



A STUDY ON THE INDIAN AGRICULTURE ACTS OF 2020 (FARM BILLS 2020) – ADVANTAGES AND DISADVANTAGES TO INDIAN FARMING COMMUNITY

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1. INTRODUCTION:

In the month of September 2020, the Farmer's Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, and the Farmers (Empowerment and Protection) Price Assurance and Farm Services Bill, 2020 were approved and notified as legislation. The primary provisions of the proposed legislation are intended to assist small and marginal farmers, (Farmers having less than two hectares (five acres) of land are called small farmers and those having less than one hectare (2.5 acres) are called marginal farmers) who have no means of either negotiating for a better price for their produce or investing in technology in order to increase farm productivity. The Agri market bill seeks to allow farmers to sell their produce to whoever they want outside 'mandis'. Even at their farm gates, everyone may purchase their produce. Although 'commission agents' of the 'mandis' and states could lose 'commissions' and 'mandi fees' respectively (the main reasons for the protests), by competition and cost-cutting on transport, farmers will get better prices by this law.

On September 27, 2020, the president of India Mr. Ram Nath Kovind gave his assent to the three farm reform bills - The Farmers' Produce Trade and Commerce (Promotion And Facilitation) Bill 2020, The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill 2020, and The Essential Commodities (Amendment) Bill 2020. These bills have been passed by the parliament in the recently concluded Monsoon season. Our Prime Minister Mr. Narendra Modi hailed by passage of these bills by saying "A watershed moment in the history of Indian agriculture!"



But the thing to worry about is the farmers for whose betterment these Acts have been made are on streets protesting these Acts. Farmers' organizations like Bhartiya Kisan Union (BKU) and the All India Kisan Sangharsh Coordination Committee (AIKSCC) have been protesting the bills from September 2020 itself. They have raised the slogan of 'KISAN BACHAO MANDI BACHAO' this research highlight on the reforms brought by new Acts, why are farmers protesting and way forward.

Keywords: *Farmers, Farm bills 2020 Farmers Union.*



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2. RESEARCH GAP:

Most of the research study is on farmers and the minimum support price for the farm product but there is a need to study on the laws announced by government and its advantages and disadvantages to the farmers therefore this study highlights on the farm bills and its advantages and disadvantages to Indian farmers and overall agricultural community.

3. REVIEW OF LITERATURE:

Puneet Sethi, Co-Founder and Director, Farmpal (an Agritech platform that organizes 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."

Farmers organizations like Bhartiya Kisan Union (BKU) and the All India Kisan Sangharsh Coordination Committee (AIKSCC) have been protesting the bills from September 2020 itself. They have raised the slogan of 'KISAN BACHAO MANDI BACHAO' in this article we will discuss the reforms brought by new Acts, why are farmers protesting and way forward.

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill 2020 or The Market Place Law We have already discussed the process currently in place well according to the new market place law, farmers can sell their produce anywhere not just in the APMC approved mandis or market places but literally anywhere i.e., they can sell inside the state,



outside the state, or if they wish they can also sell it online. Which means according to union government this law is been brought in to give freedom of choice to farmers they will have a variety of marketplaces. The government says, this is actually going to do good to them because they can choose from several options.

Kailas Chandra Samal in the midst of strong protests from opposition members Over their demand for a division of votes on their motion to refer the legislation to a select committee, the Rajya Sabha has passed two primary farm bills. The Upper House passed. The Farmer's Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, by voice vote, and the Price Guarantee and Farm Services Bill Agreement for Farmers (Empowerment and Protection), 2020. The bills have already been passed by Lok Sabha and have now been informed on 27th September, 2020 as legislation. On the other hand, contract farming legislation would enable farmers to enter into a pre-agreed price contract with agribusiness companies or large retailers for their goods. This will assist small and marginal farmers as the law will move from the farmer to the sponsor the risk of market unpredictability. The 2020 Essential Commodities (Amendment) Bill seeks to delete the list of essential commodities such as cereals, pulses, oilseeds, edible oils, Onions and potatoes. It implies that, except in exceptional circumstances such as war and natural calamities, the law would do away with the imposition of stock-holding limits on such products.

4. OBJECTIVES OF THE STUDY:

This research study has following objectives:

1. To understand the awareness level among the people about the new farmer bills passed by the government
2. To know about the benefits of the bills to farmers.
3. To know about the how its effect to the farmer its advantages and disadvantages.

5. RESEARCH & METHODOLOGY:

For this research secondary data has been collected from the various issues of Reports on farm bills as published by various articles and central statistic organization agriculture department. In these research journals, articles, research paper, books etc. has also been collected secondary data and information.

In this research the study is based on analysis of farm bills 2020, and its impact on farmers and



agriculture market.

Farm Bill 2020: Demand of the Farmers

- The demands of the farmers include revocation of all three laws turned bills:
The Bills have not been revoked and the Lok Sabha passed the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020 & The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020 amidst the protests.
- The mandi system remains intact and their loans be cleared.
The bills had been claimed by the farmers to dismantle the monopoly of the mandis but it is rather introducing an additional market channel running parallelly with the existing system to ensure free trade. This new legislation has nothing to do with the MSPs, it is merely providing freedom of choice to sell and buy the produces outside the mandis, as stated by Agriculture Minister Narendra Singh Tomar.
- Later in line with the 2006 Swami Nathan report by 'The National Commission on Farmers' law should be promulgated for MSP to be at least 50% more than the weighted average cost of production and if the MSP is not paid, it must be a penalized.
- A law should be put in place that will guarantee payments from the buyers through middlemen. Middlemen also make money by selling the product for more than its purchase price.

Advantages and Disadvantages of the new Farm Bills:

Advantages of the new Farm Bills

- The farmers had moved towards a freer and more flexible system.
- Selling produces outside the physical territory of the mandis will be an additional marketing channel for the farmers.
- The new bill has not brought any major drastic changes, only a parallel system working with the existing system. Prior to these bills, farmers can sell their produce to the whole world, but via the e- NAM system.
- The amendment to the Essential Commodities Act which is one of the three bills under protest removes the scare or fear of the farmers that traders who buy from farmers would be punished for holding stocks that are deemed excess and inflicting losses for the



farmers.

- The bills ensure that the farmer or the producer is given the same attention as production is and the farmer gets the stipulated price for crops, so that farming survives.
- The prime minister **Narendra Modi** tweeted on September 20th, that the “system of MSP will remain” and “government procurement will continue”. The Agriculture Minister also stated that past governments actually never thought it mandatory to introduce a law for MSP.
- In the existing APMC system, it is mandatory for farmers to go through a trader (via Mandis) so as to sell their produce to consumers and companies and they receive Minimum Selling Prices for their produce. It was this very system that has influenced the rise to a cartel led by traders and uncompetitive markets due to which the farmers are paid MSP (a very low price) for their produces.

Disadvantages of the Farm Bills

- The Farm Bills hampers with the monopoly of APMC (agricultural produce market committee) mandis, thereby allowing sale and purchase of crops outside these state government-regulated market yards or mandis.
- The Farmers’ Produce Trade and Commerce (Promotion and Facilitation) Bill does not give any statutory backing to MSP. The farmers have nothing to do with the legal system but everything to do with the MSP, a price at which they sell their produce, there is not even a mention of either “MSP” or “Procurement” in the said bill.
- The government declares MSPs for crops, but there has been no law mandating their implementation.
- The only crop where MSP payment has some statutory implementation is sugarcane for which FRP is determined. This is due to its pricing being governed by the Sugarcane (Control) Order, 1966 issued under **the Essential Commodities Act**.
- The new bills are placing farmers and traders at the mercy of civil servants, rather than of the courts.

Expected Outputs:

The Indian agriculture acts of 2020 ie. Farm Bill 2020 is a combination of 3 bills; Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, Farmers (Empowerment and



Protection) Agreement on Price Assurance and Farm Services Bill and Essential Commodities (Amendment) Bill. It is a big structural change attempted by Modi government. The idea is to encourage corporate investments in agricultural ecosystem to make it lucrative for farmers.

5 things you must know about the Farm Bill 2020

Here is what you must know about the Farm Bill 2020 passed in the Upper and Lower House of Parliament.

- The Farm Bill envisages providing farmers an alternative platform to sell. Since it will be outside the APMC Mandi, the transactions in such “trade areas” will not be charged APMC market fee or cess.
- The APMCs will not stop functioning but will now have to compete with these alternate platforms since farmers will have a choice. It is like allowing private competition in banking, insurance or telecom.
- The Farm Bill does not envisage discontinuation of the current MSP-based procurement of food grains. The modalities of how the mandi purchase will co-exist with alternate platforms remains to be seen.
- This bill gives the farmer the power to sell directly to the corporate or exporter buying in bulk from the farm gate and can enter into forward contracts too. Even the barriers on inter-state sale are removed.
- In 2019-20, government agencies procured 201 lakh tons of wheat and 227 lakh tons of paddy at MSP from Punjab and Haryana worth Rs. 80,300cr through commission agents (Arhatiyas). These Arhatiyas will lose their 2.5% commission and interest on loans.

Future scope:

There future scope on these bills for the researcher to have a research on following area.

- Breaker monopoly of mandies
- Improve farmers' income
- Improve agriculture business
- Lender legal platform for farmer to enter into contract

Limitations:

This research study has the following limitations.

1. This research is considering the impact of farm bills on farmers and market only.



2. This research has not take into account the impact of bills on small farmers.
3. This study has not highlighted.
4. This research has not focused on APMC.

Conclusion:

Some politicians claim the solution is government purchase of all farm produce at a high price. Global experience shows, however, that if the government- guaranteed price is above international levels, this will cause a surplus for which domestic or foreign demand is not present. High farm support prices were used by the European Union, which produced mountains of unsold meat and butter and lakes of milk, which were eventually sold to the Soviet Union at a huge loss. The EU has now shifted mainly to direct farmers' income support. With Telangana's Rythu Bandhu scheme (Rs. 10,000.00 per acre) and Modi's PM- Kisan scheme (Rs. 6,000.00 per acre), India is moving in a similar direction. The best is Odisha's KALIYA, which not only provides landowners but also tenants and shareholders with cash transfers (Rs. 10,000.00 per acre); Rs. 12,500.00 to landless households to start poultry, goat-rearing and fisheries; Rs. 25,000.00 over five years to purchase inputs for small and marginal farmers; and insurance benefits. In short, in the meantime, farmers need freedom to sell, move out of farming, and cash support rather than high prices and the new farm act will help the Indian farmers.

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