Support the Struggle of the Farmers: It Is Our Struggle Too

As we write this, lakhs of peasants – men, women, youth and children – are camping at entry points to the country's capital, demanding the scrapping of the three farm legislations recently imposed on the country by the Modi Government. It has been some time since the country has witnessed such an inspiring challenge to the policies of the rulers. It is especially inspiring because it is organised around demands which are not just of the peasantry, but of all the working people.

The Modi Government, which began by fortifying the city as if against an invading army, firing water cannon and tear gas on the peaceful protesters, has been compelled to change its stance. It has been forced to call them for talks. From the nature of the present regime, it is obvious that this is a mere tactic, an attempt to buy time and wear out the protestors, the rulers have no intention of changing the thrust of their policies. Nevertheless, that the Centre has opened negotiations, with Home Minister Amit Shah leading the talks, is in itself a significant victory for the peasant agitation.

The movement has gained widespread support nationwide. People have been organising protests across the country in support of the peasants.

Below is a summary of the main issues related to the three bills, and what is going to be their effect on the farmers, the working people, and on the country as a whole.

The Three Farm Bills

The three bills, which the BJP pushed through the Parliament in a most undemocratic manner, are:

- Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill [or, the APMC Bypass Bill];
- Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill – better known as contract farming bill; and
- Essential Commodities (Amendment) Bill – in short, bill to promote hoarding and blackmarketeering.

The APMC Bypass Bill: Promoting Free Markets?

This bill scraps the whole existing system of selling and buying agri-produce in India. The Agricultural Produce Market Committees (APMCs) are designated areas created by state governments where various agri-produce can be sold by farmers to licensed persons or commission agents. These markets are also nodes for government procurement of foodgrains, for distribution to the poor at subsidised rates through the public distribution system. This bill allows farmers to engage in trade of their agricultural produce outside the APMC market yards.

The government claims that the APMC bypass bill promotes free markets and will enable the farmer to sell anywhere in the country and get the best possible price for his produce.

This claim is stupid. In a country where 86% farmers have a landholding of less than 5 acres (2 hectares), expecting a small farmer from say Satara (in Maharashtra) to load his crop on a bullock cart and go all the way to Indore in Madhya Pradesh or Ludhiana in Punjab to sell his crop there is absurd. Small farmers are so keen to sell their produce at the earliest that they are generally not willing to go to faraway markets even in their own state, even if they get to know that they may get a better price there. Which is why, the National Commission on Farmers had recommended that mandis should be available to farmers within a radius of 5 km.

Bihar: APMC Act Repealed in 2006

What the Centre is attempting to do at the national level now has already been implemented in Bihar. In 2006, the state of Bihar repealed the APMC Act and abolished APMCs. It was claimed that this would eliminate middlemen, promote efficiency in the marketing system, enable farmers to get better price for their produce, and incentivise private investment in agriculture. Fourteen years have gone by, Bihar farmers are still waiting for the miracle to happen:

- There has been no increased flow of private investments into the agriculture sector.
- Private mandis have come up all over the state, functioning on the roadside, without any infrastructure. There is hardly any facility other than the roadside space made available for the transaction of produce.
- Farmers in Bihar sell at the mandis nearest to their farms, as they cannot afford to go to faraway markets.
- At these mandis, there is no auction; farmers are left to the mercy of traders who unscrupulously fix a lower price for agricultural produce that they buy from them.
- Also, if there is a malpractice, there is no one the farmers can approach.

Bihar is among the leading producers of maize in India. For maize, this year (2020) most farmers reported getting a price of Rs 1,000-1,300 per quintal, as against the official minimum support price (MSP) of Rs 1,850. For wheat too, farmers in Bihar reported receiving prices 10-15% lower than the MSP.

Clearly, the free market reforms have completely failed in Bihar. Agriculture Minister Narendra Singh Tomar admitted in the Rajya Sabha last year that farmers in Bihar had the lowest income in the country. The average income per agricultural household in Bihar was just Rs 3,558 per month. Haryana recorded the highest farmer's monthly average income of Rs 14,434. Haryana is among the states with the best APMC mandi network in the country. This again only goes to prove that all this talk about free markets benefiting farmers is all bunkum.

That agriculture is in deep crisis in Bihar is also borne out by migration figures from Bihar. During the corona pandemic, Bihar recorded the largest number of migrants returning home. With agriculture in Bihar in great distress and not being able to provide employment, people are migrating to other states in search of work.

Free Markets have Not Worked in USA-Europe too

Free markets in agriculture have not worked anywhere in the world, even in the developed countries. In the USA and Europe, there are no MSPs, no APMCs, and there are no controls on stock holdings – there are absolutely free markets, the kind of markets the Modi government is seeking to usher in India through its three agricultural reform bills. And yet, agriculture in those countries is crisis ridden. In 2018, the then Chief Economist of US Department of Agriculture, Robert Johannson, had stated, "Real farm prices, when indexed for inflation, have fallen sharply since 1960." With farm bankruptcy growing to $425 billion, US farmers are struggling to survive; the suicide rate among male farmers in the USA is 1.5 times higher than the general population.

Consequently, agriculture in the developed countries is only surviving due to massive agricultural subsidies provided by the government. In 2018, the OECD countries, a bloc of the world's richest 37 countries, provided agricultural subsidies to the tune of $246 billion to their farmers.

Despite this global and Indian experience, the Modi government is pushing for free markets in agriculture.

But the Majority of Farmers are Already in Free Markets!

However, the strange truth is, the majority of farmers in India are already in free markets! As per norms of National Commission on Farmers, an APMC should be available to farmers within a radius of 5 km. This would require the country to have 42,000 APMCs, but only 7,700 exist. Assuming that farmers are distributed evenly across the country, this means that only around 20% of the Indian farmers sell their produce in APMC mandis.

In the APMC mandis, two kinds of transactions take place. One is government procurement, at prices declared by the government, called the Minimum Support Price or MSP. The other is sales through auction to private traders; traders are issued licences to operate within the market and private traders are not allowed to buy the produce directly from farmers.

While the government declares MSP for 23 crops, government procurement takes place mainly for two crops – wheat and rice. Even for these two crops, government procurement is only around one-third of the total produce of these crops nationwide; the remaining is purchased by private traders. According to the Shanta Kumar committee report, submitted in 2015 to the government, only 6% of the farmers in the country benefit from government procurement and sell at MSP.

Various reports suggest that the actual number of farmers who sell their produce within the mandis is not more than around 35%. This means that the majority of Indian farmers, at least 60-70% of them, sell their produce to private traders outside the mandis. In the words of our Prime Minister, they are already in free markets, free to sell their produce to anyone they wish, on their terms!

Estimating Loot of Farmers by Free Markets

While defending the agricultural bills, the PM has gone on record to say that the APMCs have become dens of vested interests and are exploiting farmers. But it is obvious from the above statistics that the majority of farmers do not feel that way. This is also proven by the fact that the agitation by the farmers against the bills is the strongest in the states of Punjab and Haryana, precisely the two states which have the best APMC network in the country.

It is true that there is corruption in the APMCs, and that traders cartelise and prevent farmers from getting a decent price. But farmers also know from their real life experience that the situation is the same outside the APMCs too; there too, the traders take advantage of the economic weakness and helplessness of the small farmers and fleece them. The reason why farmers prefer to sell within the APMC mandis rather than outside is because the mandis also provide them several benefits, like infrastructural facilities (storage, weighing, etc.), guaranteed payments by traders, etc.

The extent to which traders fleece farmers in the name of free markets is brought out in a joint study undertaken by the OECD and Indian Council for Research on International Economic Relations (ICRIER). It estimated that during the 17-year period 2000-01 and 2016-17, Indian farmers suffered an income loss of Rs 45 lakh crore (at 2017-18 prices), on account of being denied a fair price for their produce.

It is therefore not the absence of free markets, but it is because the overwhelming number of small farmers in the country are subject to the vicissitudes of free markets, that agriculture is in deep crisis in the country. Just 6% farmers get the Minimum Support Price announced by the government, the remaining farmers are forced to sell to private traders in free markets inside or outside the APMCs – where traders fleece them and force them to sell at a loss. And this is accelerating under the Modi regime – because of which agricultural growth rate during the Modi years (2014-20) has fallen to an average of 3.2%, from 3.7% during the previous UPA years (2004-14).

Another Consequence of APMC Bypass Bill: Eliminating the PDS

As the farmers' agitation becomes more intense across the country, the government is now arguing that the bill does not scrap APMCs, it only gives farmers the freedom to sell wherever they want.

Again the govt is resorting to trickery. While it is true that the bill only bypasses the APMCs, it will effectively sound a death knell for them. The reason is simple. As per the provisions of the bill, traders buying outside the APMC market yards will not have to pay any taxes, whereas those trading inside the premises will have to pay the APMC levies. APMCs levy taxes / cesses of around 4 to 6%. Without a level playing field, this will obviously mean that private traders will not buy produce from farmers inside the mandis, mandi incomes will fall, and the APMCs will not be able to maintain themselves, ultimately leading to their collapse.

For instance, in Punjab, the tax collected by the APMCs is around Rs 3,600 crore or so, and this is used to maintain the sprawling network of regulated mandis built across the state over 60 years, which comprises of roughly 1,840 mandis, sub yards and purchase centres spread across the state. The tax is also used to maintain the excellent 70,000 km network of village roads in Punjab, which connect every village to the nearest mandi.

The APMC mandis also serve as the nodal points for government procurement of foodgrains; with their collapse, government procurement will also drastically reduce. As procurement falls, it would also mean that farmers would no longer get MSP for wheat and rice too.

What is the Real Intention Behind the Agricultural Bills

To understand the real intentions of the Modi government, we need to see the APMC bypass bill in conjunction with the other two agriculture bills, and then relate it to the overall orientation of the economic policies under the Modi regime.

- **Contract Farming Law**: This law essentially means that the government is allowing big traders and corporations to directly enter into agreements with farmers and buy produce from them. What most people do not realise is that the big agribusiness corporations are giant-sized. Thus, for example, the total value of arrivals of agricultural products in all marketing committees of Maharashtra in 2017-18 was Rs 51,093 crore, while the total sales of just a single giant agribusiness corporation, the Bayer-Monsanto group (now known as Bayer group), that year was 36,742 million Euros, which works out to Rs 2.97 lakh crore. In other words, Bayer is so big that it can buy up all the agricultural produce coming to all the marketing committees in Maharashtra!
- **Amendment to the Essential Commodities Act:** This scraps limits on the amount of foodgrain stocks traders or companies can keep; it also ends government intervention to control price increases (with the provision that government will step in if prices rise significantly).

Consequence of the Three Agricultural Bills

Taken together, the three bills will enable big corporations to monopolise agricultural trade.

The contract farming bill and APMC bypass laws essentially allow big companies to enter into direct contract with farmers, buy as much as they want, and hoard it to drive up prices. At the same time, the government is also taking steps to gradually end government procurement and dismantle the public distribution system (PDS) by gradually eliminating the nationwide APMC network. An important role of the PDS was to keep a check on speculation in foodgrain prices by traders; if prices went up, the government could quickly step in to bring them down by releasing foodgrains from its stocks. Now, this will end, enabling private corporations to indulge in speculation in even foodgrain prices.

Supporters of this reform will argue that since there are many corporations, competition amongst them will enable farmers to get better prices! This is where mainstream economics is completely wrong: giant corporations do not compete with each other; since they are so big, and have enormous amount of funds, engaging with each other in price competition will be self-destructive for all of them. Therefore, they collaborate in the matter of prices; they actually form cartels and divide up the market among themselves.

These giant corporations will enter into contract with small farmers over entire regions, and initially offer better prices to farmers, as they have enormous funds at their disposal. Since stock limits have been removed, they will be able to buy and store huge quantites of crops from farmers. Therefore, in just a few years, the MNCs will gradually acquire monopoly over the buying of agricultural produce from farmers. Once they monopolise purchases from farmers, driving out all the small traders, they will then start lowering procurement prices from farmers (and government procurement systems would have completely ended by then). The farmers will have no option but to sell to them.

Consequences for the Working People of India

In the long run, this will mean that small farmers will be squeezed and forced to abandon agriculture, and agribusiness corporations will acquire control over their lands and set up huge farms. We are not at all exaggerating; this has been happening in other developing countries and has already happened in the developed countries.

Secondly, this will also mean that lakhs of our small traders who presently buy produce from farmers in the mandis, called arhtiyas, will be driven out of business. Many would argue that the arhtiyas also form cartels, and thus cheat farmers; so there is no harm in this. But replacing arhtiyas with big corporations is a far more worse solution; shutting down APMCs to end corruption in the mandis is like throwing out the baby with the bathwater. Instead, steps need to be taken to democratise mandis, which can be done in consultation with farmer organisations.

Thirdly, this is going to result in a huge increase in the country's alarming 'hunger and malnutrition crisis'. As mentioned above, the dismantling of the APMCs will mean an end to government procurement and destruction of the ration system or PDS. This will not only put an end to all hopes of farmers getting a fair price for their crops through government intervention, the destruction of the PDS will enable traders to indulge in speculation in foodgrain prices – this was one of the important reasons why the PDS had been introduced in the country. That would then require the government to increase its cash transfers to the poor, which it is obviously not going to do as its main aim of eliminating the PDS is to reduce its food subsidy bill. This is therefore going to spell absolute disaster for the crores of impoverished people in the country.

Finally and most importantly, this is going to affect our food security and hence our sovereignty, as argued below.

Handing Over Control of Agriculture to Foreign Companies

Foreign agribusiness corporations want to seize control of India's agriculture as India has some of the best agricultural lands in the world. Being a tropical country, a wide variety of crops are grown in India, including so many types of vegetables and fruits, as well as a huge variety of cereals, pulses and oil-crops. On the other hand, the cold temperate regions of the world, where most of the developed countries are located, can neither grow such a range of crops, nor can they grow them throughout the year. So, the agribusiness corporations of the USA and the European Union have been seeking to acquire control of Indian agriculture, so that they can use our lands to produce the crops needed by the developed countries, and at the same time they have been pressing upon India to import foodgrains. On the face of it, this model appears to be beneficial for India, as we will be exporting high value crops like flowers and vegetables, and importing low value crops like foodgrains. But in reality, this is a myth, another of the neoliberal myths promoted by international capital. That is because these foreign agribusiness corporations will be in control of this entire agricultural trade. When we export flowers, fruits and vegetables to Europe and America, since they will be controlling the exports and prices, we will get low prices for our exports. And when we import foodgrains from them, since again this trade will be controlled by them, we will have to pay through our nose for foodgrain imports. But that is not all. The most important problem with this deal is: since foodgrains are among the most fundamental of all necessities, while flowers and fruits are not, once we become dependent on the developed countries for our food supply, our very sovereignty will be at stake, they can impose any conditions that they desire on us.

We are not at all exaggerating. This has already happened in Africa – the reason for the periodic famines in sub-Saharan Africa is that these countries allowed Western corporations to reorient their agriculture towards growing non-food export crops instead of food grains.

Thus, by the passage of these three bills, the 'nationalistic BJP government' is not only creating conditions for foreign agribusiness corporations to seize control of Indian agriculture, it has also put the country on the path to increased hunger and even famines. And it has surreptitiously done this taking advantage of the pandemic lockdown.

Support the Farmers Struggle, It Is Our Struggle Too!

Therefore the struggle of the farmers is not just there struggle, it is our struggle too, the struggle of all the people of the country, to defend our food sovereignty and thus the sovereignty of the country itself.

We must fight relentlessly to force the government to withdraw the three farm bills. But the struggle must not end there. We need to advance our struggle and mount pressure on the government to change its orientation from favouring entry of agribusiness corporations in agriculture towards supporting India's small farming community. For this, it needs to: increase its investment in the agricultural sector; implement the Swaminathan Commission's recommendations for agriculture; increase government investment in agricultural research and improve extension services to end the increasing control of agribusiness corporations over areas such as seeds, fertilisers and insecticides and pesticides; and strengthen the public distribution system and universalise it.

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