Ordinances on Agriculture

What is the issue?

- Three agricultural Ordinances were announced recently.
- Just as all ordinances are not reforms, all reforms aren't the '1991 moment' for agriculture.

Why were the ordinances released?

- These ordinances were announced to facilitate trade in agricultural produce.
- They were historically resisted by the bureaucracy and the states.
- The ordinances were introduced rather than bills, because of,
    1. Unreleased frustration at repeatedly failing to change the status quo of depressed farmer livelihoods, and
    2. The pressure of the PMO seeking instant delivery
- Bills would require to be placed in the public domain for comments, consultations would be held with farmers and states.

What is the Farming Produce Trade and Commerce Ordinance?

- The baby has been thrown out with the bath water, specifically with the Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance 2020.
- Due to the unionisation of middlemen and their financial power, politicians of the states have been reluctant to amend the exploitative agriculture marketing laws.
- This, in turn, does not allow farmers to receive a fair price.
- But, now, an unregulated marketplace has been created where 15 crore farmers will be exposed to the skulduggery of traders.
- Rather than replicate Punjab's successful agriculture mandi model, now states will lose revenue to even upgrade and repair rural infrastructure.

What would be the impacts of this ordinance?

- Over the time, the largest informal sector in the country will begin to get formalised and new business models will develop.
- A different breed of aggregators will create the much-needed competition to the existing monopoly of local traders.
- When farmers sell agricultural produce outside of APMC market yards, they

cannot legally be charged commission on the sale of farm produce.
- To survive, the APMCs will have to standardise and rationalise their mandi fee structure and limit the commission charged by traders on sale of farmers' produce.

What the amendment should have done?

- The amendment limited the powers and revenues of the state, and not the agriculture department itself.
- An amputation was required in the Essential Commodities Act (ECA), 1955, where a band-aid dressing has been applied.
- This amendment was supposed to allay the fears of traders emitting from the bureaucracy's powers to arbitrarily evoke stockholding limits etc.
- The amendment's fine print makes it ambiguous and leaves space for whimsical interpretations.
- The trader's uncertainty is compounded by the arbitrary import-export policy decisions, which dilute the purpose of the amendment itself.

What is the Farmers Agreement Ordinance?

- Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance 2020 could have been simply called the contract farming ordinance.
- It tries to placate the fears of both the farmer and the contractor when they sign an agreement.
- For the farmer, the legal recourse isn't a practical choice as the powers of the aggregators' deep pockets cast a shadow over the redressal process.
- Likewise, the tediously stretched legal proceedings are dissuasion enough to either not seek redressal or settle for unfavourable terms.
- That produce derived from contract farming operations will not be subject to any obstructionist laws is a very good step.

What will be the impact of all these laws?

- Farmer-producer organisations and new aggregators will get a boost with these laws.
- They will become harbingers of prosperity in some small corners of the countryside.
- The union of the three ordinances appears to be a precursor to implementing the Shanta Kumar Committee recommendations.
- [The Committee recommended to dilute and dismantle FCI, MSP & PDS]
- This will push farmers from the frying into the fire.
- It may also be interpreted that the sugar industry needn't pay farmers the

central government FRP or the state government SAP price for cane.
- The way the establishment has gone about pushing these ordinances, the government has lost moral and political ground.
- The government efforts aren’t bearing fruit and the rural distress worsens.

Source: The Indian Express

