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Agriculture Sector Reforms

What is the issue?

- The initiative of the Union government to bring about far-reaching reform in agriculture has run into severe weather.
- These reforms have alarmed the States and they are opposing it.

What are the responses?

- **Protests** - An allied party's Minister, Harsimrat Kaur Badal (Akali Dal) has resigned in protest.
- There is a strong pushback from farmers against three Bills that seek to [replace ordinances](#) issued in June, on key aspects of the farm economy,
 1. Trade in agricultural commodities,
 2. Price assurance,
 3. Farm services including contracts, and
 4. Stock limits for essential commodities.
- **Alarming** - The Farmers' Produce Trade and Commerce Bill, 2020, provide for unfettered commerce in designated trade areas outside APMC jurisdictions without levy of any fee.
- It empowers the Centre to issue orders to States in furtherance of the law's objectives, which has alarmed States.

Why are the States opposing?

- The opposition is due to the fear that the free market philosophy could spell the end of MSPs for produce that has so far been procured by the government.
- The opposition to the Bills flows from the position articulated by Punjab that **agriculture and markets are State subjects**.
- As they are State subjects, there should be no tinkering with the MSP and Agricultural Produce Market Committees (APMC).
- MSP and APMC form the backbone of existing trading arrangements.

What did the States do?

- Several States have already liberalised agricultural marketing by amending their APMC Acts.
- Some States have allowed regulated private commerce including direct marketing.

What did the Centre say?

- The Centre has characterised the arguments as misleading, promising that the MSP system will continue, which is welcome.
- But the new dispensation cannot bring cheer to small farmers, who form the majority.
- Their access levels to markets under the APMC system are at the rate of one market for an area of 434.48 sq. km on average.
- This is well below the recommendation of the National Commission on Farmers (NCF), at one market for 80 sq. km.
- There is evidence that mere liberalisation does not lead to private investment in new markets.

What could be done?

- If the Centre's intent is to strengthen competition, it should massively fund the expansion of the APMC market system.
- It should remove trade cartels, and provide farmers good roads, logistics of scale and real time information.
- It should empower the farmers through State Farmers Commissions recommended by the NCF.
- This will bring about a speedy government response to issues.
- Without strong institutional arrangements, laissez-faire policy may harm unorganised small farmers, who have shored up the economy during a pandemic.

Source: The Hindu



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