

ENJOYING THE FRUITS OF THEIR LABOUR

Relevant for: Indian Economy | Topic: Transport & Marketing of agricultural produce

“Farmers are the cornerstone of food security of our country.” Farmers harvest rice in a field on the outskirts of Bhubaneswar. AP

Today, India is a leading producer of a variety of agricultural and allied produce and exporter of some of them. This is due to the relentless hard work and efforts of our farmers against the odds. They are the epitome of the *Nishkam Karma* philosophy taught by Krishna to Arjuna during the Kurukshetra War: “*Karmanye Vadhikaraste Ma Phaleshu Kada Chana* (Do your duty without expecting the fruits of your labour)”. Farmers toil day and night, through winter and summer, whether or not they get adequate returns. But they are not the masters of the price of their toil. As the son of a farmer, I have been witness to the trials and tribulations of farmers.

If any class of economic agents of our country has been denied the constitutional right of freedom of trade, it is farmers. They don't have the freedom of selling their produce even in their neighbourhood. Remunerative price is still a mirage for them. Their farm incomes are at the mercy of markets, middlemen and money lenders. For every rupee that a farmer makes, others in the supply chain get much more. Both farmers and consumers are the sufferers of the exploitative procurement and marketing of farm produce. Despite increasing public investments in irrigation and other infrastructure, the steadily rising institutional credit given to farmers, and minimum support price due to the efforts of various governments over the years, farmers are shackled when it comes to selling their produce.

This exploitation has its roots in the Bengal famine of 1943, World War II, and the droughts and food shortages of the 1960s. The Essential Commodities Act, 1955, and the Agricultural Produce Market Committee (APMC) Acts of the States are the principle sources of violation of the rights of farmers to sell their produce at a price of their choice. These two laws severely restrict the options of farmers to sell their produce. Farmers continue to be the victims of a buyers' market. This is the principal cause of their exploitation. Renowned farm scientist M.S. Swaminathan has for long argued for the right of farmers to sell their produce as they deem fit.

The country is still far from ensuring efficient value chains for farm produce for want of required infrastructure like cold storage, stocking facilities, and transport of perishable commodities. Often, farmers are forced to dump their produce on the roads or offer it to cattle.

Farmers are the cornerstone of food security of our country. We have come a long way from the ship-to-mouth existence under the PL480 programme of the U.S. to being the leading producer of many kinds of farm produce. But farmers have not got their due. All that they have been getting are platitudes on ceremonial occasions and in the legislatures during the customary debates on their plight. Farmers were assured that restrictions on the freedom of marketing would be removed, but that assurance was never kept. Despite that, farmers never stopped work and continued to feed the nation.

Given the economic disparities in the country, the interests of consumers need to be protected. But should that be at the cost of the producers of the very commodities that the consumers need? For various reasons, a balance in this regard could not be struck. The restrictive trade and marketing policies being practised with respect to agricultural prices have substantially eroded the incomes of farmers. A study on agricultural policies in India by the Indian Council for Research on International Economic Relations-Organisation for Economic Co-operation and Development (2018), co-authored by the renowned farm economist Ashok Gulati, was published

with startling revelations. It concluded that the restrictions on agricultural marketing amounted to 'implicit taxation' on farmers to the tune of 45 lakh crore from 2000-01 to 2016-17. This comes to 2.56 lakh crore per year. No other country does this.

While all and sundry have reiterated over the years that *something* must be done for farmers, the first formal actionable announcement on doing away with restrictions on the marketing freedom of farmers came only now. Further to Prime Minister Narendra Modi's announcement of a 20 lakh crore stimulus to rev up the economy, Finance Minister Nirmala Sitharaman unveiled the details of a package for the agriculture and allied sectors.

Apart from the approximately 4 lakh crore support package for farming and allied sectors, aimed at improving infrastructure and enhancing credit support, the most welcome feature of this package is the firm commitment to rewriting the Essential Commodities Act and the APMC laws. The revision of these restrictive laws is long overdue and will remove the hurdles that farmers face in getting a remunerative price for their produce by giving them more options to sell. This long-awaited revision needs to be undertaken with care and responsibility so that no space or scope is left for farmers to be exploited yet again. And this rewrite should be done at the earliest. While allowing several buyers to directly access the produce from the farmers, a strong and effective network of Farm Producers' Organisations should be created to enhance the bargaining power of farmers. This will ensure that individual farmers are not exploited. An effective law on contract farming is also the need of the hour, to secure incomes of farmers besides enabling private investments. Dr. Gulati, in a recent article, termed this announcement as "a 1991 moment for agriculture". I can't agree more with him. It is a major reform.

Yet another unique feature of this package has been its comprehensiveness towards improving the incomes of farmers through a range of activities. A study by the National Institute of Agricultural Extension Management has revealed that of the 3,500 farmers' suicides examined, there was no farmer who had supplementary incomes from dairy or poultry. The huge support to animal husbandry and fisheries in the stimulus package underlines the need for diversifying the income sources of farmers.

I recall that in 1977, the entire country was declared as one food zone. This benefited both farmers and consumers. It is time to allow our farmers to sell their produce anywhere for their benefit. All stakeholders should be taken on board while revising restrictive agri-marketing laws.

During the pandemic, many are working from home. But farmers have no such option as they have to work in their fields. Despite the lockdown, they continue to sow wheat, paddy, pulses, etc. In fact, farm output is greater than what it was last year. Our farmers, the pride of our country, deserve the long-awaited freedom to market their produce at a place of their choice. It should become a reality at the earliest.

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To reassure Indian Muslims, the PM needs to state that the govt. will not conduct an exercise like NRC

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