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# **UNDERSTANDING AGRICULTURAL LAW AND REFORMS IN INDIA**

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## **ABSTRACT**

India is a country where agriculture has been continued from thousands of years and has given a great employment to people but still when it comes to agriculture India conditions in it is not upto the mark. Agricultural law and reforms has been changes a lot by changing with time. There has been major reforms taken place in recent time and passed three new agriculture law. I have tried to study them and analyse them from two approaches they are socialist and capitalist approach. In this paper I have talked about historical background, examine the evolution and their impact and also highlighted the significance of recent agricultural reforms and analysed key legislative changes in Farm Act of 2020. I have also tried to answer the issue that is our agricultural law and reforms are made right and whether it will help people to achieve their goal of doubling farmers income. A focus point of this research is the research explores the role of technology and digitalization in reshaping agricultural practices, examine the legal framework that govern innovation such as e-mandis and farm technology adoption. I have also mentioned the challenge faced in Agricultural law and reforms in India. At last what should be done to get profits and what policies should made for growth and development in the Indian Agriculture and changes in legal structure in shaping the future. agriculture in India.

*Keywords* - Agriculture, Reforms, Farm Act

## INTRODUCTION

The contribution of Agriculture to a nation's economic development and expansion has long been identified. The structural reform and stabilization policy initiated in 1991 primarily spotlighted on industries, tax reform, international trades, banking and stock market. The economic reform didn't comprise the particular packages specially made for agricultural purpose.

In recent times, the government with a purpose to renovate the agricultural industry introduced the Farm Act.<sup>1</sup> It intend to offer farmers free market accesses as well as the frameworks for contract farming and to endorse agriculture infrastructures by remove cap on the storages of important agriculture products. Prior to the initiation of the Farm Act, the agricultural market was controlled with State specific Agriculture Produce Marketing Committee (APMC) law. According to this Act, market regulated in APMC laws were establish for farming people to sell their produce to licensed trader and agent.<sup>2</sup> The license trader would then further sell the produces to vendor. The major function of the APMC is to make sure that the farming people get fair prices for their products. As per this Act, agriculture people were also guaranteed of the Minimum Support Prices (MSP) for their products by government authorities. In the occurrence the agricultural products wasn't bought by the licensed traders, the authorities would purchase the produces from them at this decided upon prices.

The key modifications in the law comprised: (a) relax restriction on the buy and sell of agricultural products that occur via state government controlled market places called mandis; (b) loosen restriction on stock and movements of food item that are termed as "essential commodity", permitting stockpiling; and allowing farmer to go into contract farm agreement with buyer openly, therefore bypassing mandis and giving regional dispute resolution mechanism.

Safeguarding farmers are demanding the government repeal the Farmer law, which they say would erode the role of large, legalized wholesale marketplaces that they relied on to sale their products, and make it simpler for large agri-business to manage directly with farmer in an unregulated spaces where farmers hold more powers.<sup>3</sup>

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<sup>1</sup> Girish and Kritika, Reforms in the agricultural sector, Bar and Bench, 2020

<sup>2</sup> Atul and Shyam, Reforms in Agriculture: Promise and Challenges, National Security (2020)

<sup>3</sup> Kaushik, India's farm laws are a global problem, Brookings, 2021

## **HISTORICAL PERSPECTIVE OF AGRICULTURAL REFORMS IN INDIA**

India has executed many agricultural reforms since independence in 1947. The primary signal of reform, in 1950s and 1960s, aimed to increase agricultural production, efficiency and self-reliance.

Since 1970 Indian farming sector has practiced repeated development pathway around long run yearly average of 2.8%. It is in sharp difference to performance of non-agriculture sectors which reveals hastening in expansion over time mainly after 1991 when the nation embraced monetary reforms.

Export obstacles were eliminated, and farmer was motivated to develop cash crops. Whereas this opened up new opportunities, it also exposed small farmers to international price instability.

Advancement in technologies brought about new avenues in agriculture. The introduction of GM crops, latest machineries, and digital platform for information disseminations are important instances of technological reform that keep on to form Indian farming sector.

The latest agricultural reforms initiated in 2020 focused at deregulate the agricultural marketplace, permitting farmers more liberty to selling their products outside government controlled marketplaces. The farmers law sparked extensive protest and debate, imitating the multifaceted nature of farming reforms in India.<sup>4</sup>

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<sup>4</sup> Kaushik and Thaker N, Farm acts: Are the reforms necessary? ForbesIndia, 2020

### Key Observations/Proposals Related to Agricultural Reforms Since 2000

<p><b>2001</b></p> <ul style="list-style-type: none"> <li>▪ Revamp the Agricultural Produce Marketing Committees (APMCs)</li> <li>▪ Review laws/orders which impose restrictions on agriculture and seek their repeal</li> <li>▪ Repeal of the Essential Commodities Act (ECA) since it prevents the development of an integrated national market for agricultural products</li> <li>▪ Delinking of minimum support price (MSP) from procurement to restore the private sector's role in marketing agricultural produce</li> </ul>	<p><b>2005</b></p> <ul style="list-style-type: none"> <li>▪ Reform APMC Acts to facilitate a nationwide integration of agricultural markets; create a conducive environment for private-sector investment in market infrastructure</li> <li>▪ Need to review the ECA and other regulations concerning storing, marketing and processing of agricultural produce</li> <li>▪ Reform APMC to facilitate free movement of agriculture produce between States and from one market jurisdiction to another</li> </ul>
<p><b>2003</b></p> <ul style="list-style-type: none"> <li>▪ Enactment of the Model APMC Act, 2003. It included a new chapter on 'Contract Farming'</li> </ul>	<p><b>2012</b></p> <ul style="list-style-type: none"> <li>▪ The 2011-12 Economic Survey expressed mandi governance as an area of concern. It suggested that better prices &amp; terms outside the APMC or farm gates should be permissible to anyone who wanted it</li> </ul>
<p><b>2004</b></p> <ul style="list-style-type: none"> <li>▪ Amendment of State APMCs to allow decentralization and permit marketing by other players to ensure better returns for farmers and reasonable-quality products for consumers</li> </ul>	<p><b>2013</b></p> <ul style="list-style-type: none"> <li>▪ The 2012-13 Economic Survey observed that it was essential to expedite market reforms to provide farmers a substitute competitive marketing channel to trade their agricultural produce at remunerative prices.</li> </ul>
	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>▪ The 2016-17 Economic Survey recommended the removal of all restrictions on internal trade of agricultural commodities and the repeal of fragmented laws governing agriculture</li> </ul>

### LATEST FARM LAWS

The Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020: permits intra state and interstate trade of agricultural products beyond the physical premise of APMC marketplaces. State government is banned from levying any market fee or levy outside APMC area.

The Farmers (Empowerment and Protection) Agreements on Price Assurance and Farm Services Act, 2020: It is a bill that makes regional frameworks for contract farming via the agreements among the farmers and buyers before the manufacturing or rearing of any farm produce.

The Essential Commodities (Amendment) Act, 2020: It mainly tries to boost competition in the Indian farming industry, resultantly rising the revenues of farmers. This bill targets both liberalization of the regulatory systems vis-à-vis, safeguarding the interests of the buyers. The Amended Act empower the Union Government to manage the manufacturing, delivery, trade, and trade in certain products with an intention to boost competition in farming sector, increase revenue of farmers, and loosen the legal systems whereas safeguarding the interest of the consumer.<sup>5</sup>

<sup>5</sup> Akanksha Gupta, How can the government revive agricultural reforms? Hindustan Times, 2022

## **BENEFITS OF AGRICULTURAL REFORMS**

Levels playing fields: The latest Farm Act would make powerful farmer for engaging with processor, wholesaler, aggregator, wholesaler, large retailer, exporter etc, on the levels playing field without any misuse.

Transfer the risks: It would transferring the risks of market volatility from the farmers to the sponsors and allow the farmers to accept new technologies and better efforts.

Attract private sector: The laws would act as a mechanism to magnetize private sector investments for making supply chain for supply of Indian agricultural products to regional and international marketplaces, and in farming infrastructures.

Eliminate intermediaries: Farmer will keep in direct marketing thus eliminate intermediaries resulting in entire realization of cost.

B2B transactions carried out among one farmer and the other, like wholesalers and retailers. According to this law, large firms would buy raw materials from farmer to be utilized in their production processes.

It will be no necessity for any type of licenses for buyers of agricultural products from farmers in the trading areas outside APMC mandis, but also those holding PAN card or any documents can attend the trade. It will ease trade in farmer produce and will advantage the farmer.

Contract farm may safeguard farmer from any key price fluctuation because of demand or undecided condition. These reforms provide safety to the farmer relating to the income. It binds the purchaser and farmers in the reciprocally agreed contracts even before the farmers begin rearing or sowing the produces. Therefore, the farmers can rest guaranteed that his crops would be buy at particular price and so he can target more on the quality of their produces.<sup>6</sup>

## **CONSTITUTIONAL VALIDITY OF FARMERS ACT**

Article 246 place “agriculture” in entry-14 and “market and fair” in entry-28 of State Lists. However entry-42 of the Union Lists empower the Centre to control “inter State trades and commerce”. Whereas trading and commerce “in the States” are as per entry-26 of the State List, it is put through the provision of entry-33 of the Concurrent Lists – in which the Centre may

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<sup>6</sup> Farm Reform Laws 2020 <https://news.clearfax.in/farm-reform-laws-2020/5560/>

create law that will overcome over those passed by state.<sup>7</sup>

The problem of the constitutionality of farm law boil down to whether the Union Government is motivated to enact this law depended on entry-33 of Concurrent Lists or it has violates the privileges of State as protected in different entries associated to agriculture and related subjects in State Lists.

The act of primary sales at the mandis by the farmers are as much “agriculture” as creation in the field. “Trades” begin only after the agricultural products have been “marketed” by farmers.

The tax of agricultural product remain the matter of state. Therefore, the intrusions of Parliament on this matter is not warranted. In addition, the trading areas described in the Farmer Act don't intricate upon its definitions of the trade areas and how it fights of the powers of State Law. Marketplaces are basically a trade area as broad varieties of trading practices occur within marketplaces, and it is the identified term in Section 2 (Competition Act, 2002)

The Supreme Court has pointed out that in Hoechst Pharm Limited vs State of Bihar<sup>8</sup> that the effect of the assents of President to the state act, although not consistent with an earlier Union law on Concurrent subjects, will be that the state laws would reign in that state and it would supersede the provision of the central act there.<sup>9</sup>

In Rakesh Vaishanv vs. UOI<sup>10</sup> case, Supreme Court opined that ongoing protest and debates over the “farm laws” has been complied with storms of criticism. It has “stayed the implementation” of the three farm laws “until further order” and establish the committees “for the aim of listen to the grievance of the farmer associating to the farm law and the view of the Central Government and to draft suggestions”.

### **NEGATIVE ASPECTS OF THE ACTS**

The Famers act was done in reliable way. The respective state should manage their Farming and related problems. On the other hand, state input wasn't concerned in primarily and also the most effected party “the farmer” wasn't permitted to disclose their problems.

APMC are fairly helpful for the small farmers who don't inclination to go additional bounds for the sale of their products. It might tinker with the fundamental framework of APMC's and can guide the APMC's mere to perform as an establishment without much of the control in

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<sup>7</sup> Ali, Shahnawaz (2020) Title Constitutional Validity of Farm Act 2020, Research Paper (2020)

<sup>8</sup> (1983) 4 SCC 45

<sup>9</sup> Prachi Gupta, The Constitutional Validity of the Agricultural Laws, 2020, IJLSI (2020)

<sup>10</sup> 2021 SCC OnLine SC 18

hand.

There are no guarantee that it would grow the profits of the farmers. In latest occasions, in Bihar the APMC was cancelled and it was viewed that the farmer accepted the low price of their products and in some cases it was even below the MSP.<sup>11</sup>

The farming people may be interested more in sales of their products more willingly than shipping them out by sell it to the large private partners.

Sec.6 of Farmers act offers that every purchase made outside the ground of the APMC is exempted from market cessations, fine or levy. It is meant to allow trading people to purchase agricultural products outside the grounds of the mandis. These advantages, on the other hand, wouldn't alter the power arrangement, since they only damagingly effect the collective bargaining power of farmers.

### **AGRICULTURAL REFORM AND INDIAN ECONOMIC CONDITION**

In India, 80 percent of the citizens working in unorganized sectors, in which agriculture also come, Farmers laws have been very successful in USA as the agricultural segment is very grown there. In India, apart from for the manufacturing, which are the bottom price, every productions are made in shortage because the production costs are very high and the market prices are unsure.

Agricultural reforms in India are alters made to the agricultural industry of the economy of India. This reform has been executed over the years in an effort to progress production, effectiveness, and market entry. These reforms have also been targeted at identifying societal and ecological concern.

How winning the open economy would be in the agriculture industry because of the low purchase power of Indian people is the subject of substantial revisions. Indian community struggles all through life to accomplish only essential facilities and its profits are very low, hence how would it accept the open economic systems in farming industry is the subject to consider about.<sup>12</sup>

#### **e-Mandi**

e-Mandi is a website which would permit the people to purchase produce effortlessly and also keep privacy among the farmers and use. It also assists users to purchase vegetable and fruits

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<sup>11</sup> Nikhi, A discourse on the new agriculture laws for farmers, Ipleaders (2021)

<sup>12</sup> Shantanu, Economic Reforms and Agricultural Growth in India, EPW, 2019

at its reasonable price. It offers well-defined interface which assists the buyers to browse throughout different agricultural products obtainable simply.

e-Mandis has an important role to empower the farmers and has assisted create an ecosystem that offers them with the liberty to sell their products, have multiple trading option, obtain remunerative price and a valuable risk free agricultural marketplace. The majority of farmers have been sorrowful with the existing selling system of Indian mandis and e-Mandis is the good option to eradicate the present irregularities of mandis in India.<sup>13</sup>

## **CONCLUSION**

To conclude, the Farm Act boost farmer selections, have the prospective to augment income, lessen price uncertainty and risk, for every farmer. They absolutely deserve an opportunity.

Briefly, these three policy reform undertaken by the Union government through the these new laws are along with the transforming times and needs of farmer. If they are executed in the correct spirit, they will take farming in India to new height and guide in the transformation of the rural financial system. The agricultural reform has created hopefulness for India to become an international power in farming and a motivation for international food delivery. These reforms take the seed for prosperity of farmers and alteration of the rural economic system and to make it the growth engine of the Indian market and economy.

The agricultural reforms would open up various private sector mandis which are far more efficient, automated and mechanised, opposition to the reforms seem politically motivated focused at maintaining India backward and its farmers deprived, this new reform would cause a spate in the formation of Farmer producer organizations, the section 8 firms will provide small farmers the instruments to battle in an ever transforming business setting.

## **POLICY RECOMMENDATIONS**

To create trust amongst farmers and the states will be to comprise an authorization for MSP, as suggested by Swaminathan Committees, in the ambit of the bills. The other would be to plug the holes in the existing system instead of trying to dismantle and bring in the new structures.

The central government also requires to make it obligatory for organizations to draft written contract in vernacular languages and do away with oral agreements. It might also be essential to de clutter the complexity surrounding exports and imports of agricultural products, as per the reforms.

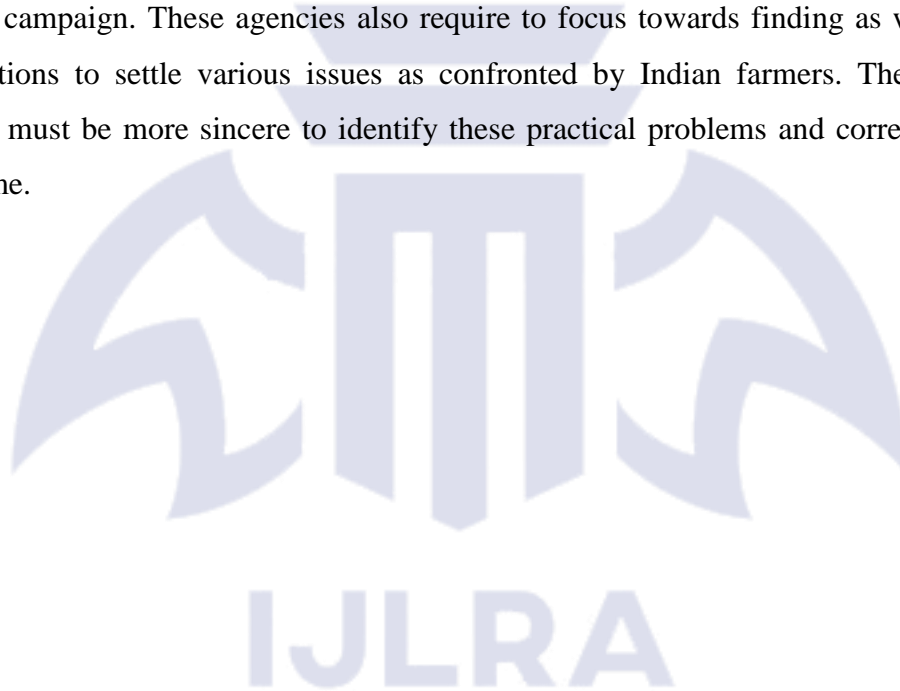
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<sup>13</sup> Mark Tully, E-mandis can work but many pitfalls remain, The Hindustan Times, 2018

The farming industry could also advantage very much if the reforms attain synchronization with provisions associated to SHGs and farmer producer firms to incentivize collective, focused particularly at marginal and rural and small holding farmer.

The too much subsidies have neither grown the revenues of farmers nor strengthened agriculture output. The declining land sizes, bad agricultural infrastructures, poor supply chain networks and decreasing water table, rising heatflation because of climate changes are all are going to make matter worse for the farmer and Indian agriculture in the future. Therefore, creating the competence and capabilities of farmer is the requirement of the hour and by liberalizing the farming industry many of these problems can be identified.

Government authorities and NGOs must work together to execute the similar by manner of educational campaign. These agencies also require to focus towards finding as well as giving proper solutions to settle various issues as confronted by Indian farmers. The Agricultural Department must be more sincere to identify these practical problems and correct monitoring over the same.



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