

Cabinet clears ordinances to kick in agri reforms, create 'One India, One Agri-Market'

TNN | Jun 4, 2020

NEW DELHI: Formalising its plan to unlock the growth potential of farm incomes by



allowing unrestricted sale of produce, the Centre on Wednesday approved three major legislative reforms through ordinances intended to create "one India, one agriculture market" while also attracting private investments in a sector hamstrung by varying regulations.

The three legislative reforms, which have failed to see light of the day despite several attempts in the past, include laws on promoting barrier-free inter-state

and intra-state trade in agriculture produce, empowering farmers to engage with processors, aggregators, wholesalers, large retailers and exporters through advance contracts on pre-agreed prices and an amendment to the Essential Commodities Act (ESA) which removes cereals, pulses, oilseeds, edible oils, onion and potatoes from list of essential commodities.

The amendment in the ESA will give freedom to hold, move, distribute and supply such farm commodities and attract private sector and foreign direct investment into agriculture sector.

"Long-pending agrarian reforms will enable transformation of the (agriculture) sector," said Prime Minister Narendra Modi in a series of tweets on the cabinet's decisions.

The decisions were announced by Finance Minister Nirmala Sitharaman last month as part of the government's stimulus to the farm sector. Since Parliament is not in session, the government in order to provide quick relief to farmers during the Covid-19 situation preferred the ordinance route.

Asked how the Centre can legislate as agriculture is a "state" subject, Agriculture Minister Narendra Singh Tomar said it was very much in the domain of the central government as it dealt with inter-state trade of agriculture produce which

FREEING FARMERS FROM REGULATION

THREE STEPS	
1 Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020 ➤ Ordinance aims to create 'One India, One Agriculture Market' ➤ Farmers can sell their produce outside regulated 'mandis' (agri markets) ➤ No restrictions on inter-state and intra-state trade	wholesalers, large retailers, and exporters through contract on pre-agreed prices ➤ It will eliminate intermediaries, resulting in full realisation of price
2 Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020 ➤ Farmers can engage with processors, aggregators,	3 Amendment to Essential Commodities Act ➤ Cereals, pulses, oilseeds, edible oils, onion and potatoes will be removed from list of essential commodities ➤ Freedom to hold, move, distribute and supply will lead to harnessing of economies of scale ➤ This will attract private sector/foreign direct investment into agriculture sector

was covered under the "Central" list.

Currently, farmers face several obstacles in marketing their produce as there are restrictions on farmers selling agri-produce outside notified market yards which are governed by the Agricultural Produce Market Committee (APMC) legislations of respective states. Under these legislations, farmers can sell their produce only to registered licencees and agents of state governments, who often play the role of informal money lenders.

The ordinance aims to create an ecosystem where farmers and traders enjoy freedom of choice of sale and purchase of agri-produce and open additional trading opportunities outside the APMC market yards to help farmers get remunerative prices due to enlarged competition.

Though many states during the lockdown period allowed certain freedom to farmers to maintain supply chain of fruits, vegetables and other farm produce, the central law will provide a permanent mechanism where farmers can sell directly to individuals, cooperatives or farmer producer organisations (FPOs). The government will bring new legislations in Parliament during its monsoon session to replace the ordinances, approved on Wednesday.

The ordinance on contract farming - Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020 - looks to transfer the risk of market unpredictability to the sponsor and also enable the farmer to access modern technology and better inputs. Since the farmers would now be able to enter into contract with traders and private players on pre-agreed prices, it will ensure guaranteed returns even if their prices crash in the market.

The Centre under Modi's first term had tried to bring those reforms through model Acts and asked the states to amend their respective APMC Acts. But, most of the states did not come on board. Agriculture secretary Sanjay Agarwal said the issue was discussed with states through video conference on May 21 and none had any objection.

He said the states would continue with their respective APMC Acts and regulated mandis, but new arrangements under the central law would now simultaneously be available to farmers as additional platforms with adequate safeguards.

As far as amendments to the ESA is concerned, Tomar insisted that there won't be any compromise with the consumers' interests. "It has been done in such a way that interest of both farmers and consumers will be protected," said the agriculture minister.

The amendment has provisions to regulate agricultural items in situations such as war, famine, extraordinary price rise and natural calamity.

However, the installed capacity of a value chain participant and export demand of exporters will remain exempted from such stock limit imposition so as to ensure that investments in agriculture are not discouraged. Such move will also prevent wastage of agri-produce that happens due to lack of storage facilities in the country.

Source: https://timesofindia.indiatimes.com/india/cabinet-clears-ordinances-to-kick-in-agri-reforms-create-one-india-one-agri-market/articleshow/76185392.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst