Protesting Punjab farmers say centre's farm bills will lead to corporate monopoly

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On 14 September, while farmer organisations protested in Punjab and Haryana, the centre introduced three bills in parliament related to the farm sector. These bills replaced three ordinances that were promulgated in June—The Farmers' Produce Trade And Commerce (Promotion And Facilitation) Ordinance, 2020; The Farmers (Empowerment And Protection) Agreement On Price Assurance And Farm Services Ordinance, 2020; and The Essential Commodities (Amendment) Ordinance, 2020. Ordinances are temporary laws than can be issued by the president when parliament is not in session. They must be approved by the parliament within six weeks of it reassembling. After the Lok Sabha reconvened for the monsoon session, the first two bills passed on 17 September, and the third passed on 15 September.

Farmers across Punjab have been protesting the ordinances for more than three months now. Their protests have intensified since the parliament reconvened—on 14 September, farmers affiliated to nearly a dozen unions protested and blocked traffic along highways in Punjab. After the bills passed, the Kisan Mazdoor Sangharsh Committee, a farmers' organisation in Punjab, announced a "Rail *Roko*"—or stop the trains—agitation from 24 to 26 September. Various other farmer groups in the state have called for a bandh on 25 September in protest against the farm bills.

The ordinances, replaced by bills of the same names, introduce changes in the way that agricultural produce is sold. At present, farmers sell their produce in government-regulated *mandis*, or market yards, which operate under the Agriculture Produce Market Committee, or APMC, Act. Government-procurement agencies are mandated to buy wheat and paddy at a minimum-support price, or MSP. These agencies pay a market and rural development fee to the state government as well as a fees to commissioning agents who pack and clean the farmers produce. Private traders can also purchase crops at the mandis. There is currently a fixed MSP for atleast 22 crops. The MSP is a price guaranteed by the government to protect farmers from market fluctuations.

The first bill, The Farmers' Produce Trade And Commerce (Promotion And Facilitation) Bill, allows farm produce to be bought and sold outside the state government-regulated mandis. It allows them to sell their produce anywhere within the state and in other states to private traders. However, farmers are opposing the bill on the grounds that it will privatise the current system, drive crop prices down and may do away with the MSP. The second bill, The Farmers (Empowerment And Protection) Agreement On Price Assurance And Farm Services Bill, 2020, allows big businesses to cultivate land on contract. The third bill, The Essential Commodities (Amendment) Bill, 2020, removes existing restrictions on stocking food produce. It allows the central government to regulate the supply of certain food items only under extraordinary circumstances, such as war, famine, extraordinary price rise, or a natural calamity.

On 28 August, the Punjab legislative assembly passed a resolution, moved by the chief minister Amarinder Singh, rejecting the three ordinances and urging the central government to withdraw them. The resolution was sent to both houses of parliament to convey Punjab's staunch opposition. Describing the ordinances as "anti-farmer," Singh also appealed to other predominantly agriculture-based states to step forward and oppose the ordinances by rising above party lines. He said that the ordinances would spell ruin for 70 percent of Punjab's farmers who cultivate less than five acres of land.

Earlier, on 15 June, Singh wrote to Prime Minister Narendra Modi to review and reconsider these ordinances in the interest of farmers and the spirit of "cooperative federalism." He said that the assured procurement of farm produce at the MSP by the Food Corporation of India in regulated markets had played a key role in helping Punjab build up buffer food stocks and ensure food security of the country. He noted that the current APMC system had stood the test of time and helped secure the livelihoods of millions of farmers and farm workers.

Singh added that there was apprehension among farmers that the proposed barrier-free nationwide market for farm produce would in effect mean a nationwide market for traders, to the detriment of already debt-ridden farmers. He pointed out that millions of small and marginal farmers would not be able to hold their produce for a long time after the harvest for the market to be favourable. He added that farmers would not have the bargaining power to best realise a remunerative price in a free market, and would be left at the mercy of private traders. Singh further wrote that the levies and fees that APMCs charge are used for rural development and creating state infrastructure. He added that agriculture is a state subject under the Indian constitution.

While tabling the 28 August resolution in the assembly, Singh said that the central government should promulgate a fresh ordinance making the procurement of agricultural produce at MSP a statutory right of the farmers and ensuring the continuation of government procurement through the Food Corporation of India.

In July, thousands of farmers in Punjab and Haryana, staged protests against these ordinances under the banner of various farmer organisations such as the Bhartiya Kisan Union, the Punjab Kisan Union, the Krantikari Kisan Union and the Kisan Sangharsh Committee, Punjab. The farmers feared the abolition of the MSP system.

"Through these ordinances, the Modi government has thrown its weight behind traders and corporations," Balbir Singh Rajewal, the president of the Bhartiya Kisan Union, a farmers' organisation, said. "Despite the government's claims, none of these ordinances serve the farmers' interest in any way. Rather, they will prove detrimental to their interests. Undoubtedly, they will help the big corporations. With monopoly of the corporates, prices will crash by half which will badly affect the bazaar also." He described the ordinances as an encroachment into the affairs of states and a direct attack on the federal system of the country.

"Farmers' organisations of all hues and colours are opposing these ordinances tooth and nail," Rajewal added. "The central government is bent upon ruining the existing marketing structure available in Punjab and Haryana." He also emphasised that the state will be deprived of the fees collected through the current mandi system, noting that it is a source of income which is used for rural projects, such as the construction and maintenance of roads. In the financial year 2019–2020, Punjab collected Rs 3,623 crore in market and rural development fees. He further added that a defunct mandi system will have a cascading effect on lakhs of commission agents, mandi labourers and transport workers who will lose employment.

Like Rajewal, Amarjit Singh, a farmer and a resident of Patti village in Tarn Taran district, was worried that the assured procurement of food grains would be withdrawn, and the conventional mandi system replaced, leaving farmers at the mercy of corporate buyers. “The logic of MSP is defied if there is nothing binding as per a system that the entire crop grown by a farmer has to be purchased by a specific buyer,” he said. “These ordinances, in a combined capacity, will lead to a food grain crisis in the country.”

Ajay Vir Jakhar, the chairman of Bharat Krishak Samaj, a New Delhi-based farmers organisation, described the proposed system as a “winner takes all policy” where farmers have to become self-reliant and pray for corporate fair play. He added that the ordinances may have been issued in good faith but were done in haste without a due consultation process.

I also spoke to Kanwar Sandhu, a former journalist and a member of the legislative assembly from the Aam Admi Party. He supported the 28 August resolution adopted by the Punjab state assembly. “If at all the government was keen to enact these laws, it should have introduced a bill to the effect, which should been followed by an informed debate,” he said. “What was the hurry to promulgate ordinances? Besides, the centre should always consult agrarian states, including Punjab, on such issues as per the spirit of federalism enshrined in our Constitution.” Sandhu also reiterated that in order to allay fears on the possibility of the MSP being discontinued in future, the centre should incorporate a clause in the ordinance that the MSP would continue for at least 10 years.

Several agriculture experts raised similar questions about the ordinances. “The three ordinances are aimed at creating an enabling environment for the corporates to eventually control each and every activity in this sector and hence, to squeeze the farmers further,” Ranjit Singh Ghuman, a Punjab-based economist and expert in agrarian issues, told me. “These ordinances are aimed at giving a free hand to the private players.” Ghuman added, “The government is arguing and assuring that these ordinances are not against the existing arrangement of procurement, marketing and storage—which is half-truth, as these ordinances have the inherent potential to render the existing arrangement of procurement irrelevant.” He further noted that the third ordinance, The Essential Commodities (Amendment) Ordinance, allows private players to store any amount of agricultural produce. “It may even lead to hoarding and black marketing and pushing up the prices for consumers,” he said. “Such a scenario would hit the consumers of agri-produce as these companies would be in a position to regulate both the procurement prices and the selling prices. In the case of any litigation, the farmers would be no match to giant-size corporates.”

Ghuman also criticised the timing and method of issuing these ordinances during the COVID-19 pandemic. “What was the urgency that the government adopted the ordinance route to take these measures having far reaching policy implications?” he said. “May be these ordinances are also aimed at concealing the failure of government's promise of doubling farmers' income by 2022, which is a far cry."

Devinder Sharma, a food policy expert, echoed the need for a binding MSP. "The government needs to introduce a fourth ordinance ensuring MSP as the legal right of farmers so that no farmer is forced to trade below MSP," he said. "Extending this commitment to farmers of an assured price should not be a problem since the idea of these ordinances is to ensure better prices." He added that allowing farmers to sell anywhere in the country by removing all inter-state barriers did not make sense as 86 per cent of farmers have less than two hectares of land holdings with little reach in their own district.

According to Sharma, a similar free-trade model had been implemented in Bihar and failed. In 2006, Bihar had repealed its APMC Act, allowing farmers to sell their harvest anywhere. He said the result was that farmers were being offered lower rates and unscrupulous traders began taking huge quantities of wheat to sell in Punjab and Haryana where the MSP was assured and higher than the rates being offered in Bihar. He pointed to a survey by the National Bank for Agriculture and Rural Development, a government-owned development finance institution. The study noted that in the year 2015–2016, the average income of an agricultural household in Bihar was Rs 7,175 per month compared to Rs 23,133 in Punjab.

I also spoke to Sucha Singh Gill, an economist and a senior professor at the Centre for Research in Rural and Industrial Development, a Chandigarh-based research institute. Gill also pointed out that the ordinances will together allow big traders and export companies to stock agricultural produce, and to procure it from anywhere in the country without paying taxes or fees. He said this would allow corporate giants to orchestrate the prices of farm produce.

In August, protesting farmers in Punjab held demonstrations before the residences of members of parliament and members of the legislative assembly from the Shiromani Akali Dal, an ally of the Bhartiya Janata Party. When the Punjab assembly voted on the 28 August resolution, members of the SAD were conspicuously absent from the house.

On 26 July, Sukhbir Singh Badal, the SAD president, wrote to the central government expressing the apprehension of farmers on the ordinances. In response, on 26 August, Narendra Singh Tomar, the minister of agriculture, wrote to Sukhbir stressing that the ordinances were meant for "safeguarding the best interest of the farming community." He said that the ordinances will provide farmers with "an additional marketing channel" and are "not intended at all to replace" the existing mandis under the APMC Act. He said that the state regulated mandis can continue to function.

Commenting on the MSP, he wrote, "The promulgation of aforementioned ordinances has no bearing on the policy of procurement on MSP which continues to be a priority of the Central Government." He said that there will be no change in the policy of state agencies procuring farm produce on MSP. He added that the state can continue to impose mandi fees in the regulated markets.

Soon after, Sukhbir reiterated Tomar's statement and defended the ordinances, emphasising that they were in the interest of farmers. However, in September, the party began to change its stance. In a statement on 12 September, Daljit Singh Cheema, the SAD spokesman, said that in a core committee meeting, the party had decided to request the centre to address the concerns of farmers before bringing the ordinances in parliament. On 15 September, Badal spoke in parliament against the ordinances. "Ordinances should not have been brought in first place … Before bringing ordinances … there should have been a discussion," Badal said. Two days later, Harsimrat Kaur Badal, a SAD leader and the union minister of food processing industries, resigned from the union cabinet in protest over the farm bills.

Leaders of farmer organisations are also not convinced by Tomar's assurances. Countering Tomar's letter, Rajewal pointed out that with buyers not having to pay any fees to trade outside the mandis, nobody would come through the existing channels. He said that

initially the farmers may get more money from the traders who would save substantially by not paying the market and commission agent fee. "But once the APMC structure crumbles, they would start dictating their terms to the farmers and there will be no guarantee or binding that a farmer's crop would be bought, no matter what," Rajewal told me. "If the private buyers show disinterest, farmers would be forced to sell their crop at lower rates and then these buyers would sell the same at the rates of their will."