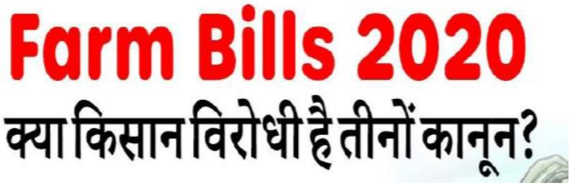
**<u>FARM BILLS 2020 & WHY FARMERS ARE PROTESTING- EXPLAINED CONCEPTUALLY</u>**

*~CA. Sumat Singhal*




First let us understand what these bills (Act) are and what are the key provisions and changes made there under:

The 3 Bills (Act) are-

1. The farmers produce Trade and commerce (promotion & Facilitation) Act 2020
2. The farmers (empowerment and protection) agreement on Price assurance and farm services Act 2020
3. The essential Commodities (Amendment) Act 2020

Bill 1 states:

•The Farmers Produce Trade and Commerce (Promotion and Facilitation) Bill allows barrier-free intra-and inter-state trade of farm produce.

•Previously, farm produce was sold at notified wholesale markets, or *mandis*, run by the ~7000 Agricultural Produce Marketing Committees (APMCs).

•Each APMC had licensed middlemen who would buy from farmers -at prices set by auction - before selling to institutional buyers like retailers and big traders.

**The Change**

•NEW SYSTEM -Farmers can eliminate middlemen and sell directly to institutional buyers at prices to be agreed between them.

•However, farmers' groups are worried this exposes them to corporates who have more bargaining power and resources than small or marginal farmers.

•85% of farmers own less than two hectares of land -difficult for them to negotiate directly with large-scale buyers.

**Farmers' objections**

- Alternate private 'mandi' will lead to ultimate closure of existing APMC 'mandi'.
- No tax on 'private' market.
- Removal of geographic restriction -small farmers may find it difficult to avail potentially better prices at markets further away because of constraints on travel and storage.
- There was no restriction on farmers to sell elsewhere earlier too

State Governments –

- If private buyers start purchasing directly from farmers, they will lose out on taxes that are charged at *mandis*.
- The potential scrapping of *mandis*, endangers the jobs of millions who work there.

**Bill 2 –Contract Farming**

•This law will allow farmers to enter into agreements with agri-firms, exporters or large buyers to produce a crop for a pre-agreed price.

•Farmers are worried this means the MSP will be removed/no govt. control over prices.
•Demand –Link MSP to contract prices

**Bill 3 –Hoarding**
•The Essential Commodities (Amendment) Bill proposes to allow economic agents to stock food articles freely without the fear of being prosecuted for hoarding.
•Unlimited stocking can lead to artificial price fluctuations and low prices for farmers after harvest.

**Overall Demands of Farmers organization**
•The acts are more favourable towards the companies and not legally empowering the farmers.
•Strengthen MSP -MSP to be made a legal right. Currently -Procurement is not done for all 20+crops for which MSP is declared.
• APMC reforms are needed, not its removal.
•The middleman will NOT go away.
•Investment in Agriculture sector must be from GOVERNMENT, NOT PRIVATE sector.

**Dec 9, 2020**

**Farmers reject govt's proposal, will intensify protest nationwide from Dec 14 | 10 points**

*Farmers' leaders have rejected a written proposal sent by the central govt and said they are firm on their demand to seek repeal of the three farm laws. Farmers have also announced to intensify their protest and have given a fresh 'Dilli chalo' call for Dec 14.*

**So what happened**

On Wednesday, the government sent a fresh proposal to the farmers' unions with an assurance that it will bring in necessary amendments to address their concerns.
However, the farmers have rejected the proposal as it did not address their main demand of repeal the farm laws.

- After rejecting the central government's proposal concerning the farm laws, farmers' leaders said they stand firm on their demand to repeal the new three farm laws brought in by the central government.
- The farmers' unions have now decided to intensify their protest nationwide from December 14.

| AGITATORS' APPREHENSIONS | CENTRE'S ASSURANCES |
|---|---|
| MSP regime for procurement will be scrapped | Will give written assurance MSP will continue |
| APMCs to be weakened in favour of pvt mandis | States can register pvt mandis, levy cess |
| Anyone can trade outside APMC mandis | States can be empowered to register all traders |
| No right to go to civil courts in case of dispute | Will provide for appeal mechanism in courts |
| Big corporates will take over farmlands | No buyer can take loans against farmland |
| Can't register under 'contract farming' law | States have right to register such contracts |
| Land can be seized in case of contract breach | Farmers can annul contracts without penalty |
| **DEMANDS** | **GOVT RESPONSE** |
| Repeal proposed Electricity Amendment Bill | No change in tariff subsidy regime for farmers |
| Scrap stubble burning penalty in new ordinance | Will 'adequately resolve' farmers' concern |

**FARMERS RESPONSE**

The Sanyukta KisanCommittee (Joint Farmers' Committee) held its meeting, to discuss the government's proposal. During the meeting, it was decided that the farmers' unions are rejecting the proposal and will intensify their protest hereafter.

WHAT NEXT?

- The farmers' leaders have given a fresh 'Dili chalo' (march to Delhi) call on December 14 to all farmers in North India.
- Farmers in other parts of the country have been asked to protest in their districts.
- On December 12, all toll plazas across the country will be made toll-free.
- The farmers' leaders have also decided to block the Delhi-Jaipur highway and the Delhi-Agra highway on December 12.
- On December 14, protesters will gherao district headquartersand BJP's district offices.

CONCLUSION

After these developments, There is no clarity if and when the two sides will meet again for talks.

**EXPLAINED -**

What is Private market concept in New Farm act?

**Concept- "ALTERNATE MARKETS" OR "TRADE AREAS" OR "PRIVATE MARKET"**

The idea of such markets as described in the Farmer's Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 —are not new to India.

The first and perhaps the most advanced experiments of these were in Maharashtra, When in 2005-06the then chief minister Vilasrao Deshmukh sanctioned the setting of private markets &collection centers through the issuance of Direct Marketing License (DML)s.

The private markets were wholesale mandis set up by private entrepreneurs, While the collection centres were for aggregators like Big Basketand Reliance Fresh who procured directly from farmers at the farm gate.

**SO WHAT WAS THE REFORMS IN MAHARASHTRA?**

Private markets, as the name suggests, are market yards set up by private entrepreneurs for the facilitation of trade in agri-commodities.

The state government's director of marketing issues licenses for setting up these markets.

A minimum of five acres of land would be required for setting up of these markets along with infrastructure like auction halls, sheds, waiting halls, motorable roads, etc.

Barring the land cost, the initial investment towards such markets is around Rs 4-5 crore.

**HOW MANYPRIVATEMARKETS CAME UP?**

Till date 18 private markets have come up in the state dealing in commodities like cotton, soya bean, chana etc.

Markets like Ramdev Krishi Bazar, in Washimdistrict of the state, deals in multiple commodities like wheat, tur, While markets like ACF Agro Marketing in Buldhana district deal only in a single commodity like cotton.

In 2019-20, these 18 markets had reported a turnover of Rs 4,357.88 crore and traded 100.88 lakh quintals of commodities.

**DIRECT MARKET LICENSES**

A more intense intervention was the introduction of direct market licenses (DMLs). It allowed aggregators like Big Basket, Reliance Fresh, ADM Agro Industries to buy directly from the farmers.

The license holders on their part are supposed to set up infrastructure like collection centres sorting sheds etc where farmers can bring their produce directly.

The directorate has issued 1,100 DML with the majority of them in recent years being issued to Farmers Producers Companies (FPC)s.

For farmers, the DML holders are a lucrative option as they are supposed to procure at the farm gate.

DMLs on their part have to pay a market cess of 1.05% of the transaction to the APMCs within whose jurisdiction they are functioning.

This has been a bone of contention with DML holders as they say they do not use any infrastructure of the APMCs to pay the cess.

**BUT THINGS HAVE CHANGED DUE TO NEW ACT**

But after the passage of the central Act, this contentious provision is no more applicable to them.

Maha FPC the umbrella body of farmers producers companies (FPC)s in the state have said that their member companies have procured around 2,600 tonnes of soyabean directly from farmers between September and October after passing of the Act.

This would not have been possible earlier given the legal provision of having to pay the market cess.

**What about MSP?**

One of the license clauses is that not a single trade would be carried out below the government notified MSP by these license holders.

In the case of complaints, the licenses can be revoked.
Many DML holders suspend their procurement when market prices fall below the government declared MSP. This is mainly to avoid action from the authority.
But such action has been very rare given the non-practicality involved with it.
Traders have pointed out the non-viability of this clause as most commodities they say work on the principle of supply and demand.

**CONCEPT- ALL ABOUT MSP**

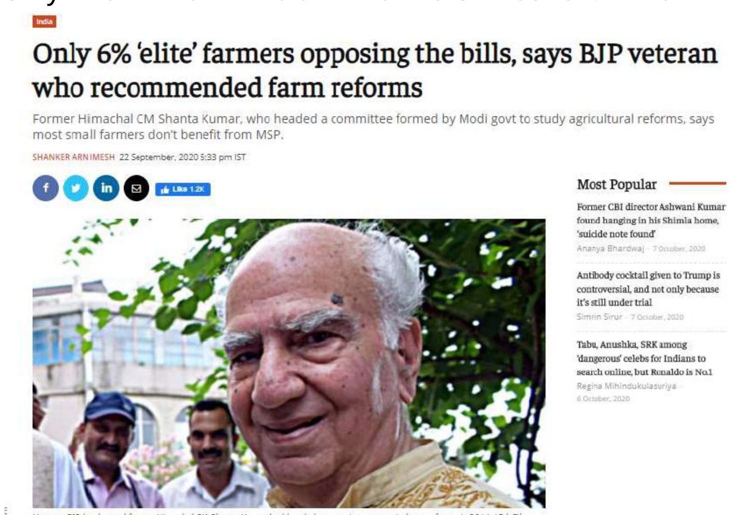
What is MSP?

•The MSP is the rate at which the government buys grains from farmers.

•Minimum Support Price is an important part of India's agricultural price policy.

•MSP is fixed on the recommendations of the Commission for Agricultural Costs and Prices (CACP).

The Centre currently fixes MSPs for 23 farm commodities—
7 cereals(paddy, wheat, maize, bajra, jowar, ragi and barley)
5 pulses(chana, arhar/tur, urad, moong and masur)
7 oilseeds(rapeseed-mustard, groundnut, soyabean, sunflower, sesamum, safflower and nigerseed)
4 commercial crops(cotton, sugarcane, copra and raw jute)
The 6% figure  A widely quoted statistic –
Only 6% of Indian farmers benefit from minimum support prices (MSP).



India

Only 6% 'elite' farmers opposing the bills, says BJP veteran who recommended farm reforms

Former Himachal CM Shanta Kumar, who headed a committee formed by Modi govt to study agricultural reforms, says most small farmers don't benefit from MSP.

SHANKER ARNIMESH 22 September, 2020 5:33 pm IST

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Veteran BJP leader and former Himachal CM Shanta Kumar had headed a committee on agriculture reforms in 2014-15 | File

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**How many farmers are benefited?**

- It can be reasonably inferred that the existing MSP/assured price system covers 25 million-plus farmers across all crops, including pulses and oilseeds.
- Depending on the denominator –the 2015-16 Agriculture Census puts the total number of operational holdings at 146.45 million –that translates into anywhere between 15% and 25%.

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