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THE 3 FARMERS BILLS

Introduction

Farmers are protesting in several states against three new bills passed by Parliament. On September 22, without the participation of opposition senators, the Important Goods Reform Bill was approved by the upper house.

The controversial three bills are:' 'Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020'; Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020' and Essential Commodities (Amendment) Bill 2020.

At the time of passing of the first two bills, a high-voltage drama took place in the Rajya Sabha, with the opposition crying foul over the Deputy Chairman continuing to clear the bills via voice vote, voting down their demand for division of votes. The subsequent ruckus resulted in 8 opposition MPs being suspended. Smt. Smt. NDA ally SAD's Harsimrat Kaur Badal resigned as the Union Cabinet Minister of Food Processing Industries, citing bill discrepancies.

Discussion

Here is a short description of some of the main clauses and the controversy concerning these rules:-

Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020

Simply placed, this bill seeks to permit the selling of agricultural products outside the markets (mandis) controlled by the Committees for the Marketing of Agricultural Products (APMCs) established by various state laws.

In order to shield farmers from abuse and to ensure equal prices for products, several states have passed legislation mandating agricultural trade only through APMCs. The Bill aims to remove prohibitions of this sort.

The regulatory system of APMC laws obstructed the independence of choice-based marketing and also the inflow of investment in alternative business growth and marketing infrastructure as per its Declaration of Artifacts and Reasons.

“In particular, the definition of “trade field” pursuant to Clause 2(m) of the Bill excludes “market yards, sub-market yards, and market sub-yards controlled and run by market committees formed under each State APMC (Agricultural Produce Market Committee) Act” and “private market yards, sub-yards of the private market, direct marketing collection centres and market yards managed by individual farmers and consumers

‘Trade field’ means any area or place of manufacturing, processing, collection, and aggregation, including (a) farm gates; (b) factory premises; (c) storage facilities; (d) silos; (e) cold storage facilities; or (f) any other structure or location from which trade in the production of agricultural products can take place in the territory of India.

The Bill also permits electronic trading in the designated exchange area of proposed farmers’ produce. In order to have the same result, the following organisations can create and operate an electronic platform for trading and transactions:

Companies

Partnership businesses

Licensed Companies (having PAN)

The Organisation of Agricultural Producers

Cooperative Society for Agriculture

Via Clauses 3 & 4, the Bill grants the farmer freedom to participate in intra-state or inter-state trade in areas beyond the jurisdiction of the APMC.

It also forbids the recovery of any business charge or termination in connection with any trade outside the APMC market yards under the State APMC Acts (Clause 6).

Clause 14, which gives it an overarching influence on the contradictory clauses of the State APMC Acts, is a crucial clause of the Bill. The Central Government has also been granted powers under the Act to frame laws and regulations.

The aim to centralize and homogenize agricultural trade legislation is thus clear.

In this respect, it should be considered that the APMC scheme does not operate in all Jurisdictions. It was abolished in Bihar in 2006. There is no Agricultural Produce Market Committee Act (APMC) in Kerala, Manipur, Andaman & Nicobar Islands, Lakshadweep Islands, Dadra & Nagar Haveli, and Daman & Diu. While Sikkim has the APMC Act, it is not applied.

In addition, several states, such as Andhra Pradesh, Arunachal Pradesh, Assam, Gujarat, Goa, Himachal Pradesh, Karnataka, Maharashtra, Mizoram, Nagaland, Odisha, Rajasthan, Sikkim, Tripura, Punjab, Chandigarh UT, Jharkhand, Uttarakhand, Uttar Pradesh, etc., have implemented numerous amendments to APMC laws at various stages to facilitate private markets, contract farming, e-commerce, etc.

Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020

The goal of this Bill is to allow for contract farming. As per its preamble, it aims to provide for a "global agricultural arrangement system that empowers farmers to negotiate with agribusiness companies, processors, wholesalers, exporters or major retailers for agricultural services and to sell potential agricultural produce at a "remunerative price" that is mutually agreed."

Clause 3 of the Bill notes that, with respect to any agricultural produce, a farmer can enter into a written farming arrangement. Any of the terms of such an arrangement are laid out in the bill as follows: Minimum agreement period: one crop season/ one animal production cycle; Total contract period: five years (unless the manufacturing duration is longer than five years); No agricultural arrangement shall be signed by a farmer, subject to the derogation of the interests of the shareholder.

The agreement should determine the price of agricultural goods and the method for calculating prices.

For prices subject to variance, it is important to indicate in the agreement a fixed price for the good and a direct reference to any extra amount above the guaranteed price, including the incentive or premium.

In order to allow for e-registration and registration of farming deals, the Bill creates a Registration Authority.

It also allows for the process of conciliation and conflict resolution under the farming arrangement for the settlement of disputes. Civil courts have been excluded from authority over such cases, and they can be settled by the settlement process established by the Bill. Initially, all conflicts are forwarded for arbitration to the Conciliation Council. If, after thirty days, the conflict remains unresolved by the Board, the parties will approach the Sub-divisional Magistrate for a resolution. The Parties shall have the right to appeal against the rulings of the Judge to the Appellate Authority. Within thirty days of receipt of the appeal, the Judge and the Appellate Authority would then be expected to dispose of the dispute.

The Bill provides that, under any scheme of the Central Government or the State Government or any financial service provider, a farming arrangement must be connected to insurance or credit instrument to ensure 'risk reduction' and 'credit transfer' to the farmer or supporter or to any financial service provider or both.

The Bill further prohibits sponsors from acquiring ownership rights or making permanent modifications on farmer's land or premises.

Clause 8 states that no farming agreement shall be entered into for the purpose of any transfer, including the sale, lease, and mortgage of the land or premises of the farmer.

Essential Commodities (Amendment) Bill 2020

In addition to the two above-mentioned acts, Parliament passed a bill amending the Critical Commodities Act (ECA) to restrict the conditions under which the government could place a stock limit on agricultural products.

The Bill allows the imposition of any stock cap on agricultural goods to be focused purely on the increase in prices.

A cap on stocks can be enforced only if there is: A rise of 100% in the retail price of horticultural produce; raising the selling price of non-perishable agricultural food goods by 50 percent.

The Bill also notes that ECA's powers to control the production of food goods such as cereals, pulses, potatoes, onions, edible oilseeds, and oils can only be exercised under "extraordinary circumstances" such as I war, (ii) drought, (iii) a remarkable price surge, and (iv) a significant natural calamity.

Otherwise, even to secure their equal distribution and availability at fair prices, the government has the right to control the production, procurement, distribution, etc. of certain food products.

With the amendment being a statute, only in the stated "extraordinary conditions" will this authority over the said food products be exercised.

The key points of concern raised by groups demonstrating are:

Concern over the abolition of state-based APMC programmes aimed at shielding farmers from exploitation. Lack of certainty in the contract-farming bills on the minimum support price (MSP). The apprehension that the dilution of APMC structures and legalisation of food goods would contribute to the abuse of small and marginal producers by major corporate corporations.

The nation, on the other hand, points out that there is no provision to dismantle the APMC structure and that the laws extend farmers' options to trade beyond APMC instead. However, the demonstrators argue that the bill would ultimately create an environment to undermine the APMC programme and its overarching powers over state legislation.

"The opposition also wonders whether the purpose of the government is to guarantee MSP, then there is no provision in the Bills that stipulates that for that commodity the "price shall not be less than the MSP.

While the government said that the Bill would exclude intermediaries from the value chain in order to guarantee farmers equal prices, the opposition protested that intermediaries would work in the form of contract-farming sponsors.

The opposition further challenged Parliament's constitutional ability to pass laws relating to farmers' development and contract farming in Parliament, claiming that agriculture was a matter of the state.

In a press advertising, the government said that these laws will produce "One Nation One Market" as farmers would sell their crops to anybody, anywhere in the nation.

The Bills is here and the farmers on the way towards Delhi showing the protest against the bills.