

## Farm Bill: Prospects and Reality

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### SUMMARY

Since 26 November, farmers have laid siege to the national capital. They are protesting against recently passed Farm Bills. These bills lay the framework for allowing farmers to sell produce directly to corporates, argues the Centre. Farmers fear that this may be an excuse to pull off the MSP safety net from under their feet over the next two decades, state governments set up large mandis which were run by regulated Agricultural Produce Market Committees or APMCs. Gradually, all large wholesale markets, which were the first touch points for farmers, were brought under APMC Acts.

### INTRODUCTION

India's national capital has created quite a flutter globally too. But very few know exactly what the farmers are protesting. The borders of Delhi have been witnessing a huge agitation being carried out by farmers. The farmers are protesting against 2 Farm Bills that the Rajya Sabha recently passed: first the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, and (2) the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020. The two bills had already cleared the lower house – the Lok Sabha. When they were introduced in the Rajya Sabha, there was ruckus and finally, the Bill was passed through a voice vote.

# FARMER BILLS 2020



### **The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020:**

This Bill allows the farmers to sell their produce outside the Agricultural Produce Market Committee (APMC) regulated markets. The APMCs are government-controlled marketing yards or *mandis*. So, the farmers clearly have more choice on who they want to sell.

### **The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020:**

This Bill makes provisions for the setting up of a framework for contract farming. The farmer and an ordained buyer can strike a deal before the production happens. According to PRS India, a "Standing Committee

on Agriculture (2018-19)" observed the APMC laws needed reforms as cartelization had begun to crystallize due to a limited no. of traders in APMC *mandis*. Therefore the following law was passed in September 2020.

### **The Essential Commodities (Amendment) Bill 2020:**

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020 allows intra-state and inter-state trade of farmers' produce beyond the physical premises of APMC markets. State governments are prohibited from levying any market fee, cess or levy outside APMC areas.

### **How will the Bills benefit the farmers?**

- Defeat the monopoly cartel at the APMC mandi and sell the produce anywhere to anyone
- Bypass the Essential Commodities Act and be free to store inventory which was constrained so far by stocking limits of ESCA.
- Free to make contracts and transfer risk to businessmen in deals made over a crop even before yield is made or met.

### **Why farmers are upset?**

The farmers are angry with the provisions of these Bills as they are afraid that these Bills may be the platform that the government (at the Centre) is setting up for the replacement or scrapping of the otherwise robust support system prevalent in their states for the purchase of their crops. They fear that the Minimum Support Price (MSP) guarantee that was their safety net since the Green Revolution of the 1960s kicked in, maybe snatched away from under the pretext of giving the farmers more playing ground and better platforms. Procurement through the Food Corporation of India at promised MSP to farmers, which is declared before every agriculture season, encourages farmers to focus on taking more yield. 23 agricultural crops have MSPs, though the governments primarily buy only rice and wheat. Farmers fear the two recent bills as they feel these agriculture reform processes will kill the government procurement process as well as the MSP.

### **CONCLUSION**

The reforms will accelerate agricultural growth through private sector investment in constructing agricultural infrastructure and supply chains for Indian farm produce in national global markets, generate employment opportunities, and strengthen the economy. The passing of the bills is a step in the right direction providing a bigger platform to the farmers to get the desired price their agricultural product.

### **REFERENCES**

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