

The Agricultural Imbroglio – Is It Justified and its Solutions



INDIA PASSES NEW FARM BILLS

ARE INDIA'S NEW REFORMS A 'DEATH WARRANT' FOR FARMERS?

*FARMER'S REJECT GOVERNMENT'S OFFER ON PANEL, TALKS DEADLOCKED
PROTESTING FARMER'S BREACH RED FORT.*

We all have been recently hearing all these news all over media and newspapers. Debates have been there over the New Farm Bills passed by Parliament. Farmer's are protesting for repeal of these bills. Farmer's protest also turned violent when they swarmed into Red Fort Grounds on the Republic Day. Indian Farmers are protesting from 9th August 2020 till present. The 2020-2021 Indian Farmer's protest is ongoing against Three Farm Laws, and around 40000 committed protestors are sitting at Delhi border. Such situations evidently manifest the current predicament of Agriculture in Indian economy. So is it vindicate and how it can be resolved?

What are the new Farm Laws passed by Indian Parliament?

In September 2020, Three Farm Bills which were passed by the Parliament received the President's assent and they became The Farm Acts. These Farm Acts are as mentioned below:



Farmers' Produce Trade and Commerce
(Promotion and Facilitation) Act, 2020



Farmers (Empowerment and Protection)
Agreement on Price Assurance and
Farm Services Act, 2020



Essential Commodities (Amendment)
Act, 2020

(A) **FARMERS (EMPOWERMENT AND PROTECTION) AGREEMENT ON PRICE ASSURANCE AND FARM SERVICES ACT, 2020 :**

It fabricates a National Framework for “Contract Farming” through an agreement amidst the Farmer and the Buyer before production/rearing of Farm produce.

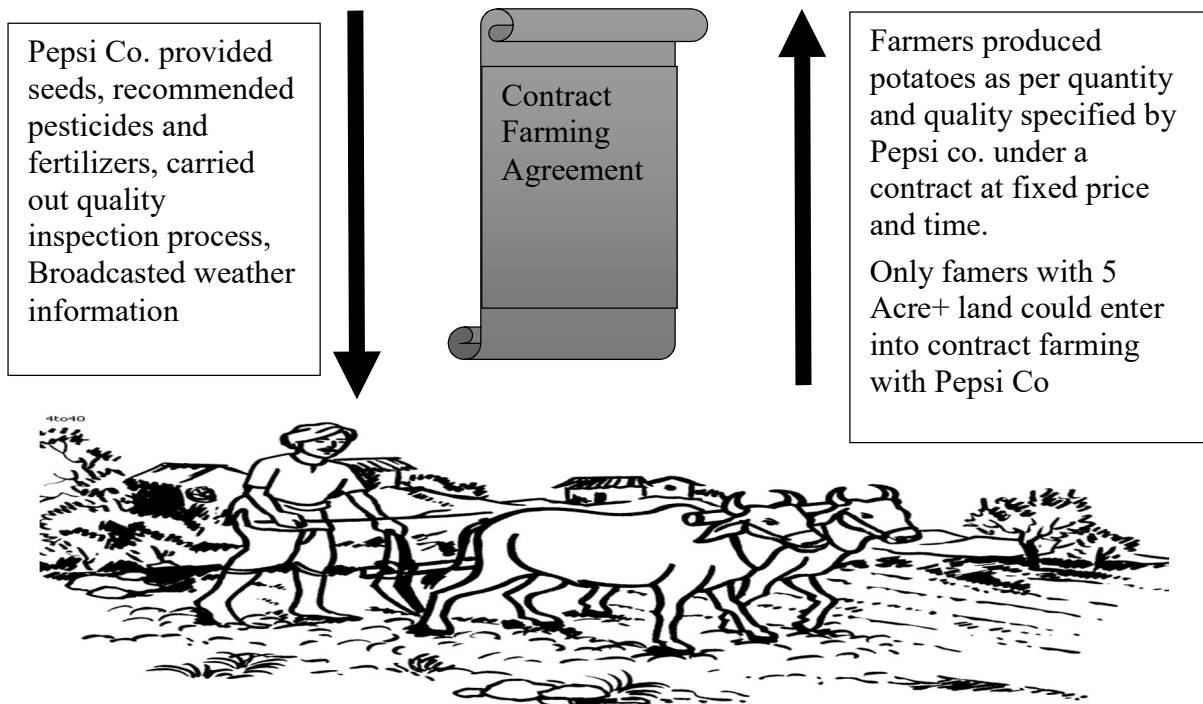
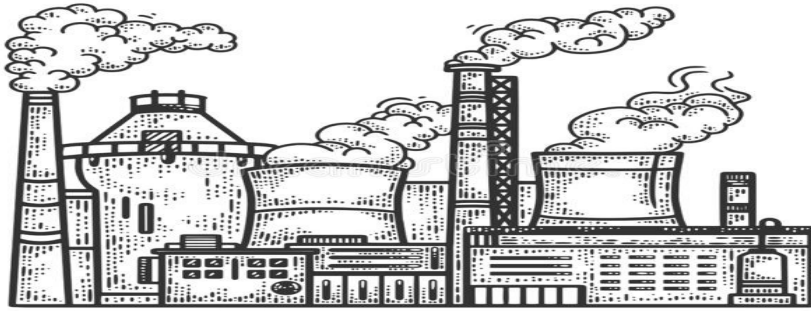
Major Provisions of this Act are:

- It provides for Farming Agreement between Farmers and buyers.
- Specifies minimum period of Farming Agreement shall be one crop season or one production cycle of livestock.
- Maximum period should not exceed Five years. In case production cycle goes beyond Five years, Maximum period may be mutually decided and be specified in the agreement.
- With regards pricing, it provides that method of price determination should be clearly specified in the agreement. For Prices which are contingent on fluctuations, a ‘Guaranteed’ price and additional amount over it should be mentioned clearly in the agreement.
- For Dispute settlement the Act provides Three level dispute mechanism –
 - (a) Conciliation Board
 - (b) Sub-Divisional Magistrate
 - (c) Appellate Authority

WHAT IS CONTRACT FARMING AND HOW IT WORKS?

Let’s take the paradigm of “¹The Pepsi Project – Contract Farming of Potatoes”

¹ ijsrp.org

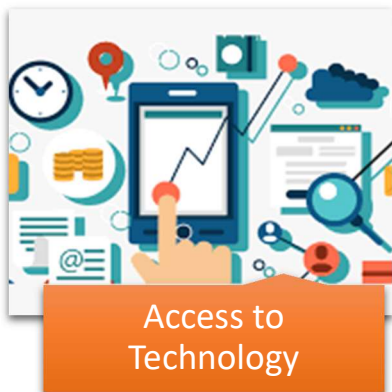


As seen from above, Pepsi Foods (Subsidiary of Pepsi Co.) entered into contract farming agreements with famers of Punjab for supply of Potatoes. Prices were fixed at time of agreement and quality and quantity were specified. Farmers were not allowed to sell the produce in open market. PAFC (Punjab Food Agro Corporation Ltd.) acted as nodal agency for implementing Contract Farming in the states.

Contract Farming as we can infer from above cited example, is beneficial both to Farmers and Buyers i.e. corporates etc.

The vital advantages from Contract Farming are:

- Famers can access to technology and information while lowering transaction costs.
- Farmers get assured market for their produce and a fixed price negotiated earlier.
- Ensures higher production of improved quality and technical guidance for Farmers.
- For Buyers it ensures consistent supply of inputs at right time and lower cost.
- Uniformity in inputs improves quality of output.



Access to
Technology



Lower Transaction
costs



Higher production



Improved Quality



Consistent supply at
right time

DESPITE ADVANTAGES, WHY ARE FARMERS PROTESTING AGAINST IT?

Continuing the example of Pepsi Co., Contract farming in Punjab benefitted both the Farmers and buyers initially, but later it was scrapped as – When prices in market lowered, buyers refused to purchase from the farmers at their pre-determined prices citing issues of quality, Farmers complained about inadequate quantity of inputs (seeds) being supplied to them and pesticides recommended by the company were costly and of poor quality, with time companies procured only 10% of total produce and many times at a price lower to agreed price. With all these problems finally contract farming was scrapped.

Owing to this, farmers are protesting as they fear of getting exploited by big corporates dictating their terms. Farmers have argued that if the new act was enforced and they enter into contract farming they will become wage labourers on their own lands. The Farmer's movement further said that for a year or two they will offer good prices and then they will start controlling cropping patterns and prices.

Government proposed that under the contract farming, farmers will have the alternative to approach the court and no loan will be given on their land and buildings by mortgaging it during the contract period. Thus their lands will be safe.

This seems little dubious at this time as it's arduous that farmers will agree as their concerns are genuine about their lands and the debt trap they can get into due to contract farming.

WHAT CAN BE DONE?

There is a need of communication between Government and Farmers to arrive at mutually acceptable solution. Taking Farmers into confidence is much required at this stage.

Government has proposed around 11 rounds of talks with the Farmers but they all have been inconclusive.

There's a need of **Regulatory body** which could **regulate contract Farming sector** and provide one stop solution to farmers who find it difficult to fight against breach of contract farming and end up selling lands to repay debts.

Like Stock Exchanges earlier were in the form of Association of Persons (AOP)/Body of Individuals (BOI) with trading being done on floors of Exchanges, but with time and corporatisation of exchanges now all the exchanges are regulated by SEBI. SEBI keeps an eye over working of exchanges and protects the interest of investors. Similarly in case of Contract Farming, agreements today are mostly informal as farmers are not aware about their rights, obligations, importance of Contracts and their legal enforceability.

Changes to existing system will definitely take time but reforms in Indian Agricultural sector is much needed. Government should **take the farmers into conversation** and give them confidence that their interests are being uplifted and not dominated. Communication with farmers is important because the most formidable part is implementation and enforcement of laws and it is not possible unless farmers abet with the Government.

Making registration of contracts mandatory and providing an **online platform** to facilitate monitoring of all such contract sharing agreements will help in effective implementation. Before that a large portion of Farmers are unaware about technology advancements, for that **awareness programs** must be held and a parallel way along with online advancement should co-exist, this will ensure that none of them is deprived of their rights just because of technological unawareness.

With the strive of Government towards "Digital India", there has been a significant increase in online monitoring and software, awareness among people has enlarged, bountiful of them are getting connected through internet and are garnering it's benefits.

As it is said *"Changes take time, it's not an overnight thing"*²

Current law is difficult to implement without amendments being made to it. Though repeal of the act is not the solution.

(B) FARMERS' PRODUCE TRADE AND COMMERCE (PROMOTION AND FACILITATION) ACT, 2020

This Act boosts inter-state and intra-state trading of Farmer's produce beyond the physical premises of APMC (Agricultural Produce Market Committee) Markets and other markets as notified by respective State APMC Acts. The Act aims to establish National market for Agricultural commodities.

³Major Provisions:

- Previously farmers could trade only in APMC mandis or APMC yards. They were not allowed to trade beyond this market area notified by their State's APMC Act. But now Farmers are allowed to freely trade outside the aforementioned markets. Now they can trade both inter-state as well as intra-state in areas such as Farm Gates, Factory premises, cold storages etc.

² Pinterest.com

³ <https://www.jagranjosh.com/general-knowledge/farm-bills-indian-farm-reforms-2020-1606901455-1>

- Electronic Trading is also allowed of Scheduled Farmer's produce in the specified trade area. It will facilitate online buying and selling of Farmer's produce over internet.
- Further Market fee is abolished. Previously farmer's had to pay fee for using APMC markets. Fees was mandated to be paid even if trade was done outside the market area. With the Act State Governments are prohibited from levying any kind of fees or cess on farmers, traders and electronic platforms for trading Farmer's produce "Outside Trade Area"

WHAT IS APMC?

Agriculture Produce Market Committee (APMC) is a marketing committee and it functions under State Governments in India. The main aim behind introduction of APMC was to safeguard farmers from the exploitation by creditors and intermediaries. APMC regulated price and prevented it from undue inflation. It also ensured timely payment to farmers by auctions in APMC markets.

WHY THERE WAS NEED TO CHANGE THE EXISTING APMC ECOSYSTEM:

Though APMC's objectives were to protect farmers and give them a market for selling their produce, farmers faced any problems with the APMCs, significant of them are listed below:

- Farmers were not allowed to sell their products outside the APMC specified by their State Government, even if the APMC of other district was nearer.
- State Governments used to charge Market fee, User charges, levies and commission for the agents by producers and traders. These were charged despite the trade being done outside APMC trade area.
- Market fee charged were high.
- Fewer markets were available as farmers were not allowed to sale outside the designated markets.
- Cost of intermediaries to farmers were high.
- APMC markets were run by committee of Farmers (often large land owners) and traders (Commission agents) who acted as middlemen for facilitation of sales, financing deals and arranging transports. It was a complex system and farmers were easily being exploited and paid less for their produce and intermediaries were earning huge margins.

WHAT DOES THE NEW ACT OFFER?

- Now Farmers can enter into trade with any person or company to sell his produce.
- Jurisdiction of APMC laws will be restricted only to designated markets under APMC and these laws will not apply to trades that take place outside APMC. Thus no taxes, levies, fees could be charges by State Government on transactions outside APMC designated markets.
- Farmers can fix the price for their produce before harvesting and intermediaries could get assured delivery and pre-determined price. Thus both parties will be benefitted.
- Now the intermediaries/agents have to be competitive and they cannot form cartels and dominate/exploit farmers.
- Thus the new Act promotes healthy competition.
- Farmers can now directly contract with large buyers like corporates, processors, and hotel chains for any quantity, quality and price. This will create new markets for farmers and they will get bigger opportunities to sell their produce.

Thus clearly the act creates advanced opportunities for farmers, it seems to create a win-win situation.

WITH THE BENEFITS VISIBLE SONOROUSLY, WHY ARE INDIAN FARMERS OPPOSING IT?

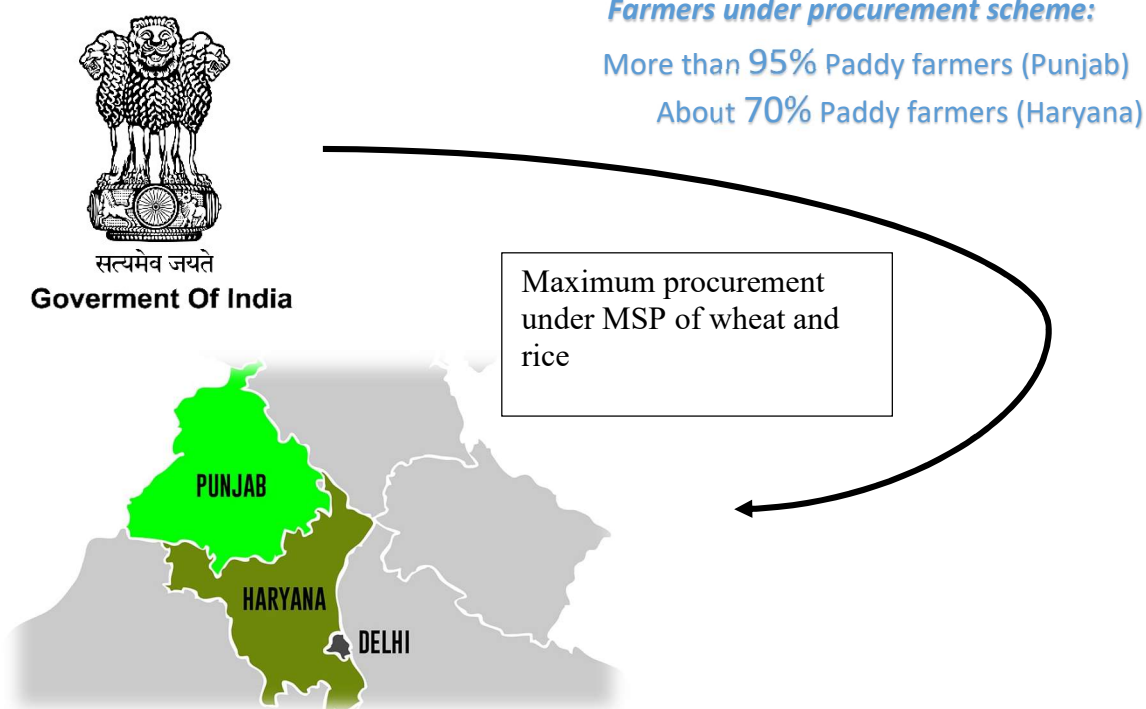
Farmers are perturbed as these laws will eventually lead to end of fixed, assured prices and wholesale markets. Thus initially due private players will offer good prices and attract farmers towards them, which would eventually lead to winding up of wholesale markets due to shift in the direction of private players. With time these private players will get dominance in the market and they will start exploiting the farmers by dictating terms, offering them lower prices and then farmers would not even have the second option of going back to wholesale markets.

Farmers are demanding Government to come out with a written law that Minimum Support Price (MSP) would not be withdrawn.

Farmers want a legislation on MSP and Guarantee that MSP would be extended to cover maximum crops and not just a written assurance from Government.

WHO ARE THE ONES THAT ARE PRIMARILY PROTESTING AND WHY?

The primary protestors are farmers from the states of Punjab, Haryana and Western Uttar Pradesh.



Farmers from these states are protesting as these states are the ones that have major procurement share of Government. Advent of Green Revolution could be traced back to these states and in view to encourage production of wheat Government provided procurement through Food Corporation of India (FCI) and MSP on many agricultural crops. Government primarily procures Rice and Wheat from these states. And if MSP system doesn't exist then these farmers would be affected tremendously as they get an assured MSP from Government. Majorly Large and Medium farmers benefit from this procurement. As indicated in statistics, large and medium farmers are the ones which occupy a major share in procurement and share of small and marginal farmers is relatively low. Therefore it's large farmers who are protesting. As doing away with MSP would significantly reduce their income as they are

currently getting a fixed price for these crops. Even if people of these states consume very less quantity of these crops but are cultivating these as farmers are getting a good share from fixed MSP they dedicate a major share of their land towards cultivation of these crops.

Which is clearly evident from the fact that “Per capita intake and availability of pulses in the country has declined to two-thirds since early 1960s. Further during the Time span of 50 years between 1964-1965 and 2014-2015, per capita production of pulses declined from 25Kg to 13.6kg.

As per the document titled ⁴‘Price Policy for Kharif Season—The Marketing Season of 2020-21’ points out that: “More than 95% paddy farmers in Punjab and about 70% farmers in Haryana are covered under procurement operations while in other major rice producing States like Uttar Pradesh (3.6%), West Bengal (7.3%) Odisha (20.6%) and Bihar (1.7%), very small number of rice farmers benefit from procurement operations.” In total, the procurement system reaches around 11.8% of the rice farmers. This explains why the protests are limited primarily and largely to Punjab and Haryana.

WHAT IS THE IMPACT OF MSP?

Government to support the farmers procures their produce at a fixed minimum selling price. Government cannot purchase everything from all states. That is the reason for large stocks of wheat and rice are lying with Food Corporation of India. FCI (Food Corporation of India) had 700.27 lakh tonnes of wheat and rice as of September 2020. ⁵As per stocking norms, FCI needs to have strategic and operational reserve of 411.20 lakh tonnes as of July and 307.70 lakh tonnes as of October. Stocks are still large despite distribution by government to needy in crisis of COVID-19.

MSP is supporting these large farmer’s major share of income. Even if Government reduces procurement prices of rice and wheat would fall and with introduction of private market price will tend to fall further. This is something that will tremendously affect income of these large and medium farmers, hence they are protesting for repeal of such laws. Small and marginal farmers who own land of less than two hectares are mostly consumers of food and are affected by food inflation.

As inferred from the statistics above ***major procurement is from Punjab and Haryana***, and therefore farmers there are incentivized to grow more of Rice and Wheat, as MSP are increased each year and they get a assured price and assured buyer for their produce. Regions of Punjab and Haryana are semi-arid and growing a crop like rice which requires a lot of water has created environmental problems like depletion of ground-water level and deterioration in quality of soil.

In eastern states procurement by Government and MSP is minimum and non-existent in some states.

ARE THE NEW ACTS JUSTIFIED?

Thus this system benefited majorly to large farmers of few states and thus the amendments brought in by government were quite required as it would extend benefit to all.

⁴ <https://instapdf.in/kharif-crops-price-policy-2020-21/>

⁵ <https://dfpd.gov.in/foodgrain-stocking-norms.htm>

Benefits to farmers would not arise overnight as majority of farmers are small farmers, to deal with their own produce and market them they need infrastructure which they could hardly afford. First Government should work towards **improving infrastructure**, like improving connectivity of farmers to markets by developing roads, providing transport facilities at reasonable costs, improving power supply, bringing up more cold storages to store perishable products.

A better infrastructure could only help in uplifting small and marginal farmers and bringing Indian Agricultural reforms. Importance of reforms could not be denied but to bring over and see the actual benefits needs some work on other areas first.

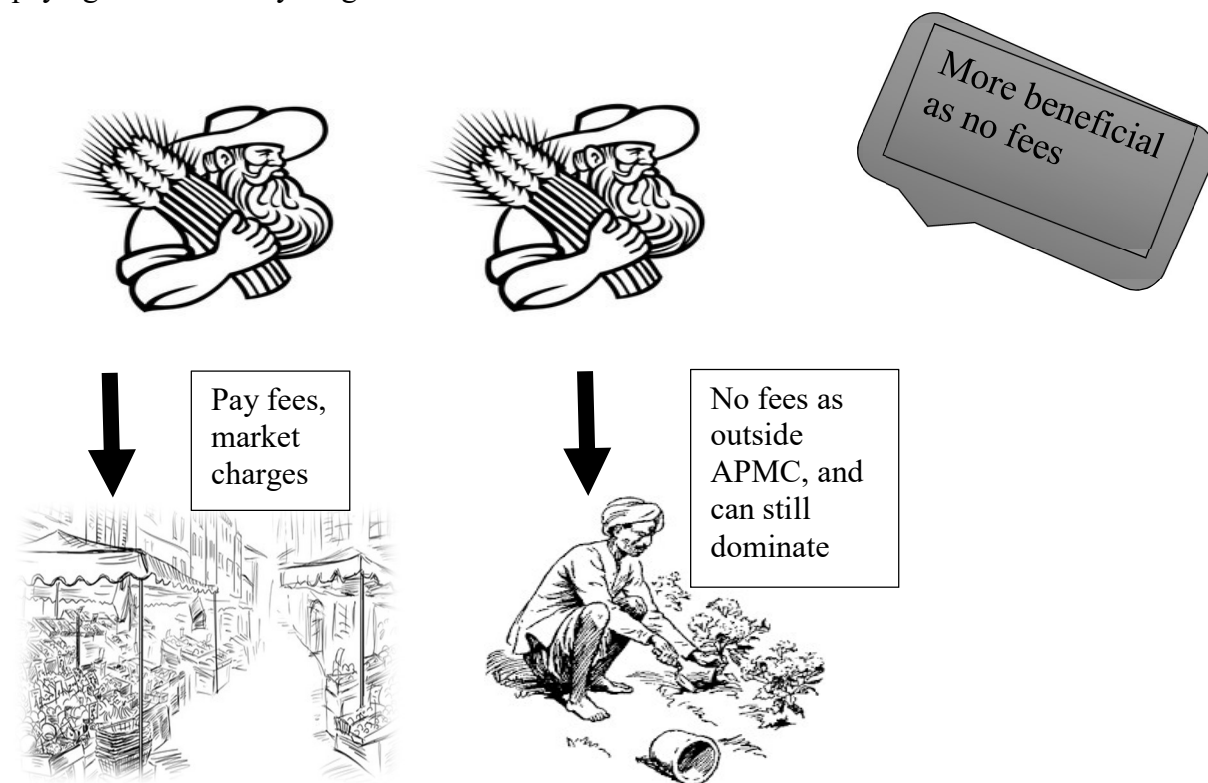
For this **State Governments and Central Governments need to communicate** and develop infrastructure needed.

The state Bihar did away with the APMC Act in 2006, but it could not benefit farmers as infrastructure required was not in place.

Policies should be changed and be made with motive of benefitting small and marginal farmers. Large farmers have huge plots of land, MSP adds benefit to them and they are the ones controlling APMCs and dominating small and marginal farmers.

Acts, rules and regulations should be to uplift and increase earnings of an average farmer. As large farmers aren't the one who commit suicide falling into debt traps, majority of them are small farmers who fall prey to vicious debt trap and end up sacrificing their life.

With the current law that states creation of markets other than APMCs will bring new opportunities to small and marginal farmers – a biggest hindrance in this is, as APMCs are influenced by large farmers, arthiyas (Agents), creation of parallel markets would not resolve this dominance. Instead these large farmers and agents would move out of APMC to avoid paying fees and everything else will function the same.



Creation of parallel markets along with APMC could not resolve the current problems and uplift small and marginal farmers. Regulations need to be strong to oversee that private

players do not take up the market and small farmers do not get 'crowded out'. Thus reforms are indispensable but practicality should also be considered before implementation.

Details need to be studied out. Presently bills were rushed through the Parliament without considering opinions and studying how actually it would get implemented

Also, SBI's Ecowrap report suggested insertion of quantity guarantee clause, instead of MSP – it suggested that Government could insert a guarantee clause that procurement to production % should be at least equal to last year percentage, along with safeguards in exceptional situations like drought, flood etc.

(C) ESSENTIAL COMMODITIES (AMENDMENT) ACT, 2020

Essential commodities Act was enacted in 1955 to ensure delivery of certain products and commodities (which are essential for people and could affect normal life of people) if their supply is obstructed owing to black-marketing, hoarding.

Central Government can regulate supply of the commodities which it lists as "essential" and even it can fix Maximum Retail Price (MRP) of any packaged product it lists as "essential".

Commodities can be list as essential when required and can be removed from the list once situation ameliorates. Government can also notify Stock-Holding limits on products in short-supply for a specified period.

State Governments have option, they can chose whether to apply Central Government's regulation or not. If they chose to impose the restrictions then all the trader have to sell off excess stock they are holding above the limits notified immediately. This is done to increase supply in market, which leads to lowering of the prices.

⁶Amendment made in the Act:

Now Government of India will list certain commodities as essential only in cases of war, famine, extra-ordinary price rises, or natural calamities.

The following commodities have been deregulated by the Essential Commodities (Amendment) Act, 2020.

- ❖ Cereals
- ❖ Pulses
- ❖ Potato
- ❖ Onion
- ❖ Edible Oil seeds
- ❖ Oils

Stock limits imposition:

According to the amendment, stock limits can be imposed on Agricultural Produce based on price rise and can be imposed only if there is –

⁶ <https://www.jagranjosh.com/general-knowledge/farm-bills-indian-farm-reforms-2020-1606901455-1>

100% increase in the retail price of Horticulture produce AND
50% increase in the retail price of Non-perishable agricultural food items

Calculation of increase in retail price:

Increase will be calculated over the price prevailing:

*Immediately preceding twelve months or
The Average retail price of last Five Years
Whichever is less*



These restrictions will not apply to stocks of food held for Public Distribution System in India.

The Amendment further provides that if a stock limit is imposed, it will not apply to a processor or value chain participant or an exporter. In case of a value chain participant, such stock should not exceed the ceiling of installed capacity and in case of exporter it should not exceed the export demand. It is not specified if the installed capacity is to be considered on a yearly or monthly basis. The Amendment does not define value chain participants.

WHY IT IS BEING OPPOSED?

Foodstuffs like onions, pulses, potatoes etc. are essential part of common man's daily need. If Government would not regulate these chance of their Hoarding and Black Marketing will increase.

The Farmer's income will be increased as they can sell their produce anywhere and just to mandis or APMCs. Large corporates will buy directly from farmers, it will be remunerative for farmers but it may have adverse impacts if price of these essential produce increase at farm level. This amendment would allow big corporates to hoard essential commodities leading to increase in prices.

As per the Government amendment was necessary as Essential Commodities Act was necessary when India was Net Importer of Food grains, now the situation has changes and India has surplus production. Amendment is in line with the Government's aim of doubling Farmer's income and this move will increase infrastructural investment in agricultural sector.

Farmers will get a fair price for their produce. But there are changes that large companies start to hoard the product, form cartels and purchase from farmers at lower prices and hoard the commodities which will lead to increased prices and burden on consumers. Further the amendment could also lead to increase of economic inequalities among rich and poor. As deregulation of essential commodities will lead to profit led inflation and will widen the gap between rich and poor. With legalising Hoarding consumption inequality is bound to rise.

Amendment in Essential Commodities Act was required as previously Government had power to impose blanket stock restrictions and traders needed to immediately sell off excess stocks even at lower prices which lead to losses. Further as government could impose restrictions anytime large buyers purchased far less than their capacity and due to this farmers often suffered huge losses as they have to sell off excess production at lower prices as perishables otherwise would get deteriorate.

As now India has surplus production in many agricultural commodities still farmers are not able to get higher prices for their produce, due lack of investment in infrastructure such as cold storage facilities, warehouses and processing and exports as entrepreneurs got discouraged due to regulations of Essential Commodities Act.

Now with amendment stock limit could be imposed only in situations of inflation and extraordinary situations like that of war etc.

Overall amendment seems to have both sides.

Another problem that arises is how increase will be calculated to impose stock limits is not clearly defined. Price triggers not have reference to any locality and is left vague without explanations. And the stocks of agri-businesses equivalent to exports will not be subject to any limits. This creates a huge space for frauds and misrepresentations in order to hold stock, how will one be able to justify genuineness of any export order or transaction. How will each export order be traced and confirmed. This will create some practical difficulties in implementation of the amended act.

Further excluding value chain participants will make it easy for every potential hoarder to hoard the commodities as they are allowed to hold the stock till their installed capacity or the demand of export in case of exporter. Installed capacity is usually measured per day/per hour/per month. How can a fair estimate be arrived for export demand or maximum capacity. Hoarder will hoard the produce saying it is one year projected capacity or for a projected export and as per amended law it will be allowed to. Excluding value chain participants exclude a large number of participants from purview of government as Value chain involves everyone from a farmer to exporter.

WHAT COULD BE A POSSIBLE COURSE OF ACTION?

System is required to be in place. For example before holding huge agricultural commodity stocks for export, exporter must be required to furnish all documents like Purchase Order, Quantity to be exported, Date of export price at which it is exported and such exports above certain limits should be mandated to be done within such prescribed time limits to avoid hoarding and price rise situation in local markets.

Body/Regulator should be established to oversee such transactions and to restrict any anti-competitive practices by large corporates.

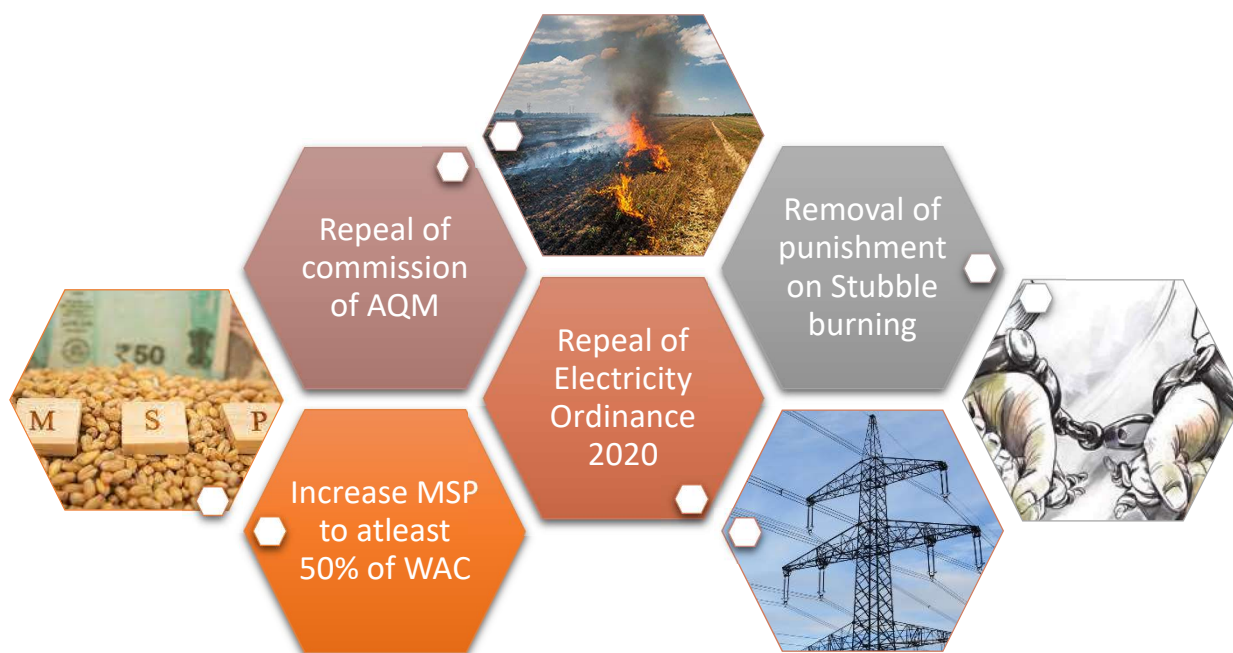
Government should retain control to some extent w.r.t interfere in essential commodities as otherwise consumers will get exploited. 100% price increase is highly extra-ordinary situation and increase below that level are justified by amended act. Increase of even 50% could be high and may affect millions of households. Specially in the time of pandemic our country is suffering COVID-19, with imposition of lockdowns and reduced supply, many suppliers are charging exorbitant prices for essential commodities like sugar, rice etc. Pandemic has affected everyone equally and in such situation **Government's intervention is must** to avoid such practices.

⁷In Gurugram during March 2020, Government seized 25000kg of rice and 23000kg of sugar from a store as store was selling them at very high prices. This is just one case and there are thousands of such. Had this amended Act been in effect, then Government could not interfere until price increase is beyond the percentage specified in the act, which are extra-ordinary, and millions of consumers would have been exploited.

⁷ <https://www.newsclick.in/Farmers-Protest-Pitfalls-Amended-Essential-Commodities-Act>

Major reforms and regulations are still required before implementing this amended Act. As **Hoarding could not be made legal**, it will only increase income disparity, benefitting only corporates and large players.

These were the major demands by the farmers against these Three Farm Acts. Farmer's demand include:



(a) Implementation of ⁸“Swaminathan Panel Report” and pegging MSP at least 50% more than Weighted Average Cost of Production:

The National Commission on farmers, chaired by Prof. M.S.Swaminathan, submitted five reports through the period December 2004 to October 2006. Reports recommended reforms like land reforms, irrigation, credit and insurance, food security, employment, productivity of agriculture and farmer competitiveness.

As per the report it is imperative to raise the agricultural competitiveness of farmers with small land holdings. Report suggested to increase MSP to 50% of WAC (Weighted average of cost of production) and to extend the benefits of MSP to other crops except wheat and paddy and also include millets and other nutritional cereals.

(b) Repeal of Commission on Air Quality Management in NCR and removal of punishment and fine for Stubble burning:

Union Government imposed penalties for stubble burning as it was causing air pollution in NCR. Stubble burning is practice of setting fields alight to remove old crops. It is intentionally setting fire. Farmers say it is unavoidable.

⁸ <https://www.prsindia.org/report-summaries/swaminathan-report-national-commission-farmers>

But as per reports stubble burning is major contributor to toxic air pollution in Delhi and Northern India in winter months and has been made illegal.

Farmers citing it as unavoidable are demanding its repeal.

Air pollution levels in winters around NCR is significantly high and it has become hazardous to lives of people living around. Thus declaring it as illegal is the most appropriate way to deal with the problem to toxic air in NCR.

(c) Release of Farmers arrested for burning paddy stubble in Punjab:

As referred above farmers are also demanding release of the ones who got arrested for violating guidelines of not burning stubble.

(d) Abolishing the ⁹Electricity ordinance, 2020:

Power Sector is a concurrent subject i.e. both Centre and State have powers to make laws w.r.t. Power sector. Majorly Generation and Transmission is being looked over by the centre and Distribution is being taken care by respective State Governments.

Centre wants privatisation of distribution part. Many such attempts were made in past but private players were not attracted due to presence of “Cross-subsidies” in Power sector. Cross-subsidisation is a policy by which richer consumers pay more than average cost of electricity to compensate for the poorer section who pay lower than the average cost. Rural consumers both Agricultural and domestic are major beneficiaries of this cross-subsidisation policy of Government.

Ordinance 2020, proposes to eliminate cross-subsidies. That means each sector of consumers will pay what it costs to supply electricity to that category i.e. average cost to serve. If any State Government wants to subsidise any section, they may do so by DBT i.e. Direct Benefit Transfer Mechanism.

This implies Agricultural consumers will be charged the highest as Cost to serve them is highest. Subsidy will be given by state government but first consumer need to pay the bill upfront and if not paid electricity connection would be disconnected.

Farmers are protesting as “average cost to supply” electricity in 2018-19 was Rs.6.13/unit. If farmers were to pay this this would further put a burden of more than Rupees One Lakh Crore on farmers. And this would have major impact on small and marginal farmers, as upfront payment would pinch their pockets.

And under DBT mechanism also States will take a long time to transfer benefits and many farmers would face disconnections. Already they are debt-trapped with burden of increasing input cost and upfront payments would further worsen that. Additionally identification of individual beneficiaries would be more difficult.

There’s other side to it as large farmers are benefitted from subsidies, and that remains a fact that DISCOMS major dues are from agricultural sector, even after subsidy dues continue to remain high.

⁹ <https://en.gaonconnection.com/farmers>

Privatisation is not a solution indeed as practically to implement DBT is dubious thing. Many small lands are rented and tenants are practising farming on it, in these cases it becomes further difficult to find beneficiary and the person to make upfront payment.

Electricity Ordinance needs practical reforms as burdening farmers would affect production also, in case farmer fails to pay upfront payment and gets his connection terminated, how would he use pumps for irrigation, all his input cost would go waste.

Also, history shows transfer of benefits would not be immediate by States to beneficiaries.

Thus **Electricity Ordinance requires Reforms considering practicality**. A better way could be worked out which gives benefit to those who really need.

From the above facts, yes we can say that situation of agriculture in our country is entangled and this is not justified.

Many reforms are required keeping practical scenarios in mind. Reforms should be made after proper communication with the group getting affected so that their interests do not remain unheard. India is a democratic country and everyone has right to being heard. Had this farm acts been passed after due communication with Farm unions, States and other associations being affected, the situation could have been better today. Any law's effective implementation requires co-operation from the citizens of the nation then only law can be implemented effectively. Law could not be imposed on anyone.

Communication and talks are ongoing currently between Supreme Court and Protesting Farmers but many of them have been inconclusive.

Many countries and developed nations have brought path-breaking reforms in their agricultural sector, which India can also work upon. OECD has also recommended it and many countries have implemented such reforms.

- ❖ ¹⁰European Union has adapted policy to support agriculture and also to encourage less environmental damage. Around 80% of the payment made to farmers (Producers) is conditional on mandatory environmental norms.

India has also made stubble burning illegal to reduce air pollution and preserve environment but farmers are protesting against it. They should be given some ***monetary reward attached to it and should be incentivised towards environmentally sustainable agriculture.***

- ❖ ¹¹New Zealand did away with all the subsidies and supports in 1984. It suffered lot of protests but these new norms became the new reality. All subsidies and supports were directed towards Agricultural Research and development. It makes direct payment to compensate for losses incurred due to natural disasters and gives full support in providing information to farmers.

Further for environment protection each farmer is supposed to make farm-specific emission reduction plan and if they don't reduce emission as mandated they would face additional taxes by 2022.

On the similar grounds India should also ***allocate a part of its budget on agricultural Research and development*** and encourage farmers by providing more information and

¹⁰ <https://www.downtoearth.org.in/blog/agriculture/amid-protests-over-agri-laws-let-s-look-at-how-some-countries-support-farmers-74704>

¹¹ <https://www.downtoearth.org.in/blog/agriculture/amid-protests-over-agri-laws-let-s-look-at-how-some-countries-support-farmers-74704>

creating awareness about new technologies and methods. Further instead of direct monetary benefits, object linked subsidies should be given.

Agriculture sector is one of the most crucial sector of Indian economy and a huge employer. It contributed 19.90% in India's GDP in 2020. Though situation of agriculture is entangled and reasons are many. Changes are required to Acts being passed and a participative approach is needed from Government's side. Farmers and associations must cooperate peacefully to arrive at a solution. As **no reforms is no solution**. We cannot stop development of our Nation just to benefit few. Reforms and changes are part and parcel in any economy, specially a developing one. One should accept the changes and cooperate with the new acts being made and support towards making India a developed nation. Agriculture is India's biggest strength. With the gift of nature we have all the precious resources of nature available we need to make sustainable use of it and help foster growth.

"Sustainable agriculture is one which depletes neither the people nor the land"¹²

Communication is the key right now to initiate talks and arrive at a decision that promotes agriculture sector and growth in India.

Because if *"Agriculture goes wrong, nothing else will have a chance to go right"*

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¹² www.pinterest.com