another bill proposes to remove the upper limit of holding stocks of essential commodities except in times of war, natural calamities or a steep rise in price. The politics of the farming community, made up of 150 million families, influences national politics and the electoral fortune of parties, so reforms in the farm sector are the most difficult political call to take. For long, it was an impossible one.</p>
<p>Agriculture's watershed moment: New farm bills will unshackle 43% of India's workforce that is engaged in the sector <i>By Amitabh Kant</i> The Times of India September 22, 2020</p>	<p>As India transitioned from a food deficit nation to a surplus one, the focus of policy has rightly shifted to surplus management from deficit management. To this end, successive government committees, task forces, reports have all made the same recommendations. First, the local mandi system was in need of competition. Farmers required multiple avenues to sell their produce to wholesalers and retailers, which the APMC system discouraged. Second, contract farming needed an enabling framework to boost backward linkages with the food processing industry. Contract farming would also allow farmers to plan investment decisions. Third, the regularity with which the Essential Commodities Act was invoked discouraged investments in the cold chain.</p>
<p>Why farmer Nimai Ray feels he has lost his independence The Telegraph September 22, 2020</p>	<p>Nimai Ray, an MA in sociology and a farmer, feels the two farm bills that were pushed through in Parliament have cost him his independence. "With the farm bill coming into force, national and international players will come into the picture and we will not be able to hold on to our independent identity. Though there may seem to be some immediate gains for farmers as the market will open up, the bills have long-term repercussions that everyone may not realise at the moment."</p>

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<p>Our new farm policy seen through Sharad Joshi's lens <i>By Ajit Ranade</i> Livemint September 21, 2020</p>	<p>One wonders how Sharad Joshi, founder of Shetkari Sanghatana, who was once a Rajya Sabha member, would have reacted to the farm bills India has just passed. He would have been disappointed with the process, and the fact that important reforms were pushed through first as ordinances and then just by a voice vote in Parliament. There was no debate, no reference to a select committee, nor consultation with states, even though agriculture is a state subject. But he would also have welcomed the spirit of reforms; i.e., of diluting the middleman's power exercised through agriculture produce marketing committees (APMCs), of axeing arbitrary stock limits on private traders, and of enabling business deals between firms and farmers.</p>
