

29. Agri-reforms will empower farmers. The Opposition is wrong

By Gopal Krishna Agarwal,

The legislations will give options of new markets, attract private investments to build infrastructure, help in better price discovery, enable information dissemination mechanism, and provide future price assurance to the farmers

The unprecedented 23.9% decline in the gross domestic product (GDP) in the first quarter of 2020-21 is serious. But gross value-added numbers show that agriculture grew by a respectable 3.4%, suggesting the rural economy will drive recovery.

The Centre promulgated three agriculture-related ordinances in June, which were a break from the past when pernicious interventions by governments were justified in the name of farmers' welfare. The supply chain in requires massive investment from warehousing, cold storage, transportation to infrastructure in retail distribution. This mega push can come from private sector alone. Agriculture has also been moving from shortages to surplus and the policy on essential commodities from 1955 is bound to be reworked and limitations removed for benefits of scale of operation and value addition.

These reforms were similar to the 1991 moment for the economy and were hailed by experts. The Committee of State Ministers, in-charge of Agriculture Marketing to Promote Reforms emphasized the need to promote competition in the interest of the farmers and so had the of the Standing Committee on Agriculture in its 62nd report. This had the support of almost all parties.

With the government replacing the ordinances by Acts of Parliament, the Congress, some other political parties, farmer unions affiliated to them, and representing the interests of the middlemen are raising a hue and cry. A misinformation campaign has been let loose. The most sinister of them is that the government will do away with the minimum support price (MSP), even though the Centre said that there is no question of dismantling the MSP mechanism. The Agricultural Produce Marketing Committee (APMC) and Mandi Act are in the domain of states, and, therefore, there is no question of the Centre amending it unilaterally. Only inter-state commodity trade is in the Centre's domain. The existing APMC infrastructure is not being dismantled; MSP as an administration mechanism implemented through the local *mandis* and procurements done by state governments will continue as usual. The Narendra Modi government, on Monday itself, announced the increase in MSP of many commodities.

Though the purpose of MSP was to provide an assured floor price to the farmers, over time, it became the ceiling price. With the new Act on facilitating trade and commerce of produce, the government is making it legally and institutionally possible for farmers to explore the possibility of selling at an even higher price, while retaining the safety net of MSP. With competition from private markets, APMC markets will no longer enjoy the monopoly and the farmer will benefit from better services.

As far as the argument of farmers losing their land to corporates is concerned, The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020 Act, talks about an agreement on the farm produce only, and not about the land. The Act has further safeguards for farmers on land; in case of loss of produce, farmers alone will get the benefit of insurance compensation and the infrastructure and equipment used at the farm land has been protected as belonging to the land owners. Even the dispute resolution within the

Act has been delegated at the district level, with the formation of district boards, and farmers will not have to run from one court to the other to get justice.

Though the purpose of MSP was to provide an assured floor price to the farmers, over time, it became the ceiling price. With the new Act on facilitating trade and commerce of produce, the government is making it legally and institutionally possible for farmers to explore the possibility of selling at an even higher price, while retaining the safety net of MSP. With competition from private markets, APMC markets will no longer enjoy the monopoly and the farmer will benefit from better services.

As far as the argument of farmers losing their land to corporates is concerned, The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020 Act, talks about an agreement on the farm produce only, and not about the land. The Act has further safeguards for farmers on land; in case of loss of produce, farmers alone will get the benefit of insurance compensation and the infrastructure and equipment used at the farm land has been protected as belonging to the land owners. Even the dispute resolution within the Act has been delegated at the district level, with the formation of district boards, and farmers will not have to run from one court to the other to get justice.

The lack of a responsible Opposition has been the bane of Indian politics since 2014. Anything that the Modi Government does must be opposed by the Congress. The Congress, in its recent election manifestoes, had asked for dismantling APMC, but we have abstained from doing so.

The legislations will give options of new markets, attract private investments to build infrastructure, help in better price discovery, enabling information dissemination mechanism, and provide price assurance to the

farmers. With the prime minister himself at the forefront and the Bharatiya Janata Party amplifying his messages, there should be no doubt about the future of farmer's welfare.

These reforms were similar to the 1991 moment for the wider economy and were hailed as such by leading experts