

## **WILL FARMERS AMENDMENT BILL-2020 AUGMENT TO ENHANCE SOCIO-ECONOMIC STATUS OF THE FARMING COMMUNITY?**

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In the developing country like India, the producer's surplus of agricultural product plays a vital role in a nation's economy. The contentious new farm bill legislation, 2020 was passed in Lok Sabha on September 14; 2020 and was passed in Rajya Sabha on 20<sup>th</sup> September 2020. This legislation provides freedom to the farming community for trading the agricultural commodity across the country. The visionary bill will ensure sustainability, prosperity, profitability and economic security in future for the farming community in the nation. As far as the standpoint of marketing, surplus is considered crucial than overall agricultural commodities production because surplus commodities of agriculture is largely governed the establishment of markets and their magnitude and size. So, an efficient marketing system is a pre-requisite for sustain the tempoof increased agricultural production. This gives assurance of more remuneration to the farmers for their exertion. Principally, an economic efficiency of the marketing system is generally measured based on the priceof agricultural commodity. Even smaller variation of price can lead to greater efficiency of the marketing system. In the price spread, we know about the share of different market functionaries and producer in the consumer's purchasing price. There is a hefty variation between producer's selling price and consumer's purchasing price as low price fetching with producers and large price prevailing in farm produces which purchase by consumers. Due to this imbalance price oscillation, both producer and consumer are highly displeased. The features of the farmer's amendment bill, 2020 are briefly discussed in the following lines.

[1] The Farmers Produce Trade and Commerce ( Promotion and Facilitation ) bill 2020

[2] The farmers ( Empowerment and Protection) Agreement on price Assurance and Farm service bill 2020

[3] The Essential Commodities (Amendment) Bill, 2020

### **1. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020**

This new legislation make an ecosystem where the farming community and traders will enjoy freedom of choice of sale and purchase of agri- produce and promote barrier free inter and intra state trade and commerce outside the premise of markets notified under State Agricultural Produce Marketing legislation. Farmers will not be charged any cess or levy for sale of their produce under this Act. These crucial task of the government will serve as cornerstone for envisioning a

fair market for farming community that let them receive their price by letting them be in control of their income with freedom to trade he added. This cohesive decision will go a long way in fortifying an agri-led economic development agenda for Indian that values its farmers at every steps of the way. The provision of proposed legislation are intended to help small and marginal farmers who do not have means to either bargain for their produce to get a better in technological development to improve the productivity of the farmers. The Ordinance allows intra-state and inter-state trade of farmers produce outside:

a. The physical premises of market yards run by market committees formed under the state APMC Acts;

b. Other markets notified under the state APMC Acts. Such trade can be conducted in an outside trade area i.e. any place of production, collection and aggregation of farmers produce including

- Farmers farm
- Factory premises
- Warehouses
- Cold storages

In this ordinance, farmers also been promoted through electronic trading. The Ordinance permits the electronic trading of scheduled farmers produce under the agricultural produce regulated under any state APMC Act in the specified trade area. An electronic trading and transaction platform may be set up to facilitate the direct and online buying and selling of such products through electronic devices and the internet. The following entities may establish and operate such platforms:

a. Companies, partnership firms, or registered societies, having permanent account number under the Income Tax Act, 1961 or any other document notified by the central government;

b. A farmer producer organization or agricultural cooperative society.

The Ordinance prohibits state governments from levying any market fee, cess, or levy on farmers, traders, and electronic trading platforms for a trade of farmers produce conducted in an outside trade area.

### **Main provisions of bill**

The following dominant provisions have been finding in the bill:

a. A farmer has freedom to sell their produce outside the notified APMC market yards as per this legislation.

b. The farmers will not be charged any cess or levy for sale of their products and will not have to bear transport costs.

c. The Bill also facilitates the trading through electronic in the transaction platform for ensuring seamless trade electronically.

d. In addition to mandis, freedom to do trading at farmer's field, cold storage, warehouse, processing units, etc.

e. Farmers will be able to engage in direct marketing thereby eliminating intermediaries resulting in full realization of price.

This legislation will be also welfare in the farmer and farming community. Procurement at Minimum Support Price will continue, farmers can sell their produce at MSP rates. Mandis will not stop functioning, trading will continue here as before. Under the new system, farmers will have the option to sell their produce at other places in addition to the mandis. The e-NAM trading system will also continue in the mandi. Trading in farm produce will increase on electronic platforms. It will result in greater transparency and time saving. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020 allows intra-state and inter-state trade of farmers' produce beyond the physical premises of APMC markets. State governments are prohibited from levying any market fee, cess, or levy outside APMC areas.

## **2. The farmers(Empowerment and Protection) Agreement on price Assurance and Farm service bill 2020**

The bill on agricultural market provides the freedom to allow the farmers to sell their produce outside APMC mandis to consumer. So, interested people can buy farm products even at the farmer's field itself. This leads people (middle-man) who involved trade between farmer and mandis are largely affected since this ordinance give right to farmer sell his products directly to the consumer. The legislation on contract farming will on other hand allow farmer to enter into a contract with agri-business firm or large retailers on pre agreed prices of their produce. This will help small and marginal farmers as the legislation will transfer the risk of market uncertainty from the farmer to contractor. This Bill was replaced earlier form of "the Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Ordinance, 2020".

### **Main provisions of bill**

The main provisions are includes as the following features.

a. This new legislation bill will empower farmer through appealing with processors, wholesalers, aggregators, large retailers, exporters etc.

b. This bill enables the price assurance with procurer to farm produce prior to sowing the crop. It leads to reduce the risk of uncertainty of farmer's product price from the fluctuation of prices during marketing period.

c. This bill guarantees the farmer to access improved technologies, quality seed and other inputs.

d. It will improve the socio-economic status of the farmers among the society.

e. An effective dispute resolution mechanism has been provided with clear timelines for redressed.

This bill will pave the farmer security from the lender. The farmer will have rights on fixation of price of his farm produce in the contract agreement and payment should be paid within three months. This bill will also enable the farmers that he can directly sell farm produce to consumer in the farm itself.

**Agreement between farmer and buyer:** The Ordinance provides agreement on farming between a farmer and a buyer prior to the production or rearing of any farm produce. The minimum period of an agreement will be one crop season or one production cycle of livestock. The maximum period is five years unless the production cycle is more than five years.

**Price determination of farming community:** The price of farming produce should be mentioned in the agreement. For prices subjected to variation, a guaranteed price for the product and a clear reference for any additional amount above the guaranteed price must be specified in the agreement. Further, the process of price determination must be mentioned in the agreement.

**Dispute Settlement between farmers and buyers:** A farming agreement must provide for a conciliation board as well as a conciliation process for settlement of disputes. The Board should have a fair and balanced representation of parties to the agreement. At first, all disputes must be referred to the board for resolution. If the dispute remains failed to solve by the Board even after thirty days, parties may approach the Sub-divisional Magistrate for resolution. Parties will have a right to appeal to an Appellate Authority (presided by collector or additional collector) against decisions of the Magistrate. Both the Magistrate and Appellate Authority will be required to dispose of a dispute within thirty days from the receipt of the application. The Magistrate or the Appellate Authority may impose certain penalties on the party contravening the agreement. However, no action can be taken against the agricultural land of the farmer for recovery of any dues.

## **3. The Essential Commodities (Amendment) Bill, 2020**

The Essential Commodities (Amendment) Bill, 2020 seeks to remove commodities like cereals, pulses, oil seeds' edible oils, onion and potatoes under the essential commodities. It means the legislation will do away with the imposition of stock holding limits on such items except under extraordinary circumstances such as war and natural calamities. This provision will attract private sector investment into the agriculture sector. The Essential Commodities (Amendment) Ordinance, 2020 allows the central government to regulate the supply of certain food items only under

extraordinary circumstances (such as war and famine). Stock limits may be imposed on agricultural produce only, if there is a steep price rise.

People who dissent this bill stated that corporate sector may get hold of more benefit at the work and rate of farmer. The efforts are being taken by the government to protect the farmers from the Aarahatiya in mandi. Some states like Punjab and Haryana may be affected due to loss of revenue from tax collected in Mandate system of Arhatiya will also be removed from the mandi since these people in each mandi collect the money from buyer and keep themselves. The farmers are perturbing about guaranteed minimum support price (MSP) that would not be available more in the new bill but in reality, the MSP will be remaining same as in the previous legislation.

It is concluded that these bills are mostly profitable to the farmers as well as farming community. These legislations are favourable towards the sustainable, profitable and remunerative of the farmers. Under traditional system, the farmers need to depend with the Aarahatiya for sale the produce to buyer inside the mandi and farmers cannot directly sell their produce to buyer without consent of Aarahatiya. The aims of these bills are enable the farmers that farmers can do trading freely without any license or stock limit to the buyer; so that create the competition among them results in better prices for farmers. While the Ordinances aim to liberalize trade and increase the number of buyers, deregulation alone may not be sufficient to attract more buyers. The Standing Committee on Agriculture (2018-19) noted that the availability of a transparent, easily accessible and efficient marketing platform are prerequisite to assure remunerative prices for farmers. Most farmers lack access to government procurement facilities and APMC markets. It noted that small rural

markets can emerge as a viable alternative for agricultural marketing if they are provided with adequate infrastructure facilities. The Standing Committee also recommended that the Gramin Agricultural Markets scheme should be made a fully funded central scheme and scaled to ensure the presence of a local market in each panchayat of the country.

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