

# MORE BENEFITS, NEW MARKETS FOR FARMERS

The newly enacted farm bills have been termed as a 'watershed moment' for Indian agriculture by several agri experts. Right from the introduction of the bills to the assent by the President, much has been written and termed as "historic" by the proponents. Opposition groups, on the other hand, have termed the bills as "death warrant" for farmers. The issues of contention include removal of commission agents, entry of private players, absence of price fixation mechanism among others.

For decades, the majority of our farmers have been living under abject poverty due to a range of complex problems. Low productivity and subsequent inadequate farm remuneration are the crucial reasons. Farmers struggled to get remunerative prices even for those agriculture commodities for which Minimum Support Prices (MSP) were declared by the government.

Therefore it was imperative for farmers to have different options. The new farm laws provide the required platform to fetch the right remunerative to any buyer they want to sell their produce. Through the laws, the government has enabled farmers and given them the independence to sell their produce to whoever and wherever they want. Indian agriculture will witness a massive transformation. With changing farm dynamics, farmers will have to harness new technology, remain updated of market information, pool their lands.

## Small landholdings pose challenge

Quality of produce and output are major concerns when it comes to Indian agriculture. Our farmers are still stuck with the traditional farming practices, and smaller landholdings appears to be one of the major factors. Over 86 percent of farmers own not more than 2 ha land

while the average landholding keeps shrinking. It reduced to 1.1 ha in 2015-16 from 1.16 ha three years ago. Small landholdings bring limitations on farmers' capacity to invest in better crop inputs and access advanced machinery.

Challenges of small landholdings, finding the right buyer and right price and issues with transportation made farmers vulnerable and over-dependent on middlemen. With the new laws, farmers have a free hand to choose their buyer, who they want to have the contract with, and what they want to grow. APMC mandis will still be operational. Therefore farmers have multiple options to sell their produce.

The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act 2020, facilitates farmers to enter into farming



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contracts with FMCG companies, large-retailers, wholesalers, agri-food businesses for farm services and sale of future agri produce at the pre-fixed rates. Though on small scale, India has seen successful contract farming examples in the recent past. Now farmers can expect protection from the vagaries of daily price changes in the local markets. This will also create an ecosystem for agri start-ups to flourish. Until now, there has been a staggered growth limited to pilots. AI can now be used to provide crop intelligence, grade and for quality check, therefore using it to full potential.

The government's decision to free India's agricultural market – a long pending reform – is expected to revive India's weak agriculture sector and private investment. Big corporate-owned entities can now procure directly from farmers and be motivated to build cold storages, warehouse, food processing units.

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and meets the prescribed standards. It will be pertinent for farmers to choose good quality seeds, so they cultivate healthy and nutritional crops. This will open new avenues for them to trade their commodities and attract more investment.

## Financial stability essential

Under the concept of land pooling, different farmers can come together and join hands with private companies to cultivate a particular crop on a consolidated land area. It shall increase crop productivity through operational efficiency using technological solutions and scientific methods of farming. Mobile technology has reached almost every corner of the country and many farmers use smart phones. It offers farmers resources to analyse trends in agriculture and choose markets where prices are best. The Rs 1 lakh crore Agriculture Infrastructure Fund (AIF) launched by GOI can be utilised to facilitate the



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development of farmgate infrastructure for collection centres and pre-processing facilities etc.

The country needs financial sustainability for farmers, which will result in making agriculture a success. It is laudable that government has retained all –APMC, open market and MSP. This shall create competitiveness, with consumers realising quality food and farmers their profit. The government must clear the doubts of the farmers and give them assurance regarding the new set-up. Sceptics will always remain when new policies, technologies, innovations are introduced. The new farm laws, if implemented appropriately, can herald a new era for Indian agriculture.