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ಪತ್ರಿಕೆಯ ಹೆಸರು : NAME OF THE NEWS PAPER: Times of Andhra ದಿನಾಂಕ : DATE: 18/9/20

# LS passes two bills on agri reforms amid oppn protests

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New Delhi: Lok Sabha passed two farm bills — one on agri market reforms and the other on contract farming provisions—amid strong protests by opposition parties on Thursday. Another bill on amending the Essential Commodities Act was passed on Tuesday. These three bills will replace the existing ordinances once passed by Rajya Sabha.

Agriculture minister Narendra Singh Tomar reassured Lok Sabha that while farmers would now be freed from the restriction of having to sell their produce at designated places only, the procurement at MSP would continue and 'mandis' established under state laws would also continue to operate.

"Farmers will now have freedom for direct marketing of their produce and will be able to get better prices," Tomar said, adding that these legislations would bring about revolutionary transformation and transparency in the agriculture sector. "These bills will increase competition and promote private investment which will help in development of farm infrastructure and generate employment," the minister said.

Protests by political parties and a coalition of farm organisations led to the three bills had heated up Parliament but the old system might not favour a majority of farmers who could stand to gain by more choices the new legislations propose.

Key provisions of the proposed legislation are intended to help small and marginal farmers (86% of total farmers) who don't have means to either bargain for their produce to get a better price or invest in technology to improve productivity of farms.

The legislations are likely to impact influential 'commission agents' (known as 'arhatiyas' in Punjab and Haryana) in 'mandis' who don't want their

## WHAT'S IN THE BILLS AND WHY THE OPPOSITION

### BILL ON AGRI MARKET

Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020

#### Provisions

- > To create an ecosystem where farmers and traders enjoy the freedom to sell and purchase farm produce outside registered 'mandis' under states' APMCs
- > To promote barrier-free inter-state and intra-state trade of farmers' produce
- > To reduce marketing/transportation costs and help farmers in getting better prices
- > To provide a facilitative framework for electronic trading

#### Opposition

- > States will lose revenue as they won't be able to collect 'mandi fees' if farmers sell their produce outside registered APMC markets
- > What happens to 'commission agents' in states if entire farm trade moves out of 'mandis'?
- > It may eventually end the MSP-based procurement system
- > Electronic trading like in e-NAM uses physical 'mandi' structure. What will happen to e-NAM if 'mandis' are destroyed in absence of trading?



### BILL ON CONTRACT FARMING

The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020

#### Provisions

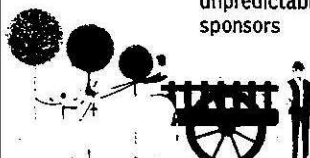
- > Farmers can enter into a contract with agri-business firms, processors, wholesalers, exporters or large retailers for sale of future farming produce at a pre-agreed price
- > Marginal and small farmers, with land less than five hectares, to gain via aggregation and contract (Marginal and small farmers account for 86% of total farmers in India)
- > To transfer the risk of market unpredictability from farmers to sponsors

marketing and boost farmers' income

- > Farmers can engage in direct marketing by eliminating intermediaries for full price realisation
- > Effective dispute resolution mechanism with redressal timelines

#### Opposition

- > Farmers in contract farming arrangements will be the weaker players in terms of their ability to negotiate what they need
- > The 'sponsors' may not like to deal with a multitude of small and marginal farmers
- > Being big pvt cos, exporters, wholesalers and processors, the sponsors will have edge in disputes



- > To enable farmers to access modern tech and get better inputs
- > To reduce cost of

### BILL RELATING TO COMMODITIES The Essential Commodities (Amendment) Bill, 2020

#### Provisions

- > To remove non food items like cereal, pulses, oil seeds, onion and potatoes from the list of essential commodities. It will do away with the imposition of stockholding limits on such items except under "extraordinary circumstances" like war
- > This provision will attract private sector/FDI into farm sector as it will remove fears

of private investors of excessive regulatory interference in business operations

- > To bring investment for farm infrastructure like cold storages, and modernising food supply chain
- > To help both farmers and consumers while bringing in price stability
- > To create competitive market environment and cut wastage of farm produce

#### Opposition

- > Price limits set for "extraordinary circumstances" are so high that they are likely to be never triggered
- > Big cos will have freedom to stock commodities — it means they will dictate terms to farmers, which may lead to less prices for the cultivators
- > Recent decision on export ban on onion creates doubt on its implementation

grip over farmers to weaken. Arhatiya-farmer ties are indeed close since the former

function as informal bank&P's without collateral in times of need.