



Ministry of Agriculture and Farmers' Welfare

Repeal of Triple Farm Laws

Relevant to M&M – Agri Businesses

Prime Minister Narendra Modi in his televised address to the nation on November 19 announced that the government has decided to repeal the three controversial farm laws passed in the Monsoon Session of Parliament last September. Latter on the three farm laws were repealed by both the houses of the parliament during ongoing winter session of the Parliament.

Triple Farm Laws that have been repealed:

- i. The Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, which is aimed at allowing trade in agricultural produce outside the existing APMC (Agricultural Produce Market Committee) mandis.
- ii. The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, which seeks to provide a framework for contract farming.
- iii. The Essential Commodities (Amendment) Act, 2020, which is aimed at removing commodities such as cereals, pulses, oilseeds, edible oils, onion and potato from the list of essential commodities.

The farm laws were in force for only 221 days — June 5, 2020, when the ordinances were promulgated to January 12, 2021, when the Supreme Court stayed their implementation. Since the stay, the laws have been suspended.

Reasons Behind Farmers Protest

- **Repealing the farm laws:** The first and foremost demand of the protesting farmers' organisations is the **repeal of three new agricultural laws**. As per the farmers the law is framed to **suit big corporations who seek to dominate the Indian food and agriculture business** and will **weaken the negotiating power of farmers**. Also, big private companies, exporters, wholesalers, and processors may get an edge.
- **Minimum support price:** The second demand of farmers is the **guarantee of Minimum Support Price (MSP)** to ensure procurement of crops at a suitable price. The Farmers are also demanding to get a written assurance in the form of a Bill for the continuation of the MSP and conventional food grain procurement system. The Farmers' organisations want the APMC or the Mandi System to be protected.
- **Electricity (Amendment) Bill:** The third demand of farmers is the **withdrawal of the Electricity (Amendment) Bill**, as they feel that they won't get free electricity due to this.
- **Swaminathan Commission:** The Farmers are demanding MSP as recommended by the Swaminathan Commission.

The Swaminathan Commission Report states that the government should raise the MSP to at least 50% more than the weighted average cost of production. It

is also known as the $C2 + 50\%$ formula. It includes the imputed cost of capital and the rent on the land (called 'C2') to give farmers 50% returns.

Staying the Implementation by Supreme Court of India

- The **Supreme Court** stayed the implementation of the three laws in January 2021. The **farm laws were in force for only 221 days** — June 5th 2020, when the ordinances were promulgated to January 12th 2021, when the Supreme Court stayed their implementation.
- Since the stay, the **laws have been suspended**. The government has used old provisions of the **Essential Commodities Act, 1955** to impose stock limits, having amended the Act through one of the three farm laws.

Impacts of Repealing the Law

- **Need of Consultation** - The repeal underlines that any future attempts to reform the rural agricultural economy would require a **much wider consultation**, not only for **better design of reforms, but for wider acceptance**. The repeal would leave the government hesitant about pursuing these reforms in stealth mode again. The government will doubtless have to walk the path of reform very cautiously.
- **Low Farmers Income** - Given that the **average holding size stands at just 0.9 ha** (2018-19). Unless one goes for **high-value agriculture** — and, that's where one needs **efficient functioning value chains from farm to fork** by the infusion of private investments in logistics, storage, processing, **e-commerce**, and digital technologies — the incomes of farmers cannot be increased significantly. There is no doubt that this **sector is crying for reforms**, both in the marketing of outputs

as well as inputs, including land lease markets and direct benefit transfer of all input subsidies — **fertilisers, power, credit and farm machinery.**


- **Negative Impact on Industries** - Industries including **logistics, cold chain, agri-related, and farm equipment would be impacted the most** because they were supposed to be the direct beneficiaries of these laws.
- **Constant Agri-GDP** - The **agri-Gross Domestic Product (GDP)** growth has been **3.5% per annum in the last 14 years.** One expects this trend to continue — there might be minor changes in the agri-GDP depending on rainfall patterns. **Cropping patterns** will remain skewed in favour of rice and wheat, with the granaries of the **Food Corporation of India** bulging with stocks of grain. The food subsidy will keep bloating and there will be large leakages.

Conclusion

Prime Minister, his announcement appeared to suggest that it was a tactical retreat.

This is the second rollback by the NDA government — the first was of land acquisition reforms in 2015 —and on both counts the issue related to rural farmers. Given that the Budget this year had announced a clutch of privatisation and monetisation measures, the repeal exposes the government to the risk of protests from employees' organisations to try and get these moves stalled, too. The PM was clearly balancing his political posture that has thrived on the image of a strong and decisive leadership.

Most advocates of agricultural reform would agree that they were in the right direction. That the government chose to push these reforms through its own set of consultations left



many stakeholders feeling left out and created a backlash. The repeal underlines that any future attempts to reform the rural agricultural economy would require a much wider consultation, not only for better design of reforms, but for wider acceptance. The repeal would leave the government hesitant about pursuing these reforms in stealth mode again.

Reactions

<ul style="list-style-type: none"> ○ Anil J Ghanwat, Supreme Court-appointed Panel Member 	<p>The government's decision to repeal three central farm laws is "very unfortunate" as this "political move" will not end the farmers' agitation and will not help the BJP in the upcoming assembly polls in Uttar Pradesh and Punjab</p>
	<p>This decision "won't end the agitation too. Because their demand to make minimum support price (MSP) legal will be there. And this decision won't help the BJP politically either." He said, "this is a very unfortunate decision. Farmers were given some freedom, but now they will be exploited as they have been exploited since independence or since British rule."</p>
<ul style="list-style-type: none"> ○ Ashok Gulati, Agricultural Economist and Former Chairman of the Commission for Agricultural Costs and Prices (CACP) 	<p>"The government has decided to repeal the laws and it is its wish. The panel has submitted its report to the Supreme Court. The SC may have advised the government or whatever to repeal. It is good for farmers. They can sit back and relax now."</p>
<ul style="list-style-type: none"> ○ Sukhpal Singh Sran, State Secretary, BJP 	<p>Expressed his intense displeasure at the laws being repealed. He said that if they had to repeal these laws they should not have passed them in the first place. "The farm laws were passed in a hurry and have been repealed in a hurry as well", he said.</p>
<ul style="list-style-type: none"> ○ P Chidambaram, MP, Rajya Sabha 	<p>Calling the Centre's decision to repeal the farm laws as a "great victory for the farmers and the Congress", senior party leader P. Chidambaram on Friday took a dig at the government, saying the move was not inspired by a change of heart but impelled by "fear of elections".</p>
<ul style="list-style-type: none"> ○ Arvind Kejriwal, Chief Minister of Delhi 	<p>"Generations to come will remember how the farmers of this country put their lives on the line and saved farming in this country. I bow before them."</p>
<ul style="list-style-type: none"> ○ Rahul Gandhi, INC leader 	<p>"Congratulations on this victory against injustice!"</p>

○ Navjot Singh Sidhu , INC leader	"Repealing of black laws, a step in the right direction ... You're sacrifice has paid dividends."
○ Arvind Singh Dhankar , Secretary of Farmer Union Khedut Sabha	"With our consistent protests despite pandemic we have proven that we were doing the right thing by questioning the government's flawed farm laws, we showed the world all the problems it will create for millions of Indian farmers. Finally, government has acknowledged our legitimate woes."
○ Darshan Pal , Senior Leader of Farmer Union Coalition Sanyukta Kisan Morcha	"We welcome the announcement made by the prime minister, but we need to know the government's stand on our other key demand of making minimum support prices compulsory for all crops."
○ Mamata Banerjee , Chief Minister, West Bengal	"My heartfelt congratulations to every single farmer who fought relentlessly ... This is YOUR VICTORY! My deepest condolences to everyone who lost their loved ones in this fight."
○ Rakesh Tikait , Leader and Spokesman of Bhartiya Kisan Union	"The agitation will not be withdrawn immediately; we will wait for the day when agricultural laws will be repealed in Parliament. Along with MSP, the government should also discuss other issues of farmers."
○ Raman Singh Randhawa , Head of Jai kisan Aandolan in Rajasthan state	"It is a win of farmers and this should have been repealed on the day one. These laws are not against the farmers but against the Indian structure. Had the government listened to us on day one many farmers lives could have been saved. You also see the elections are here, so the government had to repeal the laws."
○ Ramesh Patel , Regional President of Gujarat Khedut Samaj	"This is a big victory for farmers. Implementation of the three farm laws would have been detrimental to the interests of farmers, traders, and consumers. The government has done the right thing by announcing withdrawal of the laws."
○ Mahua Moitra , TMC MP, TMC	"Whether it was fear of losing (Uttar Pradesh) or finally facing up to conscience @BJP govt rolls back farm laws. Just the beginning of many more victories for people's voices."

Introduction

The International Energy Agency (IEA) is an autonomous Intergovernmental Organisation established in 1974 in Paris, France. IEA mainly focuses on its energy policies which include economic development, energy security and environmental protection. These policies are also known as the 3 E's of IEA. India became an Associate member of IEA in March 2017, but it was in engagement with IEA long before its association with the organization. Recently, India has inked a Strategic Partnership Agreement with the IEA to strengthen cooperation in global energy security, stability, and sustainability.

Context

Recently, the International Energy Agency (IEA) has released the India Energy Outlook 2021 Report which explores the opportunities and challenges ahead for India as it seeks to ensure reliable, affordable and sustainable energy for a growing population. The report examines pathways out of the crisis that emerged from the Covid-19 pandemic, as well as longer-term trends, exploring how India's energy sector might evolve to 2040 under a range of scenarios.

Highlights

Third Largest Energy Consumer by 2030:

- India will make up the biggest share of energy demand growth at 25% over the next two decades, as it overtakes the European Union as the world's third-biggest energy

consumer by 2030. Presently, India is the fourth-largest global energy consumer behind China, the United States and the European Union.

- India's energy consumption is expected to nearly double as the nation's Gross Domestic Product (GDP) expands to an estimated USD 8.6 trillion by 2040 under its current national policy scenario.
- Prior to the global pandemic, India's energy demand was projected to increase by almost 50% between 2019 and 2030, but growth over this period is now closer to 35%.

Industrialisation is a Major Driving Force

- Over the last three decades, India accounted for about 10% of World Growth in Industrial Value-added [in Purchasing Power Parity (PPP) terms].
- By 2040, India is set to account for almost 20% of Global Growth in Industrial value-added, and to lead global growth in industrial final energy consumption, especially in steelmaking.

Reliance on Imports

- India's growing energy needs will make it more reliant on fossil fuel imports as its domestic oil and gas production has been stagnant for years despite government policies to promote petroleum exploration and production and renewable energy.

- Rising oil demand could double India's oil import bill to about USD 181 billion by 2030 and nearly treble it to USD 255 billion by 2040 compared with 2019.

Oil Demand

- India's oil demand is seen rising by 74% to 8.7 million barrels per day by 2040 under the existing policies scenario.
- A five-fold increase in per capita car ownership will result in India leading the oil demand growth in the world.
- Its net dependence on oil imports - taking into account both the import of crude oil and the export of oil products - increases to more than 90% by 2040 from the current 75% as domestic consumption rises much more than production.

Gas Demand

- India will become the fastest-growing market for Natural gas, with demand more than tripling by 2040.
- Natural gas import dependency increased from 20% in 2010 to almost 50% in 2019 and is set to grow further to more than 60% in 2040.

Coal Demand

- Coal currently dominates India's electricity sector, accounting for over 70% of overall generation.
- Coal demand is seen rising to 772 million tonnes in 2040 from the current 590.

Renewables Energy Resources Demand


- India's share in the growth in renewable energy is the second largest in the world, after China.

Other Important Observations

- i. India's future prosperity will hinge on affordable, clean, and reliable energy
- ii. India has a wide range of possible energy futures before it
- iii. Covid-19 will leave lasting scars
- iv. India's size and dynamism will keep it at the heart of the global energy system
- v. The Indian electricity sector is on the cusp of a solar-powered revolution
- vi. Rising demand for air-conditioning pushes up the peak in power demand
- vii. India requires a massive increase in power system flexibility
- viii. As solar takes power, the focus for coal switches to industry
- ix. Oil continues to dominate a fast-growing transport sector in the STEPS
- x. India's building spree will shape its energy use for years to come
- xi. Today's clean energy momentum enables India to outperform its Paris pledges
- xii. The path to a "gas-based economy" is not fully mapped out
- xiii. India's faces energy security hazards ahead
- xiv. Booming industry and transport push up CO2 emissions and harm air quality

Conclusion

As the world seeks ways to accelerate the pace of transformation in the energy sector, India is in a unique position to pioneer a new model for low-carbon, inclusive growth. If this can be done, it will show the way for a whole group of energy-hungry developing economies, by demonstrating that robust economic expansion is fully compatible with an increasing pace of emissions reductions and the achievement of other development goals.



India is already a global leader in solar power, and solar combined with batteries will play a massive part in India's energy future. But India will need a whole host of technologies and policies to chart this new path.

As new industrial sectors emerge and clean energy jobs grow, India will also need to ensure that no one is left behind, including in those regions that are heavily dependent on coal today.