

CRITICAL ANALYSIS ON  
**NEW FARM BILL 2020**  
(IS IT A DOUBLE EDGE?)

## **ABSTRACT**

Indian economy being a mixed economy, Industrialization, privatization of the essential fields have been welcomed in our country. Though, this remains an actual fact, one could never deny that agriculture is the mother of Indian economy. It is an Indian farmer who truly represents India. Exploitation of the same, exploits the whole nation. The Farm Bill 2020 is an ambivalent piece of legislation that address a number of process related to selling and distribution of produce. Though these bills make a huge structural changes in agricultural sector and encourages cooperate investments in agricultural ecosystem, it remains a big debatable issue in the country at present. These bills have resulted to uncertainty and agitation among the farmers of the nation. Farmers fear that they might loose their selling system. For this reason, farmers across India have plunged to the roads demanding a renouncement of this act. The protest in India has created quite a rattle globally. This article deals with the motives of recently passed farm bills and the reasons for farmer's opposition. It mainly focuses with the holes and cracks of the act and is also concerned with the arguments related with demand of repealing the farm acts.

Keywords: Agriculture, farmers, bills, economy, protests

## **INTRODUCTION**

India is a global agricultural powerhouse. Unquestionably, Agriculture is the largest livelihood provider in India. It has been the backbone of the Indian economy and it

will remain forever.<sup>1</sup> Farmers play a vital role in feeding the nation and uplifting its economy. Strikingly, Farmers in the country are facing an atrocious condition. Ever since the pre - independent period, farmers were directly or indirectly exploited. Being ignorant about the market strategies and information on prices prevailing in

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<sup>1</sup> MM Pandey, Central Institute of Agricultural Engineering, "Indian Agriculture - An Introduction"02 (February,2009)

market, farmers were made to sell at the price set by the traders and the merchants. Specified initiation of committees by the government screened farmers from exploitation. However, this initiation over the years resulted in an advantage for traders due to its flaws. On 27 September 2020, the Parliament of India passed three Agricultural bills referred to as The Indian Farm Reforms. It is a composition of three bills. The main objective of the farm bills is to give more protection to the farmers, and to overcome the flaws in the existing system.

## **FARM BILLS 2020**

The Farm Bills 2020 is a composition of three bills - Farmer's Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020<sup>2</sup>, Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Service Bill, 2020,<sup>3</sup> The Essential Commodities (Amendment) Bill, 2020.<sup>4</sup> These bills give a greater leeway for the farmers. These three bills provide liberty to the farmers to sell their produce at any place and also provide a right to enter into any legal contract with cooperative or company for the sale of farm produce at a negotiated price.

## **HISTORICAL BACKGROUND**

Back in 1947, when the nation got independence from the British rule, the whole system of agricultural sector was influenced by money lender, traders, landlords. Farmers, being deficit of money totally depended on them. They had no means to sell their produce directly in the market. Farmers before 1947 sold their produce directly to the consumers. To have a healthy production, they needed money and the only way was to get help from money lenders, landlords. The Interest set by the landlords were so high that the farmers failed to pay. Thus instead of money, they gave a portion of

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<sup>2</sup> Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020

<sup>3</sup> Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020

<sup>4</sup> The Essential Commodities (Amendment) Act, 2020

their produce to the moneylenders compensating the interests. This cycle repeated and the farmers could never maintain sustainability. Farmers under the canopy of debt had to face lot of problems which turned into a cruel system. Government, considering these issues, decided to interfere of which the outcome was the initiation of APMC - Agricultural Produce Market Committee. APMC, an initiation set by the government of India was the first attempt to bring reformation in the agricultural markets. APMC is commonly called as "Mandi". The government structured special areas in the state and declared them as market areas with subject to the jurisdiction of the market committee. These Market areas acted as a junction for the farmers and the traders to sell and buy the produce. This went along but with certain restrictions, no farmer or trader would be able to sell or buy produce freely in the market. To do so, a trader must get a license and this made the government have control over these traders to some extent.

Alongside , the government introduced MSP (Minimum support price). MSP is an agricultural product price set by the government to purchase directly from the farmer. It is a price below which the produce cannot be sold. MSP is an incentive for the farmers to remain in cultivation. If some produce was left with the farmers unsold, then the government would itself procure directly and preserve it in cold storage capacity to ensure that the produce does not get rotten. This system proved beneficial for the farmers.

## **THE SYSTEM OF APMC AND ITS FLAWS**

Farmers, earlier had a direct dealing with the consumers and they had no regulations and storage facilities. The introduction of APMC shattered all these cruel system and safeguarded the farmers. The system of APMC was different from that of the old system. Now, the farmers after harvesting, bring the produce to APMC, where they sell it to the middlemen at a price fixed through price discovery or auctioning. Middlemen are those people between the farmers and vegetable vendors. These middle men further sell these produce to big traders and vendors and finally it reaches the hands of the consumer . This is how the selling process is done in APMC. Government provides license to these middlemen and other facilities such as storage,

labour, and accountants. APMC is an arm of the state government and hence tax is levied by the state as a market fee.

This system of APMC saved many farmers from exploitation and was a rise of hope among the farmers of the nation. In India, there are about 2477 principal regulated markets and 4843 sub-markets yards regulated by the respective APMCs in India.<sup>5</sup> Everything seemed good with these regulated market system, but the result was not gratifying. According to the latest National Crime Records Bureau, data on accidental deaths and suicides, 1,39,123 farmers committed suicide in 2019, up from 1,34,516 in 2018.<sup>6</sup> If APMC was so well functioned and regulated, what made these farmers to commit suicide? The system of APMC was well enough during 1960's but as time evolved APMC was pulled to certain flaws which resulted in dreadful condition of farmers. The middlemen starting exploiting the farmers. As most of the produce were perishable, farmers have to sell them off somehow. Taking this as a fortune, the middlemen, commission agents and traders started forming cartels and dealt with one another collectively not to buy at the rate set by the farmer but at the rate which they would fix. Thus, the farmers were left with no option rather to sell at the rate fixed by the agents as his produce would perish if he fails to do then. It seemed that farmers were actually profiting from MSP but startlingly, not all farmers were benefited from MSP. According to the report by NITI Ayog on MSP in 2014, about 81% of the farmers were oblivion of MSP and 2015 report says that only 6% of the farmers were benefited from it.<sup>7</sup> Farmers benefiting from MSP were mostly from Punjab and Haryana. Catching the sight of the farmers and flaws of APMC, government in 2020 introduced new bills to bring out changes and shield farmers from exploitation.

## **THE FARMERS' PRODUCE TRADE AND COMMERCE (PROMOTION AND FACILITATION BILL, 2020<sup>8</sup>**

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<sup>5</sup> A National Market for Agricultural Commodities- Some Issues and the Way forward, available at [www.indiabudget.gov.in/budget2015-2016/es2014-15/echapvol1-08.pdf](http://www.indiabudget.gov.in/budget2015-2016/es2014-15/echapvol1-08.pdf) (last visited on December 14, 2020).

<sup>6</sup> Rahul Tripathu, "NCRB data shows 42,480 farmers and daily wagers committed suicide in 2019", *The Economic Times*, 1 September, 2020, available at <https://m.economictimes.com/news/politics-and-nation/ncrb-data-shows-42480-farmers-and-daily-wagers-committed-suicide-in-2019/articleshow/77877613.cms> (December 14, 2020)

<sup>7</sup> Harish Damodaran, "Explained: why it's an underestimate to say only 6% farmers benefit from MSP", *The Indian Express*, October 6, 2020, available at <https://indianexpress-com.cdn.ampproject.org/v/s/indianexpress.com> (December 14, 2020)

<sup>8</sup> Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020

Gazing at the title, it quotes " Trade and Commerce", "Promotion and facilitation", this signifies that this bill provides liberty to the farmers, the trading of farm goods outside the physical premises of APMC such as farmgate, cold storage, warehouse. It creates an ecosystem where the farmers and traders will enjoy the freedom of choice of sale and purchase of produce. Farmers will be able to engage in direct marketing eliminating all the intermediaries resulting in full realization of price.

### **FARMERS (EMPOWERMENT AND PROTECTION) AGREEMENT ON PRICE ASSURANCE AND FARM SERVICE BILL, 2020<sup>9</sup>**

This bill mainly focuses on empowering and protecting the farmers' interest through a legal agreement. " Price assurance and farm service" - this imply that there will be a fixation of price by a proper negotiation between the farmer and buyer protecting the farmer from getting cheated by business owners. In case of any dispute, this bill provides a dispute settlement mechanism by an established authority to prevent any changes of thought regarding price or any other form of exploitation.

It empowers farmers for engaging with processors. It will transfer the risk of market unpredictability from the farmer to the buyer. Due to price determination and assurance, the farmers will be protected from the up and downs of the market price. It also enables the farmer to access modern technology and better seeds. Its aim is to reduce the cost and increase the income of farmers.

### **THE ESSENTIAL COMMODITIES ( AMENDMENT) BILL,2020<sup>10</sup>**

The central government had made an amendment in the existing Essential commodities bill. It is a law that controls the production, supply, and distribution of certain commodities. To avoid situations of hoarding and Artificial demands, the central government has regulated certain food items as essential commodities. This Amendment allows the central government to regulate the supply of certain food

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<sup>9</sup> Farmers(Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020

<sup>10</sup> The Essential Commodities (Amendment) Act, 2020

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.

## **FLAWS IN FARM BILLS**

Parallel to APMC, these Farm laws are no less to have loopholes. Though, the main idea of these bills is to uplift the farmers of the country. Certain loopholes may result inimical to farmers. One of the issues is that the farmers have no way of approaching the Civil Court in case of a dispute rather they had to resolve it at the level of Sub-divisional magistrate<sup>11</sup>. Secondly, farmers feared APMC would be quashed gradually as there is no tax and MSP outside Mandis.<sup>12</sup> This would mark a greater risk of getting exploited by bigger cooperate. Thirdly, farmer's fear of getting cheated rose a bit higher because according to these laws anyone can buy crops from the farmers simply on the basis of a PAN card.<sup>13</sup>

## **ISSUE REGARDING FARM BILLS 2020**

The main issue in the case is the fear of losing APMC. In states like Punjab, there is an aggregated tax of 8.5% of the minimum support price.<sup>14</sup> This includes market fee 3%, rural development cess 3%, arthiya commission 2.5%.

Thus, this amounts to a big source of state revenue. Practically, these new bills do not step into the matter of APMC or MSP. Selling the produce within APMC would charge taxes such as market fees, commission charges. These bills states that there would no taxes on sale and purchase outside APMC. Farmers alleged that a sale and purchase outside Mandis would pose more attraction towards the buyers due to the

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<sup>11</sup> Apporva Mandhani, "Indirect attack on the legal fraternity - why lawyers are also opposing new farm laws" *The Print*, 8 December 2020, available at <https://theprint.in/judiciary/indirect-attack-on-the-legal-fraternity-why-lawyers-are-also-opposing-new-farm-laws-/562616/> (14 December 2020)

<sup>12</sup> Mohit Sharma, "Farmer's Protest: Here are the 8 amendments to the farm bills, government might be ready to make", December 9, 2020, available at [www.timesnownews.com](http://www.timesnownews.com)

<sup>13</sup> Wire Staff, "Full text: Government's proposal to protesting farmers" December 9, 2020, available at <https://m-thewire.in.cdn.ampproject.org>

<sup>14</sup> Prabhudatta Mishra, "Farm Bills: Why is Punjab Leading the stir?" September 22, 2020, available at <https://www.financialexpress-com.cdn.ampproject.org>

absence of taxes which would eventually result in a huge disadvantage for the farmers.

Devinder Sharma, food and agriculture expert said, " Actually, it is one country, two markets" referring to the motive of these three bills, he says that though the government has not interrupted APMC and MSP, still there exists a chance where APMC would be affected. It is a matter of fact that trader who purchase within APMC have to pay the tax. If the government leaves him an option of a tax free area then, he would definitely opt for it. So, the traders and the companies would prefer to buy outside APMC without any payment of taxes. Gradually, people will also move out of the Mandis resulting in the redundant of Mandis and gradual decline of MSP .<sup>15</sup> Thus, the prediction of the fading away of APMC resulted in a stirring protest among the farmers.

## **FARMERS PROTEST AND GOVERNMENT ACTION**

Ever since, these bills have become laws, farmers across India have been protesting in different ways. Farmer's agitation have resulted in more than 400 farmer organization across the country to come together to protest. On November 26, 2020, farmers had announced indefinite strikes having raised a slogan of "DELHI CHALO".<sup>16</sup> Farmers from Punjab and Haryana have taken the lion's share. The reaction of the government and the media in response to these protests were extremely scandalous. It rose a grave question on the country's democracy and freedom of expression. The government have tried their utmost effort to stop this protest. They had set up barricades and have made use of waters, teargas, and cannons<sup>17</sup>. They have also reached an extreme level of break off, digging up the highway to prevent the farmers from crossing it.<sup>18</sup> Alongside, more than 500 farmers were arrested in Southern India. Section 144 was

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<sup>15</sup> Dhruv Rathee, Youtube, "Why are farmers protesting? Ordinance explained by Dhruv Rathee",2020, available at <https://youtu.be/Dj4rGHzc-3A>

<sup>16</sup> Aneena Saji, "Delhi Chalo- Framers to Protest Against farm laws, November26,2020, Available at <https://thepageindia.com>

<sup>17</sup> Delhi Chalo march: Punjab farmers face water cannons, push through Haryana barricades, November 26, 2020, available at <https://m.tribuneindia.com>

<sup>18</sup> Soham Sen, "Digging trenches to stop farmers and a 'moat' around Central Vista" November 28,2020, available at <https://theprint.in>

imposed in many places of Haryana. In Uttar Pradesh, the farmers were not allowed even to protest.<sup>19</sup>

## **DETERMINATION AND DEMAND**

In spite of the efforts of the government to stop the farmers from protesting, farmers with extreme determination continued their protest to reach Delhi. They climbed atop of barricades and pushed them and marched ahead. In places where the highway has been dug, they have made use of certain tools and their own hands to fill the pit back with the mud. Finally, farmers reached Delhi to protest and carry on the march. Farmers demanded a simple written assurance of the existence of MSP and withdrawal of these three laws. They feared that if these laws prevail then the mega private company would monopolize the agricultural sector gradually and the farmers would be paid even less than today.

Negotiation between the farmers and the government resulted in amending<sup>20</sup> the cracks and holes of the laws, nevertheless, farmers with a grim persistence, wanted a renouncement to the laws and demanded MSP to be made a universally applied legal right which benefits every farmer in the country.<sup>21</sup>

## **OPINION AND CONCLUSION**

Farmers have been in a constant rage against these bills and the government. With no proper discussion with farmers, the government has passed these bills through a voice vote. Farmers, observing the acts of government were enraged and abided their decision of not giving up. The outcome of both could be a double-edged sword, either the farmer would get a double income or the farmer would become much worse than today. One could never say, Time is the best judge. Government should make a peaceful negotiation with the farmers in order to make a clear and clarified

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<sup>19</sup> The Wire Staff, "Farmers across 20 states block roads to protest against farm laws" November 6, 2020 available at <https://m.thewire.in>

<sup>20</sup> Amit Chaturvedi, "Ready to give written assurance on continuing MSP: Govt in proposal to protesting farmers", December 9, 2020, available at <https://m.hindustantimes.com>

<sup>21</sup> T.K.Rajalakshmi, "Farmers reject the government's amendment proposals, announce proposals, announce fresh round of protests against the farm laws" December 10, 2020, available at <https://m.frontline.thehindu.com>

interpretation of laws covering all the loopholes. Yes, the flaws of APMC were a great hitch, but if the government reckons, it can repair the system of APMC. Experts

believe that the requirement is to concrete the cracks and holes instead of setting up a new system. Reconstruction of APMC with strict regulations would let out a better result. A similar system in some countries of Europe and America have resulted an utter failure. Experimenting a failed trial would be of no benefit and hope that the government of India will circumvent it. While everything seems good and worth for the government, the real out turn will be in the future. At present, the whole shooting match is just a guesstimate.

