



## **5. Agricultural Reforms: Farmer is the King of India**

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### **ABSTRACT**

*Agriculture is a state subject under our Indian Constitution, but the central government also takes measures to improve agricultural production and thus farmers' lives. We have seen many cases of farmer suicide as a result of crop failures in a particular year, as well as other problems faced by farmers such as post-harvest losses, crop loss due to changes in rainfall pattern, flood, drought, and so on. The central government always finds a solution to all such problems so that the farming community as a whole can benefit. Also, the current government has set a target of doubling farmer income by 2022, which they have yet to achieve, and in order to achieve this, they have launched a number of initiatives, the most recent of which is amendments to the Essential Commodities Act, 1955.*

### **KEYWORDS:**

*Agriculture, Farmer, Agriculture Reforms, Indian economy, Government's Initiatives, Supreme Court Committee, agricultural market, NITI Aayog.*

### **Introduction:**

Nowadays, many farmers have left farming to work in nearby industries. Also, some people committed suicide because their crops failed due to a lack of water sources. Another example is that some farmers with a few acres conduct their own research and develop new techniques in order to maximise crop yield. These farmers secure private water sources while also increasing their earnings. These farmers are selfless because they publish their work for free. In any case, some are environmentally friendly while others are not.

If we look closely, we can see that farmers are being discouraged by this helpless society on a daily basis, and we can see that farmer's conditions are based on their experience as well as their determination. However, it is disappointing to see states in our country act as envy countries by lending their water sources for agricultural purposes. Many modern techniques are being used in India to increase crop yields. Whether it is environmentally friendly or not, we must continue to prioritise crop yield improvement in order to meet the demands of a growing population. As a result, we have lost the uniqueness of traditional agriculture because modern techniques reduce crop strength and land fertility. Actually, everything is going in the opposite direction. As the population grows, we need to increase agricultural land, but we are decreasing it, which leads to the use of modern techniques without regard for whether they are environmentally friendly or not.

India is primarily an agricultural nation. Agriculture is the primary source of income for the majority of Indian families. Agriculture accounts for approximately sixteen percent (16%) of total GDP in India and ten percent (10%) of total exports. India has over 60% arable land, making it the second largest country in terms of total arable land. Rice, wheat, potato, tomato, onion, mangoes, sugar cane, beans, cotton, and other agricultural products with high economic value are listed below. Agriculture is the foundation of the Indian economy. However, as other sectors have grown, agriculture's overall share of the country's GDP has decreased. Agriculture, however, continues to play a dominant role in India's overall economic scenario. Food is necessary for survival. We rely on agricultural outputs to meet our food needs. India produces a large amount of food grains such as millets, cereals, pulses, and so on. The majority of the food produced is consumed within the country. Our farmers work day and night to feed our population of over 1.21 billion people. Aside from commercial agriculture, subsistence agriculture is common, with an emphasis on producing food for the cultivator's family. Agriculture has traditionally been regarded as the most basic method of providing food for the family. Agriculture is more of a 'way of life' than a 'mode of business' in India.

Agriculture in India is distinct not only in terms of natural topography and climate, but also in terms of land distribution landscape. An Indian farmer's average land holding is slightly more than a hectare (Agriculture Census 2015-16), whereas an average farmland in the United States is 440 hectares. Farmers' productivity is hampered by such small land holdings because a large portion of the crop produced is used for much-needed subsistence, limiting farmers' overall profit. As a result, any agricultural reform primarily targets this group of marginal/small farmers who struggle to make a living.

Several experts recognised and emphasised the importance of agricultural reforms during the 1990s, when the country saw significant gains from reforms in the nonfarm sector for the economy. As a result, in the early 2000s, some efforts were made to liberalise agricultural marketing and internal trade. A Model APMC Act (2003) was proposed in several states to replace the old Agriculture Produce Market Regulation Act. To encourage private investment in dairy processing, the Milk and Milk Product Order was reformed.

Another significant reform implemented in 2002 was the removal of restrictions (licencing and permits) on agricultural commodity purchases, movement, and stock under the Essential Commodities Act. During 2006 and 2007, the ECA changes were completely reversed. Some states adopted the Model APMC Act, albeit in a patchy and diluted form.

Approximately two-thirds of the states in the country changed the Act, but only one-third notified the public. Even the provisions that were made public covered only a small portion of agriculture.

### **Importance of agriculture in Indian economy:**

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Agriculture is the foundation of the Indian economy. However, as other sectors have grown, agriculture's overall share of the country's GDP has decreased. Agriculture, however, continues to play a dominant role in India's overall economic scenario. Food is necessary for survival. We rely on agricultural outputs to meet our food needs. India produces a large amount of food grains such as millets, cereals, pulses, and so on.

The majority of the food produced is consumed within the country. Our farmers work day and night to feed our population of over 1.21 billion people. Aside from commercial agriculture, subsistence agriculture is common, with an emphasis on producing food for the cultivator's family. Agriculture has traditionally been regarded as the most basic method of providing food for the family.

Agriculture is more of a 'way of life' than a 'mode of business' in India. India exports surplus agricultural and food products. Agricultural products such as jute, tea, tobacco, coffee, spices, and sugar account for a large portion of India's export trade. It aids in the growth of foreign exchange. In terms of agricultural exports, India ranks seventh. In 2013, India exported agricultural products worth approximately \$39 billion. Agriculture is the primary occupation of the vast majority of Indian workers. A large number of rural women work in agriculture. According to the 2001 census, agricultural and allied activities employ over 56.6% of the main workers in India. Agro-based industries include jute, cotton, sugar, tobacco, and many others. Agricultural products provide raw materials for such industries. The green revolution began in India with the goal of putting more emphasis on agriculture.

The Green Revolution, which began in the 1960s, saw a significant increase in food crop production. The introduction of improved agricultural methods and high yielding varieties (HYV) seeds, primarily wheat, resulted in a significant increase in agricultural outputs. Land productivity increased dramatically, providing a significant economic boost to the country.

There are three aspects to this: first, improving cost estimates to arrive at cost of production figures; second, adopting an MSP fixing formula that provides at least a 50% margin over and above the C2 (inclusive of the imputed cost of capital and land rent); and third, implementing a basket of modalities to make the guaranteed MSP a reality for all farmers. The government is responsible for making up any difference between the MSP and the realised price.

## **Government's Initiatives:**

### **E-NAM**

- The Electronic National Agricultural Market operates as a pan-India electronic trading portal, connecting all existing APMC mandis and providing a unified national market for agricultural commodities.
- The Small Farmers Agribusiness Consortium (SFAC) is the leading agency in India that implements e-NAM under the Ministry of Agriculture and Farmer Welfare.
- This portal ensures market uniformity, eliminates asymmetry between buyers and sellers, and promotes real-time price discovery based on actual demand and supply.

### **Pradhan Mantri Krishi Sinchai Yojana (PMKSY)**

- Vision of this scheme is “Har Khet ko Pani”.
- This scheme enshrines its priority towards conservation and managements of water.
- This scheme is formulated with the vision of extending the coverage of irrigation ‘Har Khet ko Pani’ and improving water use efficiency ‘More crop per drop’.
- It also provides end to end solution on source creation, distribution, management, field application and extension activities.
- It was created by combining existing schemes such as the Ministry of Water Resources, River Development, and Ganga Rejuvenation's (MoWR, RD&GR) Accelerated Irrigation Benefit Programme (AIBP), the Department of Land Resources' (DoLR) Integrated Watershed Management Programme (IWMP), and the Department of Agriculture and Cooperation's (DAC) On Farm Water Management (OFWM).

### **Paramparagat Krishi Vikas Yojana (PKVY)**

- It is an initiative to promote organic farming in the country.
- In this scheme, farmers are encouraged to form groups or clusters and take to organic farming methods over large areas in the country.
- The produce will be pesticide residue free and will contribute to improve the health of consumer.
- The aim is to form 1,000 clusters and bring up to 5 lakh acres of agricultural area under organic farming.
- PKVY also aims to empower farmers through institutional development in farm practise management, input production, quality assurance, and value addition and direct marketing through innovative means.
- It aims to promote natural resource-based integrated and climate-resilient sustainable farming systems that ensure soil fertility maintenance and increase, natural resource conservation, on-farm nutrient recycling, and reduce farmers' reliance on external inputs.

### **Pradhan Mantri Fasal Bima Yojana (PMFBY)**

It is a one-of-a-kind insurance scheme that brings together multiple stakeholders on a single platform. It provides farmers with insurance coverage and financial assistance in the event that any of the notified crops fail due to natural disasters, pests, or diseases. It aims to

stabilise farmers' incomes in order to ensure their continued farming. It encourages farmers to use innovative and modern farming methods. Farmers will pay a uniform premium of only 2% for all Kharif crops and 1.5% for all Rabi crops. Farmers will only have to pay a 5% premium on annual commercial and horticultural crops. Farmers will pay very low premium rates, and the government will pay the balance premium to provide farmers with the full insured amount in the event of crop loss due to natural calamity.

#### **PM-KISAN (Kisan Samman Nidhi) Yojana:**

It is a direct cash transfer scheme funded entirely by the Government of India. Every farmer family (including farmer, wife, and minor children) in the country receives Rs. 6,000 per year in three equal installments of Rs. 2000 every four months.

#### **PM-KISAN Maan Dhan Yojana:**

It is a pension scheme for the country's small and marginal farmers. This scheme is voluntary and contribution-based for farmers between the ages of 18 and 40. Farmers will receive Rs 3,000 as a monthly pension after reaching the age of 60. This scheme was created to provide income support after a certain age, allowing them to achieve financial independence.

#### **Essential Commodities Act, 1955 – Amendments:**

- Three ordinances were recently passed aimed at removing restrictions on key commodities such as cereals, pulses, onions, and potatoes and allowing farmers to sell their produce directly or through e-trading platforms.
- A legal framework has enabled farmers to enter into an "agreement" on pricing and purchase with private sector players, which is a step towards providing contract farming.
- The Essential Commodities Act, enacted during a period of food scarcity in the country, authorised the government to declare a commodity "essential" under section 2(A), seize control of its production, supply, and distribution, and impose a stock limit.
- The amended law establishes a mechanism for the "regulation" of agricultural foodstuffs, namely cereals, pulses, oilseeds, edible oils, potatoes, and supplies under extraordinary circumstances, which include extraordinary price increases, war, famine, and severe natural calamity.
- The Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance encourages "trade and commerce" outside the physical premises of markets covered by State Agricultural Produce Marketing legislation.
- It authorises any trader to engage in inter-state and intra-state trade of scheduled agricultural produce with a farmer or another trader in a trade area.
- A trade area is defined as any area that is not covered by the APMC acts or existing private mandis. Farmers had to sell their produce only at Agriculture Produce Market Committee (APMC) mandis up until now. The ordinance also establishes an "electronic trading" platform for agricultural commodities.
- Farmers will be able to engage directly with processors, aggregators, wholesalers, large retailers, and exporters under the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020.

- The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance 2020, recently promulgated by the President, will allow any company, or processors, or FPO, or Cooperative Society to enter into a contract farming arrangement for a minimum of one crop cycle in the case of crops, or one production cycle in the case of livestock.
- Such an arrangement will be valid for a maximum of five years. In such a contract farming arrangement, the price to be paid to the farmer is mutually agreed upon. In the event of volatility, a minimum price must be paid, along with a premium paid by the company.

Many agricultural reforms have been implemented by the government in order to provide farmers with a standard lifestyle and equal socioeconomic facilities. As a result of natural disasters, monsoon failure, a lack of technology, and a lack of proper farming education, India's agriculture sector has remained in a state of distress, leading to harsh measures taken by farmers in the form of life loss.

Furthermore, due to the current pandemic outbreak, farming society faced numerous challenges during the wheat crop's post-harvest season. Farmers were unable to harvest crops on time due to labour migration, and they were unable to sell their produce in the market due to the country's lockdown. As a result, the government proposed amending the Essential Commodities Act of 1955 to allow them to sell produce on an electronic platform at a higher price. The current government's goal is to double farmer income by 2022, and the schemes or programmes mentioned above are steps and measures towards that goal.

### **Policies To Be Reformed:**

The new set of solutions could include expanding the current agricultural commercial marketing system and creating a prosperous and diverse market for crops other than the major cash crops. This way, we can definitely impact more farmers and give them another option for growing those crops.

Furthermore, the establishment of cooperatives in rural India is required for farmers to thrive more, as cheap credit can help them invest in advanced tools, resulting in an increase in production. A well-developed irrigation system, for example, can eliminate farmers' reliance on rainfall and allow them to grow more crops in a single agricultural year.

Another policy, the MSP, which was implemented in the 1960s to protect farmers from economic exploitation, needs to be reformed. The government's intervention as an intermediary customer ensured the price balance of agricultural crops, and the MSP ensured that farmers received a sufficient profit from their crop. This policy's philosophy is very appropriate, but what needs to be worked on now is the implementation of such policies.

For example, a survey conducted by the National Sample Survey Organisation (NSSO) in 2013 revealed that only about 22% of farmers were aware of the MSP being provided for Rabi and Kharif season crops, indicating a significant gap in policy implementation. Though this percentage may have increased over time, educating more agricultural practitioners about laws is critical if a significant response is to be obtained.



According to the findings presented in the SCC report at the end of 2021, the majority of the Farmer Organisations (FOs) that participated in the discussions supported the farm laws in their entirety, while a few supported it with minor suggestions and a meagre four did not support it at all.

Nobody is surprised by the government's hasty implementation of agricultural reforms for 2020. These farm laws were designed to improve the livelihoods of 9-10 million households that rely heavily on agriculture. It was also aimed at opening up the agricultural sector and making it profitable for everyone involved in it through external investment and direct income support. However, the laws were passed in the blink of an eye, sending the country into a tailspin for over a year, with growing farmer discontent and never-ending protests in the midst of a global pandemic. The protests resulted in the establishment of the Supreme Court Committee (SCC) in January 2021, as well as the eventual repeal of the laws by the end of 2021.

This was followed by NITI Aayog's agenda for farmer-friendly agricultural reforms in three areas: agricultural markets, land lease, and forestry on farm and private lands. Because of legal and regulatory constraints, our agricultural markets did not evolve over time and suffered from poor infrastructure and competition.

The reforms in agricultural market require provisions for:

- Setting up private mandis
- Direct marketing (purchases) from farmers
- Contract farming
- E –trading
- Single point levy
- Direct sale to consumers by farmers
- Single traders license

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- Special treatment to fruits and vegetables and
- Rationalisation of taxes/fee/ levy in market.

The goal of these reforms is to attract modern capital to agricultural marketing, provide farmers with alternative ways to sell their produce, promote competition and value chains, reduce the number of intermediaries and their margins through an integrated supply chain, and increase market scale. All of these changes will result in higher price realisation for farmers and lower prices for consumers. Some states that have implemented some of these reforms are seeing significant gains for both producers and consumers.

The second set of reforms concerns the liberalisation of agricultural land leasing. The liberalised land lease market provides solutions to several problems in Indian agriculture, such as consolidation of operational holdings, fallow lands, access to institutional credit, and productive use of land owned by farmers who are unwilling or unable to farm. A clear land leasing law that allows potential lessors, tenants, and sharecroppers to enter into written contracts with landowners is a win-win reform. The landowner will also be able to lease land under the model law without fear of losing it to the lessor.



NITI Aayog is assisting states in enacting land-leasing legislation and raising awareness among various stakeholders about the benefits of land leasing.

The third reform area chosen is forestry or tree plantation on private land. Forestry on private land is governed by tree felling restrictions and transit permits for the marketing of tree products. These regulations have created a significant barrier and disincentive to growing trees on private property. To ease these restrictions and make it easier to plant trees on private property, the Ministry of Environment, Forests, and Climate Change of the Government of India issued an Advisory to States. India meets a large portion of its timber demand through imports, and there is a great opportunity to supplement farmers' income through the sale of tree produce. The reforms also call for the establishment of a timber and wood-based industry to meet the increased demand for timber.



## **Conclusion:**

Farmers in India have been protesting agricultural reforms for over a year, the largest such protests in decades. The three farm laws were passed by the Indian government in September 2020, but they were repealed in November 2021 after it became clear that farmers who opposed the reforms would not back down.

This briefing paper examines the problems that the reforms sought to address, why so many farmers were dissatisfied with them, why the Indian government's response to the protests was criticised, why the Indian government criticised the international response to the protests, including in the United Kingdom, what the UK Government and Parliament have said about the protests, and whether the protests have truly ended.

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