

Agricultural Policy Changes due to COVID-19 Pandemic

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Abstract

The paper aims at representing the supportive steps taken by the government in favor of the Indian Agricultural sector during the COVID-19 crisis and the changes made in the APMC Laws by the state governments. The Ministry of Agriculture and Farmers' Welfare launched some new features in the electronic-National Agriculture Market (e-NAM) portal which will make it possible for farmers to sell their harvested crops without being physically present in the mandi and they can receive the payments online so that the risk for them of getting infected can be reduced. The Government has also passed some ordinances to allow farmers to do direct selling and facilitate contract farming. The Uttar Pradesh government has removed around 46 fruits from Krishi Utpadan mandi ordinance so that businessmen can purchase these products directly from farmers without being charged the mandi fee. The government also announced some changes in the Agricultural Produce Marketing Committee (APMC) which allows them to sell their produce at a gainful price and barrier-free trading over the states. But in the end, all these steps seem to be tilted towards the profit for the Agribusiness Companies. The Government also stated that farmers will be given Minimum Support Prices and is providing money under the PM-KISAN scheme although it is stated that these two were to be given even without lockdown so basically, some old points are again highlighted by the Government which is part of politics rather than remedial support for the needy farmers. But it should be kept in mind that a decline in the farmer's income will also lead to a decline in India's Economy. so all such steps should be taken after due consideration and discussion with the stakeholders.

Keywords: Agriculture, Farmers, COVID-19, Economy

Introduction

"The farmer is the only man in our economy who buys everything at retail, sells everything at wholesale, and pays the freight both ways." — John F. Kennedy

The above statement in itself highlights the problems that a farmer faces in his everyday dealings; these problems become even more grave at the time when every sector of the country's economy has suffered huge loss due to the improper and unplanned enforcement of countrywide Lockdown by the central government by using the Disaster Management Act, 2005.

Since March 2020, there has been a sudden rise in the number of COVID-19 cases in India. To contain the spread of COVID-19 in India, the government of India has imposed a nation-wide lockdown on March 24 till April 14, which was later increased till May 31 although now Unlock-I have been officially kicked in but the condition of the economy will still take some time to stand on its feet again. Thus, to ensure proper supply of agriculture products during the lockdown and control the rapid spread of the disease, some states of India have enhanced their respective agricultural policies especially concerning the Agriculture Produce Marketing Committee (APMC) laws. By this project, I will try to explain how agriculture marketing is managed in India, steps taken by the Government for the agriculture sector during the COVID-19 crisis, and the Recent Changes in the APMC laws that are being announced by various states of India.

How is Agriculture Marketing Managed in India?

As we realize that agribusiness falls under the List-II of the VII Schedule that is the State List of the Constitution. Horticulture showcasing in has changed states is

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controlled by APMCs built up by state governments under the particular APMC Acts. The APMCs give a framework to showcasing farming produce, the direct offer of such products and gather advertise expenses from such deal, and control rivalry in horticultural promoting. In 2017, the focal government delivered the model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017 to give expresses a layout to authorize new enactment and bring exhaustive market changes in the agribusiness area. The 2017 model Act means to permit free rivalry, advance straightforwardness, bind together divided markets and encourage the stream of items, and empower the activity of different showcasing channels. In November 2019, the fifteenth Finance Commission (Chair: Mr. N. K. Singh) in its report gave that states which sanction and execute all highlights of this Model Act will be qualified for certain monetary motivating forces.

What Steps were Measure by the Government in Light of COVID-19?

On April 2, the Ministry of Agriculture and Farmers' Welfare has launched new features of the electronic-National Agriculture Market (e-NAM) platform to build-up agriculture marketing by decreasing the need for farmers to physically come to wholesale mandis for selling up their harvested produce. The e-NAM platform provides for distant bidding and mobile-based 24x7 payment for which traders do not need to either visit mandis or banks. This helps to assure social distancing and safety in the APMC markets to stop the spread of COVID-19.

On April 4 2020, the Ministry of Agriculture and Farmers' Welfare issued a notice to states for limiting the regulation under their APMC Acts. The advisory committee also called for facilitating direct marketing of the agricultural product, enabling the direct purchase of the product from farmers, farmer producer organizations, cooperatives by bulk buyers, Large retailers, and processors.

On May 15, 2020, the Union Finance Minister of India has announced some reforms for the agriculture sector of the country to decrease the impact of COVID-19 and the lockdown. Some of the major amends include:

- Develop a central law to make sure adequate choices to farmers to sell agricultural produce at attractive

prices, restrictions free inter-state trade, and framework for e-trading of agricultural produce,

- Amending the necessary Commodities Act, 1955 to enable preferable price realization for the agricultural product such as all cereals, pulses, oilseeds, onions, and potatoes, and
- Creating a facilitative legal Plan for contract farming, to make sure farmers engage directly with processors, large retailers, and exporters.

On June 03, 2020, the Union Cabinet of India has approved the changes to the 65-year-old Essential Commodities Act, removing cereals, pulses, oilseeds, edible oils, onion, and potatoes from the list of necessary commodities. The changes will be made effective immediately via an ordinance, according to the Agriculture Ministry of India.

At its meeting, the Government also approved ordinances to remove barrier on farmers selling their produce outside notified market yards, as well as to facilitate contract farming and allow farmers to engage in direct marketing.

All these part that were promised in the Aatmanirbhar package declared by Finance Minister of India Nirmala Sitharaman last month as stated in the above paragraphs.

The to the ECA, which has been under discussion for more than a decade, will decontrol the production, storage, movement, and distribution of these food products. By removing the private sector's fears of "excessive regulatory interference," the Centre hopes to raise private and foreign investment, mainly in cold storage facilities and the modernization of the food supply chain. Adequate processing and storage facilities will lower down the wastage and increase income for farmers of perishable products.

To protect consumers, the changes allows regulation during war, scarcity, extraordinary price increased and natural calamity, while providing discharge for exporters and processors at such times as well.

The Farming Product Trade and Commerce (Promotion and Facilitation) Ordinance, 2020 aims to open up agricultural marketing outside notified mandis for farmers, and also erase barriers to inter-State trade. While both agriculture and markets are State subjects, the Government is counting on the fact that trade and commerce in foodstuffs is part of the parallel list to push through its ordinance.

Changes Made by Uttar Pradesh Government in Agriculture Marketing Laws?

The Uttar Pradesh Cabinet has approved an ordinance, to relax regulatory aspects of their APMC laws. These Ordinances are summarised below: The Uttar Pradesh Cabinet approved the Uttar Pradesh Krishi Utpadan Mandi Ordinance, 2020. Uttar Pradesh government has decided to remove 46 fruits and vegetables from the ambit of the Uttar Pradesh Krishi Utpadan Mandi Act, 1964. The 1964 Act provides for the regulation of sale and purchase of notified agricultural produce and the establishment and control of agricultural markets in Uttar Pradesh.

Certain Fruits and Vegetables are Exempted from the Provisions of the Act: These fruits and vegetables consists of mango, apple, carrot, banana, and ladies' fingers. The proposed changes aims to facilitate the purchase of these products directly from farmers from their farms. Farmers will be grant to sell these products at the APMC mandis as well, where they will not be charged the mandi fee. Only the user charge will be collect as prescribed by the state government. As per the state government, this will call for a loss of revenue of approximately Rs 125 crore per year to the APMCs.

Can Change in the Agriculture Laws Help Farmers? Agriculture devote to 17.5% of India's GDP. As per PRS India, a research firm, India is among the world's top producers of wheat, rice, pulses, sugarcane, and cotton. India is also the highest maker of milk and the second-highest maker of fruits and vegetables in the world. In 2013, India assumed for one-fourth of the world's pulses production, 22%, and 13% of rice and wheat production respectively.

India's evident agricultural prowess in the world, farmers' groups said it has not emerged in the prosperity of Indian farmers. With the changes announced by the government in India's agricultural laws, the government aims to change that.

In her package, Sitharaman had announced changes to the Essential products Act to enable better price realization for farmers. She had stated that with these changes, cereals, edible oils, oilseeds, pulses, onions, and potato shall be decontrol and the stock limit will be required under very exceptional circumstances like national

calamities, misery with a surge in prices. The government has also announced changes in the Agricultural Produce Marketing Committee (APMC) architecture stating that a central law will be developed to provide adequate choices to the farmer to sell their produce at a gainful price, barrier-free inter-state trade and a framework for e-trading of agriculture products. In May 2020, states like Uttar Pradesh, Madhya Pradesh, Gujarat, and Karnataka have brought ordinances to change the APMC architecture. According to me, the biggest problem is that the package is tilted towards helping the companies involved in agri-business and not farmers, this hasn't translated into more money in the hands of farmers.

Conclusion

Initially, when the lockdown was announced, the government of India allowed the movement of harvested crops to calm woes of the farmers, & most farmers continued their agricultural activities against all lockdown similar problems. But farmers were let down by markets as they fall to get a proper price for their produce. Thereafter, the government highlighted that it is offering farmers the Minimum Support Prices (MSP) and is front-loading instalment under PM-KISAN (Pradhan Mantri Kisan Samman Nidhi), a central scheme. The point is that these two things were to be given to farmers anyways whether there was a lockdown or not. Thus, planning the whole facade of doing efforts to upgrade the farmer's condition just "Old wine in a new bottle".

The announcement, different experts claim, was a repackaging of statement made in the budget and built further questions about the possibility of corporate taking beyond agriculture and uncertainty of rural people incomes as migrant laborers entry to their villages. Additionally, some feel that the Changes to agricultural laws that were declared, while a step in the right, will have an impact only in the longer term.

"Farmers' lives are interlinked with local traders and even after this package, it will be so. The resolved announced are part of the continuing programs of the government. But those plans are too slow in their implementation and will take years before anything specific happens. The need of the hour was to increase the number of mandis (agriculture markets) so that limited and marginal farmers have more access to mandis".

So, bringing us to the outcome that the governments' actions to improve the trouble of farmers are more of political "Jumlebaazi" than some real foundation, which this current government is usually charged with of doing when the country's citizens are suffering. It is important to understand that if a farmer's income keeps on decline there buying capacity also reduce which in turn harms the economy. So, the government should start looking the advice of stakeholders so that more impressive and comprehensive policy can be implemented.

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