

Farm acts to empower farmers and open up additional channels for marketing of farm produce

Farmers of India are facing many hurdles while marketing their produce such as fragmented and insufficient markets with high market fees & charges, inadequate infrastructure and credit facilities, Information asymmetry, low number of buyers due to restriction in licensing. Even after economic liberalization wide disparity exists between Agriculture & other sectors. To remove these hurdles, parliament of India passed three acts.

First one is Farmer's Produce Trade and Commerce (Promotion and facilitation) Act, 2020. This act provides freedom of choice of sale & purchase of farmers' produce at remunerative prices, Efficient transparent and barrier free inter and intra-state trade. There will be freedom for farmers to sell their produce to whom they want and where they want as there will be a single unified market all over India for which no market fees, taxes etc. will be charged and farmer will get a better price. MSP continues to act as safety net for farmers. APMCs will continue to function as before and the malpractices in APMC like cartel and monopoly will end. According to this act payment has to be made to farmers on the same day or within 3 working days. This act does not interfere with the announcement of MSP and MSP operations. This will also permit online trading.

The second act is Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020. This act provides Legal framework for agreements between farmers and sponsors for purchase of farming produce and provision of farm services entered into before harvest in which Price will be clearly mentioned. This will give price assurance and boost linkages with food processing sector. Central Government will also provide guidelines for model farming agreements and there is clearly specified dispute resolution mechanism within the district to protect rights of both farmers and buyers.

The third act is Essential Commodities (Amendment) Act, 2020. Act will be invoked only in an extraordinary situation like war, famine, extraordinary price rises, natural calamities etc. stock limits Imposed only will be based on price rise ie., if there is 100% increase in retail price of horticultural produce and a 50% increase in the retail price of non-perishable produce.

Procurement of farm produce from farmers increased many folds during recent period. Compared with 2009-10 to 2013-14, MSP payment increased during last 5 years. For instance, it increased by 2.4 times for paddy (Rs. 4.95 lakh crores), 75 times for pulses (Rs. 49,000 crores), 10 times for oilseeds and copra (Rs. 25,000 crores), 1.77 times for wheat (Rs. 2.97 lakh crores).

Whenever the prices of cotton are below MSP, government of India is procuring cotton from the farmers at MSP. Highest quantity of about 106 lakh bales of cotton was procured by CCI during last year which costs approximately Rs 30 lakh crores. This is about 30 percent of the cotton produced in India. In this Cotton season of 2020-21, CCI has opened 440 MSP procurement centers at 140 districts in 11 cotton growing states under 15 branch offices. So far CCI has procured 352 lakh quintals of kapas in a period of three months as against 130 lakh quintals in the corresponding period of last year. Current MSP

procurement is around 300 % more than last year. The Acts are likely to provide additional marketing channels for cotton farmers along with selling in the regulated market yards which are currently not able to cope up with heavy arrivals of Kapas. Traditionally, more than 50% cotton farmers sell their produce in unregulated manner at village level outside the regulated market yards often at prices below MSP. If they sell directly to the ginners they will get an additional benefit of Rs. 300-500 per quintal. The new Acts will empower the farmers to sell directly to the ginners and get better price. They can make agreements with ginners/buyers as well as they can sell directly in e-platforms. This potential of the new Acts will bring in additional income to farmers and make cotton cultivation more resilient and profitable.

There are many myths and misinterpretations about these acts that are making rounds in the farming community. These include various myths that are misleading such as abandoning of MSP and that FCI will stop procurement, that there is no scope for dispute resolution for farmers, that APMC mandis will close down in future, the Act might lead to agriculture land acquisition by corporates, Act invades rights of State APMCs, Act doesn't safeguard farmer payments, Farmers won't get timely payment, Farmer organizations will not benefit etc. All these allegations are baseless and the Acts, on contrary, are beneficial to the farmers and implementation of these acts will make farming more profitable even for small & marginal farmers.