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New Agriculture Acts 2020 : Problems and Prospects



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8. States will lose the revenue which has been collected as market fee.

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VIII. CONCLUSION

New Agriculture Acts will enable agribusinesses to procure a large number of goods directly from farmers and provide consistent and uninterrupted supply. This will help agribusinesses to carry out their work more efficiently and boost export growth. New business models will attract more investment and benefit millions of farmers due to liberalization of the agricultural sector. Innovations in agricultural management will boost productivity.

Market reforms will bring private capital to the agricultural sector and boost the rural economy, provide logistical services, create new jobs in warehouse operators as well as processing unit personnel, etc. Overall market reforms will have many socio-economic benefits.

The new law on agriculture will increase the bargaining power of farmers due to agro-enterprises as well as direct participation. Farmers will realize higher market value, agri-business will grow and logistics costs will be reduced, Investment in new business model will increase, the rural economy will get a boost.

Many misconceptions about the new agricultural legislation need to be addressed. For example, these reforms will stop the procurement process at the minimum basic price, close agricultural produce market committees etc.

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Relevance of New Farm Acts 2020: A Review

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Since decades, while studying Economics we have read, learnt, analysed and discussed that agriculture in India is a gamble with monsoon. The status of Indian agriculturist or farmer is the same since almost as far as we remember. Though all the sectors of economy have made progress and contributing to the development of the nation agriculture is remaining the same- unable to sustain itself among fluctuating weather conditions and poor harvesting infrastructure. The nation cannot undervalue the contribution of an agriculture sector to the society. Food production is second to none other productions in the economy. More than 60% of Indian population is dependent on agriculture. The farmers' status is equally important to any employee in any other economic sectors. The three new Farm Acts legislated by the Government of India recently, had been widely acclaimed and also criticized at the same time at home and abroad. Not only the critics, but also, the farmers themselves, in some parts of India, are protesting against these acts seeking their withdrawal. This paper is an effort to review the three new form acts put forth by the government of India in September 2020 - Farmers Produce trade and Commerce (Promotion and Facilitation) act 2000 (FPTC Act), Farmers Empowerment and Protection Agreement on

Price Assurance and Farm Services Act 2000, Essential commodities (Amendment) Act.

At least half a dozen of reasons could be given as to why a policy reform in agriculture is a necessary. A major economic policy reform of 1991 which was a stepping stone of liberalization, privatization and globalization did not cover agriculture. Due to the implementation of LPG, job opportunities increased in other sectors and the Indian economy saw the flood of the Indian youth from agricultural sector to other economic sectors like the industrial sector. This created a wide gap between the incomes of Agricultural farmers and other employees in other sectors of the economy. This is one reason the policy reforms in agriculture is very much needed.

The gap in agri-income of a farmer and that of a non agricultural worker increased from rupees 25,000 in 1993-94 to rupees 54000 by 1999-2000. In the next decade the income of non agriculture worker exceeded that of a farmer by rupees 1.42 Lakh. This becomes a major reason for the policy reforms in agriculture. The society has to provide with equal opportunities and equal capital for the living. The agricultural sector was left far behind when compared to non agricultural sector, which made the lives of non-agriculture worker far better when compared to agriculturists.

Is not possible in Indian agricultural sector to strike a balance between domestic demand and domestic supply, because India has a large surplus of some commodities and at the same time it has to import a large quantities of edible oil and pulses. Even the import of fruits and vegetables that could be grown inside the country which can fetch good income is not sufficient. The reasons are - poor state of market facility, or harvest infrastructure and logistics and high risk in returns.

The growing need for improving export competitiveness of Indian agriculture is also one of the reasons for the policy reforms in

agriculture. The decline in population in agricultural sector has also lowered the growth rate in domestic demand for some food groups and aggregate food to a certain extent. Competitiveness, the transporter or logistics cost has to be reduced and the price competitiveness has to be increased in order to get a good income or good return for the farmers' investment.

On the one hand the sectors of agriculture (like horticulture, milk and fishery,) where market intervention by the government is very little, the minimum support price or MSP and other government interventions are zero, whereas on the other hand on cereals, MSP and other interventions are quite high. There is a need to achieve balance among all sub sectors in agriculture.

Indian agricultural sector is all filled with small holdings that typically have small surpluses. Most farmers do not have the resources or the ability to go for a price risk growing high value crops. It is not economically convenient for them to take a few kilos of fruits and vegetables to the market as these crops mature in lots. The system provided for the milk collection across the country, if it is extended for the vegetables and fruits also it will encourage the farmer to diversify his agricultural practices and also the produce.

Agricultural markets are fragmented in spite of the excellent infrastructure that India has across its geographical area the markets are fragmented. At some place there is price crash, at some other place a shortage of the product, and in some other place the prices are very high. There is no equality of production, equality of the price or equality of supply either.

After the implementation of Liberalization, Privatization and Globalization the industrial sector was expanded to a maximum extent and the job opportunities were created in the urban areas of the nation. But, consequently, the population of the rural areas, especially the youth, they migrated to the urban areas in search of jobs and good income. There remained no adequate human resource in the agricultural sector right now and

currently the farmers in the country are suffering from shortage of human resource for agricultural works. Because of small holdings it is not possible for the farmers to purchase tractors or other Agricultural equipments or implements which can be helpful in their regular works. So there is a dire need to match with the rising demand of essential goods, diversify the agriculture and create more job opportunities in rural economy to be self sustainable for the youth.

Farmers are forced to get remunerative prices through MSP and government procurement. Because of the existing market system not all agricultural producers are given MSPs. Hence it is justified that farmers should be given more and better choices and a competitive environment to obtain better deals for their agricultural produce in the open market.

With all the above appropriate reasons it is justified that the need for policy reforms in agriculture was very much necessary and the step taken by the central government in this regard is laudable.

Policy reforms in agricultural sector, has always been a hot topic in public discussions since past 20 years. Academic experts, stakeholders and farmer leaders have always been requested for reforms in agricultural policy ever since the existence of Planning Commission.

Simply put, the Farmers Produce Trade and Commerce Act offers farmers the option to sell their agricultural outputs within APMC market or outside of it, even through an electronic platform, directly at farm or anywhere else. This will definitely reduce the scope for middlemen. Whereas the Farmers Empowerment and Protection Agreement on Price Assurance and Farm Services Act encompasses two issues - number one provision for guaranteed price, and secondly inputs and technical services to farmers by registered and individual firm or company or cooperative society, weather mutually acceptable agreement between the farmer and sponsor before the production. But we should remember that the

farmers here are independent to take his decision whether to go for an agreement or not. The act also prohibits the transfer, sale or lease or mortgage of the land or premises of the farmer. Lastly, the third Act, Essential Commodities (Amendment) Act for a group of agri-food commodities. The Act also includes a modification in the criteria of price trigger for imposing ECA rather than living it to arbitrary decisions of the bureaucrats. This modification has put forth a much higher cap to increase in producer prices before the government takes action on stock limits

To conclude, through these three new Acts in agricultural sector, which are very much essential in the changing times, the requirements of farming community are addressed. If they are implemented in the right spirit the Indian farmer will reach the new heights. The Act brings in a transformation in the rural community. It is very optimistic of these Acts which have the potential to contribute for the overall development of Agricultural sector and also Indian farmer. So it is all about strengthening the backbone of Indian economy that is rural economy.

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