

WHAT'S IN THE FARMER ORDINANCE BILLS? & WHY THE OPPOSITION?

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BILL ON AGRI MARKET

Farmer's Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020

PROVISIONS-

- * To create an ecosystem where farmers and traders enjoy the freedom to sell and purchase farm produce outside registered 'mandis' under states APMCs.
- * To promote barrier-free inter-state and intra-state trade of farmers' produce.
- * To reduce marketing/transportation costs and help farmers in getting better prices.
- * To provide a facilitative framework for electronic trading.

OPPOSITION-

- * States will lose revenue as they won't be able to collect 'mandi fees' if farmers sell their produce outside.
- * What happens to 'commission agents' in states if entire farm trades moves out of 'mandis'?
- * It may eventually end the MSP-based procurement system.
- * Electronic trading like in e-NAM uses physical 'mandi' structure.
- * What will happen to e-NAM if 'mandis' are destroyed in absence of trading?



So, we can say that bill will accelerate digital transactions and organized sector participation in agriculture sector, and that's what has ruffled the feathers. If farming has to survive, contract farming and open market are necessary. Subsistence farming is not going to feed the ever growing population in future and farming also cannot survive economically with subsidies.

More than for farmers it's the fear of the long entrenched middlemen segment which is being vocalized as farmers protest. However, this bill is not clear how it will benefit the marginal and share croppers, whose numbers are quite significant, and without developing them, the larger issue of rural poverty can't be solved. So, government should also think twice about these bills. There is a need to aware the farmer's about the new farming strategies. Farmer's can adopt the new strategies and bills in future but they want that govt. should fix the MSP of the crops first.

BILL ON CONTRACT FARMING

The Farmers (Empowerment and Protection) Agreement of Price and Assurance and Farm Services Bill, 2020

- * Farmers can enter into a contract with agri-business firms, wholesalers, exporters or large retailers for sale of future farming produce at a pre-agreed price.
- * Marginal and small farmers, with landless than five hectares, to gain via aggregation and contract (Marginal and small farmers account for 86% of total farmers in India).
- * To transfer the risk of market unpredictability from farmers to sponsors.
- * To enable farmers to access modern technology and get better inputs
- * To reduce cost of marketing and boost farmers income.
- * Farmers can engage in direct marketing by eliminating intermediaries for full price realisation.
- * Effective dispute resolution mechanism with redressal timelines.

OPPOSITION-

- * Farmers can engage in direct farming arrangements will be the weaker players in terms of their ability to negotiate what they need.
- * The 'sponsors' may not like to deal with a multitude of small and marginal farmers.
- * Being big private exporters, customers, processors, wholesalers, the sponsors will have edge in disputes.

BILL RELATING TO COMMODITIES

The Essential Commodities (Amendment) Bill, 2020

- * The remove commodities like cereals, pulses, oilseeds, onion and potatoes from the list of essential commodities. It will do away with the imposition of stockholding limits on such items except under "extraordinary circumstances" like war.
- * This provision will attract private sector/FDI into farm sector as it will remove fears of private investors of excessive regulatory interference in business operations.
- * To bring investment for farm infrastructure like cold storages, and modernising food supply chain.
- * To help both farmers and consumers while bringing in price stability.
- * To create competitive market environment and cut wastage of farm produce.

OPPOSITION-

- * Big cos will have freedom to stock commodities-it means they will dictate terms to farmers, which may lead to less prices for the cultivators.
- * Recent decision on export ban on onion creates doubt on its implementation.
- * Price limits set for "extraordinary circumstances" are so high that they are likely to be never triggered.