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FARM LAWS IN INDIA

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Even though India has shifted its focus from agrarian Industry to more industrial industry and is now in commission Industry yet the Indian agriculture is one of the most important private sectors within the country. albeit it's a scale and enormous reach the agriculture sector remains one among the foremost regulated, restricted, and prohibited sectors in India's economy.

Despite many hurdles and limits India has performed well within the agriculture sector post-Green Revolution and has fought efficiently overcame a couple of of the best threats like food scarcity and poor quality food products. In 2019, consistent with the planet Trade Organization, today India ranks 8th in terms of the main exporter of agricultural produce.

The Government to rework agriculture within the country and lift farmers' income have passed three important legislation from Parliament.

Even though India's achievement is second to none then also today India grapples with a shrinking share of agriculture in gross domestic product. With this push of Farm reforms government says that it'll give a chance and freedom to Indian farmers to sell their products directly within the open market without the involvement of any third party and restrictions of state Mandis.

Farm Acts, 2020 Background

Agriculture comes under the state list of Schedule 7 of the Indian Constitution and to initiate reforms within the agricultural sector, in 2017, the central government had released model farming acts. However, several reforms suggested within the model acts had not been implemented by the states. the middle promulgated three ordinances within the first week of June 2020.

In September 2020, the President gave assent to the three farm acts.

There are protests against the acts by farmers in Punjab, Haryana, and other states. Some states have also opposed the new legislation. The Kerala legislature passed a resolution against the farm reforms and sought their withdrawal.

The Supreme court stayed the implementation of the Farm Acts 2020 and constituted a four-member committee to form recommendations within two months.

THREE FARM LAWS

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

= It deals with the trade areas of farmers' produce. It permits the sale and buys of farm produce outside the premises of APMC mandis with no market fee, cess, or levy. It includes electronic trading and e-commerce of farm produce.

The act may hurt the interests of middlemen and affect state coffers, not in the least the farmers. But this law may be a major bone of contention. The protesters believe that when the law comes into effect the agricultural produce market committees (APMCs) are going to be abolished ending their MSP benefits also.

Trade of farmers' produce

The Bill permits intra-state and inter-state trade of farmers' produce outside of:

The physical grounds of market yards administered by market committees established under state APMC Acts; and

Other markets are notified under state APMC Acts.

Farm gates, factory premises, warehouses, silos, and cold storages are all samples of 'outside trade areas,' which include farm gates, factory premises, warehouses, silos, and cold storages.

Electronic trading

In the specified trade area, the Ordinance allows for the electronic trading of scheduled farmers' produce (agricultural produce controlled under any state APMC Act). Electronic trading and transaction platform could be established to enable direct and online buying and selling of such products via electronic devices and therefore the internet. Companies, partnership firms, or registered societies with a permanent account number under the tax ACT or the other document authorized by the Central government, also as a farmer producer organization or agricultural cooperative society, may establish and operate such platforms.

Market fee abolished

Farmers, merchants, and electronic trading platforms can't be charged any market fee, cess, or levy by state governments for the trade of farmers' produce wiped out an "outside trade area," consistent with the Ordinance.

2. Farmers Agreement on Price Assurance and Farm Services Act, 2020

= It provides a legal framework for contract farming. during which the farmers can enter into agreements with agri-business firms, retailers, or exporters for his or her produce at a mutually agreed price before the planting seasons. The act also outlines a dispute redressal mechanism but the farmers have issues with some clauses. Though, the govt has promised to seem into the clauses. The farmers want the law to travel.

Farming agreement

Before the assembly or rearing of any farm products, the Bill requires a farmer and a buyer to enter into a farming agreement. The agreement is going to be in situ for a minimum of one crop season or one livestock production cycle. Unless the assembly cycle is longer than five years, the utmost period is five years.

Pricing of farming produce

The cost of farming produce should be included within the agreement. A guaranteed price for the merchandise, also as transparent regard to any additional amount over the guaranteed price, must be included within the agreement for prices that are hospitable modification. additionally, the price-setting procedure must be mentioned within the agreement.

Dispute settlement

A farming agreement must include a conciliation board and a conciliation process for resolving disputes. The board should include a good and balanced representation of the agreement's parties. All problems must first be delivered to the eye of the board. After thirty days, if the board has not settled the dispute, the parties may seek resolution from the Subdivisional Magistrate. Parties have the chance to appeal judgments of the Magistrate to an Appellate Authority (presided over by a collector or additional collector). A dispute must be resolved within thirty days of the appliance being received by both the Magistrate and therefore the Appellate Authority. The Magistrate or the Appellate Authority has the authority to impose sanctions on the party that has broken the agreement. However, no action is often taken against a farmer's agricultural land to recover any outstanding debts.

3. Essential Commodities Act, 2020

= The law scraps the Centre's powers to impose stock-holding limits on food items like cereals, pulses, potato, onion, edible oilseeds, and oils, removing them from the list of essential commodities, except under extraordinary conditions or just in case of a steep price hike. The law won't affect the farmers adversely. But alongside the primary two laws, the farmers aren't willing to simply accept this also.

It will also remove stockholding limits on such items except under "extraordinary circumstances". The central government is allowed regulation of supply during the war, famine, extraordinary price rise and natural calamity of grave nature and annual retail price rise exceeding 100% in horticultural products and 50% for non-perishables while providing exemptions for exporters and processors at such times also.

Now one can only hope that a subsequent round of talks between the Centre and farmers break the impasse. Before that, there's an urgent got to dial down the temperature within the capital. On the contrary, the farmer unions have involved a state 'Chakka Jam' on 6 February. and therefore the protesters don't seem in a mood to relent. It requires that the imposition of any stock limit on agricultural produce be supported price rise. it'll allow agribusinesses to stock food articles and take away the government's ability to impose restrictions arbitrarily.

The Indian government has presented these laws as reforms that are analogous to the 1991 opening of the Indian economy directly with the globalized markets. it's also been claimed that each one of these laws will open up new opportunities for the farmers and can impact in a positive way on farmer's income from various farm products.

Also, the crucial factor which has been observed within the recent past is that in India the food markets are growing exponentially and governments have always found various financial constraints in investing more in farm and rural infrastructure. the point of view is that implementation of such laws will help in strengthening the essential infrastructure requirement through private players and would make the agriculture products more profitable for the farmers.

<u>Significance of those Acts</u>

• The reforms are expected to accelerate growth within the sector through private sector investment in building infrastructure and provide chains for farm produce in national and global markets.

• They are intended to assist small farmers who don't have the means to either bargain for his or her produce to urge a far better price or invest in technology to enhance the productivity of farms.

• The legislation on contract farming will allow farmers to enter into a contract with agri-business firms or large retailers on pre-agreed prices of their produce.

• It also will help farmers of regions with surplus produce to urge better prices and consumers of regions with shortages, lower prices.

• It will promote the creation of FARMER PRODUCER ORGANIZATIONS (FPO) on an outsized scale and can help in creating a farmer-friendly environment for contract farming where small players can benefit.

• Competition is that the best protector of stakeholders whether it's consumers or farmers. Having a spread of buyers will protect farmers from exploitation and by having more sellers (farmers), consumers can purchase better products at better deals.

<u>Negative Characteristics of the Acts</u>

• The passing of those acts was wiped out authoritatively. The respective states must affect their concerned Farming and allied issues. However, state inputs weren't considered within the first place, and also the foremost impacted party “the farmers” weren't allowed to voice out their issues and concerns. Even within the parliament the bill wasn't thoroughly discussed and it got gone by simply voicing out the ballot.

• APMC is somewhat useful for the smaller farmers who don't wish to travel extra bounds for the sale of their produce. This act may tinker with the very basic structure of APMC’s and should lead the APMC’s just to behave like an establishment without much of the facility in hand.

• There is not any assurance that it'll increase the income of the farmers. In recent events, in Bihar during 2006 the APMC’s were cancelled and it had been observed that the farmers received the smallest amount price of their products and during a few cases, it had been even but the MSP.

• Farmers could be interested more in selling their products instead of shipping them out by selling them to large private partners.

Farmers Protest and Issues Involved

1. Federal Angle: The provisions within the Farmers’ Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, provides for unfettered commerce in designated trade areas outside APMC jurisdictions.

Apart from this, the Act empowers the Centre government to issue orders to States in furtherance of the law’s objectives. However, matters of trade and agriculture being a part of subjects on the State list, have caused resentment in States.

2. Lack of Consultation: First the ordinance route and now the hastily plan to pass the Acts without proper consultation adds to the mistrust among various stakeholders including farmers. Also, by allowing ‘trade zones’ to return up outside the APMC area, farmers became apprehensive that the new system would cause an eventual exit from the minimum support price.

3. Absence of any regulation in non-APMC mandis: Another issue that's raised by the farmers is that it gives the preference for corporate interests at the value of farmers’ interests. In absence of any regulation in non-APMC mandis, the farmers may find it difficult to affect Corporates, as they solely operate the motive of profit-seeking.

4. Non-Favourable Market Conditions: While retail prices have remained high, data from the WPI suggest a deceleration in farm gate prices for much agricultural produce. With rising input costs, farmers don't see the free market-based framework providing them remunerative prices. These fears gain strength with the experience of States like Bihar which abolished APMCs in 2006. After the abolition of mandis, farmers in Bihar on average received lower prices compared to the MSP for many crops.

Constitutional validity

• Article 246 of the Constitution places “agriculture” in entry 14 and “markets and fairs” in entry 28 of the State List. But entry 42 of the Union List empowers the Centre to manage “inter-State trade and commerce”. While trade and commerce “within the State” are under entry 26 of the State List, it's subject to the provisions of entry 33 of the Concurrent List – under which the Centre can make laws that might prevail over those enacted by the states.

• Entry 33 of the Concurrent List covers trade and commerce in “foodstuffs, including edible oilseeds and oils, fodder, cotton and jute”. The Centre, in other words, can pass any law that removes all impediments to both inter-and intra-state trade farm produce, while also overriding the prevailing state APMC Acts. The FPTC Act does precisely that.

• However, some experts make a distinction between agricultural “marketing” and “trade”. Agriculture intrinsically would affect everything that a farmer does — right from field preparation and cultivation to also the sale of his/her produce. The act of primary sale at a mandi by the farmer is the maximum amount of “agriculture” as production within the field. “Trade” begins only after the merchandise has been “marketed” by the farmer.

• Going by this interpretation, the Centre is within its rights to border laws that promote barrier-free trade of farm produce (inter-as well as intra-state) and don't allow stockholding or export restrictions. But these are often only after the farmer has sold. Regulation of the primary sale of agricultural produce may be a “marketing” responsibility of the states, not the Centre.

• The Judiciary will need to take a turn the constitutional validity of the farm acts, 2020.

Swaminathan report

1. Distribute ceiling surplus and wastelands.

2. Prevent digression of prime agricultural land and forest to corporate for non-agricultural purposes.

3. Ensure grazing rights and seasonal access to forests to tribal and pastoralists, and access to common property resources.

4. Establish a National Land Use service, which could have the capacity to link land-use decisions with ecological meteorological and marketing factors on a location and season-specific basis.

5. found out a mechanism to manage the sale of agricultural land, supported quantum of land, nature of proposed use, and category of buyer.

Conclusion

Reforms in agriculture are long overdue and are expected to supply better remuneration to the farmers within the end of the day, on the lines of the economic process which India witnessed after the introduction of the New policy in 1991.

However, there's a requirement for creating the farmers conscious of the bonafide intentions of the govt and to resolve their genuine concerns by the way of amendments. These legislations are expected to make sure that the farmers aren't exploited by trade merchants and other intermediaries while also adopting modern technologies within the farming sector and familiarising the farmers with online transaction platforms to ease electronic trading. These provisions are expected to spice up the Indian agriculture sector. it's to be understood that agriculture forms the backbone of India and proceeding with any modifications should be done democratically, taking all sections on board.

However, the shortage of proper communication channels is making it difficult for farmers to know an equivalent and farmers are relying more on others to know an equivalent. Also, the govt should have given more specialize in grievance or conflict redressal within the act, since the farmers are handling deep-pocketed private sectors having money muscles and every one the system at their disposal.

At an equivalent time, experts have also projected the role of states, which may be an alternate forum for debate and maybe wont to push the specified reforms which are more suited to the local polity and socio-economic conditions