

## FARMS ACT 2020

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### Abstract:

The 'Farms Act 2020' was enacted by the Government for modernization of Indian Agriculture sector by farmers access to market, improving trade and private investment. While the Government presented these laws as reforms that would Farmers more income and reduce market inefficiency. Critics argued that it will undermine the APMC system, leaving small farmers to exploitation by large private companies. After prolonged protests the Government repeal the laws in November 2021.

**Keywords:** Modernization, Private investment, market, inefficiency, Critics, APMC system, repeal.

### Introduction:

In 2020 farmers from Punjab, Haryana and Uttar Pradesh marched towards Delhi to protest against the 3 new farm laws.

Three bills aimed at transformation of agriculture in the country and raising farmers standard.

The 3 laws are: The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Act, and The Essential Commodities (Amendment) Act. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Act, and The Essential Commodities (Amendment) Act. The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Act, and The Essential Commodities (Amendment) Act.

The above mentioned laws was passed in the monsoon session of Parliament on last September(2020). The three laws aim to change the way agricultural produce is marketed, sold and stored across the country.

### (1) The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020:

The act aims to opening up of sale of agricultural produce outside the notified Agricultural produce market committee, it removes barriers to inter-state trading and provides framework for electronic trading of agricultural produce. It expands the scope of trade areas of farmers produce from selected areas to any place of production, collection and aggregation.

It prohibits State government from levitating market fee on the farmer's agricultural produce outside market trade areas.

This act seeks to break the monopoly of government- regulated mandis and allows famers to sell directly to private buyers.

### Background :

Farmers in India suffered from various restrictions in marketing their produce. The farmers were restricted to sell their produce only to the registered licensees of the state government. There were restrictions in selling their produce outside the APMC market. Further, restricted in the free flow of agricultural produce between states owing the APMC legislations. Unlocking this legislation will open more choices for the farmer, and reducing marketing costs for the farmers and help them in getting better prices.

## **(2) Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020:**

It creates a framework for contract framing. Farmers can enter into written agreements with private companies and produce for them. The written farming agreement has terms and conditions for supply, the rearing of farm produce and price of farm produce and services.

### **Background:**

Indian agriculture is characterized by fragmentation due to certain weakness such as small holding sizes, climate dependence, market unpredictability and production uncertainties. This makes agriculture risky and inefficient. This legislation will transfer the risk and uncertainties of the farmers and farmers will also enable to use the modern technology and better inputs. Farmers will engage in direct marketing and will eliminate the third parties resulting in full realization of prices.

## **(3) Essential Commodities (Amendment) Act, 2020:**

It removes cereals, pulses, oilseeds, edible oils, onions and potatoes from the list of essential commodities. It also removes the stockholding limits on such items except under 'extraordinary conditions'. The central government is allowed regulation of supply during war, famine, extraordinary price rise and natural calamity of grave nature. It requires that imposition of any stock limit on agricultural produce be based on price rise. It allows farmers to stock food articles and remove government's ability to impose restrictions.

### **Background:**

India has become surplus in agricultural based commodities, farmers are unable to get better prices due to investment in cold storage, warehouses and process of export as the Enterprises spirit gets damped. Farmers suffer a huge when there is loses in harvesting especially of perishable goods. The legislation will help up investment in cold storage and modernization of food supply chain.

## **In favour of three farms acts:**

This act will completely transform the agriculture into new form with high advanced agricultural activities.

The new farms acts were expected to benefit the stakeholders, it will help the small and marginal farmers to bargain for their produce to get a better price in the market.

The new act will help in establishing a much more integrated market, creating competition and effectiveness of the market.

## **Against the three farms acts:**

It is against the spirit of federalism: agriculture and markets are state subjects – entry 14 a d 28 in list II : the act states against the spirit of cooperate federalism enshrined in the constitution.

The fear is that the proposed system will end the minimum support price. The creation of private mandis will move agriculture business towards private and ending government markets.

Mandis bring in revenue for state government, the diversion towards private mandis will lead to loss of state revenues.

150 famers from four districts in Madhya Pradesh were defrauded over 5 crore by traders.

Past examples: The deregulation of the sugar industry in 1998, which paved the way for private establishments, which did not results in improvement in farmers productivity.

## **Governments response:**

In November 2021, after repealing the three Farms Laws, Indian Government announced to firm a committee on Minimum Support Price. This committee was formed in July 2022 and hasn't produced any report. During a recent meeting between cabinet ministers and farmers union leaders offered to create a new committee with representatives from agriculture, rural and animal husbandry ministers. This committee would address farmers demand for minimum support price for all crops. The government said that this

committee would meet regularly and work for the betterment.

### Repeal of the Act

Prime Minister Narendra Modi repealed the Farms Bill Act 2020. due to widespread protests and concerns from the farmers of India. The bills which are made to deregulate the agricultural sector and all farmers to directly sell the produce, farmers feared that it would end the government- guaranteed price floors, reducing the price they would receive for the crops.<sup>1008</sup>

The protest which began in September 2020 were led by farmers of Punjab, Haryana and other states who were concerned that the bills will benefit the private entities. Despite the government's assurance that the bills aims at modernization of the agriculture and transform the agriculture sector.

In November 2021, Prime Minister Narendra Modi announced that the government would repeal the Farms Bill Act 2020 in the upcoming parliamentary session. The repeal was formally completed on December 1 2021.

### Conclusion and Suggestion:

The government should raise the minimum support price to at least 50%. Full debt waiver for farmers and labourers. Implementation for the land acquisition act of 2013, provisions for written consent from farmers before acquisition and compensation at four times the collectors rate. Collectors rate is the minimum value at which a property can be registered when buying or selling it. Pensions for farmers and Farm labourers. Compensation for famers who died during the Delhi protest. Strict penalties and fines on companies producing fake seeds, pesticides, fertilisers. Providing direct cash payments to farmers to supplement their income. Expanding the PM Kisan scheme of price support package and fertiliser subsidy. Offering subsidies to support agricultural inputs, equipment, technology adoption, etc. Introducing insurance schemes that

compensate farmers for income loss taken for crop failure and price volatility.

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<sup>1008</sup> 2020 Indian Agriculture Act