

FARMERS' PROTEST AGAINST THE THREE FARM LAWS

Crony Capitalism and Authoritarian Governance

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Farmers of Punjab/ Haryana and Western U P should be complimented for taking on the might of corporate power and authoritarian Central government at the same time against the three farm laws, first enacted through ordinances, and later converted into laws hurriedly passed by the Parliament in a brazenly undemocratic manner. The manner in which the protest has been organised and sustained for more than 60 days in the biting cold of Delhi shows the tenacity, determination, political acumen and courage that has not been seen in any other movement in recent times. The near parallel to this protest was one launched by Muslim women against the Citizen Amendment Act which the Government and its supportive political functionaries and vigilante groups demonised by labelling protesters as anti-nationals and terrorists and eventually broke it up by organising a communal riot. Not that, the trick of name calling and labelling was not used against the protesting farmers. They have been called khalistanis, terrorists, and maoists who are financially supported by khalistani agencies outside the country. National Investigation Agency has issued notices to some leaders of farmers' organisations in alleged money laundering and sedition cases and links with foreign secessionist organizations. Enforcement Directorate has conducted raids on the premises of Arhtiyas. The violence on 26th January has given a handle to Government of India to unleash repression on leaders of farmer unions to break up the movement. But, unlike in the case of powerless and defenceless Muslims, some in the Government (Rajnath Singh, Defence Minister) advised against this name calling and labelling as its could alienate Sikhs everywhere including those in the armed forces. But while the CAA protest was from women living in the nearby colonies, and did not involve large scale disruption of their daily lives, Punjab, Haryana and Western UP farmers are camping far away from home at Singhu, Tikri and Gazhipur borders in make shift tents serviced by volunteers. It speaks volumes for the remarkable solidarity of Sikh religious organisations which mobilise funds, manpower and other resources to sustain the agitation. Given their deep antipathy to Muslims, the Government or any of its agencies refused to talk even once to anti- CAA protesters who were fighting under the banner of the Constitution and not any Muslim organisation or for a religious cause. In contrast, Government has, after a

great deal of reluctance and seeing no prospect of movement losing its steam, engaged the farmers' unions in talks and even offered to make some minor changes in the laws. This itself is a great victory as this Government refuses to talk to any dissenter much less agitators. That they have been forced to engage the farmers in discussion shows that their strategy of breaking up the movement is not going to work. But farmers' unions spearheading the agitation have steadfastly stuck to their demand that the laws must be repealed. Government also tried other tricks to destabilise the agitation such as propping up some farmers' groups supporting the laws, and instigating locals against farmers, and even trying to involve the Supreme Court the way they did in the case of CAA. But farmers' unions have so far shown no interest in engaging with the Court suggested committee for a negotiated settlement because the experts in the committee have openly supported the three laws and are not neutral persons. Meanwhile, several farmers have lost lives during the agitation due to cold, health complications and even to suicides. But there is no blinking so far from the unions in respect of their single minded focus on the repeal of laws. Government on its part has also unequivocally declared in the Parliament that the laws shall not be repealed. Only some amendments can be considered. On the prodding of RSS the latest government offer is to keep in abeyance implementation of laws for a year or 18 months and let a committee consisting of representatives of farmers and government officials discuss how to resolve the problem. But farmers' unions have rejected the offer. Although the political parties in opposition showed no inclination, capacity or urge to mobilise farmers against these laws except opposing them in the Parliament, they have lent their full political support to the agitation and their demand for repeal of laws. The protest is also joined by small groups of peasants from other States in solidarity. But it is the Punjab Haryana and West UP farmers who are its mainstay.

What is so repugnant about the three farm laws that forces hundreds of farmers from Punjab/Haryana / Western UP to leave their home comfort and park themselves on the Delhi border in inhospitable living conditions for lending support to the cause. Before analysing these reasons, let us first see what these farm laws are and what they intend to achieve. The first law is "The Farmers Produce, Trade, and Commerce (Promotion and Facilitation) Act 2020. The second is "The Farmer (Empowerment and Protection) Agreement in Price Assurance and

Farm Services Act, 2020” and the third is “The Essential Commodities (Amendment) Act, 2020”. These three laws were first brought on the statute as ordinances during pandemic and later converted into bills and hurriedly passed by the Parliament despite strong opposition to them through a voice vote (rejecting the demand of opposition parties for an actual count) both in Lok Sabha and Rajya Sabha during the delayed monsoon session rejecting the demand that these bills be referred to the standing committee of the ministry. These bills later received approval of the President and have become laws. The first law essentially bypasses The Agriculture Produce Marketing Committees (APMCs) and permits barrier free intra and inter-state trade of farm produce, which was earlier sold in notified wholesale markets or mandis administered by APMC. These markets have licensed middlemen who used to buy agri-produce from farmers at the price set in auction before selling it to big traders national and international. The change that has been introduced is that the farmers have the option to sell their produce outside APMC yards without paying any taxes. The second law permits farmers to enter into an agreement with agro-exporters or large scale buyers to sell produce or a crop for a pre-agreed price. This law essentially facilitates contract farming in order that the farmers get assured price and are not affected by market fluctuation of the price of produce. The third law permits traders / stockists to stock food articles freely without the fear of being prosecuted for hoarding. The first law confines the limits APMC’s oversight to APMC market yard. Outside this yard, any entity is free to engage in buying agricultural produce. The place where this transaction is carried out is called the ‘trade area’. No licenses are required for buyers to engage in this activity. Transactions in this area are exempt from payment of any fee to APMC or the government. Such barrier free trade areas across the country would form a single national market. This law also allows emergence of electronic trading platforms. State governments would have no control over these ‘trade areas’ and ‘electronic platforms’.

The second Act provides a framework of a written agreement / contract, between farmers and companies if they so choose but it is not mandatory. The Act is a departure from earlier efforts to have a model contract farming law to be enacted by State governments in favour of a uniform national law. This Act is different from earlier proposals in three ways: 1) it’s a contract with minimum obligations 2) it extends the scope to supply of farm services by the companies

such as inputs, technology, etc. 3) it excludes land leasing or any construction on farm land and provides for timely payment by companies. The contracting parties can enter into such contracts without any interference under any State Act. The Third Act removes the earlier “arbitrariness” and ‘unpredictability’ in notifying stocking limits. Such limits now can be notified only on the basis of price signals and would be resorted to only in exceptional circumstances. The base price which causes such an action would be increase in retail price specified for perishable and non-perishable agro-food commodities. (Summary of the Acts based on Narayanan, S., 2020) The three Acts should be seen as a composite package for investors in food supply chain to allow private parties to operate without any interference or restrictions which is expected to lead to the efficiency gains that will be passed on to the farmers.

The Acts, particularly the first one on APMC bypass, have evoked sharp and polarised reactions from different stakeholders. Industry representatives and pro-government economists and those of neo-liberal persuasion have hailed them as a watershed moment for agriculture which remove shackles from agriculture sector and free farmers from the clutches of the middlemen by creating one market for the entire country. Government claims that the Acts would transform Indian agriculture, attract private investment in marketing, processing and infrastructure. The first Act would give farmers the choice to sell their produce anywhere in the country, and realise better prices for their produce. APMC system would continue to function though within its own marketing yard. Competing private traders outside APMC market yard would also lead to better pricing for farmers.

Farmers have contested claims of both the Government and the intellectual supporters of the Act. They argue that choice to sell the produce to any private trader exists even now but most small, particularly marginal farmers sell their produce to small local traders, preferably at farm gate even if prices they get for their produce are lower than those available in mandis. There is no bar for private sector to invest even now but it has shown no interest in doing so. Abolition of mandi system does not lead to better prices for farmers as the case of Bihar which abolished mandi system shows. The Act would weaken safety net to farmers, provided by the APMC system through regulation of trading transaction, dilute public distribution system (PDS) as a result of which NFSA (National Food Security Act) would be difficult to implement. Besides, reforms are not new and

have been carried out by many State governments in varying degrees enabling private entities to purchase directly from the primary producers. With the new law farmers would lose the option of an assured price through government regulated procurement and the resultant income and security under the APMC. (Chaba, 2020) The entry of corporates into this business would lead to exploitation of farmers as they would not be required to pay MSP (Minimum Support Price) while buying food grains and other commodities unlike in the mandi system. They also apprehend that farmers would have little bargaining power against corporate players and would be at their mercy because there is no regulatory oversight over their operations. It is also apprehended that the new marketing law signals government's intention of reducing procurement as recommended by Shanta Kumar Committee and eventually doing away with it which would destabilise their lives as they would lose both income and security. If government feels that Arhatyas (middlemen operating in APMC mandis) are a problem because they exploit farmers in charging their commission, they should be given handling charges by the government itself.

As for 'contract farming', Punjab farmers have a bitter experience with PepsiCo in respect of potatoes and sugar mills in respect of sugar. (Gill, 2020) They have no trust in corporates in respect of contract farming as their produce is rejected on grounds of quality, leaving them in the lurch. Corporates' handling of crop insurance scheme similarly did not benefit farmers and the companies made a hefty profit. They also argue that with the new law, even if APMCs continue to operate, they would be weakened and allowed to die a slow death because even the FCI (Food Corporation of India) may procure food grains outside the APMC market yard so as to avoid payment of market fee and rural development cess which is 8.5% over and above MSP in Punjab amounting to 4000-5000 cr. (Gulati, 2020)¹ The real intention behind the three new laws is to involve big corporate players in trade of agricultural commodities to control the entire food chain from production to retail.

The pro-government agricultural experts strongly support farm laws on the ground that agriculture sector in general and that of Punjab in particular is most inefficient. One of the reasons for this inefficiency is excessive procurement year after year. FCI is saddled with 97 mmt of food grains in June 2020 as against the requirement of a bufferstock of 41.2 mmt without an outlet. The economic cost of

this excess grain is Rs. 1,80,000 cr. This creates not only storage problem and rotting of part of this stock, but is a dead investment. (Gulati, 2020)² In fact, government procurement of food grains was introduced to incentivise farmers in Punjab in the 1960s when the country was faced with shortages to feed the country. It is no longer required when the country is self-sufficient in production of food grains.(Gulati, 2020)² Secondly, Punjab in particular is faced with inappropriate cropping pattern of rice-wheat rotation which needs to change both on ground of degradation of soil and water and depletion of ground water resources as also due to huge subsidisation. The subsidy provision to Punjab farmers through free power is Rs. 8275 cr and fertiliser subsidy from centre to Punjab was 5000 cr in 2019-20. Each farmer thus got a subsidy of 1.22 lakh in 2019-20, the highest in the country (Gulati, 2020)² and yet its agriculture GDP per ha of gross cropped area is lower compared to major agrarian states. Punjab, therefore, needs to diversify its cropping pattern to high value crops such as dairy, poultry, fruit, vegetable and spices and fisheries whose growth rates are 3.5% per cent higher than wheat and rice 90% of this production is sold to the private traders. Government should, offer an attractive package to incentivise this change. (Gulati, 2020) ²Thirdly experts also oppose statutory guarantee for continuation of MSP and procurement. This demand has been rejected on earlier occasions too, though its own body had once recommended it. (Chaba, 2020) It is also impractical as MSP is declared for 23 crops but meaningful in respect of wheat and rice only due to FCI procurement. MSP without procurement and time bound purchase of produce is of no use. Government has neither the administrative nor financial capacity to buy and stock all the 23 commodities for which MSP is declared. It will massively distort markets and would be fundamentally unsustainable. Farmers should be helped with cash compensation to cope with income loss. (Gulati, 2020)¹

A group of economists sympathetic to farmers have raised four concerns about the farm laws which merit their repeal. (Reddy et al, 2020) One is that a central act encroaches upon the legislative sphere of state governments, and overrides and undermines the role of state governments in regulating agricultural markets. It violates federal governance. The second is that an unregulated market in the 'trade area' side by side with a regulated market in APMC market yards is already causing traders to move out of regulated markets into unregulated space leading to collusion and market manipulation and consequent exploitation of

farmers. The third concern is APMC yards still set the benchmark price through daily auctions and offer some reliable price signals to the farmers. Without such price signals, the fragmented private market could pave way for local monopsonies. Fourthly, the three laws would lead to consolidation of the market in agricultural commodities in the hands of big corporate players and would push out small traders and local agri-businesses from the market. What farmers require is a system that enables their expanded involvement in the value chain through storage, processing and marketing infrastructure to strengthen their bargaining power.

The above narrative has thrown up a number of issues on which it is necessary to know the weight of evidence and experience to evaluate the respective concerns of the stakeholders. The first issue is constitutional i.e, competence of Central government to enact these laws and its urgency of rushing through them undermining both federal norms and democratic procedure. “Agriculture” ”Markets and fairs “and trade and commerce within the State” are subjects falling under the State list of the Constitution (Entry 14, 26, 28 list. 11, seventh schedule) and, therefore, under the competence of the State to legislate. Centre has under its responsibility “freedom of trade, commerce and inter course under 42 entry of the Union list, and is competent to regulate “inter-state trade and commerce”. On the basis of this division of powers, Centre can only persuade States to enact laws but cannot enact laws on its own. Entry 33 of the Concurrent list however, covers “Trade and commerce in all foodstuffs, cattle, fodder, raw cotton and jute”. This has been stretched by central government to enact a law to legislate in respect of intra-state trade also which otherwise falls under entry 26 of the State list. In view of the primacy given to the Union List, a law enacted by parliament would prevail over State laws. This has raised the issue of constitutional validity of central laws (Damodran, 2020; Dave, 2021) which has been challenged in the Supreme Court and is pending there. The Court has shown no urgency to deal with it. While amendment to the Essential Commodities Act exempting traders and processors from stocking limits can pass the test of legislative competence of the Central government, the same cannot be said of the other two laws.

But agricultural marketing reforms through greater private participation have been pushed by central government after liberalising the economy in 1991. Various committees have also advocated them though differing on contents of these reforms. However, recognising that market reform fall in the domain of States,

successive Central governments have been exerting pressure on the States for undertaking reforms of APMC laws on prescribed lines with a model law being circulated for this purpose. Many States have changed their APMC Acts in varying degrees. In November, 2019, Fifteenth Finance Commission in its interim report proposed special performance based incentives to States to carry out reforms which envisaged enacting all features of the centrally recommended model law to avail of the grants awarded by it from 2021-22 onwards. Even the union finance minister in her Budget for 2020-21 reiterated that centre would encourage the State governments to undertake implementation of model farm laws. Yet on June 5, suddenly Government promulgated ordinances, on the three farm subjects and subsequently passed the three legislations in September. Why this sudden pressure to rush through three legislations? It has been hinted that the pressure was exerted primarily by the big corporates – Ambani, Adani and Amazon. (Damodran, 2020) This is on account of the desire of big corporates to enter retail business of food grains by cost effective mopping up of fragmented production to extract more profit. Dismantling APMC was considered necessary for this purpose. Investors needed legal provisions to enjoy oligopolistic control over procurement channels free from any government control over their operations. The three laws serve this purpose (Sridhar, 2020)

Government keeps on repeating that these laws would benefit farmers in three ways 1) it would give them a choice of buyer and, therefore, enhance their bargaining power which would translate into better prices for their produce 2) it would increase competitive alternative trading channels that would jack up prices. Farm producer organisation in this arrangement would strengthen farmers' power leading to higher prices of output or lower prices for inputs and promote efficient, transparent and barrier free interstate and intra-state trade outside the APMCs 3) It would facilitate and encourage private entities to invest in establishing food supply chain infrastructure, bring up futuristic technology to agriculture which would lead to efficiency gain the benefits of which would get passed on to the farmers. It would also facilitate emergence of a single market which would enable farmers to sell their produce wherever they can get the best price. None of the above assumptions stand the test of scrutiny either on factual grounds or empirical experience. Rather, it is apprehended reforms would create a vacuum which may lead to chaos in which middlemen would thrive (Sainath, 2020). As for the choice

of the buyer, the present arrangement of APMCs do not preclude such a choice. In fact, only 6% of total agri-produce is sold through APMC system National level data brings out that 25% of all transactions in India (2012-13) passed through mandis while 55.9% were sold to private traders (Narayanan, 2020). As a matter of fact, bulk of small and marginal farmers who constitute 84% of the farmers sell their produce even wheat and rice, to small private traders at farm gate at lower than MSP rate because their total surplus for marketing is too small to warrant incurring expenditure on bagging, loading, transporting and unloading it to distant mandis (Chidambaram, 2020) or there is a prior oral understanding with the buyer. Further deregulation of markets would not help in such a situation. At present, APMC infrastructure covers less than 17% of market. There are less than 7000 mandis while 42000 are required. Overall terms of trade in unregulated open markets are loaded in favour of the large against the small and the returns are low. As Barbara Harris White reminds us, deregulated imperfect markets may become more, not less, imperfect than regulated imperfect markets. Policy makers must therefore, listen to less powerful in the market. (Maira, 2020) Other produce in any case is sold in the open market to private players since there is no effective MSP operating. Besides, nothing in the mandi system prevents corporate from opening purchase centres to source produce from farmers, directly or otherwise. Many States have had already reformed their APMC Acts and issued unified or single licences to private parties allowing them to buy from APMC mandis with the only obligation to pay market fee which differs from state to state and is not a big amount outside Punjab. Cotton ginneries and spinners, sugar, oil and dal mills have been procuring directly from the farmers in several states. Karnataka even created unified markets via an electronic trading platform. Six States have permitted warehouse based sales. Kerala and Mizoram have no APMC Acts. (Narayanan, 2020) If there is no competition today, it is not because of legal or administrative barrier but lack of interest. Indian businessmen do not relish competition. (Sainath, 2020) Business people prefer to operate in selective areas where there is less competition, better infrastructure, large farmers and higher productivity to reduce transaction cost. They rely on middlemen / aggregators of produce rather than buying from the farmers directly. (Narayanan, 2020) It is also wish full thinking on the part of the government that corporates are ready to invest billions of dollars in India's agro-processing sector if the three farm laws are enacted. (Damodaran, 2020) What farmers demand are markets that they can easily

access implying village panchayat level regulated markets which National Farmers commission also recommended. This strengthens the case of state supported marketing system.(Chidambaram, 2020; Narayanan, 2020) It is equally untrue that farmers get a better price if existing APMC markets are dismantled and private entities are allowed to trade. Bihar abolished its APMC Act in 2006 and yet farmers in Bihar have not experienced any price gain. Rather they sell at a lower price than what they would have obtained in the mandis. Government have not come out with evidence to show where in the country farmers gained from abrogating mandi system either in terms of better price of produce or lower input cost or investment in infrastructure. The only plausible explanation for pushing farm laws is ideological i.e., dismantling regulated institutions and withdrawing the state from economic and welfare activity. But it is crony capitalism which seems to be a more convincing explanation.

The assumption that multiple buyers will jack up prices that will benefit farmers is also not corroborated by ground reality. In fact, non-traditional big buyers usually collude or coordinate on pricing. Private companies that operate in clusters often agree on prices before the season and commit to not overpricing each other. Quite often buyers carve out territories so as not to compete with each other. It is also common that businesses end up consolidating so that farmers end up facing a single buyer. (Narayanan, 2020) Global experience also corroborates farmers' apprehension that initially cost savings by agri-business are passed on to farmers who are later squeezed over time, a business tactics called 'agri-business normalisation'. Narayanan also quotes RBI (Reserve Bank of India) study to show that farmers are able to get higher prices for their produce than wholesale price prevailing in mandis and consumers paying less in farmers market's introduced in AP, TN and Karnataka. (Narayanan, 2020) This further weakens the case for a free run to corporates.

Yet another benefit projected by the farm laws is that it would liberate the farmers from the exploitation of middlemen i.e., the commission agents (Arhatiyas in Punjab) which would also benefit consumers. But the ground reality is that the middleman is no proverbial exploiter squeezing farmers but performs a multiple role. He is a financier who supplies loan when in need. He also undertakes cleaning, weighing, produce and sewing into bags and puts the crop to auction and tries to get the best price for the producers. Besides, the middlemen also make

payment within 2-3 days of transaction to farmers while it takes 10-15 days for them to get it from the traders / buyers. No private operator, the least of all a big corporate, can do this. There is no trust deficit between middlemen and farmers. (Chhaba, 2020, Damodran, 2020) For these reasons, state agencies have been unable to dislodge them due to the services they render. The changed law also assumes that intermediaries would disappear with liberalisation and agri-business would directly operate with farmers. But most of the large companies prefer to rely on intermediaries / aggregators to procure volumes that they need, inspect quality and organise logistics rather than engage with a large number of small farmers. It is likely that big operators may opt for smaller traders and even FPOs to control logistics and retail in their supply chain. Thus reintermediation rather than disintermediation of supply chain may emerge. (Narayanan, 2020)

Yet another assumption is the projected benefit of efficiency gains from big corporate handling of food chain by avoiding post-harvest wastage in India. But Narayanan quotes data from ICAR (Indian Council for Agricultural Research) to show that post-harvest losses of various commodities are very small, ranging from 3.9-6% for cereals, 4.3%-6.1% for pulses, 5.8%-18.0% for fruits and 6.8 – 2.4% for vegetables. Further, adoption of technology and safe practices do not significantly improve with modern (corporate) supply chain. (Narayanan, 2020)

The most contentions point in the discourse is on a legal guarantee for continuation of MSP and Procurement. Although Government has agreed to give written assurance for continuation of MSP, the demand of farmers is for a legal guarantee. Expert also oppose it (Gulati 2020)¹(Sukhpal Singh, 2020) MSP includes three things: 1) declaration of MSP for each crop 2) procurement of grains brought to the market and time bound purchase of output (Singh & Bhogal, 2020) This ensures assured income to 86% of farmers and food self-sufficiency to the nation. Although MSP is declared for 23 crops, the three components of MSP are effective only in respect of wheat and rice. Legal guarantee for MSP has been opposed by critics on three grounds. One, there is a huge imbalance between the requirement of wheat and rice for buffer stock and the quantity actually procured leading to huge accumulated stock which, without a viable outlet – distribution or export, creates storage problem and is not sustainable. While excess stocks have reached 90 million tonnes (2019-20), and may further increase as procurement continues, cereal distribution under PDS (Public Distribution System) and welfare

schemes stagnated at 60 million tonnes. Using excess stock for export and cattle feed or ethanol would require massive subsidies. This problem can be easily solved by expanding distribution which is justified on grounds of massive hunger in India. India is placed at 101 in global Hunger Report behind even small neighbours - Bangladesh, Nepal and Pakistan. Expanding distribution could include expanding Antodyaya entitlement, updating population figures used to calculate NFSA (National Food Security Act) coverage, raising monthly ration above the existing norm of 5 kg per person and universalising PDS in rural areas and urban slums etc. Alternatively, State wise allocation could be raised by a fixed percentage to enable them to expand entitlement under PDS. Many States have used this entitlement as a relief measure by purchasing additional grains from the market. Besides, imbalance between production and consumption of cereals could be resolved by including millets, pulses, under PDS which Government could procure with MSP support. (Dreze, 2021) This would serve the purpose of checking environmental degradation by diversification from cereal crops as well as reduce the incidence of hunger. The second ground against legal MSP entitlement not only of wheat and rice but also all the 23 crops for which MSP is declared is that it is impractical, will entail huge unaffordable cost, create problems of disposal and distort the market and would be most inefficient market management. (Gulati, 2020) ¹At present, private buyers are forced to pay government's fixed fair and remunerative price to producers for sugar cane. In respect of other MSP crops, Government itself purchases cotton, chana (chickpea), arhar (pigeon pea), groundnut, rapeseed mustard and green gram at MSP in a limited quantity to stabilise prices. But entire production is not brought to the market as farmers keep it for self-consumption, seed and cattle feed. It has been estimated that the purchase of entire production of 23 crops brought to the market would entail an expenditure of 10.78 lakh crore (2019-20). Excluding existing procurement of wheat, rice, sugarcane and pulses etc. additional cost for procurement of 23 crops would entail an additional cost of 1-1.5 lakh crore. (Damodaran, 2021) This is not a cost for which so much opposition is directed against this demand. Covering all 23 crops by procurement would alleviate poverty and reduce indebtedness of farmers through income and security which they enjoy in respect of wheat and rice at present. (Roy Barman, 2020) Of course, management of such procurement would be challenging administratively. But economists prefer the alternative of income support (direct benefit transfer) rather than price support either on per acre basis or on household

basis as is done in AP, Telangana and Odisha. But from farmers' point of view price support is referable as it adjusts the cost of production. This procurement of 23 crops, of course, does not include perishable commodities like vegetables, fruits, poultry etc. for which some other mechanism would have to be evolved. In any case, this issue should be decided in consultation with farmers rather than unilaterally by the Government.

The third ground of opposition is unsustainability of rice and wheat rotation in Punjab on grounds of environmental degradation (soil, water), depletion of ground water and huge outgo of subsidies on electricity and fertiliser and therefore the need for diversification of cropping pattern. Farmers resent that they are being asked to diversify while other states like MP, UP are being encouraged to grow food grains. (Kumar, 2020) Procurement of wheat was higher from MP than Punjab. Even so, farmers are not averse to diversification. In fact, diversification is taking place already on a modest scale. But their experience is discouraging. Evidence has emerged from Punjab itself that they get very low price compensate for which there is no procurement such as marze moong and even vegetable. (Baruah et al, 2020). Besides diversification to commercial high value crops involves risks against which protection is needed to compensate for loss of income, if diversification is to be pushed on a large scale. That is why farmers desire MSP and procurement for crops to be diversified as supported by some experts (Kang, 2020). Experts have also suggested shift to more remunerative wheat and rice crops such as (Durrum, rava, sooji, noodles in wheat and basmati in rice) Even this would require state support in terms of incentives and protection against income loss resulting from crash in market prices. (Kundu & Sidhu, 2020).

As for contract farming, the experience so far has been that small and marginal farmers are generally excluded. The problems they face include highly pro-contracting agency contracts, delayed payments, undue rejections and outright cheating and poor enforcement of contract regulations by State governments. What is needed is contract regulations which provide legal and administrative support to protect interests of small / marginal farmers. (Sukhpal Singh, 2021; Varshney, 2020) The contract farming act in the three laws does not provide for resolution of the problem if contracting agency cancels contracts or there is delay in taking delivery of produce. The Act also requires contracting agency to pay a premium of bonus linked to APMC over and above the minimum guaranteed price. This

contradicts the structure of a contract where the terms and conditions of contract are decided by the contracting parties. It is odd that the bonus is being linked to mandi price which is viewed as exploitative. A more nuanced position of contract farming is presented by Narayanan according to which contract farming is being practiced so far only in respect of a few commodities and in specific areas which do not have competing domestic markets. The Act is unlikely to encourage contract farming on a large scale due to large number of small farms with small size of produce volume because it is too expensive for contracting agency. Therefore, many contracting agencies prefer contract with intermediaries who aggregate produce from farmers or procure from APMC mandis and use the mandi price to bench mark the contract price rather than a guaranteed price for the contract produce which the Act mandates (Narayanan, 2020) As for written agreement neither farmers nor agri-businesses are interested in it, and depend on trust and mutual understanding to sustain relationship. Farmers also fear written contract because of litigation. Even companies are less inclined to enforce contract as it has the potential to spoil relationship with all farmers and not merely the defaulter. The assumption that there is a great deal of enthusiasm in companies or farmers to enter into contracts is therefore, misplaced (Narayanan, 2020).

As for the third law, Government has ignored the tendency of business to hoard commodities so as to create artificial scarcity leading to surge in prices and the then release stock gradually to make huge profit. How would government protect consumers' interest and control prices in such a situation? (Sridhar, 2020) It is impractical to specify a base price level for imposing stocking limit for this purpose.

Shortcomings of the Bill

Besides hurting farmers' interests, marketing reforms suffer from several shortcomings. (Narayanan, 2020) One is that there is no obvious mechanism by which a barrier free seamless national market will emerge from many fragmented markets and electronic platforms. It is also not clear how such platforms would connect with one another to achieve integration and function as units of a composite market Secondly, private players at present are guided by APMC markets in making payment to the farmers outside the mandis. In changed situation, on what basis an alternative price would be paid to the farmers by the

private players, particularly when there are not many buyers and high traded volumes? Without price signals, the fragmented private markets could pave the way for local monopsonies (Reddy, et al, 2020).

Thirdly, no transparent arrangement is laid down for recording, collecting and collating data and no obligation is laid down for any agency public or private to report details of transactions. Even the issue of receipt to farmers on delivery is not mandatory. Similarly, no registration and reporting is mandated in stockholdings or even the contract farming since no written contract is required. Without data on transactions and market trends even competition among buyers cannot be ensured and cartels would emerge outside the APMC mandis to escape detection. (Narayanan, 2020) Giving total freedom to private players from any obligation of reporting would make transactions outside mandis, contract farming and stocking totally invisible. Besides there is complete 'absence of regulations and regulatory oversight' for new trade areas and new electronic platforms that would emerge. Such deregulation without safeguards is unsound policy and would make intervention in public interest difficult. This was the experience with delicensing of dairy enterprises which led to supply of contaminated and adulterated milk. (Narayanan, 2020) Further, even if a modest regulatory architecture is provided, how would different regimes one in APMC mandis and the other in 'trading areas' outside it function and who would resolve problems arising from this dual system.

Fourthly the dispute resolution mechanism is very weak. It solely depends on the receipt the farmer gets as proof of transaction and the SDM to adjudicate. How would disputes be adjudicated merely on the basis of receipt or in respect of electronic platforms, particularly on complex issues like quality, weighment, moisture content etc. This would hurt farmers enormously.

The most disquieting aspect of these reforms in agriculture is the growth model of the Government for Indian agriculture which is insensitive to the structure of farming in India dominated by small and marginal farmers. Rather than focusing on providing a model of growth for small landholders which promotes farmer organisation (Gulati, 2021)³ collective small/medium scale local enterprises and strengthens state support to them, it transplants models of the developed world that result in consolidation of agribusiness when the world over there is a campaign

to break up their strangle- hold. It is ironical that despite consolidation of agribusinesses, these countries have been providing increasing subsidies to farmers in their countries, while we are progressively withdrawing them.

Conclusion

In the bid to push reform (read privatisation) in all sectors of economy for promoting fast growth, Asutosh Varshney reminds us that while some reforms such as trade and exchange rate only affect elite and may not encounter resistance, those that are aimed at changing mass behaviour such as agriculture and labour enter into the arena of mass politics and should be undertaken by creating incentives and addressing the anxieties of affected sections rather than by pushing them through coercion Government is also biased against farmers by exposing them to free competition and market risk (institutionalised insecurity as Sainath, would put it), business oriented reforms are pursued through extending government favour (Varshney, 2020, Sainath, 2020)

There is an enormous trust deficit between farmers and the government (Sukhpal Singh, 2020; Maira, 2021; Varshney 2020) as the former have been cheated by the latter on many issues - withdrawal of bonus on MSP, repeal of Land Acquisition Act, denial of fixing MSP at cost plus 50% and crop insurance (Surjewala, 2021). This deficit should be bridged by listening to them rather than to experts (Maira, 2021). The current deadlock should be broken by repealing farm laws and leaving it to States to take initiative in the matter and demonstrate the utility of reforms to the protesting farmers as even some pro-reform intellectuals have suggested (Ramaswamy, 2020; Datar, 2020). But the Government has refused to yield despite boycott of presidential address by opposition parties in the current session of Parliament. It is a huge challenge for the unions to handle disappointment and anger among farmers for failure to achieve their goal.

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