Agriculture Sector Reforms

What is the issue?

- The initiative of the Union government to bring about far-reaching reform in agriculture has run into severe weather.
- These reforms have alarmed the States and they are opposing it.

What are the responses?

- **Protests** - An allied party's Minister, Harsimrat Kaur Badal (Akali Dal) has resigned in protest.
- There is a strong pushback from farmers against three Bills that seek to replace ordinances issued in June, on key aspects of the farm economy,
    1. Trade in agricultural commodities,
    2. Price assurance,
    3. Farm services including contracts, and
    4. Stock limits for essential commodities.
- **Alarming** - The Farmers' Produce Trade and Commerce Bill, 2020, provide for unfettered commerce in designated trade areas outside APMC jurisdictions without levy of any fee.
- It empowers the Centre to issue orders to States in furtherance of the law's objectives, which has alarmed States.

Why are the States opposing?

- The opposition is due to the fear that the free market philosophy could spell the end of MSPs for produce that has so far been procured by the government.
- The opposition to the Bills flows from the position articulated by Punjab that **agriculture and markets are State subjects**.
- As they are State subjects, there should be no tinkering with the MSP and Agricultural Produce Market Committees (APMC).
- MSP and APMC form the backbone of existing trading arrangements.

What did the States do?

- Several States have already liberalised agricultural marketing by amending their APMC Acts.
- Some States have allowed regulated private commerce including direct

marketing.

What did the Centre say?

- The Centre has characterised the arguments as misleading, promising that the MSP system will continue, which is welcome.
- But the new dispensation cannot bring cheer to small farmers, who form the majority.
- Their access levels to markets under the APMC system are at the rate of one market for an area of 434.48 sq. km on average.
- This is well below the recommendation of the National Commission on Farmers (NCF), at one market for 80 sq. km.
- There is evidence that mere liberalisation does not lead to private investment in new markets.

What could be done?

- If the Centre's intent is to strengthen competition, it should massively fund the expansion of the APMC market system.
- It should remove trade cartels, and provide farmers good roads, logistics of scale and real time information.
- It should empower the farmers through State Farmers Commissions recommended by the NCF.
- This will bring about a speedy government response to issues.
- Without strong institutional arrangements, laissez-faire policy may harm unorganised small farmers, who have shored up the economy during a pandemic.

Source: The Hindu

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