

Explained - The Farm Bill, 2020 and Why the Protests?



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There has been a nation-wide uproar ever since the Parliament has passed the three farm bills in September.

The three farm bills were earlier introduced as ordinances by the government in June. The Union Cabinet announced that the ordinances were promulgated to ease farmers' access to markets across the country, help them enter contracts for assured returns and exempt more farm products from the Essential Commodities Act respectively.

PM Narendra Modi said that agricultural reforms were undertaken by the Government will empower the farmers of the country., However, majority of farmers were not in agreement. Protests intensified in when the ordinances were introduced in Parliament and passed via vote in the Lok Sabha & Rajya Sabha. These bills were vehemently opposed in both houses by opposition.

Highlights of the amendments made & how these would affect the farmers:

The Three Bills passed are:

- The Farmers' Produce Trade and Commerce (Promotion & Facilitation) Bill.
- The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Service Bill.
- The Essential Commodities Amendment Bill.

A popular opinion states that since agriculture and market falls under the purview of List II, the Centre should not interfere with the same but to clarify the same the Centre also stated that Trade and Commerce on food items falls under the Concurrent List.

What are these lists?

- List I – Union List
- List II – State List
- List III – Concurrent List. (This is under the purview of both Centre and State)

The highlight of the bills passed remains, allowing farmers to sell their produce outside the APMC Markets.

What are these APMC Markets?

The Agricultural Produce Market Committee (APMC) is a marketing board set up by the State Governments in India to ensure that the farmers and not exploited by large retailers. Until the time before the **Farmers' Produce Trade and Commerce Bill** was passed in 2020, the first sale of agricultural produce could occur only in the market yards (*mandis*) set up by the APMC.

How this changes things for the farmers?

The APMC Markets are regulated by the State Governments. The State Governments earned revenue in the form of Market fee and Cess. With the amendments in the Farm Bills, 2020 the state will lose out on this revenue as it restricts the states from the collection of market fee and cess. Along with this, earlier the farmers were also offered a minimum support price (MSP) to protect them from exploitation, which is now under doubts. Major concerns revolve around the MSP coming to an end post the passing of these farm bills.

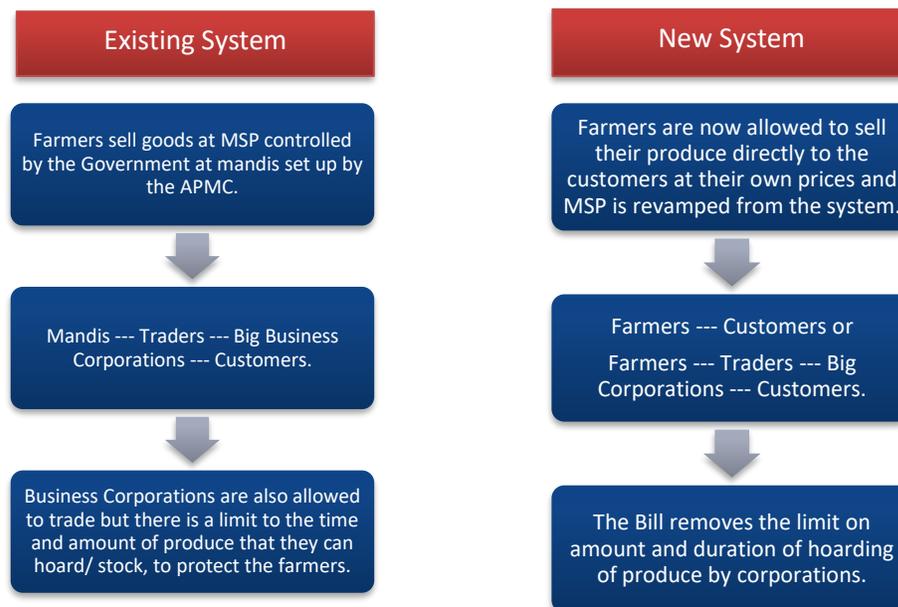
What is Minimum Support Price (MSP)?

MSP is announced by the Government of India to protect the farmers against the sharp

fall in the prices of agricultural produce. This is a guarantee price offered by the Government. If the prices in the market fall below the MSP, Government agencies will then purchase the agricultural produce from the farmers at MSP. Since this is now going to change the farmers are not guaranteed a minimum support price.

The Bill also motivates the entry of private players in the market and hence bringing corporatization in agricultural produce.

How will the flow chain of agricultural produce change?



The concerns around the **Price Assurance Bill** are that it does not prescribe a mechanism for the fixation of prices. This can have a reverse effect. Since the limitation on hoarding and stocking is now out of the picture the corporate organizations may stock up the goods and later sell at a lower price which in turn will be heavy for the farmers.

Also, a noteworthy change made in the **Essential Commodities Amendment Bill** removes cereals, pulses, oilseeds, edible oils, onions and potatoes from the essential commodity list. This will result in deregulation of production, storage, movement and distribution of these food commodities. This also opens doors for big corporations to monopolize and control these commodities.

The Central Government however is positive about the effects of these changes and states the following pros or purposes for the introduction of the bills:

- To free the farmers from the Government regulated markets.
- To facilitate Intra- State trade.
- It is also believed that the laws will double farm income by 2022.
- To allow farmers to sell directly to the customers at their own prices.
- To attract FDI in the agricultural sector as the cereals and pulses are now removed from the essential commodities list.
- To provide the farmers with a bigger and wider platform which will help them increase their reach.

While the cons to these bills remain as under:

- Farmers are not guaranteed the Minimum Selling Price.
- Limitation to the amount and duration of hoarding and stocking by big corporations is removed.
- Agricultural Market is now open to privatization and for the trading on large scales.
- Fair Transactions and Prices which was earlier looked upon by the APMC market is now under doubts.
- The entrance of private players leading to exploitation of farmers.

While the Centre termed the three farm legislations as historic, the farmers do not seem to trust the Government. The farmers are worried that these bills would allow big corporates to assume greater control over farm operations. Even though, the Centre has assured that MSP and APMC structure would continue irrespective of farm bills, experts say that the MSP structure may suffer when corporates take over.

Farmers across the country have held massive protests, supported by several farm bodies. Protests were held in states of Maharashtra, Punjab, Haryana, Madhya Pradesh & Karnataka. The agitation has seen a large scale participation, but of no avail. President Ram Nath Kovind has given his assent for these three contentious bills despite the massive farmers unrest in the country.

Sources:

<https://www.indiatoday.in/india/story/farm-bill-protests-all-you-need-to-know-in-10-points-temp-1726160-2020-09-28>
<https://www.oneindia.com/india/farm-bill-2020-pros-and-cons-all-you-should-know-3152048.html>

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