

Regressive Changes enforced on the Agricultural Sector

The changes in laws related to cultivation, sale, stocking and pricing of agricultural produce – food grain, vegetables, etc. – have been proposed and disposed by the Narendra Modi government. These were announced only last month by the finance minister as part of the so-called stimulus and cleared by the Cabinet only on June 3. Three ordinances relating to these main aspects were given Presidential assent on June 5th night, and they came into force “at once”. The three ordinances are: The Amendment to Essential Commodities Act, 1955, the Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020, and the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020,

These far-reaching policy changes, were jubilantly welcomed by the establishment media while most political parties, barring the Left, have been silent. It appears as though the propaganda that these will allow farmers to sell their produce “anywhere” and “get best prices”, swayed the rich peasants and it has been swallowed unquestioningly by most urban middle class.

As far as the peasants are concerned, all most all their organisations have opposed these wholesale changes. Cunningly brought in - when the COVID-19 pandemic is raging in India, when people are fighting for their lives, and drastic restrictions were imposed on the people - to incorporate them on the pages of statute books. Undoubtedly, these changes will hand over agricultural production and trade to big foreign agri-business companies and traders, and thus, present an imminent danger to food security in a country that has about 200 million hungry people.

Changes in Essential Commodities Act (ECA)

This law, passed in 1955, empowered the government to lay limits to the amount of foodgrain stocks traders or companies could keep, and also the prices they could charge. The new ordinance has inserted a sub-section saying that only in extraordinary circumstances like war, famine, natural calamity etc. can the government “regulate the supply of such foodstuffs, including cereals, pulses, potato, onions, edible oilseeds and oil”, and price controls will be taken only when prices rise by 100% (for horticultural produce) and 50% for other non-perishable items.

The relaxation of the ECA allowing large private stocks without limits for the exporters, processors and traders may appear good from the perspective of these players but in no way helps farmers directly. These players will stock up their quota in season when prices are low and therefore would not need to buy later when prices firm up. But since farmers mostly sell their produce immediately after harvest, they end up selling at low prices. If they retain produce for later sale, they may encounter significant risks: prices may not go up as expected; or private traders may not enter the market to purchase due to market manipulation by the monopolies. Remember that more than 80 per cent of peasants have small patch of land and their produce is small and they sell it immediately of harvesting.

The removal of stock and price restrictions will mean that big traders (or their cartels) can hoard a lot of stock and thus create artificial scarcity and push up prices. This is not a wild guess – it has happened repeatedly with onions even when the ECA was in force.

In a country where the official underestimates show more than 200 million people go hungry once in a day, the changes in ECA will further push them into misery. Have a look at the Economic Surveys of different years. The availability of cereals has been determined by vagaries of monsoons, but between 1965 and 2019, the increase is only about 26 grams per person per day, or 6% of the intake. For pulses, the situation has been much worse. Compared with 1965, people are eating nearly 14 grams less pulses per day – that’s a dip of over 22%. The food security for the people is on the verge of collapse and a single bad monsoon and a moderate drought would throw another

200 million into misery and hunger. The cunningly scrupulous monopoly businesses will make super profits out of this hunger.

Dismantling APMCs:

The second ordinance dismantles the whole existing system of selling and buying agri-produce in India. The Agricultural Produce Market Committees (APMCs) are designated areas where various agri-produce can be sold by farmers to licensed persons or commission agents. There were 2,477 principal market yards and 4,843 sub-market yards throughout the country. The purpose of this system was to ensure that greedy and powerful traders do not fleece farmers by paying them lower prices. These markets also became centres for government procurement of foodgrains.

Loud slogans and chorus singing are ringing in the air, such as “One Nation-One Market” and farmer can sell his produce anywhere in India and outside it. These are patently false as the overwhelming majority of peasants are not in a position to transport their produce over long distances. In reality, the reverse mechanism works. Now any trader can approach any farmer anywhere in the country and buy the produce, at whatever price they agree upon, in principle.

In practice, only 30- 35 percent of produce is traded in APMCs and the remaining is being purchased from farmers directly by grain merchants, money lending usurers and petty traders. These private players are not paying high but prices lower than the MSPs.

With the dismantling of APMCs along with changes in the ECA, traders will be able to hold as much stocks as they want. It will also help big agro-processing companies, including foreign behemoths, to freely buy up foodgrain or even perishables and resort to hoarding without any fear. In pursuit of their own interest, they form cartels to fleece both the producers and consumers. In this process the bigger traders swallows up all the smaller ones and creates monopolistic conditions in the agri-trade sector. They will dictate prices of inputs as well the produce.

Contract Farming

Though the third ordinance used high sounding words of ‘farmer protection and empowerment’, it is old wine in new bottle, that is, contract farming. It lays down procedures on how farmers can undertake contract farming, that is, of cultivating and providing certain specified produce in certain quantities, at a fixed price. This system is already in practice in scattered parts of the country. It is being propagated that this is the best alternative for Indian farmers, despite the reasonable criticisms leveled against it many times in the past decade. Here are some of them:

a) prices offered may fall in the future as the sponsor party (usually a big company, often involved in agri-processing) will determine prices based on its own interests;

b) companies will push farmers to produce certain kinds of crops, say, potatoes (for chips) or tomatoes (for ketchup) with an eye on profits; they will not take the interests of people and country and this will jeopardize the food security for the people.

c) the agreement between farmers and companies will be unequal because the latter have far more resources and power. So, dispute resolution or settling of terms will be very unequal and unjust;

d) Share croppers, tenant farmers and other tillers of the soil will get thrown out land as the economics will motivate land owners to increase eviction.

e) agricultural workers and their wages or other rights have no place in the new dispensation.

In short, this change also shifts the balance against peasants and agricultural labour and towards business houses and big traders, including foreign agri-business MNCs.

The contract farming alienates the peasants from their own land and forces them to low wage labour in cities living under wretched conditions. As Niti Ayog and government had promised, it will not increase incomes of rural poor; instead they will be pushed into utter poverty. A clear proof is the plight of millions of immigrant wage labour walking on high ways to return to their native villagers. Their number swells many folds in the coming years.

These ordinances are part of neoliberal agenda initiated three decades back at the behest of imperialist powers. The successive governments and now the BJP rule are hell bent upon to implement this programme. Now Modi is actively pushing this anti people agenda further concentrating land and markets in the hands of major agri-business corporations. These reforms will deepen the existing agrarian crisis and further ruin the livelihoods of rural poor.

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