

IT'S A NO GREEN SIGNAL FROM THE FARM WORLD

Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

In a virtual rally, the Prime Minister [blamed the Opposition parties for misleading farmers](#) about the [three Bills on agriculture](#), in Parliament. While the Opposition may have taken up the cudgels recently, the fact is that farmers have been protesting against the Bills ever since it was promulgated as ordinances in June. These are The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, the Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020, and the Essential Commodities (Amendment) Bill, 2020. The [resignation of Food Processing Industries Minister](#) (and Shiromani Akali Dal MP), Harsimrat Kaur Badal, from the Union Cabinet, and dissenting voices from various mass organisations affiliated to the Rashtriya Swayamsevak Sangh suggest that the opposition to the Bills may not be politically motivated; rather, it may be a reflection of the genuine concerns of farmers.

In brief, the Bills aim to do away with government interference in agricultural trade by creating trading areas free of middlemen and government taxes outside the structure of Agricultural Produce Market Committees (APMCs) along with removing restrictions of private stockholding of agricultural produce. Attempts to reform the APMC are not new and have been part of the agenda of successive governments for the last two decades. Most farmer organisations also agree that there is excessive political interference and there is need for reform as far as functioning of *mandis* are concerned.

Parliament proceedings | [Rajya Sabha passes two farm Bills amid fierce protests](#)

Several reforms at the level of the central government as well as at the State level have been introduced and welcomed by farmers. However, in this particular case, the issue is not about the Bills; it is also about the process of their introduction. As was pointed out by Ms. Badal, the government has failed to have or hold any discussion with the various stakeholders including farmers and middlemen. This is also true when it comes to consultation with State governments even though the subject of trade and agriculture are part of subjects on the State list. The attempt to pass the Bills without proper consultation adds to the mistrust among various stakeholders including State governments. While the lack of consultation has certainly added to the element of mistrust between the government and farmers, some of the issues raised by farmer organisations are also genuine; recent trends in agricultural prices and incomes have only confirmed these fears.

While farmer organisations see these Bills as part of the larger agenda of corporatisation of agriculture and a withdrawal of government support, the immediate concern has been the attempt to weaken the APMC *mandis* and eventual withdrawal of the Minimum Support Prices (MSP) guaranteed by the government. Although the government has clarified that these Bills do not imply withdrawal of procurement by the State at MSP, there is a genuine fear among farmers about the true intentions of the government. The mistrust is not unfounded given the track record of this government on many issues including demonetisation of 2016, the introduction of Goods and Services Tax and so on. There may not be direct evidence of crony capitalism, but the entry, in a big way, of two of the biggest corporate groups (Adani and Reliance) in food and agricultural retail and the timing of the Bills have not gone unnoticed.

Also read | [We will move the courts against anti-farmer bills: Amarinder Singh](#)

The idea of allowing greater participation of traders and farmers outside the APMC has already

been in place in different form. Even otherwise, APMCs account for less than a fourth of total agricultural trade. But APMCs do play an important role of price discovery essential for agricultural trade and production choices. The vilification of APMCs and the middlemen who facilitate trade in these *mandis* is a poor reflection of the understanding of functioning of agricultural markets. The middlemen are a part of the larger ecosystem of agricultural trade, with deep links between farmers and traders. Most farmers are familiar with the functioning of *mandis* and see it as an essential part of agricultural trade despite shortcomings. While the proposed Bills do not do away with the APMC *mandis*, the preference for corporate interests at the cost of farmers' interests and a lack of regulation in these non-APMC *mandis* are cause for concern. The absence of any regulation in non-APMC *mandis* is being seen as a precursor to the withdrawal of the guarantee of MSP-based procurement.

Also read | [Highways blocked as farmers' protests continue in Haryana, Punjab](#)

The dominant concern in this regard has been expressed by farmers in Punjab and Haryana. Farmers in these States have genuine concern about the continuance of the MSP-based public procurement given the large-scale procurement operations in these States. These fears gain strength with the experience of States such as Bihar which abolished APMCs in 2006. After the abolition of *mandis*, farmers in Bihar on average received lower prices compared to the MSP for most crops. For example, as against the MSP of 1,850 a quintal for maize, most farmers in Bihar reported selling their produce at less than 1,000 a quintal. Despite the shortcomings and regional variations, farmers still see the APMC *mandis* as essential to ensuring the survival of MSP regime.

Comment | [Hardly the 1991 moment for agriculture](#)

While retail prices have remained high, data from the Wholesale Price Index (WPI) suggest a deceleration in farm gate prices for most agricultural produce. This has happened despite increased procurement through the MSP-based regime for paddy and wheat. Decline in *basmati* rice prices by more than 30% and despite higher international prices suggests the limitation of market intervention in raising farm gate prices. For most crops where MSP-led procurement is non-existent, the decline has been sharper. Even cash crops such as cotton have seen a collapse in prices in the absence of government intervention. With rising input costs, farmers do not see the market providing them remunerative prices. At the same time, *ad hoc* interventions by government such as raising import duties on *masur* and a ban on onion exports also raise suspicion about the intent of the government to leave the price discovery mechanism on the market. The protests by farmers are essentially a reflection of the mistrust between farmers and the stated objective of these reforms.

Himanshu is Associate Professor, Centre for Economic Studies and Planning, School of Social Sciences, Jawaharlal Nehru University, New Delhi

You have reached your limit for free articles this month.

To get full access, please subscribe.

Already have an account ? [Sign in](#)

Start your 14 days free trial. [Sign Up](#)

Find mobile-friendly version of articles from the day's newspaper in one easy-to-read list.

Move smoothly between articles as our pages load instantly.

Enjoy reading as many articles as you wish without any limitations.

A one-stop-shop for seeing the latest updates, and managing your preferences.

A select list of articles that match your interests and tastes.

We brief you on the latest and most important developments, three times a day.

*Our Digital Subscription plans do not currently include the e-paper ,crossword, iPhone, iPad mobile applications and print. Our plans enhance your reading experience.

Dear reader,

We have been keeping you up-to-date with information on the developments in India and the world that have a bearing on our health and wellbeing, our lives and livelihoods, during these difficult times. To enable wide dissemination of news that is in public interest, we have increased the number of articles that can be read free, and extended free trial periods. However, we have a request for those who can afford to subscribe: please do. As we fight disinformation and misinformation, and keep pace with the happenings, we need to commit greater resources to news gathering operations. We promise to deliver quality journalism that stays away from vested interest and political propaganda.

Dear subscriber,

Thank you!

Your support for our journalism is invaluable. It's a support for truth and fairness in journalism. It has helped us keep pace with events and happenings.

The Hindu has always stood for journalism that is in the public interest. At this difficult time, it becomes even more important that we have access to information that has a bearing on our health and well-being, our lives, and livelihoods. As a subscriber, you are not only a beneficiary of our work but also its enabler.

We also reiterate here the promise that our team of reporters, copy editors, fact-checkers, designers, and photographers will deliver quality journalism that stays away from vested interest and political propaganda.

Suresh Nambath

Please enter a valid email address.

Subscribe to The Hindu now and get unlimited access.

Already have an account? [Sign In](#)

Start your 14 days free trial [Sign Up](#)

You can support quality journalism by turning off ad blocker or purchase a subscription for unlimited access to The Hindu.

[Sign up for a 30 day free trial.](#)

END

Downloaded from crackIAS.com

© **Zuccess App** by crackIAS.com

CrackIAS.com