# The role of Arhatiyas in rural Punjab

## Why in News?

- Punjab government has directed all government procurement agencies to link the bank accounts of farmers with the Public Finance Management System (**PFMS**) portal.
- This has angered the 'Arhatiyas' (commission agents), a large number of whom want the government to roll back its decision.

## What is the PFMS portal?

- It is an online platform developed and implemented by the office of the Controller General of Accounts (CGA) under the Union Ministry of Finance.
- The PFMS portal is used to make direct payments to beneficiaries of government schemes.
- The idea is to monitor the accounts of farmers to ensure they get the payment for their crops from the 'Arhatiyas'.
- The Arhatiyas pay farmers only after selling their produce and receiving the money from the buyers.

## Why are arhatiyas against it?

- The Food and Civil Supplies Department has announced that,

1. If accounts are not linked with the PFMS portal, the arhatiyas' commission (2.5%) and the administrative charges, would not be released.

- Government agencies have asked the arhatiyas to provide the account details of farmers.
- The arhatiyas have claimed that the farmers are not willing to share the account details.
- Government is underlining the need to bring transparency into the system but the arhatiyas are wary of monitoring.
- They also fear that the linking of farmers' accounts to the PFMS making payments directly to farmers, will cut agents all together.

## What were the early initiative?

- Earlier government had launched a 'direct payment' scheme under 'The Punjab Agriculture Market Act'.

- Under the act,  the farmers were asked to fill in a form to receive payments directly for their crop sold to government agencies.
- The Ministry for Consumer Affairs, had asked Punjab to take the procurement system online, especially for wheat and paddy.
- The Centre had argued that arhatiyas' commission and mandi labour costs in Punjab were higher than in other states.
- Neither of these efforts were, however, successful.
- The procurement system in Punjab remains largely in the hands of arhatiyas.
- They receive payments in their accounts and then pay farmers by cheques or cash, with no records.
- State agencies have no record of payments in the 'J' form, made to individual farmers.

## What do the farmers themselves want?

- A majority of farmers want to link their accounts with the PFMS portal and prefer direct payments in their accounts.
- Most of the main farmers' organisations, whose memberships running into lakhs, are against the arhatiya system in Punjab.
- However, the arhatiya system continues to flourish.
- This is due to the strength of the arhatiya lobby, which allows a section of the 48,000 registered arhatiyas to control around 18.50 lakh farmers.
- There are also allegations of massive corruption and vested interests and so the farmers are against the arhatiya system.
- It is alleged that many influential officials and politicians use arhatiyas to employ their ill-gotten wealth in high-interest loans to distressed farmers.

## Why the Arhatiya system continues to flourish?

- Arhatiyas remain powerful figures in the rural landscape.
- Each agent has between 20 to 200 farmers, whose crops he sells.
- The government is dependent on arhatiyas, who provide fans, weighing machines, labour to shortstaffed government agencies.
- Arhatiyas are also moneylenders who fund farmers' for both cropping operations and personal and social requirements.
- For many farmers, borrowing from the arhatiya, whom they know personally, is easier and more convenient.
- Farmers think that a bank has unfamiliar procedures, impersonal service, and unfamiliar officials for borrowing.
- Farmers also claim that if the arhatiya system is finished, private financiers will step in, and take away our land entirely.

**Source:  The Indian Express**

