## Advantage and Disadvantage of India’s agriculture crop production analysis (1997-2021)

## The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill

This legislation establishes a nationwide statutory framework to promote contract farming, in which a pre-sowing agreement is agreed between the farmer and the buyer, with the farmer agreeing to sell the product at a set price to the buyer. The government has proposed that by offering a buyer‘s guarantee at a predetermined price prior to sowing, this would help eliminate any income uncertainty.

Contract farming in India is characterized as "one-sided (pro-contracting agency) contract agreements due to delayed payments, quality-based excessive refusals, and outright cheating, in addition to inadequate enforcement of contract farming laws by the state government."

Other Issues

An issue that is not directly discussed in the three new laws is at the forefront of these protests. The problem is the Minimum Support Price (MSP), which has been developed for 23 crops. With the three new regulations, farmers fear the government is indicating that it is moving away from conventional procurement patterns of MSP.

There is also concern that the creation of private grain markets would result in the abolition of existing conventional grain markets, putting an end to guaranteed food grain procurement at MSP. The introduction of the act would effectively pave the way for the abolition of both the MSP and the food procurement system. At present, government procurement is placing pressure on the implementation of the system of public distribution, which would be compromised as a result of diminished government involvement.

Section 6 of the act provides that all purchases made outside the grounds of the APMC are exempted from market cessation, fines or levies. This clause is meant to enable traders to buy farm produce outside the grounds of the mandi5. Such benefits, however, would not change the power arrangement, since they only harmfully impact the farmers‘ collective bargaining power.

One of the major flaw in this bill is the existence of two parallel and highly unequal markets with a distinct set of laws, which would inevitably lead to APMC demise. This is because the APMCs have rigid licensing standards, ongoing supervision and business fees, while the emerging private marketplace would be unregulated, without regulatory regulation and market fees.

The introduction of the bill would effectively pave the way for the abolition of both the MSP and the food procurement system. Currently, government procurement is putting pressure on the implementation of the public distribution system, which would be jeopardized if the government‘s participation is reduced.

4) Data

Source- National Data Bank6

Farmers from Punjab and Haryana have been comparatively more prosperous than those elsewhere in the country in years after the Green Revolution - largely due to higher yields and guaranteed revenues for their produce.

According to Nabard‘s 2016-17 All India Rural Financial Inclusion Report7, the average monthly income of an agricultural household in these two states was more than double the national income. Punjab is the nation‘s second largest wheat producer and the third largest producer of rice. In 2018-19, the state accounted for approximately 18 percent of India‘s overall production of wheat and 11 percent of rice production. 12% of the country‘s wheat production was produced by Haryana and 4% by rice8. We see that farmers in Punjab and Haryana sell a large portion of their grain supply under the government procurement scheme. In 2019-20, the government procured 92 per cent of Punjab‘s paddy production and 89 per cent of Haryana‘s. Likewise, for wheat, government procurement accounted for almost 71% of Punjab‘s production and 74% of Haryana‘s production9. During the 2019-20 Kharif marketing season, more than 12 million farmers used MSP benefits for paddy, of which 9 percent were from Punjab and 15 percent were from Haryana. More than 4 million farmers in the rabi marketing season (2020-21) reported using the MSP for wheat10.

Total Wheat procurement for FY2016- FY2020 (lakh MT)

Source- Food Corporation of India11

Farmers in Punjab and Haryana primarily cultivate wheat and paddy, two crops for which the government provides MSP assured procurement. This scheme enables farmers - both small and large - to market their produce to government entities at guaranteed rates. It also offers them a safety net which they do not have for farmers growing crops not protected by MSP.

The largest state run by paddy and wheat at the MSP in the procurement agency is the Food Corporation of India. FCI then sells these food grains to the poor at heavily subsidized prices and is then paid for its losses by the government. Data show that, over the years, Punjab and Haryana farmers have been the prime beneficiaries of the government.

Benefits

The Farmers Produce Trade and Commerce Bill, 2020, has far-reaching implications, especially in Punjab and Haryana. The Bill‘s stated objectives are to give farmers more options in selling their agricultural products and to encourage large-scale private investment into agro-businesses.

By enabling barrier-free intra-state and inter-state trade, the bill aims to pave the way for the "One Nation, One Agriculture Market." In a nutshell, it notes that a buyer can purchase farm products directly from the farmer outside of the market committees constituted under the state APMC and Mandis Act..

Any such transactions that take place in the physical space of the markets will be excluded from all APMC State taxes and fees. Furthermore, consumers would not be required to obtain a licence from the farmers in order to purchase farm produce.

The bill allows the Sub-Divisional Magistrate to establish Conciliation Boards to reach mutually acceptable settlements in cases of conflicts resulting from transactions between farmers and traders.

No big dramatic improvements have been brought in by the new bill, just a hybrid structure operating alongside the current system. Farmers will market their produce to the entire world prior to these bills, but through the e-NAM method.

Limitation

MSP is not granted any legal backing by the Farmers‘ Produce Trade and Commerce (Promotion and Facilitation) Bill. The farmers have little to do with the legal system, but there is no mention of any "MSP" or "Procurement" in the said bill, a price at which they sell their produce.

MSPs for crops are declared by the government, but there has been no legislation mandating their compliance.

The new acts put farmers and merchants, at the discretion of civil servants, rather than the judiciary.

Big corporations will be free to stock goods, which mean they will prescribe conditions to farmers that can contribute to lower farmers‘ prices.

The implementation of the new bill would make the "Commission Agents" times tough as they will become useless after a middleman is removed from the bill, encouraging farmers to sell their commodity directly to lice.

Conclusion

Roughly 15 percent of our GDP is contributed by agriculture. These three newly passed farm bills by the government are moves towards building a wider and better market for farmers to sell their goods. But government, on the other hand, should closely watch that farmers should not be abused by the entry of private players as It is the government‘s responsibility to protect farmers as they are the soul of the country that has protected GDP even though all other industries struggled to perform well during the first two quarters of the 2020-21 financial year when this outbreak of Covid-19 occurred. Farmer‘s depression can be exacerbated by corporatization of agriculture, according to experience from other countries. The dilemma will not be fixed by swapping one defective model with another faulty model. The Farm Acts seem to be ambitious on paper, but they fail to consider the practical problems that come with the new system.